



TACKLING MODERN SLAVERY IN SUPPLY CHAINS

A GUIDE 1.0



**WALK FREE
FOUNDATION**

With input from:



CIPS
Chartered Institute of
Purchasing & Supply

VERITÉ



**MY COMMITMENT IS TO TAKE A ZERO
TOLERANCE APPROACH TO MODERN
SLAVERY IN MY SUPPLY CHAIN.
I HOPE YOU WILL JOIN ME.**



WALK FREE
FOUNDATION

FOREWORD

I am fortunate to be the Chairman of Fortescue Metals Group (FMG) a leading Australian company with an operating revenue of some \$AU15 billion in 2015.

Our expenditure on suppliers for our projects recently combined is over \$AU20 billion, and we spend in excess of \$AU6 billion a year on suppliers around the world to keep us operating smoothly. Our supply chain comprises over 3,000 suppliers in 20 countries in Australia, Asia and Europe. At its most complex, it is several tiers deep, across multiple jurisdictions.

I am also the founder of the Walk Free Foundation, an organisation committed to ending all forms of modern slavery, a pathological criminal for-profit or personal-exploitation activity that is at the highest levels it has ever been in human history. I personally came across modern slavery with experiences that were deeply upsetting to my family when they worked overseas, and later I also discovered serious cases of slavery when I went looking for it, in the supply chains of my own company. While we have acknowledged these discoveries, we are still dissatisfied that we have properly identified all the potential slavery in our supply chain.

In 2012, after becoming aware that slavery was all around me I took a number of steps in my business:

- Getting board-level buy-in to prevent and address slavery in our global supply;
- Making sure this attitude and zero tolerance to slavery was embedded in FMG's policies and business systems;
- Working with modern slavery experts to identify areas of vulnerability, through products, industries and geography; and,
- Where vulnerabilities were identified, undertaking in-depth audits of suppliers, devising and implementing remediation strategies.

On the last point, in September 2012, we asked supplier labour auditing experts Verité to attend the site of one of our major suppliers and investigate the labour and living conditions of their employees. Through the auditor's detailed interviews with a sample of over 100 workers, a confronting fact emerged - there were people working in FMG's supply chain whose passports were being held. Due to excessive fees paid to agents, the workers in the suppliers serving FMG had crushing debts to repay. They were unable to leave their employers and had no chance nor leverage to ever complain about the completely inhumane conditions in which they worked. Were the workers being deliberately enslaved by the supplier we dealt with? No - but through their failure to

check recruitment practices of the companies serving them, and through their combined practices of holding passports, the company was creating conditions that allowed modern slavery to thrive.

The vulnerability in our supply chain was in labour hire. It was in the recruitment of migrant workers from disadvantaged backgrounds. With just this single hire company:

- We found excessive recruitment fees, which in some cases exceeded the legal limit in the sending countries;
- Some workers needed loans to pay for recruitment fees. Excessive interest rates were sometimes applied. Repaying these loans required up to two years' work, during which time workers did not feel they could leave their jobs or send money back to their families;
- Workers had to surrender their passports to their employer upon arrival in a new country; and
- We also found significant ambiguities in workers' contracts, particularly around overtime and leave, which left workers vulnerable to exploitation.

Practices like this, and other forms of forced, bonded and child labour, exist in many countries and in many industries that include construction, agriculture, textiles, hospitality, automobiles and electrical goods. Our homes and our businesses carry the imprint of modern slavery. As business leaders it is our responsibility not to turn a blind eye, or to pretend that we are unaware, or believe that the issue is too complex to deal with. If, as business leaders, we join together and address this problem, supply chain by supply chain until there is no demand left for products and services made with modern slavery, then we will not only drive it out of business, but we will change social attitudes.

But it is not only business leaders who can use this guide and take the initiative on supply chains. It is also governments - many of whom are the biggest buyers of goods and services in their countries. It is investors, who can invest in companies that do not benefit from modern slavery.

My goal is 'zero tolerance' and FMG is working systematically towards that. And, of course, I am not alone in this commitment: there are organisations that share this commitment and have taken steps, many of which are highlighted in this Guide as best practice.

Andrew Forrest
Chairman

Fortescue Metals Group, The Walk Free Foundation

THROUGH PURCHASING DECISIONS COMPANIES HAVE THE CAPACITY TO IMPROVE THE WORKING CONDITIONS OF THOSE EMPLOYED BY EXPLOITATIVE SUPPLIERS WHILST REWARDING THOSE WHO TREAT WORKERS WITH DIGNITY AND RESPECT



Photo: G.M.B Akash

ACKNOWLEDGEMENTS

The Walk Free Foundation's mission is to end modern slavery by mobilising a global activist movement, generating the highest quality research, enlisting business and working with governments to drive change in those countries and industries bearing the greatest responsibility for modern slavery today.

Disclaimer

The inclusion of best practice company examples in this Guide is intended strictly for information purposes and does not constitute an endorsement of the individual companies. This Guide reflects only the views of the Walk Free Foundation.

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Photo: Monica Elena

TARGET AUDIENCE

The information in this resource is primarily aimed at procurement, supply chain and sustainability professionals in companies, organisations and governments. It is aimed at those who want concrete guidance on how to reduce or eliminate the risk of modern slavery occurring in their supply chains, either as a direct or indirect result of their procurement practices. For the purpose of simplicity, we use the terms company, however this Guide is relevant to all governments and any other organisation wishing to tackle slavery in their supply chains. Finally, this Guide is intended to be a comprehensive system of meaningful action to address modern slavery within an organisation's operations and is designed for verification.

VERSION 1.0

This is version 1.0 of this Guide which provides only for the basics of what a company should begin to undertake. There are some companies that are doing significantly more today and we expect as companies adopt this guide they will naturally innovate and significantly improve on the recommended processes. We are thus releasing this guide now to help companies get started. As we receive feedback we anticipate releasing a 2.0 version. Modern slavery awareness is increasing fast (the Walk Free movement grows 50,000 people per week) and consumers will increasingly demand more responsibility from their favourite brands. This guide is an opportunity for companies to get ahead of the curve on this issue.

September 2014

ABOUT THIS RESOURCE

01

BEGINNING OF A FRAMEWORK FOR EFFECTIVE STANDARDS

Having considered some aspects of the problem, this chapter sets out the basic policy framework which will be the foundation of an organisation's commitment to eliminate the risk of modern slavery from its supply chains.

02

RISK ASSESSMENT

This Chapter explains the basics of identifying and evaluating the level of risk of modern slavery within supply chains. Having identified the highest areas of risk, companies must use a self-assessment questionnaire to delve deeper. This process can be adapted to the tender process for new suppliers.

03

AUDITS AND ON-SITE ASSESSMENTS

Where suppliers fall into the high-risk category, an audit including on-site inspection is the recommended approach. This Chapter examines the focal points and skill sets which should be demonstrable in the audit.

04

CORRECTIVE ACTION, IMPLEMENTATION AND CLOSURE

Having conducted an audit and identified cases of non-compliance, this Chapter explores different options for Corrective Action Plans (CAPs). In particular understanding a company's leverage in enacting change, and how to have effective grievance mechanisms in place.

05

ENGAGING WITH SUPPLIERS

Finally, this chapter outlines the various ways in which a company could engage with strategic suppliers for continual improvement: including capacity building through training, worker's empowerment and partnerships.

TOOLS

The Tools at the end, have been selected to assist companies in implementing the system outlined in this Guide. They can be adapted and adjusted to the particular needs of a company. For more information on the Tools please e-mail: research@walkfree.org

DEFINITIONS

MODERN SLAVERY

Throughout this resource, the term modern slavery is used to denote human trafficking, forced labour and slavery-like practices such as debt bondage, and the sale or exploitation of children. All of these crimes have a common feature – they involve one person depriving another person of their liberty in order to exploit them for personal or commercial gain. According to the Global Slavery Index, an estimated 30 million people in the world today live in some form of modern slavery.¹

HUMAN TRAFFICKING

Human trafficking is the act of recruiting, transporting, transferring, harbouring or receiving a person, through any coercive means (such as threat, use of force, deception or abuse) for the purpose of exploitation.²

Where the victim is a child under 18 years of age, there is no requirement of coercive means. It is sufficient if the child is both recruited and exploited through one of the recognised forms of exploitation (e.g. slavery, organ removal, sexual exploitation, etc).³

Human trafficking for forced labour is rife in Thailand's fishing industry, with reports suggesting that many of the 300,000 unregistered migrant workers are vulnerable to severe exploitation.⁴ Migrant workers from Myanmar, Malaysia and other neighbouring countries are bought by labour recruiters and sold to boat captains, after which they are forced to work for months without pay until this placement fee is repaid. Once at sea, the fishermen are treated as slaves, working grueling 20 hour days where systemic beatings and torture are routine disciplinary measures. The Thai government has systematically failed to investigate either the abuses or the complicity therein of officials.⁵

FORCED LABOUR

Forced labour is work or service that is taken from a person under the menace of a penalty and for which the person has not offered themselves voluntarily.⁶

The construction sector in Qatar has come under intense scrutiny for the treatment of migrant workers building the billion dollar infrastructure for the 2022 Football World Cup. Workers from Nepal, the Philippines, Sri Lanka, Bangladesh and India have had passports confiscated, resident permits denied or not reissued, wages withheld and payments delayed.

According to the ILO, forced labour refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.

DEBT BONDAGE

Debt bondage is a worker pledging their labour or the labour of others under their control as security for a debt; when either the real value of the work undertaken is never applied to repayment of the debt, or the length and nature of the work that has to be undertaken is never fully defined or limited.

In South Asia, where caste-based stratifications still dominate the social landscape, many lower caste families working in the brick kilns are plagued for years, sometimes generations, by languishing debt. The initial debt is often incurred through loans from subcontractors which can never be repaid. The debt is then assigned to the entire family and is not nullified even in death. This means children are forced to work or take on the mounting debts of their deceased parents. Debt bondage subjugates entire families to inescapable cycles of poverty and a life of work in the brick kilns across the region.⁷



SALE AND EXPLOITATION OF CHILDREN

The sale and exploitation of children involves situations where children are transferred by one person to another for remuneration or other consideration; or are used in sexual activities for remuneration or other consideration; or are forcibly or compulsorily recruited for use in armed conflict.

In the Ashanti region of Ghana, children sold by parents and forced to work in unsafe and unsanitary conditions in small scale and unlicensed gold mines called Galamseys for no pay. Galamsey mines operate on sites that have been concessioned to major mining interests, and are therefore unlicensed or illegal. Given their illegality, Galamsey operators cannot access finance from the open market and are forced into lending arrangements with loan sharks who impose high interest rates. The high cost structure within which Galamseys operate fosters dependence on slave labour as operators strive to reduce costs and sustain reasonable profits. Galamsey operators prefer child labour because unlike adults, children can easily access narrow mine tunnels and shafts.

ACCORDING TO THE GLOBAL SLAVERY INDEX, AN ESTIMATED 30 MILLION PEOPLE IN THE WORLD TODAY LIVE IN SOME FORM OF MODERN SLAVERY.

MODERN SLAVERY TODAY

While many think of slavery as a relic of history, unfortunately this is not the case. Various modern forms of slavery, continue to occur. For instance, the United States (US) conducted 1025 investigations into human trafficking in the last fiscal year alone.⁸ In 2013, the United Kingdom (UK) identified 1746 victims of trafficking through their national referral mechanism⁹ and, in the same year, China took action against 5000 alleged human trafficking criminal organisations.¹⁰

Today, modern slavery sometimes still takes the form of buying and selling of people, with people physically held in chains. However, more commonly, victims of modern forms of slavery are controlled through far more subtle mechanisms. In the international economy there are many examples of migrant workers – some of whom are irregular and undocumented – being forced to work against their will.

In 2012, 30 migrant workers from Lithuania were liberated from exploitative labour conditions on a farm in Kent, UK.¹¹ The workers were trafficked from their country of origin to work on free-range chicken farms supplying to Freedom Food and Happy Eggs. Once in the UK they were held in debt bondage, forced to work 17 hour days and held under control by violence and verbal abuse at the hands of Lithuanian enforcers.

In 2014, modern slavery can still take some surprisingly ancient forms. Chattel slavery still prevails in Mauritania, the country with the highest proportion of enslaved people in the world.¹² Chattel slavery refers to the condition in which adults and children are the full property of their masters who exercise total ownership over them and their descendants. Given Mauritania is as much a part of the international economy, through its mining industry, as any other country, this is not a situation that companies and governments can ignore.



**REPUTATIONAL DAMAGE
TRIGGERED BY CORPORATE
SOCIAL RESPONSIBILITY
BREACHES HAVE BEEN
RANKED AS ONE OF THE TOP
TEN BUSINESS RISKS FOR
MULTINATIONAL FIRMS.¹⁵**

MODERN SLAVERY

AND CORPORATE POLICY

WHY ARE COMPANIES AFFECTED?

There are an estimated 30 million people enslaved today, 68% are subject to forced labour. The International Labour Organization estimates that the profit generated by forced labour is \$US150 billion annually.¹³

Many industries are affected by forced labour. Practices which can make a company particularly vulnerable to it include:

- Relying on the labour of migrant workers who have been recruited by labour agencies or brokers;
- Having a supply chain with multiple tiers, some of which are not within its immediate control;
- Doing business across borders and in countries with weak regulatory environments.

The majority of companies will be exposed to some risk of forced labour and slavery in their supply chains. These risks are not always immediately evident and are not necessarily uncovered during a standard factory inspection.

Situations of exploitative labour recruitment :

Migrant workers from India can fall into forced or bonded labour when they pay illegal recruitment fees to local agents in order to work overseas. In addition to the main agent in Mumbai or Delhi who is recruiting directly for an employer in one of the Gulf States, Indian workers pay aggregate fees of up to 100,000 Indian rupees – five times the 20,000 limit prescribed by Indian law. Workers fund these upfront fees through loans at rates equivalent to 60% per annum. On average, Indian workers get paid less than \$US3000 per year so it can take these migrant workers over 2 years before they start to have disposable income. This is forced or bonded labour.¹⁴

WHY SHOULD BUSINESSES ACT?

Slavery in the supply chain is an abuse of human rights in the pursuit of profits. Organisations have a duty not to indulge or tolerate it, whether deliberately or recklessly. This is not charity or philanthropy, it is how you run your core business, like safety. We do not talk of safety as a question of CSR but as a core attribute of leadership.

Prior to globalisation, companies tended to source products locally. The companies paid local taxes and could rely on the government to enforce labour rights and laws. However companies have increasingly sought lower priced inputs direct from lower cost countries. At the same time brand awareness and consumer expectations of brands have increased. However, national governments in some low cost countries cannot be relied upon to enforce their own laws and meet the expectations of consumers of respected brands. As a result, if companies want to buy globally at low cost, it is becoming increasingly incumbent upon those brands to undertake their own assurance of basic human rights – such as slavery.

If companies want a supply chain that reflects their brand, and not a brand that reflects their supply chain, they must accept that global sourcing represents a responsibility as well as an opportunity.

LEADING FINANCIAL SERVICES COMPANY INVESTOR INTEREST IN ETHICAL COMPANIES

Citing ethics and brand risk as considerations, the company in Australia has investigated various human rights issues relating to company supply chains. In 2012, the company produced the Australian Retailers and Uzbek Cotton factsheet, which outlines the potential brand risk posed by systemic child labour. As part of their research, the company asked seven ASX-listed companies that directly source some of their cotton products what measures they were taking on Uzbek Cotton. The responses were then used to inform existing and potential investors on the ethical risks associated with their investments.



TOOL

Standards Map is a free online tool to help identify industry specific standards, codes and other protocols and guidelines relevant to specific industries.

See: www.standardsmap.org

IN THIS CHAPTER COMPANIES CAN LEARN:

- ➔ How to strengthen a company Code of Conduct with clauses on modern slavery.
- ➔ How to integrate this new policy into both existing supplier contracts and request for tenders.
- ➔ Why it is important to set additional social performance targets for procurement professionals.
- ➔ How to communicate your policy to internal and external stakeholders.



THE BEGINNING

OF A FRAMEWORK FOR EFFECTIVE STANDARDS

THE FOUNDATION: A CODE OF CONDUCT

To effectively respond to modern slavery, companies first need to develop clear policy frameworks which cover all the relevant principles, and are backed up by due diligence and ongoing performance monitoring. The first step, making a clear commitment expressed through a policy framework, is often undertaken by CEOs or Boards through a Code of Conduct or equivalent statement of commitment.

It is critical that the response to this issue is championed by senior management, and formalised in a policy that is both clear and communicated. In the context of responding to modern slavery, there are several features which are critical in a Code of Conduct:

- The rules set out in the Code of Conduct must apply not only to the company's direct employees but also to suppliers, sub-contractors and other business partners. This ensures the obligations are passed through the supply chain;
- The Code of Conduct must express corporate commitment to legal compliance, ethical standards and fundamental human rights as described in the International Labour Organisation's international law on forced labour such as the Abolition of Forced Labour Convention, and Worst Forms of Child Labour Convention;¹⁶
- The provisions in the Code of Conduct should be worded to avoid ambiguity, and include the prohibition of indirectly benefiting from or contributing to modern slavery. For example, Nestle, do not just prohibit use of forced labour, but also state that suppliers "must under no circumstances, use or in any way benefit from" forced labour.

- The Code of Conduct should directly address and prohibit practices that are well known to contribute to the risk of modern slavery, such as:
 - Charging workers recruitment fees, so they are effectively paying for the opportunity of employment;
 - Retaining worker's identity documentation such as passports;
 - Practices such as requiring workers to lodge deposits or bonds;
 - Contract substitution (where the contract with the employer does not match the contract the worker signed with the agent in the home country).
- The Code of Conduct should include due diligence requirements in the case of the involvement of employment agencies or labour brokers at any stage of recruitment, management or hire;¹⁷
- If there is a particular raw material or product in the supply chain that is known to be high risk, it is important to single this out in the Code of Conduct. For instance Patagonia articulates specifically that it will not source any cotton from Uzbekistan because of the high risk of forced labour. Similarly, Nokia's Natural Resources Policy requires suppliers of known 'conflict minerals' such as gold, tantalum or tin to ensure the traceability of these minerals to at least the smelter level.
- The Code should also include provisions for grievance mechanisms at the highest levels of an organisation in order that workers have a confidential and safe process for raising any concerns.

For some companies, developing policies and responses to mitigate risk of forced labor will be new. This should be seen as an opportunity to work with other organisations and NGOs to share models and experiences.

STRONGER TOGETHER

Stronger Together is a multi-stakeholder collaboration between UK food chain retailers, the Association of Labour Providers, the Gangmasters Licensing Authority and Migrant Help to tackle labour exploitation in the UK food and agriculture industries. Forced labour is often enacted by third party recruiters targeting migrant workers with limited knowledge of labour systems and standards. The Stronger Together Toolkit enables employers to identify, manage, report and remedy any third party labour exploitation they find in their supply chains.¹⁸ Stronger Together's official supporters include Sedex, the Sedex Ethical Data Exchange, Anti-Slavery International, the British Retail Consortium, Food and Drink Federation and The Salvation Army.



SEE TOOL 1 - ON PAGE 41

Sample Code of Conduct provisions from Verité.

ETHICAL PROCUREMENT POSITIONS ON FORCED LABOUR

An international sportswear company has detailed forced labour provisions outlined in their Employment Guidelines: “Business partners must not use forced labour, whether in the form of prison labour, indentured labour, bonded labour or otherwise. No employee may be compelled to work through force or intimidation of any form, or as a means of political coercion or as punishment for holding or expressing political views.” Also “Limiting access to bathroom facilities or fresh drinking water is a restriction on freedom of movement and denies the basic needs of workers, restricting employees from exiting production areas or the factory grounds is a form of unlawful detention and forced labour, preventing migrant workers from leaving the area or country by retaining personal identification and travel documents or work permits is a form of forced labour.”

ENSURING THE CODE OF CONDUCT FLOWS THROUGH OTHER AREAS OF BUSINESS

ETHICAL PROCUREMENT POLICY

To ensure suitable visibility and focus on critical issues in supply chain management, many companies have specific procurement standards ‘and guidance’ that reflect the Code of Conduct but provide more detail for supplier implementations.

An ethical procurement policy must make it clear to suppliers that compliance with requirements related to the Code of Conduct is mandatory. This requirement applies not only to existing suppliers but to supplier selection and retention. Supplier policy can usefully set out what the process is when breaches are found.

BUILDING IN SYSTEMS OF SANCTIONS AND REWARDS THROUGH SUPPLY POLICY

Through purchasing decisions companies have the capacity to improve the working conditions of those employed by exploitative suppliers whilst rewarding those who treat workers with dignity and respect.

Many buyers are developing programs that reward suppliers who demonstrate particularly strong social performance. The top suppliers get preferred supplier status and are given priority for new business.

More information on rewards is included in the last chapter on Engaging with Suppliers.

Punitive measures could be part of company policy. If included in the contract these could impose penalties on the supplier in case of false or misleading statements. For instance, Buy IT Fair proposes the contracting body may reserve the right to impose a penalty payment of 5% of the contract value and to withdraw from the contract in the case of intentional false statements.¹⁹ Only as a last resort

and if the supplier does not correct the human rights violations should a buyer cease to work with the supplier.

CONTRACTS AND SOURCING

It is important to ensure that key standards then flow through all aspects of supplier sourcing and management, including:

- Supplier contracts;
- Tender and purchasing processes;
- Auditing and compliance action;
- Performance standards for procurement staff.

With regard to contracts with suppliers, these should take into account your requirements regarding:

- The right to request compliance-related information and to audit at the discretion of, and at any time chosen by, the contract management;
- Requirements for the supplier to have adopted the labour policies of the buyer into their Code of Conduct;
- Ability of the supplier and any subcontractors to be able to demonstrate they have taken concrete steps to implement Code of Conduct;
- Key Performance Indicators (KPIs) that reflect progress towards implementing Corrective Action Plans and Ethical Procurement Benchmarks;²⁰
- Transparent Reporting:
 - Reporting on the results of any social audit conducted;
 - Periodic reporting on the status of remediation plans agreed after an audit;
 - Reporting on supplier’s status implementing new or improved human rights policies and procedures.

An example of a clause that includes clear references to forced labour and modern slavery can be found in Fortescue Metals Group’s standard contract templates:



Clause implemented into a major mining company's standard contract templates:

The Contractor warrants that:

"It has thoroughly investigated its labour practices, and those of its direct suppliers, to ensure that there is no Forced Labour or Slavery used anywhere in the Contractor's business or by any of the direct suppliers of the Contractor;*

it has put in place all necessary processes, procedures, investigations and compliance systems to ensure that the warranties made in this clause will continue to be the case at all times;

It has taken, and will take in the future, all necessary actions and investigations to validate the warranties made in this clause.

** Forced Labour or Slavery means "slavery" and "forced labour" as these terms are defined by the International Labour Organisation (ILO) from time to time, including in any present or future ILO conventions."*

With regard to sourcing processes, Code of Conduct requirements should be built into the Request for Tender (RFT) and other tender / application documents.

PERFORMANCE TARGETS

Another important strategy can be setting job performance objectives and targets for procurement professionals that include a focus on contractor social compliance. Traditional procurement focused on purchase price, safety and technical capabilities and procurement professionals are evaluated based

on acquiring the best product for the best price. Today, procurement professionals have a critical role to play in preventing modern slavery in supply chains by selecting new suppliers that have properly enforced policies and procedures against slavery and forced labour.

By keeping ethical considerations at the forefront of purchasing decisions, procurement professionals can promote workers' rights and decent working conditions. It is thus imperative that procurement professionals are evaluated based on the successful acquisition of goods and services that are produced using ethical social criteria. This requires the inclusion of social targets in their performance targets, alongside cost, quality and delivery.

A major mining company establishes a human rights working group

The human rights working group brings together members across the company's divisions who meet regularly to discuss, develop and evaluate their policy towards human rights. The aim of the group is to identify and respond to the human rights challenges the company faces and to build awareness and networks within the company to address these issues.

MULTINATIONAL SOFTWARE COMPANY'S CROSS ORGANISATIONAL APPROACH TO ADDRESS FORCED LABOUR

The company takes a proactive approach to addressing human trafficking and forced labour across their operations. The company's supplier code clearly states that "the use of forced labour whether in the form of indentured labour, bonded labour, or prison labour by the company's Suppliers is prohibited. Also prohibited is support for any form of human trafficking of involuntary labour through threat, force, fraudulent claims, or other coercion." This is monitored through on-site audits and opportunities to share best practice example among suppliers. The company have also joined the industry-wide Electronic Industry Citizenship Coalition (EICC) to eliminate conflict minerals from production. The company requires 100% identification of all materials used in its packaging and hardware to the component level. To ensure the veracity of these results the company invests in supplier training and capacity development programs.



BY KEEPING ETHICAL CONSIDERATIONS AT THE FOREFRONT OF PURCHASING DECISIONS, PROCUREMENT PROFESSIONALS CAN PROMOTE WORKERS' RIGHTS AND DECENT WORKING CONDITIONS. IT IS THUS IMPERATIVE THAT PROCUREMENT PROFESSIONALS ARE EVALUATED BASED ON THE SUCCESSFUL PURCHASING OF GOODS AND SERVICES THAT ARE PRODUCED ACCORDING TO THEIR COMPANIES CODE OF CONDUCT. **THIS REQUIRES THE INCLUSION OF CODE OF CONDUCT TARGETS IN THEIR PERFORMANCE APPRAISAL, ALONGSIDE COST, QUALITY AND DELIVERY.**

COMMUNICATING THE POLICY

Once the policy framework is in place, this should become the foundation on which the company builds strategy for engagement with internal and external stakeholders and suppliers.

Sharing and communicating the Code of Conduct on forced labour and modern slavery is integral to its implementation. Staff across the company will need to familiarise themselves with its vision and principles. Supply management staff will especially need to understand the elements of the code in order to communicate them to new and existing suppliers and to ensure there are proper compliance systems in place.

A communication strategy is vital. These are steps which can form a central part:

- The Code of Conduct has been included in all communications with new and existing suppliers especially in the Request for Proposals and Quotations;
- The necessary standards and processes have been communicated to suppliers;

- The company incorporates the code into all its contracts and RFTs and communicates how supplier compliance to the policy is assessed, how suppliers that comply are rewarded and what business consequences are in place in case they fail to do so;
- The Code of Conduct is known to all employees at all levels across the organisation;
- The company conducts information sessions for staff and suppliers to ensure that the code is understood and that workers know their rights;
- The company requires that suppliers communicate the Code of Conduct to its workers;
- Relevant stakeholders understand why the company is implementing or reviewing a policy on modern slavery and are aware of their role in the effective implementation of this policy.²¹

Online training modules can also support wider staff and supplier training. See, for example, the Chartered Institute for Purchasing and Supply (CIPS) Ethical Procurement and Supply training²² and Microsoft's e-learning course on human trafficking.²³

INTERNATIONAL SOFT DRINK RETAILER PASSES IT BACK

In 2012 the company launched the "Pass it Back" program working with their 30 biggest spend suppliers on integrating labour rights into the supply chain. By sharing best practices among higher tier suppliers and then having those suppliers pass it back down the supply chain, the company is sharing their core values and standards. The company's Supplier Guiding Principles are also supported by a 57 page workplace implementation guide available in nine different languages. To assure the implementation of these values, the company conducts some 2,500 audits a year and has a team of 12 core staff dedicated to the company's supply chain and audit program.



TOOL 2 – GO TO PAGE 43

A sample framework for implementing a communication strategy.

IN THIS CHAPTER COMPANIES CAN LEARN:

- ➔ How to identify the red flags of forced labour and slavery in supply chains.
- ➔ How to map suppliers – including those not managed by a central procurement team.
- ➔ How to gather information on key issues from your existing suppliers in an efficient way.
- ➔ How to identify medium-high risk suppliers based on spend, location and type of product.
- ➔ How to apply this risk assessment to sourcing new suppliers.



RISK ASSESSMENT

FOR NEW AND EXISTING SUPPLIERS

UNDERSTANDING FORCED LABOUR AND SLAVERY RED FLAGS

In order to assess the level of risk of slavery in their supply chains, companies must first understand the features of their business which are particularly vulnerable to these types of practices. This resource calls these high risk practices red flags.

As explored in Chapters one and two, there are many ways that risk of modern slavery can manifest in supply chains. However, some of the ways to quickly judge that may be a high risk level include:

- The labour hire cycle (in particular, third party labour providers)
- Location
- Industry

LABOUR CYCLE RISKS

Practices that create risk of modern slavery occur at any point in the labour cycle including recruitment, employment and exit. The table below outlines some of these risks.²⁴

RECRUITMENT	EMPLOYMENT	EXIT
Workers charged illegal or excessive recruitment fees	Underpayment of wages, delayed or withheld wage payments or excessive or illegal wage deductions	Worker's visa and work permit is tied to a single employer
Workers uninformed or misinformed about terms of employment	Identity documents and passports confiscated or withheld	Monetary penalties or withholding of wages for early contract termination
Workers not provided with understandable, legally compliant written contracts	Workers required to stay in company or broker controlled housing and unable to enter or leave the premises freely	Undocumented migrants threatened with notification of authorities if they leave employment
Multiple labour brokers and agents from recruitment to employment	Physically abusive or humiliating discipline and termination practices	Workers forced to pay financial deposits or "security" fees as "runaway insurance"
Fraudulently charging fees for travel, health checks, or work documentation	Working excessive overtime beyond legal or code of conduct limits	

COUNTRY SPECIFIC RISKS

The risk of forced labour and slavery-like practices varies both inter-regionally and internationally.

Accordingly, companies need to locate reliable information on the risk profile of the areas from which they source their goods or services. The Global Slavery Index (globalslaveryindex.org) states that the countries with the highest numbers of enslaved people are **India, China, Pakistan, Nigeria, Ethiopia, Russia, Thailand, Democratic Republic of Congo, Myanmar and Bangladesh.**

Taken together, these countries account for 76% of the total estimate of 29.8 million in modern slavery.²⁵ In terms of the number of enslaved persons in proportion to the population size, Mauritania and Haiti top the list (*The 2014 Global Slavery Index is due to be released in November 2014.*)

HIGHER RISK INDUSTRIES

Industries that have a particular prevalence of modern slavery in countries with a weak rule of law include: apparel and footwear manufacturing, agriculture, construction, mining, electronics, food processing and service work. The US State Department's Trafficking in Person's report (TIP) highlights the main risk sectors and industries in their country narratives.²⁶

RISK ASSESSMENT

A fundamental aspect of both detecting and preventing modern slavery and forced labour in supply chains begins with a tailored risk assessment. This is a two-stage process:

Step 1 is an initial high-level assessment of the entire supply chain, to divide suppliers into low, medium and high-risk categories.

Step 2 is a more in depth examination of the potential for human rights violations in the medium and high-risk categories. These suppliers could participate in the CIPS Sustainability Index (www.cips-sustainabilityindex.com) to create a consistent sustainability measurement to support purchasing.

STEP 1: INITIAL HIGH LEVEL RISK ASSESSMENT TO IDENTIFY PRIORITIES

WHO ARE THE SUPPLIERS? SUPPLY CHAIN MAPPING

A company must first undertake a mapping of all of suppliers. A supplier is any individual or company which provides goods or services to the buyer.

This includes less direct aspects of supply which might also be commonly handled by line-areas rather than procurement centrally, such as:

- Transport and logistics;
- Recruitment agents and labour hire firms;
- Packing and processing;
- Component parts for manufacturing;
- Information technology.

It is important to also look at account payable spend. Whilst risk might be present throughout the entire web of supplier relationships, a starting point for a risk assessment is in the first tier of a buyer's supply chain. Buyers have most visibility and leverage over their first tier suppliers, who can then follow up with their own suppliers.

A risk assessment of the first tier suppliers alone cannot give full visibility over the supply chain in its entirety but it is a natural place to start in order to target next steps.

IDENTIFY HIGH-SPEND AREAS THROUGH A SPEND PROFILING EXERCISE

This will help identify not only priority areas but also the company's leverage therein. There may be certain areas where the buyer has a higher spend, thus more leverage and potential for impact.²⁷

Key steps in undertaking a spend profile:

- List suppliers by total spend;
- Categorise into spend areas by goods and/or services;
- Identify the market share with the top suppliers (This affects the buyer's leverage).

DETERMINE THE RISK CRITERIA

This stage does not require a detailed analysis of every supplier. A review of the following categories of information should be sufficient to differentiate between low, medium and high-risk categories.

1. Location of production or service

Does the country/area have a high prevalence of modern slavery or other labour rights violations?

- Where does packing occur or logistics provided? Does that place/country generally have a high prevalence of modern slavery or other labour rights violations?
 - Quick and accessible sources include the Freedom House List, Transparency International Corruption Perception Index, Maplecroft Ratings and the Global Slavery Index.²⁸

2. Industry sector

Does that industry or sector have a high prevalence of modern slavery or other labour rights violations? This will provide more targeted information about the product in that country.

- Industries that rely heavily on low skilled, migrant workers are higher risk,
- Agriculture and primary production, including extraction, are higher risk (details on high risk industries and products are outlined below).
 - Quick and accessible sources include: the US Department of Labor List of Goods and Services produced by child and forced labour, Verite's Commodity Atlas²⁹ the US State Department's Trafficking in Persons report, and Made in a Free World's online software that helps identify country and industry risk³⁰, and CIPS Sustainability Index.³¹

3. Supplier relationship

- What is the value of the contract? The greater the contract value the greater the risk.
- What is the length of the relationship?

4. Existing information on risk

- Are there any previous or current audit non-compliances related to forced labour?
- Has the supplier been the subject of a media or NGO report that might indicate there are problems with labour standards?

To simplify the process, many companies develop score-cards to use to rate suppliers. See Tool 5 on page 48.

Made in a Free World Software

Made in a Free World have developed a software program, Forced Labour Risk Determination & Mitigation (FRDM), to assist companies to manage the risk of modern slavery in supply chains. Targeted at procurement professionals, FRDM works through a company's spend data, conducts a risk analysis based on industry, product and country of supplier beyond tier one, proposes remediation pathways for high risk suppliers and connects businesses to suppliers in the Made in a Free World Network. Sample Code of Conduct provisions and statutory declaration templates are also included. FDRM is scheduled to role out in September 2014.³²

STEP 2: MORE DETAILED RISK ASSESSMENT ON MEDIUM AND HIGH-RISK SUPPLIERS

Any supplier that is rated medium or high risk from the initial risk screen should then progress to a more detailed risk assessment. Given the need to gather information from potentially large numbers of suppliers, this is often done through a self-assessment questionnaire, which is sent to suppliers to complete.

AN INTERNATIONAL FURNITURE RETAILER DELVES INTO SUB-TIER SUPPLIERS

Going beyond first tier suppliers, the company launched an online Sub-Supplier Tracking System in 2012. Through this system the company has identified several thousand sub-suppliers as operating in high risk locations. These critical tiers of the company's supply chain are the targets of current CSR interventions. By the end of the 2014 financial year, the company plans to have all "tier 1 home furnishing sub-suppliers identified as providing critical materials and processes and compliant with the company's purchasing guidelines." The company's purchasing guidelines must set out the "basic requirements any new supplier must meet before we sign a purchase agreement with them. This includes requirements to prevent child and forced labour, prevent severe environmental pollution and safety hazards, keep records of working hours and wages and have social insurance." These long term relationships and the investment in supplier capacity enhance the company's leverage to strengthen the protection of workers' rights.



SEE TOOL 3 – ON PAGE 44

Template used by the UK Government that includes both **spend profiling and a risk assessment**.



SEE TOOL 4 – ON PAGE 47

The US Department of Labour **List of Goods and Services**.



SEE TOOL 5 – ON PAGE 48

Scorecard.

THE FOOTPRINT CHRONICLES

An outdoor clothing and technical equipment company is delivering huge results in supply chain transparency. The Footprint Chronicles, launched in 2007, is an interactive online map that enables users to identify and locate all the factories and mills the company uses in production. With stringent social compliance measures, the company can trace all items from the raw material to the final product through their supply chains. This enables the company to see how changes made in the supply chain can directly influence the quality of life of factory workers and local communities. By making this information easily and publically accessible Patagonia has established high standards of supply chain transparency and a benchmark for making quality purchasing decisions.

A DUTCH TECHNOLOGY COMPANY SELF-ASSESSMENTS FOR SUPPLIER AWARENESS

The company uses a self-assessment questionnaire to build awareness of sustainable and ethical procurement practices amongst suppliers. Higher risk suppliers with a spend of over €10,000 were required to complete the assessment and provide supporting evidence. The questionnaire, adapted from the Electronic Industry Citizenship Coalition (EICC) questionnaire, assesses suppliers' compliance to the EICC Code of Conduct and addresses topics on discrimination, freedom of association, forced labour and child labour. The responses can determine if the company needs to proceed with an audit and, if so, the results appear in the final audit report.

The self-assessment questionnaire should reveal:

- Information about the employment site: site location and management systems.
- Information about the staff: number, gender, nationality, languages spoken, accommodation, forms and rate of payment.
- Information about factors which are indicators of modern slavery: freedom of association, discrimination, health and safety procedures, freedom of movement, living conditions, existence of grievance mechanisms.

In medium/high locations answers may not always be transparent, so the company should use other sources to reinforce information including previous audit reports, information from the US State Department and Global Slavery Index. Once these questionnaires are returned, the procurement team should review (and where necessary verify) responses to develop a second-level risk score. Note, at this point, it is possible to generate a low rating even though the initial risk screening score was high, since that initial score is largely based on factors such as industry and country but for which the supplier may have excellent processes in place to control.

For **low risk suppliers**, it is important to ensure that they have as a minimum:

- A public policy on modern slavery that covers not only their own operations, but also contractors and sub-contractors and has governance procedures to ensure compliance;
- A signed statutory declaration or contract, committing to enforce the policy on modern slavery;
- Contractual obligations that include provision for audits to be scheduled at the buyer's discretion, and for business consequences, up to and including termination in the event of failure to undertake reasonable steps to find and respond to modern slavery in the supply chain.

At a minimum, all suppliers rated at **high risk** should then progress to the next stage of risk treatment, a social audit against specific labour standards. Many leading firms also consider this process for **medium risk** suppliers.

Depending on the relationship with the supplier, it may also be appropriate to undertake some capability building training either before, or alongside the audit process.

APPLYING RISK ASSESSMENT TO SOURCING NEW SUPPLIERS

As stated in the 'Communicating the Policy' section of the guide, assessing the risk of new or potential suppliers must also be integrated into the buyer's RFT, pre-qualification and other evaluation processes for new suppliers. It is critical that all documentation from the beginning of the RFT clearly communicates the company's policies on forced labour and modern slavery. A strong and stringent RFT process is a company's first step to ensuring their supply chains remain slavery free. Questions to add to the tender documentations can be the same as those found in the supplier self-assessment questionnaire (see Tool 6).

During the due diligence process of selecting suppliers, award criteria should be formulated in a way that includes a supplier's social as well as commercial responsibilities. Moreover, the buyer may need to ensure that the sections that address modern slavery have an appropriate percentage weighting of consideration. For example, the City of Lille in France includes sustainable development performance as one of the award criteria in the call for tender. It receives a 20% weighting, alongside 30% for price and 50% for technical quality.³³ In a situation where prospective suppliers are equal in terms of cost, quality, delivery and other commercial measures, social performance can be used as the deciding factor.

STRICT DUE DILIGENCE PROCESS AS GARMENT RETAILER ENTERS MYANMAR

An apparel company is the first American garment retailer to enter the Myanmar market. Before signing off on a contract with two factories in Yangon, which are now bound by the company's strong Code of Vendor Conduct, the company invested in rigorous due diligence including audits from Verité. Verité conducted four trips in six months to assess human rights and labour conditions, while also educating workers on international business standards. The company will monitor the factories through regular labour inspections conducted by local NGOs. In 2011-2012 the company conducted 170 initial audits of potential factories and rejected 33. In 2012 the company conducted 563 unannounced audits and 585 announced audits of suppliers that manufacture their branded apparel.

THE SEDEX PLATFORM FOR SUPPLIER ENGAGEMENT

Sedex, the Supplier Ethical Data Exchange, is a not for profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. In joining Sedex, Suppliers complete one self assessment questionnaire (SAQ) and can choose to share this with multiple customers on Sedex, along with any other relevant ethical information, such as audit reports and certifications. The SAQ collects information on the site's management proficiency of policies, practices and procedures; including indicators that may be indicative of forced or bonded labour, such as holding of identity documents, wage deductions made etc. New questions have been added to name labour providers used by suppliers.

A US SUPERMARKET COMPANY SUPPLIER SELF-ASSESSMENT

In response to the California Transparency in Supplies Chains Act, the company has developed an online questionnaire to assess suppliers' policies and practices on slavery and human trafficking. Suppliers are required to provide information on their supply chain overview, auditing process, non-compliance measures, subcontracting and management training.



SEE TOOL 6 – ON PAGE 49

A supplier self-assessment questionnaire template.



IN THIS CHAPTER COMPANIES CAN LEARN:

- ➔ How good audits can help uncover the risk of hidden slavery in supply chains.
- ➔ The key steps in conducting an audit including the opening and closing meetings, site tour, conducting interviews and reviewing documents.
- ➔ How to prepare for conducting a good audit with a well-trained team.
- ➔ How to immediately respond to different cases of modern slavery and safety issues while acting in the victims best interests.



AUDITS AND ON-SITE ASSESSMENTS FOR NEW AND EXISTING SUPPLIERS

WHY AUDIT?

In the previous chapter we examined the importance of conducting a proper risk assessment of a supplier base and then digging deeper with a self-assessment questionnaire. Once the procurement team determine who the medium to high-risk suppliers are, it is then necessary to conduct on-site inspections to investigate further.

Audits have been identified by many companies, including those listed for best practices in this Guide, as one of the key mechanisms for monitoring supplier performance against agreed upon standards. Audits are not a stand-alone solution. They should be combined with supply chain mapping, traceability and supplier capacity development, to help create more holistic supply chain risk management programs. Many companies do not have direct access to suppliers deeply embedded in the supply chain. It, therefore, becomes critical that companies have a system of verification of suppliers and sub-contractors that will provide them with the confidence that they need to know their supply chain.

WHAT MAKES A GOOD AUDIT?

The goal of supplier audits is to verify that the factory's practices and performance are in line with the company's Code of Conduct against modern slavery.

Modern slavery is a hidden crime that occurs in an environment of deception, corruption and lack of transparency. Third party labour exploitation in particular can be concealed from open view. Audits thus need to be based on sensitive questions, with appropriate scepticism applied to the responses given.

Example:

The audit of the Rana Plaza factory shortly before it collapsed epitomises the potential disaster of an audit that fails to pick up a critical situation. Auditors lacked the skills needed to ask the proper questions and take prompt action, resulting in the loss of more than a thousand people's lives.

What should be the audit focus?

Auditors need to look for **indicators of risk**. These can only be uncovered through consideration of a full range of interconnected factors. This includes but is not limited to:

- The process of **recruitment**. What was the process, did workers pay fees, do they owe debts? Who organised their migration? How many tiers of labour brokers and agents are used?;
- A comprehensive examination of their **current labour conditions**. This requires a consideration not just of time and wage but also discrimination document retention, living conditions, freedom of movement, existence of grievance mechanisms, safety, and worker knowledge of company policy and procedures on all of the above.

OVERALL, AUDITS SHOULD BE FRAMED SO AS TO UNCOVER ANY INDICATORS THAT SUGGEST WORK AND/OR LIFE ARE UNDER DURESS, THAT THERE IS AN IMPOSSIBILITY OF LEAVING, USE OF PENALTIES OR THREATS, WHETHER IN THE CURRENT LABOUR SITUATION OR IN THE PRECEDING RECRUITMENT PROCESS.

AUDITS ENSURE CONFLICT FREE PROCESSORS

In January 2014, the Chief Executive Officer of one of the world's largest semi-conductor chip corporations, announced that every Processor leaving the factory from 2014 would be free from conflict minerals from the DRC and surrounding countries. To fully validate a microprocessor as conflict free across all four known conflict minerals (tantalum, tin, tungsten and gold), the company initiated a smelter validation process to track the minerals from mines of origin throughout the supply chain. They increased the number of supplier audits and completed smelter reviews and audits to address the issue of conflict minerals. The company is still sourcing from the region but are doing this via responsible sourcing tools such as 'bag and tag' and chain of custody. The company's actions are grounded in a number of strong policy positions including their Code of Conduct, Conflict Minerals Sourcing Policy and Statement on Human Trafficking and Slavery. The company has, moreover, taken leadership in larger industry efforts such as the Electronic Industry Citizen Coalition (EICC) by initiating a transparency task force on sustainable reporting and leading working-group initiatives on conflict minerals, human trafficking and anti-corruption.⁵⁶



SEE TOOL 7 – ON PAGE 51

This tool outlines the different questions an auditor may ask to help **identify modern slavery**.

Process is as important as content.

A good audit process must involve:

- Triangulating or checking information received against several different sources. Typically this will include information obtained from management interviews, worker interviews, workplace observations, and a review of documents and records;
- A serious focus on interviewing a significant proportion of workers. For example, if the factory has 215 employees, 15 of whom are management level and 200 are operations, the audit should interview a minimum of the square root of the number of staff – in a combination of individual and small group interviews. In this case, the number would be approximately 14 ($\sqrt{200}$). All nationalities and work shifts must be included in the sample;
- Worker interviews must be conducted by skilled and experienced interviewers in the language of the workers themselves;
- Worker interviews must be conducted in a safe location without the presence of supervisors or managers and/or off-site.

WHICH AUDITORS?

Regardless of whether a buyer uses internal auditors or an external firm, or a combination of internal and external auditors, the auditor or team of auditors must be trained professionals who have in depth knowledge of the risk factors. They must have the ability to identify and investigate labour abuses in very challenging environments.

Below are some criteria to assess an external auditor:

- The tools and approaches being used focus not only on current labour conditions but also on recruitment;
- Interviews with labour brokers and a review of their documents and records are part of the process;

- Worker interviews are a significant focus, and sufficient time is allowed for these;
- Worker interviews are to be conducted in the workers language (translators are not ideal).

Workers are the single most important source of information for forced labour and slavery. Auditors – and interviewers on their team – must be particularly adept at selecting how and where to talk with workers. Interview teams should be selected at least in part to ensure coverage of the languages of the workforce.

STEP 1: PREPARING FOR AN AUDIT

1. GAINING CONSENT TO THE AUDIT

The company requesting the audit needs a supplier's consent to access the premises and to speak to the workers, to undertake the audit.

During the initial contact, it is important to verify that the supplier has a copy of the Code of Conduct, and all supporting resources. The company must request any information that the auditors will need to facilitate the audit. This will include a list of all workers, language groups of workers, locations of facilities, shift hours and other information depending on the nature of the supplier.

It is important to clearly set out during the start of the process any updated contracts and policies that have allowed for audits to be completed. However, even where a contractual obligation that requires an audit does not exist, it may still be possible that the buyer has sufficient leverage in the relationship to request one.

If the supplier has recently undergone an audit by another customer, it may be possible to determine if the scope of that audit adequately addressed forced labour issues and request a copy of the report for review, rather than asking the supplier to undergo another audit.

2. ANNOUNCED OR UNANNOUNCED?

An unannounced audit has the element of surprise that is useful. To successfully conduct an audit, it is important to have access to the management, relevant documents and records, and to the workers. Turning up at the facility on a day where the management or labour brokers are not there, and workers are not on shift, will not facilitate the audit process and may damage relationships for limited gain.

Unannounced audits have a particular function: they can be used for due diligence checks, to verify information on the self-assessment questionnaire or to investigate a specific issue. Unannounced audits can also be used effectively to investigate the labour practices of a new supplier. However inappropriate use of unannounced audits can undermine the trust-based relationship with a supplier and limit opportunities to help remediate an issue.³⁴

It is recommended that audits take place when employment / harvest / the season is in full operation.³⁵

3. ENSURE THE AUDIT TOOLS FOCUS ON CLEAR INDICATORS OF MODERN SLAVERY

As addressed above, forced labour is an extremely complex rights violation that can take many forms, so the audit must set out specific indicators that can help identify it. Checks should be made in advance that the interview tools being used are suitable to the facility in question.

STEP 2: KEY STEPS IN THE AUDIT

1. OPENING MEETING

Introduce and explain the purpose of the audit, the scope of activities (including, for example, request for on-site photographs) and the level of cooperation required from management to make it successful. If the audit is unannounced, explain

the reason and build a rapport with the supplier. This is the point at which to gain an understanding of the company. Ask the supplier to provide a brief overview of the company, its operations, and any history of previous social audits and corrective actions taken. The management should agree that all workers will continue to be paid during their interview.

2. EMPLOYMENT SITE TOUR

The purpose of the site visit is to gain familiarity with the site's operations, identify any areas to return to during interviews and for further investigation of potential issues, and to identify the sample of workers for payroll review and interviews.³⁶ The auditor should:

- Observe how site managers/ supervisors manage their teams and if workers appear anxious or on edge;
- Have brief, informal conversations with workers about their conditions and evaluate if answers appear "coached";
- Look for indications of restrictions to workers' freedom of movement, infringements on workers dignity and young-looking workers;
- Determine if the site has the capacity for the production of finished products on site, or if there is an indication of sub-contracting;³⁷
- Discrepancies can be discussed as they arise with the manager on site providing that it does not place employees in harm. Photographs that identify points of non-compliance can and should be taken provided prior approval from the company's management.

3. MANAGEMENT INTERVIEWS

Management interviews should be held not just with senior level managers, but also middle managers, supervisors and staff after 'also' and before 'who may have a different experiences and who are responsible for the human resources processes, such as recruitment, wage payment and management of labour brokers. Corporate social responsibility



personnel can also be engaged. If the audit is for an existing supplier, assess the results of any previous audits and relevant remediation planning. This is the time in which the goal is to gain a deeper understanding of the company's policies and practices and perform a review of procedures, workers files and other pertinent records, including:

- Recruitment, selection and hiring process,
- Employment practices such as management of wages, hours and benefits;
- Worker and supervisor training; and
- Grievance, discipline and termination processes and records.

The aim of the management interviews is to gather information about company policies and practices that may be validated against the workers' interviews. Examine the day-to-day decision making processes which affect working conditions.

During the management interviews the auditor should:

- Speak about modern slavery directly and address the full complexity of these issues, recognising the need to go beyond asking if such abuse is prohibited;
- Ask specifically about migrant workers in the facility, and the issues that affect them: such as the right to terminate employment without penalty;
- Enquire about the use of labour recruiters and recruitment methods

and discuss in greater detail the recruitment, selection and hiring process used by the facility;

- Enquire about document retention, withholding of passports, charges of security deposits, wage payment and deductions and compulsory or involuntary overtime;
- Freedom of movement and personal freedom at the workplace and in dormitories;
- Workplace discipline and grievance procedures.³⁸

4. REVIEW OF DOCUMENTS AND RECORDS

This part of the audit is typically done in conjunction with management interviews. Cross-reference all points raised through the site tour and management interviews, noting that prior permission may be required from workers before accessing personal files. Typical documents for review include:


- Signed contracts between each labour recruiter and the facility;
- Contracts with sending country labour brokers and agents;
- Payroll records for the previous 12 consecutive months;³⁹
- A list of all migrant workers in the facility;
- Copies of facility and labour recruiter policies;
- The operating procedures' handbook for each agent, including labour recruiters in the employees' sending countries;

- Personnel files for a representative number of migrant workers in the facility, including recently terminated workers and those who have resigned;
- Recruiter and facility training records for migrant workers; and
- Records of pending and past complaints or grievances that have been raised by migrant and other workers, including how they were resolved.⁴⁰

5. EMPLOYEE INTERVIEWS AND FOCUS GROUP DISCUSSIONS

These are best done after management interviews. At all times in the interview process, the workers' protection is of highest priority. Interviews should be a fair representation of the composition of workers at the site. It should also be ensured, however, that migrant workers are included as they are the most vulnerable to modern slavery.⁴¹ Information given by workers serves to corroborate or refute information provided by document reviews and management interviews.

Interviews and discussions must be conducted in the employees' language and in isolation, either on site or at another location, to create a safe space for dialogue. Translators are not ideal, but if there is no alternative, they must at least not be provided by the supplier and should be specially trained in worker interviewing techniques. It is the role of the interviewer to be



**THE GOAL OF
SUPPLIER AUDITS
IS TO VERIFY THAT
THE FACTORY'S
PRACTICES AND
PERFORMANCE ARE
IN LINE WITH THE
COMPANY'S CODE OF
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MODERN SLAVERY.**

tactful in their questioning and make employees feel comfortable engaging in open, candid discussion. No level of management may be present and the employees' identity must remain confidential. Considering the legal implications for perpetrators of human trafficking, there is a risk of retaliation against workers for any information they share. The auditor should offer their contact information in the event employees experience negative repercussions from the visit.

The line of questioning will depend on the specific context of the site, however there are some important questions to consider that may help uncover issues of modern slavery. The interviews should be semi-structured to ensure the flexibility to discuss any issues that they employees themselves wish to raise. If the interviewees discuss problems they are facing, give them the opportunity to specify how they would like a particular issue to be managed or resolved. This way they will have greater ownership over the remedial actions and will be more likely to access the services in the future.

Depending on the nature of the issues, situations in which there are significant discrepancies between the documentation, management interviews and worker interviews may be considered a critical non-compliance and raised with the site manager and the audit requestor

within 24 hours of the discovery.⁴² If the information will present a retaliation risk to worker safety, follow escalation procedures to minimise the risk.⁴³ Not all discrepancies are critical issues. This action should be limited to situations such as non-payment of wages withholding of personal documents, excessive recruitment fees and unlawful wage deductions.

STEP 3: IMMEDIATE RESPONSE TO SIGNIFICANT RISKS IDENTIFIED DURING AN AUDIT

If any form of modern slavery or imminent danger safety issues are identified and corroborated during the audit, the auditors have a responsibility to act immediately. Any action taken during or immediately following an audit must place the victims' best-interests and wellbeing at the centre of decision-making.

Instances in which procedures for immediate response should be instigated include:⁴⁴

- During the site tour the auditor observes emergency exit doors in the production area that are either locked shut or are not accessible due to stored materials;
 - This situation should be immediately communicated to site management and the audit stopped until the situation is corrected.



SEE TOOL 8 – ON PAGE 53

Examples of questions with employees during a social audit.

THE IWAY TO SUPPLY TO IKEA

Ikea's Way on Purchasing Home Furnishing Products (IWAY) Code of Conduct clearly sets out what standards are expected of Ikea's suppliers, including required standards on child and forced labour. A cornerstone of IWAY is Ikea's "right to make unannounced visits at any time to all places of production (including their sub-contractors)". Despite stringent policies, Ikea openly admits that challenges still exist. From 2002-2004, auditors identified more than 20 cases of child labour in factories in India and China.⁴⁵ Rather than boycotting such suppliers, something that many in the media called for, Ikea chooses to work with factories to ensure the affected child attended school at the expense of the supplier and that other violations did not occur. Only in cases of repeated non-compliance is the supplier terminated. In the 2012 financial year Ikea made 700 unannounced audits.⁴⁶

- The auditors determine from reviewing payroll records and worker interviews that a portion of their wages are deducted for mandatory savings and placed in accounts that only the company or the labour broker can access. The auditor also learns that if workers terminate their contracts early that the savings will be kept by the company as a penalty;
 - This needs to be immediately communicated to site management and the audit requestor, and agreement reached on correcting the situation expeditiously.
- Situations of egregious forced labour such as worker confinement or physical or psychological abuse;
 - These must be communicated immediately to the supplier. The customer or audit requestor may decide it is appropriate to contact law enforcement if the supplier refuses to acknowledge or correct the situation and only if the auditor and workers involved are protected from retaliation.
- Situations of debt bondage because of extreme costs imposed by the supplier or recruiters or agents in the recruitment chain;
 - The customer of the audit should request the supplier to nullify, reduce or repay the debt.
- In situations of debt to a third party where the supplier was aware.
- The supplier is responsible for repaying the fees to workers and this should be set out as company policy. If the supplier was unaware take action to be reimbursed by the broker or the company should repay staff.
- Employees are forced to work extra overtime with little to no pay;
 - Review purchasing practices and encourage suppliers to be open with their customers if they cannot meet a deadline.

6. CLOSING MEETING

The purpose of the closing meeting is to discuss and agree on the audit findings,

to agree on the creation of a Corrective Action Plan with specific actions to be completed within a specific timeframe, and to agree how/to whom the report will be disseminated. The confirmation of findings is verified by signing the Summary of Findings and Corrective Actions by the auditor and factory/supplier.⁴⁷

STEP 4: FOLLOWING UP THE AUDIT

1. THE AUDIT REPORT

The Audit Report is a formal document describing the auditors' findings and should include both good practices and non-compliances based on objective evidence. It should not contain any information that would allow one to identify any individual worker or specific workstation. The auditors should prepare the report within two weeks of the closing meeting.

The audit report serves as the basis for the facility Corrective Action Plan (CAP) and for continual improvement. It also serves as a detailed record of the conditions and practices in place at the time of the audit. This information may be essential in addressing questions and concerns from the supplier, government agencies and stakeholders. Therefore, auditors must employ a rigorous internal quality assurance process.

2. DISSEMINATING THE FINDINGS

The audit report should be shared with the supplier and, at the discretion of the company, with key stakeholders and with collaborative platforms such as Sedex. The practice of sharing audits will create a critical accountability mechanism and promote greater supply chain transparency for both suppliers and purchasers.

Corrective Action Plans and remediation are the most important step of audit follow-up, especially in cases of non-compliance and labour violations. These will be discussed in depth in the following chapter.



Photo: Monica Ellena

**THE PRACTICE OF SHARING AUDITS WILL
CREATE A CRITICAL ACCOUNTABILITY
MECHANISM AND PROMOTE GREATER
SUPPLY CHAIN TRANSPARENCY
FOR BOTH SUPPLIERS AND PURCHASERS.**



IN THIS CHAPTER COMPANIES CAN LEARN:

- ➔ How to create a Corrective Action Plan (CAP), especially to follow up an audit.
- ➔ How to monitor the implementation of the CAP including understanding company leverage.
- ➔ How to plan long term to improve supplier relations, including direct recruitment practices.
- ➔ How to create effective grievance mechanisms.



SLAVERY IN SUPPLY CHAINS

CORRECTIVE ACTION, IMPLEMENTATION AND CLOSURE

DEVELOPING AND IMPLEMENTING A CORRECTIVE ACTION PLAN

If an audit has confirmed risks of modern slavery in the buyer's supply chains, the critical next step is for the supplier to develop and implement a Corrective Action Plan (CAP). The purpose of the response is to clearly define corrective and preventative actions for resolving any non-compliances identified during the audit. The plan should be developed in consultation with your supplier and identify root causes and descriptions of the proposed actions, both corrective and preventative, to address these.

Developing corrective actions that are rooted in the supplier's own system is critical to creating sustainable improvement in the conditions of workers and to stamp out slavery from supply chains.

A CAP is usually formulated shortly after the supplier receives the audit report. This plan can be developed solely by the supplier based on their understanding of the audit findings for review and approval from the company. In some cases, auditors themselves develop the CAP, but this approach raises concerns because it may present a conflict of interest.⁴⁸ Jointly developed CAPs are best as they prevent disagreements during closure (follow up) audits.

A good CAP will include:

- All audit findings, beginning with the most significant;
- Identification of the root cause(s) of each finding);
- The specific action(s) required to remedy each finding, including assistance for individual victims;

- new or revised policies or procedures; training for managers, staff, employees; and other actions;
- Who is responsible for each action;
- How each action will be verified/confirmed, such as record review, employee interviews, spot-checks, closure audits (re-audit) or other means;
- The deadline or milestones for completing each action, which normally should be as expeditious as possible;
- Potential consequences if actions are not taken;
- A focus on remedying the immediate problem while also creating longer-term systemic solutions.

A CAP should involve rating the priority of the action and allocation of responsibility for delivering it. It is a good idea to involve suppliers and workers in this plan so they can take ownership of the actions. Many companies find it helpful to establish a traffic light system to highlight urgency. For example:

GREEN (minor infringements)

Minor violations/non-conformances only; the factory will be audited again within 2-3 years.

YELLOW (major infringements)

Presence of major violations/non-conformances; Remediation plan to be developed with actions against each violation to be agreed. The factory will be re-audited within 1 year.

RED (zero tolerance infringements including confirmed indicators of forced labour)

High risk violations/non-conformances; immediate containment action taken and remediation plans developed with corrective and preventive actions against each violation to be agreed.

AMERICAN ELECTRONICS CORPORATION REPAYS MILLIONS OF DOLLARS IN BROKER FEES

In 2013 the company ordered suppliers to repay foreign contract workers \$US3.8 million in excessive labour broker fees, bringing total reimbursements to \$US16.9 million since 2008 in excessive fees charged by labour brokers. The company discovered these cases during 33 social audits specifically mandated to uncover labour abuses facing migrant workers in their supply chains. From previous audits, the company also knew that excessive working hours was a persistent problem for their workers. To address this concern the company launched a program in 2011 to track the weekly work hours for over one million people in their supply chain. In 2013 suppliers recorded 95% compliance to the company's maximum 60 hour workweek policy.

MULTINATIONAL RETAIL CLOTHING COMPANY'S AUDITS AND WORKER'S COMMITTEES

The company uses the Fair Labor Association (FLA) to conduct all its supplier audits. FLA publishes reports on all factory assessments it conducts for member companies under the FLA Workplace Code of Conduct. These reports detail the violations found in the factory, the corrective action steps recommended and the progress to date. FLA also has excerpts from several FLA factory assessments that found and remediated child and forced labour violations. In addition to the audits, the company management have travelled to Bangladesh where they introduced workers' committees who are elected and trained in negotiation with the aim of improving their working conditions. This approach was tested in 2012/13 and is now being rolled out with other suppliers.



SEE TOOL 9 – ON PAGE 54

The tool outlines a **Corrective Action Plan**.



SEE TOOL 10 – ON PAGE 55

Outlines various **remediation plans** for different non-compliance scenarios.

The factory will be re-audited in 30 days and will be required to report weekly (from the time of the closing meeting) on the status of actions. The factory must take action to correct violations and develop policies and procedures compliant with the Code of Conduct and national and international legal requirements. If the supplier does not agree with the findings or takes no action to address violations, consider cessation of work with the supplier.

CORRECTIVE ACTIONS

When formulating corrective actions, the company should be creative and look for actions that both resolve the immediate issue but also build systems which will prevent reoccurrence of the problem. Hewlett Packard's (HP) CAP, for example, requires a root cause analysis alongside the non-conformance description. In this way HP can work to address the issue from a systems perspective rather than isolated cases. A corrective action report from a Verité audit on Rosita Knitwears in Bangladesh is another example of a CAP with both short term and long-term objectives.⁴⁹

IMPLEMENTING THE CORRECTIVE ACTION PLAN

When working with suppliers to make needed improvement in social performance, it is important for the buyer to understand the leverage that it has to develop strategies which reflect this. Key questions for buyers to consider:

- How much does the buyer spend with this supplier?
- Is the buyer's market share enough to motivate change?
- Can the buyer support the suppliers to improve policy and practice?
- Are the suppliers operating in a saturated market? If so, preparedness to demonstrate a certain level of social responsibility may constitute a significant competitive edge.
- Are there alternative suppliers?

The higher degree of leverage the buyer has, the more capacity to effect change.

It is vital that the company remains in close contact with the supplier to ensure that the CAP is fully implemented. Once remediation has been undertaken one strategy to remain assured of this is to undertake a follow up mini-audit of the corrective action. For example if one of the corrective actions was repayment of fees paid to brokers, then this could be confirmed through interviews of workers or document checks. If one of the corrective actions was return of passports, this could be confirmed by visual sighting of new storage facilities for workers and worker interviews.

Some of the most significant high risk scenarios, such as child labour, excessive fees and passport confiscation are outlined below.

CHILD LABOUR

In the case of underage labour, removing a child from the workplace may expose them to other rights violations or more greatly entrench the child and their families in poverty. Some steps a company could take to mitigate these risks are:

- Providing a stipend to the child's family to make up for the lost income, if the child's family can be contacted;
- Offering the child's job to another member of the family who is of legal age to work;
- Providing alternative income generation opportunities to the child's parents or adult relatives;
- Ensuring that the child attends school or an alternative educational facility, paying associated fees as needed and tracking the child until he or she is of age to work;
- Providing the child a training or apprenticeship opportunity when he or she is of legal age for such programs, and committing to provide the job back once he or she is of full legal working age;
- If the child has been living away from his or her family, reuniting the child with the family while ensuring that it can provide a protective environment, and provide the applicable services.⁵⁰

EXCESSIVE FEES AND CONFISCATION OF PASSPORTS

If the suppliers are in countries that heavily rely on a migrant workforce and there is evidence that fees have been charged and identification documents confiscated, the buyer should take the following actions:

- Ensure the supplier in question immediately reimburses these fees to the workers;
- An on-site assessment or evaluation should be undertaken and the appropriate corrective actions put in place to prevent, mitigate or remediate this problem;
- Business partners should be strictly prohibited from charging recruitment fees to workers and company policies and procedures should reflect this;
- Companies should not work with agencies and brokers known to charge recruitment of workers fees and should end business relationships with agencies and brokers found to have done so;
- Companies should strictly prohibit the confiscating of worker's passports and other identification documents. Companies should provide safe storage facilities for workers' identity documents if requested by workers and they should be freely accessible to them at all times.⁵¹

LOOKING FORWARD

Beyond the immediate situations, the buyer should consider ways to provide support and capacity building in order for the supplier to identify and correct the violations on an ongoing basis. The buyer could also engage other clients of the supplier, NGOs and workers' associations for their advice about the most appropriate support.

Consideration must also be given to the following questions. Is the nature of the business in any way responsible for this situation? Does the company put pressure on suppliers to quickly turn around a product or are RFT prices set so low that only unreliable operators

can compete on price? Does this pressure result in excessive working hours? Does the factory owner have to rely on brokers, agents and recruitment agencies to get last minute workers without conducting the proper due diligence? Problems could be caused by system failures or could be deliberate. How can the procurement team learn more about the operating environment to ensure these problems are identified and addressed before they cause more serious problems?⁵²

DIRECT RECRUITMENT

Moving forward, direct recruitment should be considered as the preferred strategy for a company's steady, core operations. Direct recruitment affords companies greater control over the policies and practices of the recruitment process and can eliminate unscrupulous labour agencies from taking advantage of workers. Larger multinational companies should consider placing staff on the ground in main recruitment countries or where the main sites of production are. This way oversight of the recruitment process is driven by the company, ensures adherence to the company's policies on forced labour and can result in better candidate selection.

In surge situations or when operating multiple tiers deep, companies must ensure they have rigorous subcontracting systems in place. Working with labour recruiters is preferable in this situation. Verité have partnered with Manpower Group to develop an Ethical Framework for Cross-Border Labour Recruitment.⁵³

STANDARDS OF ETHICAL PRACTICE FOR CROSS-BORDER LABOUR RECRUITMENT

The framework provides a set of operational practices ("Standards of Ethical Practice") for recruitment firms that operate across borders. These practices are reinforced by a Verification and Certification system to document compliance and provide essential information to third parties and potential

A MULTI-NATIONAL AUTOMAKER COMPANY IRONS OUT FORCED LABOUR

In 2006, the company discovered forced labour deeply embedded in the lower tiers of its supply chain through the production of charcoal used, in turn, in the production of pig iron, the key ingredient in steel production. The company took immediate action to address modern slavery in its supply chain:

- They immediately engaged with the supplier to create policies and structures to prevent future cases of forced labour;
- Conducted in-depth supply chain mapping of 5-6 tiers of suppliers including importers, exporters and trading companies;
- Engaged with Tier 1 suppliers to fortify their systems for safeguarding human rights standards across their operations;
- Are seeking multi stakeholder solutions by liaising with the U.S State Department, ILO and governing committee of the Brazilian National Pact to Eradicate Forced Labor to validate information and improve transparency.

Furthermore, to strengthen future compliance, The company requires suppliers from "high risk" industries to attend training on legal requirements; including those related to modern slavery. Supplier participants of the company's trainings are required to "cascade" the knowledge gained to their personnel. As a result, at the end of 2012 the company had directly trained 2,100 suppliers who, in turn, trained 25,000 supplier managers, more than 430,000 individual workers and some 85,000 sub-tier supplier companies.

WALT DISNEY'S WORKER HELPLINE

The Walt Disney Company has worked with a local NGO to help develop and implement a worker helpline in southern China. The helpline is operated by the NGO and installed on a prototype basis in approximately ten factories that produce Disney-branded products, with factory management support.

SUPPLIER LEVEL GRIEVANCE MECHANISMS

The parent company of Calvin Klein and Tommy Hilfger, focuses on supplier-level grievance mechanisms and evaluates how factories receive and communicates back grievances to workers. Follow up training on worker-management communication aims to build the suppliers' capacity to resolve issues in house. As a result, from 2011 to 2012 direct worker complaints went down from 17-6 and vast improvements in transparency were recorded from factories that had completed capabilities training. These initiatives have been received positively by suppliers, raised worker morale and offered the company greater insight into the everyday realities of workers across their supply chains.

business partners. The nine standards of the framework include the following key practices:

- The Recruitment Agency has a Code of Conduct committing to the protection of workers in all phases of its operations, and recognises distinct challenges and responsibilities related to cross-border recruitment;
- The Agency takes measures to ensure that all jobseekers hired are legally able to work in the country of employment;
- The details of working conditions described at the point of recruitment are consistent with the details of employment contract at time of hiring or, if changes occur, they are clearly disclosed prior to signing and in no way violate relevant laws or place a worker at risk;
- Neither the Agency nor its employers, or subagents charge fees or costs to jobseekers for job placement services. The Company has a clear public policy against charging fees to job seekers, clearly informs workers about this policy at the point of recruitment, and conducts due diligence with agents and subagents in relevant countries of operation to ensure compliance;
- There is a mechanism for confidential reporting of violations of this policy by agents and sub-agents.

GRIEVANCE MECHANISMS

Grievance mechanisms are a formal way for workers to lodge complaints, and resolve problems, with their employer. Beyond safeguarding workers' rights and monitoring supplier compliance, effective grievance mechanisms make economic sense – they can contribute to worker retention,⁵⁴ satisfaction and thus productivity. In many cases, however, grievance mechanisms remain highly ineffective and workers do not trust that complaints lead to genuine action or remedy.⁵⁵


Workers must have a safe forum in which to raise any concerns about their working conditions or mode of employment (recruitment processes,

housing and administration of wages etc). They must know that they will not face discrimination or disciplinary action as a result thereof.⁵⁶ A priority for workers seeking to access internal grievance mechanisms is knowing how complaints are handled.⁵⁷ Awareness raising among workers of the process is, therefore, crucial to success. Internal mechanisms include:

- A web-based platform, phone number or postal address in which to lodge complaints;
 - An employee representative to receive and follow up on grievances;
 - Listening groups with senior managers;
 - Recognised trade unions to represent members' complaints;⁵⁸
 - Complaints and suggestion boxes.
- External or independent grievance mechanisms are also an important avenue for workers to raise concerns. Critically, they can offer workers a space to make confidential complaints to an independent body. They include:
- Multi-lingual helpline to enable issues to be raised in the workers' first language;
 - A whistle-blower hotline resourced by an independent trainer interviewer to protect employees from reprisal.

In March 2013, Polaris Project launched a texting shortcode to help victims of human trafficking find safety. When victims text to BeFree (233733) they reach a call specialist, who assists them in planning their escapes and/or connecting them to services in the area. An analysis of initial data from these texts shows that texting is a vital way for victims of human trafficking to reach out for help:

Victims of human trafficking are closely monitored by their traffickers and for many, a text message can be a more discreet way for them to reach out for help. Through these conversations, victims were freed from their traffickers and/or connected to local service providers.⁵⁹



IN MARCH 2013, POLARIS PROJECT LAUNCHED A TEXTING SHORTCODE TO HELP VICTIMS OF HUMAN TRAFFICKING FIND SAFETY. WHEN VICTIMS TEXT TO BEFREE (233733) THEY REACH A CALL SPECIALIST, WHO ASSISTS THEM IN PLANNING THEIR ESCAPES AND/OR CONNECTING THEM TO SERVICES IN THE AREA. AN ANALYSIS OF INITIAL DATA FROM THESE TEXTS SHOWS THAT TEXTING IS A VITAL WAY FOR VICTIMS OF HUMAN TRAFFICKING TO REACH OUT FOR HELP.



POLARIS PROJECT
FOR A WORLD WITHOUT SLAVERY

IN THIS CHAPTER COMPANIES CAN LEARN:

- ➔ How to enhance supplier compliance through capacity development programs and training.
- ➔ How to assign different roles and responsibilities to the personnel managing the supplier.
- ➔ How to incentivise the supplier through “preferred supplier” programmes.
- ➔ How to develop partnerships to enhance leverage and feed into an industry response.



ENGAGING WITH SUPPLIERS

Over the past years, companies have discovered that setting standards for suppliers, and verifying implementation is not always enough to tackle labour violations along the supply chain. CAPs and remediation activities to address any forced labour and slavery problems are more successful if they are combined with programs that build a supplier's capability.

Training, capacity building and a focus on long term partnerships have proven to be effective in improving compliance but are also providing the supplier with a sense of ownership and shared expectations. The ultimate goal is for the supplier to integrate and drive anti-slavery policies into their business.⁶⁰

CAPABILITY BUILDING

Trainings and guidance should be organised not only to raise awareness of a buyer's anti-slavery policies and procedures but also to provide development opportunities that build the supplier's management capabilities and worker's skill sets. Trainings should help workers understand their labour rights and provide them with an opportunity to channel their concerns to management. Topics that could be included in this exercise are:

- Information on international labour standards and modern slavery issues;
- The Company Code of Conduct and industry standards;
- Worker-management communication;
- Effective grievance mechanisms and problem resolution;
- Working hours, ethics and compliance;
- Supplier and sub-contracting mapping (for supply chain professionals).

For example, through a combination of practical workshops, training and in-factory consultations, the International Labour Organization's (ILO) Factory Improvement Program (FIP) helps factories increase competitiveness, improve working conditions, and strengthen collaboration and communications between managers and workers.⁶¹

CREATING INCENTIVES

Another element in building a supplier's ownership of the process and ensuring continuing improvement in performance are incentives. Incentives such as a reduction in the number of audits, preferential order placement and/or future projection of orders have the potential to encourage suppliers to take greater responsibility for managing their workforce.⁶²

Examples of reward measures include the "Preferred Supplier" award program where higher scoring is allocated to those suppliers who have successfully implemented management processes that address slavery and then the communication of this award publically. Another reward is the automatic qualification of a supplier where policy and robust procedures have been implemented that reach past their second tier supply base to tenders.

ROLES AND RESPONSIBILITIES

Greater collaboration between the different functions which oversee social compliance and purchasing in a company are fundamental to addressing slavery in supply chains. Competing requirements from different departments within a company can have a negative impact on addressing slavery.

WORKERS PASSPORTS WITHHELD BY AN INTERNATIONAL SOFT-DRINK RETAILER'S SUPPLIERS

Audits, combined with an understanding of company leverage, have had a significant impact on improving worker rights in an international soft-drink retailer's supply chains. In 2009, the beverage manufacturing giant began audits of their suppliers in the Middle East and Gulf regions. It soon became apparent that nearly all migrant workers in these facilities had their passports withheld by the employer. Realising that document retention might be a red flag to forced labour and restricted freedom of movement, the company acted immediately to update their policies and rolled out supplier training to communicate this decision to their suppliers. Investing in long term supplier relationship management and ongoing compliance monitoring has helped the company ensure its suppliers no longer retain workers' documentation.

IKEA'S COLLABORATIVE APPROACH TO IMPLEMENTING CAPS

IKEA's IWAY Standard covers the minimum requirements for its suppliers and their subcontractors. It addresses 14 areas including environmental, social and working conditions. IKEA has gone further than having a comprehensive Code of Conduct to ensure ethical sourcing, so it works to increase stakeholder understanding of, and ability to, adhere to its code. IKEA designers, product developers and purchasers work onsite in factories to gain first-hand knowledge of the challenges suppliers face. When violations of the IWAY Standard are found IKEA employees can then work quickly to help management remediate the situation and prevent recurrences using strategies tailored to that specific factory. Owing to the relationships Ikea staff have built on the worksites, remediation plans are well received. Finally, IKEA holds workshops for its suppliers to learn about the problems prevalent in the day-to-day work of workers and sub-contractors in order to better understand how to prevent occurrences of violations such as child labour.



SEE TOOL 11 – ON PAGE 59

Guidelines on **defining roles and responsibilities**.



SEE TOOL 12 – ON PAGE 61

Helps in understanding the approach to supplier **management and engagement**.

AMERICAN CLOTHING COMPANY'S SUPPLIER RELATIONSHIP MANAGEMENT TO IMPROVE WORKERS WELLBEING

Two decades after publishing its Terms of Engagement, the company have adopted a new approach, Improving Workers Well-Being, to work with factories to go beyond solely compliance. Aligning priorities to the Millennium Development Goals (MGDs), the company's plan for supplier engagement includes supplier incentives for developing workers-needs programs, worker inclusion in the assessment of their needs and programme development, and shared learning opportunities for suppliers to exchange best practices.

One way to mitigate this problem is by re-evaluating and then if appropriate rearranging the reporting structures.

It is important to set clearly defined roles and responsibilities for each of the professionals who are in contact with the same supplier. The mapping out of individuals' responsibilities within the organisation for engaging with the supplier makes it easier to assign clear responsibilities for remediation activities. To achieve best practice it is critical that the procurement and compliance team work together in managing the supplier engagement process.

EMPOWERING WORKERS

An informed and participatory workplace, with access to good communications channels, effective means of raising and resolving disputes through proper grievance mechanisms, and opportunities for worker education and skills development is important for successfully addressing slavery in supply chains.⁶³

AMERICAN OUTDOOR CLOTHING MANUFACTURER'S PEER TO PEER EDUCATION PROGRAMME

The company has facilitated workers disseminating information to their colleagues on a range of topics including nutrition, labour laws and mathematics. Sixty workers were trained as peer educators, with each educator committed to teaching two or three workers about topics such as the company's Code of Conduct, wage calculations, personal health and interpersonal communication skills.

Major buyers are increasingly more open to dialogue with trade unions and multi-stakeholder initiatives. Standards and group guidelines which include trade union participation include the Ethical Trading Initiative (ETI), SA8000, and the Multi-Fibre Arrangement (MFA) Forum. For example, Nike has established an educational programme on workers' rights to freedom of association.⁶⁴

PARTNERSHIP

Partnerships are a crucial way for companies to leverage greater compliance from suppliers and to address systemic issues of modern slavery that are often beyond their direct sphere of influence.⁶⁵ By their exemplary adoption of standards and procedures companies can send a consistent message to suppliers. This can ultimately be the most effective, cost-efficient and transparent approach. Collaboration is particularly important in the traceability of commodities.⁶⁶

THE BANGLADESH 'ACCORD' AND 'ALLIANCE'

The Bangladesh Accord on Fire and Building Safety and the Alliance for Bangladesh Workers Safety, are two innovative partnerships between international brands and retailers in response to the Rana Plaza disaster of 2013. The Accord (150 companies from Europe and US) and Alliance (27 biggest American retailers) seek to establish common human rights standards on factory safety, to monitor compliance, create grievance mechanisms and conduct joint supplier trainings for capacity development in the garment sector. The Accord and Alliance are emblematic of industry partnerships to secure workers' rights in high risk industries and they work continually to improve and ensure that even the indirect network of subcontractors are addressed by their measures.⁶⁸

PARTNER TO WIN AWARDS

A multinational consumer goods company's Partner to Win Awards recognise suppliers' best practice and achievements in innovation, sustainability, joint value creation, capacity building and world class service through operational excellence. Past sustainability awards have been presented to companies that have improved the traceability of mined chemicals and enhanced crop production resulting in more sustainable wages for local farmers. The Awards are announced during the annual Partner to Win Suppliers Summit, which aims to deepen supplier relationships and promote sustainable practice. The 2013 Summit was attended by over 350 representatives from the company's strategic supplier partners.

BSR'S HERPROJECT

BSR's HERproject is a collaborative effort among businesses, their suppliers, and the non-government sector to empower women employed in global supply chains. The project adopts a tripartite approach to provide women working in the garment, footwear, electronics, agriculture, and horticulture sectors with workplace-based trainings on general and reproductive health and financial skills building. In addition to educational programs, HERproject builds the capacity of civil society to work with business, establishes linkages with service providers to improve access to relevant products and services, and works with employers to support women's empowerment as a core component of a successful business. HERproject also advocates for better national legislation and policies to support low-income working women as a priority for economic growth. HERproject currently operates throughout Asia, Africa, and very recently in Brazil and Mexico, and has reached more than 250,000 low-income women. The program is supported by companies such as the Levi Strauss Foundation, GE Foundation, and the Walt Disney Company.⁶⁹

EICC has, for example, developed a Conflict Free Smelter Program to all producers of conflict minerals and implemented a verifiable traceability scheme for DRC and the surrounding countries.⁶⁷ By setting industry standards, companies like Philips and Intel can verify suppliers using the same grading system.

CONCLUSION

We hope that this Guide provides readers with practical information that they could use to address and prevent modern slavery in their companies and organisations.

The steps outlined in the Guide provide a minimum standard companies must meet to begin to address modern slavery in supply chains. This includes having the right policies and procedures in place, conducting tailored risk

assessments for new and existing suppliers, conducting proper social audits, and engaging with suppliers to improve their capabilities.

Companies who invest in the proper implementation of this system will have a competitive advantage in meeting the demand for slavery-free supply chains from consumers, NGOs and investors.

Any additional input to this Guide is welcome. If you have any questions or would like support in implementing this system, please contact the Walk Free Foundation.

Only through collaboration can we achieve a world free of slavery.

TOOLS

IN THIS SECTION YOU WILL FIND:

- ➔ CAPs and remediation activities to address any forced labour and slavery problems are more successful if they are combined with programs that build a supplier's capability.



TOOL 1:

SAMPLE CODE OF CONDUCT PROVISIONS

This tool outlines different provisions on modern slavery that companies can integrate into their existing Code of Conduct.⁷⁰ When added, the clauses will strengthen a company's policy framework on addressing and eliminating forced labour from their supply chains.

FORCED OR INVOLUNTARY LABOUR

Workers shall not be subject to any form of forced, compulsory, bonded, indentured or prison labour. All work must be voluntary and workers shall have the freedom to terminate their employment at any time without penalty, given notice of reasonable length.

RECRUITMENT FEES

Workers shall not be charged any fees or costs for recruitment, directly or indirectly, in whole or in part, including costs associated with travel, processing official documents and work visas in both home and host countries.

DOCUMENT RETENTION

Confiscating or withholding worker identity documents or other valuable items, including work permits and travel documentation (eg: passports) is strictly prohibited. The retention of personal documents shall not be used as a means to bind workers to employment or to restrict their freedom of movement.

CONTRACTS OF EMPLOYMENT

Written contracts of employment shall be provided to migrant workers in a language they understand, clearly indicating their rights and responsibilities with regard to wages, working hours and other working and employment conditions. Migrant workers shall be provided with their employment contract prior to deployment. The use of supplemental agreements and the practice of contract substitution (the replacement of an original contract or any of its provisions with those that are less favorable) are strictly prohibited.

DEPOSITS

Migrant workers shall not be required to lodge deposits or security payments at any time.

HUMANE TREATMENT

The workplace shall be free of any form of harsh or inhumane treatment.

Disciplinary policies and procedures shall be clearly defined and communicated to all workers, and shall not include any inhumane disciplinary measure, including any corporal punishment, mental or physical coercion, or verbal abuse of

workers; nor shall they include sanctions that result in wage deductions, reductions in benefits, or compulsory labour.

The use or threat of physical or sexual violence, harassment and intimidation against a worker, his or her family, or close associates, is strictly prohibited.

WORKPLACE EQUALITY

All workers, irrespective of their nationality or legal status, shall be treated fairly and equally. Migrant workers shall benefit from conditions of work (including but not limited to wages, benefits, and accommodations) no less favorable than those available to country nationals. Migrant workers (or their family members) shall not be threatened with denunciation to authorities to coerce them into taking up or maintaining employment.

WAGES AND BENEFITS

All workers shall be paid at least the minimum wage required by applicable laws, and shall be provided all legally mandated benefits. Wage payments shall be made at regular intervals and directly to workers, in accordance with national law, and shall not be delayed, deferred, or withheld. Only deductions, advances, and loans authorized by national law are permitted and, if made or provided, actions shall only be taken with the full consent and understanding of workers. Clear and transparent information shall be provided to workers about hours worked, rates of pay, and the calculation of legal deductions. All workers must retain full and complete control over their earnings. Wage deductions must not be used as a disciplinary measure, or to keep workers tied to the employer or to their jobs. Workers shall not be held in debt bondage or forced to work in order to pay off a debt. Deception in wage commitments, payment, advances, and loans is prohibited.

WORKING HOURS

Workers shall not be forced to work in excess of the number of hours permitted in national law. Where the law is silent, normal working hours shall not exceed eight per day and forty-eight per week, and total working hours including overtime shall not exceed sixty. All overtime shall be purely voluntary, unless part of a legally recognized collective bargaining agreement. No worker shall be made

to work overtime under the threat of penalty, dismissal, or denunciation to authorities. No worker shall be made to work overtime as a disciplinary measure, or for failure to meet production quotas.

FREEDOM OF MOVEMENT AND PERSONAL FREEDOM

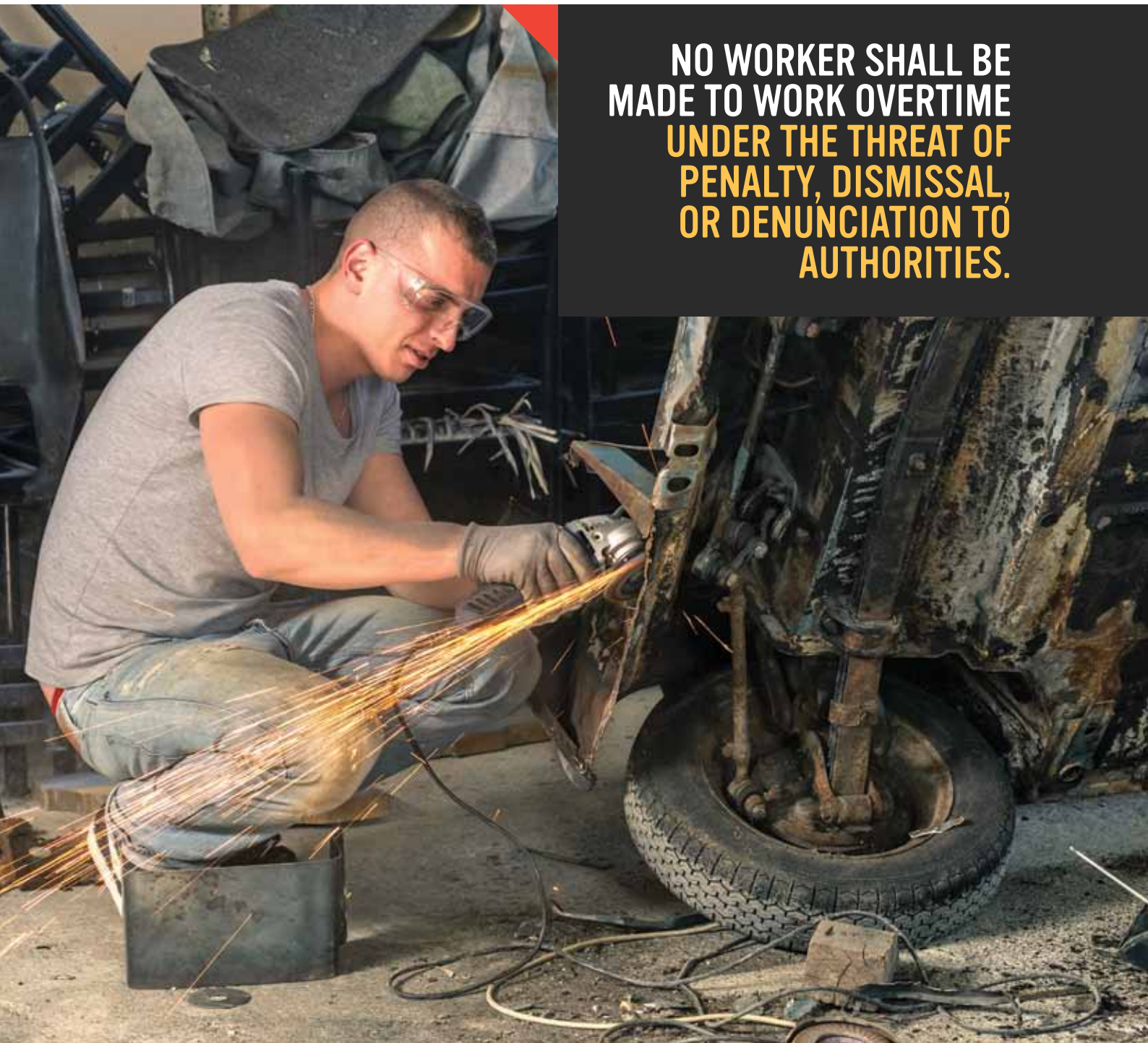
Workers' freedom of movement shall not be unreasonably restricted. Workers shall not be physically confined to the workplace or related premises, such as employer- or recruiter-operated residences; nor shall any other coercive means be used to restrict workers' freedom of movement or personal freedom. Mandatory residence in employer-operated facilities shall not be made a condition of employment.

GRIEVANCE PROCEDURE

An effective grievance procedure shall be established to ensure that any migrant worker, acting individually or with other workers, can submit a grievance without suffering any prejudice or retaliation of any kind.

PRIVATE EMPLOYMENT AGENCIES AND LABOR RECRUITERS

Companies should hire migrant workers directly whenever possible. When the subcontracting of recruitment and hiring is necessary, companies shall ensure that the labor agencies they engage operate legally, are certified or licensed by the competent authority, and do not engage in fraudulent behavior that places workers at risk of forced labor or trafficking for labor exploitation.



**NO WORKER SHALL BE
MADE TO WORK OVERTIME
UNDER THE THREAT OF
PENALTY, DISMISSAL,
OR DENUNCIATION TO
AUTHORITIES.**

TOOL 2:

FRAMEWORK FOR IMPLEMENTING A COMMUNICATION STRATEGY

This tool offers a framework for companies to use when communicating the Code of Conduct on forced labour and modern slavery to staff, suppliers and other stakeholders. It outlines how companies can engage and expected deliverables of the communication strategy.⁷¹

STAKEHOLDER	LEVEL OF INFLUENCE	ENGAGEMENT METHOD	DELIVERABLES	TIMING
Executive Board	High	Business Case and Strategy	Approval for Supplier assessment program.	
Budget owners	High	Business Case and Strategy	Commitment, support and resourcing towards Supplier assessment program.	
Procurement team	Medium	Written and verbal communication Training Access to online portals	Understanding on what is modern slavery, legislation and guiding principles. Understand strategy. Understand amendments to sourcing process to assesses suppliers.	
Contract Managers	High	Written and verbal communication Training Access to online portals	Understanding on what is modern slavery, legislation and guiding principles. Understand amendments to Contracting process to manage high risk suppliers.	
Suppliers	High	Written and verbal communication Training Access to online portals Access to Hotline	Understanding on what is modern slavery, legislation and guiding principles. Implementation of relevant policies and compliance requirements.	
Purchasing staff	Low	Written communication Standard Operating Procedures	Understanding on what is modern slavery, legislation and guiding principles.	
Policy and Risk teams	Low	Written communication	Drafting of Policy to comply with company requirements.	

TOOL 3:

RISK SCREENING TOOL

This template, based on that completed by the UK government, sets out a process that moves through both spend profiling and the risk assessment. The benefit of this model is that it provides both a comprehensive step-by-step approach and a scoring methodology. This process is best used by companies developing their sustainability processes. Scoring can be amended based on the complexity of spend, however, you should ensure that the higher risk elements are afforded higher scores.

SECTION	STEP NO	STEPS	ACTIVITIES	CONSIDERATIONS
Prioritisation	1.	Identify Data Source	<ul style="list-style-type: none"> Identify data source. Create a report with full annualised spend data. If you have historic spend complete this for the prior year also. 	<ul style="list-style-type: none"> Do you have all of the data? (Accounts payable and expense data). Has it been annualized? Do you have invoice level data? This will support categorisation for those suppliers you do know have a contract for setting out the goods and/or services being sourced. Are you able to forecast spend for any suppliers? Do you have agreed categories for suppliers to be aligned to?
	2.	Categorise Spend	<ul style="list-style-type: none"> List suppliers by total spend. Categorise into spend areas based on goods and/or services being purchased. 	<ul style="list-style-type: none"> Determine what is considered high spend for your organization (usually suppliers with spend between .5% and 1% of total spend or, top 100-200 suppliers). Do you know the market share with your top suppliers? (this will be addressed in the Influence in section 10 below).
	3.	Stakeholder engagement	<ul style="list-style-type: none"> Where Procurement do not manage the spend (e.g. contract management sits in IT) identify contract owners. Educate stakeholder on the reason for the risk profiling exercise. Gain understanding on any potential future changes in the spend with the supplier. Identify those that provide goods or services from off-shore. 	<ul style="list-style-type: none"> Do you have all areas of spend identified and categorised? Budget owners will be able to identify gaps. Is there a formal supplier management program in place? Can you better understand the ease of addressing any potential issues with the supplier and/or category? Have the contract owners/budget owners completed risk profiling or audits on the suppliers in the past or do they plan to in the future?

SECTION	STEP NO	STEPS	ACTIVITIES	CONSIDERATIONS
	4.	List categories and/or suppliers that have been identified and requiring review	<ul style="list-style-type: none"> List suppliers and or categories that require additional review through spend profile and data-gathering through stakeholder engagement/invoice details. All suppliers with the follow to move to remediation planning: <ul style="list-style-type: none"> - High Spend - Increasing spend - Sourcing completed off-shore - Categories of spend that include (manufacturing, construction etc) - Easy to address / assess (this will significantly reduce the effort required in the second round of supplier risk assessment assessment) 	<ul style="list-style-type: none"> How confident are you that you have all of the required data? Record any assumptions that have been made or gaps in data so that future sourcing exercises can close these for future assessments. To accurately identify High spend score supplier 1-5 with 5 being the highest. This can also be completed by category.
Assess Risk (complete this process for either category or by supplier)	5.	Assess life cycle of supply	<ul style="list-style-type: none"> Review the goods and/or services provided over the duration of the contract both up and down stream (see CIPS Supply Chain map). Apply a 1-5 score based on what is to be delivered during the contract (5 being the highest). Apply a 1-5 score Those that have links to countries identified in the Slavery index are to score higher than others. Other indicators can be found through the US state department. 	<ul style="list-style-type: none"> Do we have visibility to our supplier's first and second tier supply base? What information do we need from the stakeholders to close any gaps identified in this step?
	6.	Assess current activity	<ul style="list-style-type: none"> Does the supplier have a code of conduct that addresses slavery? Does the supplier have sourcing policies that address slavery? Do they have demonstrable management processes in place to manage the risk of slavery in their supply chain? Have they been identified in the media, or through organisations that monitor risk (Reprisk) as having instances of slavery? If so, what remediation was taken? Has the supplier signed the Stat Dec? Apply a score 1-5 (with five as the highest score for those that have no policies, process and have been identified as having breaches). 	<ul style="list-style-type: none"> Ensure you assess the supplier web sites. Codes of Conduct and sourcing policies are often made public through this means. Where you cannot find answers to these points score the supplier more highly as these can be addressed in the remediation plan.

SECTION	STEP NO	STEPS	ACTIVITIES	CONSIDERATIONS
Assess Risk (complete this process for either category or by supplier)	7.	Assess potential to do	<ul style="list-style-type: none"> • Understand gaps based on the assessment completed in step 6. • Review internal management process e.g. do the contracts have appropriate clauses addressing the prevention of slavery, does the supplier have any reporting requirements on high risk areas in this contract. • Has the supplier and contract manager completed training on anti-slavery practices? • Apply a score of 1-5 (with five being assigned to those supplier with the most opportunity for improvement). 	<ul style="list-style-type: none"> • Ensure that all considerations are recorded as these will feed into a remediation plan.
	8.	Assign overall score	<ul style="list-style-type: none"> • Add the total scores for each supplier and/or category. • List by highest score to complete highest priority list. 	
Action Planning	9.	Develop Scope for do more	<ul style="list-style-type: none"> • List by supplier and/or Category the areas identified in the gap analysis completed in steps 6 & 7. • Engage internal stakeholders to communicate findings. 	<ul style="list-style-type: none"> • Are there any changes in your business strategy that you should take into account to be added to this list?
	10.	Understanding your influence	<ul style="list-style-type: none"> • Work with stakeholders to answer the following: <ul style="list-style-type: none"> - Are the suppliers operating in a saturated market? - By working with us do the suppliers improve policy and practice? - Do we represent >0.5% of suppliers' turnover? - Is our market share enough to invoke change? - Do you comply with your own/ Gov policies? 	

TOOL 4:

UNDERSTANDING INDUSTRY RISK

This list compiled by the US State Department of Labor highlights the good and services that are produced by child and forced labour for every country.⁷² This can be used by companies when assessing supplier risk by country and industry.

AFGHANISTAN	BRICKS • CARPETS • COAL • POPPIES	KAZAKHSTAN	COTTON
ANGOLA	DIAMONDS	KENYA	COFFEE • MIRAA • RICE • SISAL • SUGARCANE • TEA • TOBACCO
ARGENTINA	BLUEBERRIES • BRICKS • COTTON • GARLIC • GARMENTS • GRAPES • OLIVES • STRAWBERRIES • TOBACCO • TOMATOES • YERBA MATE	KYRGYZ REP.	COTTON • TOBACCO
AZERBAIJAN	COTTON	LEBANON	TOBACCO
BANGLADESH	BIDIS • BRICKS • DRIED FISH • FOOTWEAR • STEEL FURNITURE • GLASS • LEATHER • JUTE TEXTILES • MATCHES • POULTRY • SALT • SHRIMP • SOAP • TEXTILES	LESOTHO	CATTLE
BELIZE	BANANAS • CITRUS FRUITS • SUGAR CANE	LIBERIA	DIAMONDS • RUBBER
BENIN	COTTON • CRUSHED GRANITE	MADAGASCAR	SAPPHIRES • STONES
BOLIVIA	BRAZIL NUTS/CHESTNUTS • BRICKS • CATTLE • CORN • GOLD • PEANUTS • SILVER • SUGARCANE • TIN • ZINC	MALAWI	TEA • TOBACCO
BRAZIL	BEEF • BRICKS • CASHEWS • CATTLE • CERAMICS • CHARCOAL • COTTON • FOOTWEAR • GARMENTS • MANIOC/CASSAVA • PINEAPPLES • RICE • SISAL • SUGARCANE • TIMBER • TOBACCO	MALAYSIA	GARMENTS • PALM OIL
BURKINA FASO	COTTON • GOLD	MALI	COTTON • GOLD • RICE
BURMA	BAMBOO • BEANS • BRICKS • GREEN BEANS • JADE • PALM THATCH • PHYSIC NUTS/CASTOR BEANS • RICE • RUBBER • RUBIES • SESAME • SHRIMP • SUGARCANE • SUNFLOWERS • TEAK	MAURITANIA	CATTLE • GOATS
CAMBODIA	BRICKS • CASSAVA • FISH • RUBBER • SALT • SHRIMP • TOBACCO	MEXICO	CHILE PEPPERS • COFFEE • CUCUMBERS • EGGPLANTS • GREEN BEANS • MELONS • ONIONS • PORNOGRAPHY • SUGARCANE • TOBACCO • TOMATOES
CAMEROON	COCOA	MONGOLIA	COAL • FLUORSPAR • GOLD
CENTRAL AFRICAN REP.	DIAMONDS	MOZAMBIQUE	TOBACCO
CHAD	CATTLE	NAMIBIA	CATTLE
CHINA	ARTIFICIAL FLOWERS • BRICKS • CHRISTMAS DECORATIONS • COAL • COTTON • ELECTRONICS • FIREWORKS • FOOTWEAR • GARMENTS • NAILS • TEXTILES • TOYS	NEPAL	BRICKS • CARPETS • EMBELLISHED TEXTILES • STONES
COLOMBIA	CLAY BRICKS • COAL • COCA • COFFEE • EMERALDS • GOLD • PORNOGRAPHY • SUGARCANE	NICARAGUA	BANANAS • COFFEE • GOLD • GRAVEL • PUMICE STONE • SHELLFISH • TOBACCO
COTE D'IVOIRE	COCOA • COFFEE	NIGER	CATTLE • GOLD • GYPSUM • SALT • TRONA
CONGO, DEM. REP.	CASSITERITE • COLTAN • COPPER • DIAMONDS • HETEROGENITE • GOLD • WOLFRAMITE	NIGERIA	COCOA • GRANITE • GRAVEL • MANIOC/CASSAVA • SAND
DOMINICAN REPUBLIC	BAKED GOODS • COFFEE • RICE • SUGARCANE • TOMATOES	N. KOREA	BRICKS • CEMENT • COAL • GOLD • IRON • TEXTILES • TIMBER
ECUADOR	BANANAS • BRICKS • FLOWERS • GOLD	PAKISTAN	BRICKS • CARPETS • COAL • COTTON • GLASS BANGLES • LEATHER • SUGARCANE • SURGICAL INSTRUMENTS • WHEAT
EGYPT	COTTON • LIMESTONE	PANAMA	COFFEE • MELONS • SUGARCANE
EL SALVADOR	COFFEE • FIREWORKS • SHELLFISH • SUGARCANE	PARAGUAY	BRICKS • CATTLE • COTTON • LIMESTONE • PORNOGRAPHY • SUGARCANE
ETHIOPIA	CATTLE • GOLD • HAND-WOVEN TEXTILES	PERU	BRAZIL NUTS/CHESTNUTS • BRICKS • COCA • FIREWORKS • FISH • GOLD • TIMBER
GHANA	COCOA • FISH • GOLD • TILAPIA	PHILIPPINES	BANANAS • COCONUTS • CORN • FASHION ACCESSORIES • FISH • GOLD • HOGS • PORNOGRAPHY • PYROTECHNICS • RICE • RUBBER • SUGARCANE • TOBACCO
GUATEMALA	BROCCOLI • COFFEE • CORN • FIREWORKS • GRAVEL • SUGARCANE	RUSSIA	PORNOGRAPHY
GUINEA	CASHEWS • COCOA • COFFEE • DIAMONDS • GOLD	RWANDA	TEA
HONDURAS	COFFEE • LOBSTERS • MELONS	SENEGAL	GOLD
INDIA	BIDIS • BRASSWARE • BRICKS • CARPETS • HYBRID COTTONSEED • EMBELLISHED TEXTILES • FIREWORKS • FOOTWEAR • GARMENTS • GEMS • GLASS BANGLES • INCENSE • LEATHER GOODS/ ACCESSORIES • LOCKS • MATCHES • RICE • SILK FABRIC • SILK THREAD • SOCCER BALLS • STONES • THREAD/YARN	SIERRA LEONE	COCOA • COFFEE • DIAMONDS • GRANITE • PALM OIL
INDONESIA	FISH • GOLD • PALM OIL • RUBBER • SANDALS • TOBACCO	S. SUDAN	CATTLE
IRAN	CARPETS	SURINAME	GOLD
JORDAN	GARMENTS	TAJIKISTAN	COTTON
		TANZANIA	CLOVES • COFFEE • GOLD • NILE PERCH • SISAL • TANZANITE • TEA • TOBACCO
		THAILAND	FISH • GARMENTS • PORNOGRAPHY • SHRIMP • SUGARCANE
		TURKEY	CITRUS FRUITS • COTTON • CUMIN • FURNITURE • HAZELNUTS • PEANUTS • PULSES • SUGAR BEETS
		TURKMENISTAN	COTTON
		UGANDA	BRICKS • CATTLE • CHARCOAL • COFFEE • FISH • RICE • SUGARCANE • TEA • TOBACCO • VANILLA
		UKRAINE	COAL • PORNOGRAPHY
		UZBEKISTAN	COTTON
		VIETNAM	BRICKS • GARMENTS
		ZAMBIA	CATTLE • COTTON • GEMS • STONES • TOBACCO

KEY FORCED LABOR CHILD LABOR BOTH

TOOL 5:

SCORECARD

This tool gives companies guidance as to when they should escalate a supplier to a second level of risk. The decision to go to a more detailed risk assessment will be determined by a suppliers level of risk based on the indicators below.

CATEGORY OF RISK	RISK WEIGHTING	ANSWER	SCORE	WEIGHTED SCORE
COUNTRY OF MANUFACTURE OR SERVICE DELIVERY				
On Freedom House List Partly Free	15%			
On Freedom House List Not Free	15%		0	0
Transparency International Corruption Perception Index (CPI)	15%		0	0
GOODS OR SERVICES PROVIDED				
What is the nature of this contract? (alternative: what is the nature of the supplier's activities?)	10%		0	0
Type(s) of employment relationships	10%		0	0
Percentage of foreign migrants in workforce	10%		0	0
SUPPLIER RELATIONSHIP				
What is the value (or predicted value) of this contract (alternative: what is the total annual spend with this supplier?)	10%		0	0
How long have you had a relationship with the supplier?	5%		0	0
Is the supplier producing branded product for you, or do you have a highly visible relationship with the supplier?	10%		0	0
Does the supplier have its own high-profile brand?	10%		0	0
AVAILABLE FORCED LABOR RISK INFORMATION				
Do you have information – such as the result of a previous audit – that may be a cause for concern?	5%		0	0
Does the supplier have a CSR commitment, for example through a code of conduct or CSR report?	5%		0	0
COMPANY-SPECIFIC QUESTIONS				
Additional questions regarding supplier risk	0%			
Total	100%			
% Risk				
Risk Status				

TOOL 6:

SELF-ASSESSMENT QUESTIONNAIRE

This self-assessment questionnaire can be used by companies to assess suppliers' policies and practices on slavery and human trafficking. This template can be used to gather information on existing suppliers, or form a part of tender process when engaging new suppliers.⁷³



California Transparency in Supply Chains Act (S.B. 657)

Effective January 1, 2012, the California Transparency in Supply Chains Act requires retailers and manufacturers doing business in California with over \$100 Million in worldwide gross receipts to publicly disclose their efforts to eradicate slavery and human trafficking from their supply chains. To assist Safeway in addressing this new law, each Safeway supplier must respond to the survey below. Please contact: Supplier.Survey@Safeway.com

I / We certify that all materials incorporated into products supplied to Safeway comply with the laws regarding slavery and human trafficking of the country or countries in which the Supplier is doing business.

- Yes
- No

Questions marked with an asterisk (*) are mandatory.

- *Company Name: _____
- *Safeway Vendor Number: _____
- Vendor DUNS Number: _____
- *Your Name: _____
- *Your Title: _____
- *Phone Number: _____
- *Email Address: _____

QUESTION 1

Do you currently have a program to assure that human trafficking and slavery do not exist in your operations and supply chain?

- Yes
- No

If yes, please describe your program (500 characters):

Questions 2 through 6 inquire into five specific activities intended to help identify and mitigate the risk of slavery and human trafficking in the supply chain. Please answer, and describe your efforts to address, each question.

QUESTION 2

Do you currently work with a 3rd party to identify the overall risks of slavery and human trafficking in your supply chain? This may include mapping your actual supply chain and looking into what countries you source from and what products or services you buy and the risks related with sourcing from those countries or sourcing a specific product.

- Yes
- No

Please explain : _____

QUESTION 3

Do you currently conduct independent, unannounced audits of your operations and suppliers?

- Yes
- No

Please explain (including description of audit frequency and selection process (e.g. are audits random? Risk based? If risk based, how is high risk identified? _____

A. Does your auditing program include auditing personnel recruitment sources, including overseas labor brokers or overseas employment agencies providing imported labor?

- Yes
 No

Please explain : _____

B. Are your audits based on company standards for suppliers that include clauses on slavery and human trafficking?

- Yes
 No

Please explain : _____

C. Have you enunciated consequences for supplier non-compliance with said standards?

- Yes
 No

Please explain : _____

D. In the event that non-compliance by your suppliers is discovered, do you have a program to remediate such infractions?

- Yes
 No

Please explain : _____

QUESTION 4

Do you require your direct suppliers to certify that all materials incorporated into your final product were sourced, processed and manufactured in compliance with the human trafficking and slavery laws of the country or countries in which they operate?

- Yes
 No

Please explain : _____

QUESTION 5

Do you have company standards on human trafficking and slavery for your employees and contractors?

- Yes
 No

Please provide information on your standards and relevant sections: _____

A. Do you have internal accountability standards and procedures in place to hold your employees and contractors accountable for non-compliance with your standards on slavery and human trafficking?

- Yes
 No

Please explain : _____

B. Have you established consequences for non-compliance of employees and contractors with said standards?

- Yes
 No

Please explain : _____

C. In the event that non-compliance by your employees/contractors is discovered, do you have a program to remediate such infractions?

- Yes
 No

Please explain : _____

QUESTION 6

Have your management employees, particularly those in charge of supply chain management, been trained to understand what slavery and human trafficking are and how to mitigate the risk of them in their respective supply chains?

- Yes
 No

Please explain : _____

TOOL 7:

QUESTIONS TO ASK DURING AN AUDIT TO IDENTIFY LABOUR VIOLATIONS

The tables below list the type of questions companies should ask during an onsite inspection or audit. These questions can also be adopted to other supplier engagement and risk assessment processes. Tables 1-3 are indicators of involuntariness imposed on workers and table 4 refers to penalties to which workers may be subject.⁷⁴

TABLE 1: INDICATORS OF FORCED LABOUR THROUGH RECRUITMENT PRACTICES

- Were any workers born or descended into “slave” or bonded status?
- Were any workers abducted, confined during the recruitment process, or sold into this job?
- Were any workers recruited through some form of debt arrangement, such as an advance or loan, which they are working to pay off?
- At the time of recruitment, were any workers told they would be doing work of a different nature from the work they are currently performing?
- At the time of recruitment, were any workers promised certain working conditions, employment contract terms, living conditions, job locations, employers, or wages/earnings that are different from what they actually receiving?
- At the time of recruitment, were workers offered marriage as an incentive?

TABLE 2: INDICATORS OF FORCED LABOUR THROUGH WORK AND LIFE UNDER DURESS

- Are any workers working excessive overtime beyond legal limits?
- Are any workers forced to work “on call” (day or night)?
- Does the employer restrict workers’ freedom of movement or communication with others inside or outside the workplace?
- If workers’ lodging is provided by the employer, are the living conditions degrading?
- Does the employer force workers to engage in illicit activities, to work for his/her private home or family, or to take addictive drugs?
- Does the employer impose or inflate workers’ indebtedness through means such as falsifying work records, inflating prices for goods that workers are obliged to purchase, reducing the value of goods or services produced by workers, charging excessive interest on loans or advances to workers, etc.?
- Are any workers dependent on the employer for housing, food, and other necessities?
- Do any workers have dependency relationships with the employer that go beyond the job, e.g., personal relationship, dependency on the employer for family members’ employment, etc.?

TABLE 3: INDICATORS OF FORCED LABOUR THROUGH IMPOSSIBILITY OF LEAVING

- Do any workers feel they do not have freedom to resign the job because of training other benefits they have received from the employer?
- Can workers terminate employment at any time, without penalty (except as provided by law)?
- Do any workers feel compelled to stay in the job because they are waiting for wages they are due?
- Are any workers working for an excessive or indefinite period of time in order to repay a debt or advance from the employer or recruiter?

TABLE 4: INDICATORS OF PENALTIES OR THREATS

If any of the indicators listed above are present (note that any one indicator is enough; one is not needed from each table), the auditor should examine whether penalties or threats are being used to exact labour. If so, the situation may constitute forced labour:

- Does the employer (or recruiter) threaten to turn workers over to government authorities (e.g. immigration authorities)?
- Has the employer (or recruiter) taken possession of workers' identity papers or travel documents?
- Does the employer restrict workers' communication, such as by confiscating mobile phones, isolating workers from others, locking workers in the workplace or living quarters, or constant surveillance?
- Does the employer (or recruiter) perpetrate or threaten any physical or sexual violence against workers including violent punishment of one worker in front of other workers?
- Does the employer punish or threaten to punish workers through any other means, such as deprivation of food, water or sleep, or make threats against their family members?
- Does the employer (or recruiter) threaten to remove privileges such as promotion potential?
- Does the employer threaten further deterioration in working conditions?
- Does the employer (or recruiter) exploit religious or cultural beliefs to threaten workers?
- Does the employer (or recruiter) withhold workers' assets, such as personal property, cash, etc.?
- Does the employer withhold workers' pay?
- Does the employer threaten to fire/dismiss workers?
- Does the employer threaten extra work for workers who do not cooperate?
- Does the employer threaten financial penalties?
- Does the employer (or recruiter) threaten to withhold future employment opportunities, to impose financial penalties, to exclude workers from social or community activities, or use any form of blackmail to coerce workers?

**WORKER
INTERVIEWS
ARE CRUCIAL IN
UNCOVERING
HIDDEN FORMS
OF WORKER
EXPLOITATION.**



TOOL 8:

EXAMPLE QUESTIONS TO ASK EMPLOYEES DURING A SOCIAL AUDIT

This tool outlines the line of questioning that an auditor should use when interviewing employers on labour standards. The questions cover various red flags of modern slavery and can be used to uncover often hidden forms of worker exploitation.⁷⁵

RECRUITMENT	PAY	ENTITLEMENTS
<ul style="list-style-type: none"> • What agencies/employers do you work for? • How did you find out about the work? • Were you promised a job? • How was the job described to you? • Was the job how it turned out to be – e.g. pay rate, number of hours? • Did you have to pay a fee for the job? • What have you paid to get this job? • Are you currently in possession of your passport? 	<ul style="list-style-type: none"> • Do you owe anyone any money? If so to whom, how much and how do you make repayments? • Does anyone owe you any money? • How much were you paid last week? How many hours had you worked? • Was the pay correct? • Have you been withheld pay for work you have performed? • Have you had any money unfairly deducted from your wages? • Are you free to open and be paid into the bank account of your choice? • Does anyone else use your bank account? 	<ul style="list-style-type: none"> • Have you been prevented from joining a trade union or been penalised for doing so? • Were you paid? • Have you taken any sick leave? • If you had to take sick leave would you be paid? • What training were you provided with? • What risks are there in your work? • How much did this cost you? • Have you have any holiday leave?
TREATMENT	ACCOMMODATION	GRIEVANCE MECHANISMS
<ul style="list-style-type: none"> • Since you have been working here, how have you been treated? • Do you like working here? Why, why not? • Have you witnessed others or experienced yourself verbal or physical abuse by other staff or management here? • What hours do you normally work? Are you happy with these? • How are the hours allocated amongst workers? • How many days do you have off each week? • If you didn't want to work the hours allocated what would happen? • Have you ever been forced to work long hours, overtime or on any days when you didn't want to by anyone here? • What breaks do you take when you are working? 	<ul style="list-style-type: none"> • How did you find your accommodation? • Who is the landlord? • How much rent do you pay? What happens if you can't pay the rent? • Who collects the money? • If you left the house, would you lose your job? • If you wanted to leave the house can you? • How many people live in the house? And how many people share your room? Are they related to you? • Are you free to buy and prepare food of your choice? • If not, you provides you with food? 	<ul style="list-style-type: none"> • If there was a problem at work what would you do about it? • Do you feel your complaints are dealt with properly? • If you wanted to report an issue but did not want anyone to know it was you reporting how would you report it? • Have you made any complaints about work? • If yes, how did you feel about the way it was dealt with? • How have you been treated since making the complaint/ report?

TOOL 9:

A CORRECTIVE ACTION PLAN

This Corrective Action Plan (CAP) template can be used by organisations to address points of non-conformance found during an audit. It is also designed to enable companies to understand the root causes of noncompliance that can then be addressed at a systems level. This Corrective Action Report (CAR) embodies the results of the workplace assessment. It is the intent of the CAR to help improve the factory and facilitate corrective action planning.

Summary of Areas of Concern

Below is a summary of the compliance areas in which areas of concern were identified during the onsite phase of the assessment. Please note full details of findings, including recommendations, are found after the table below, organized by category, sub-category, and benchmark / standard.

I. EMPLOYMENT POLICIES					
COMPLIANCE CATEGORY	AREA OF CONCERN	NO ISSUES IDENTIFIED	COMPLIANCE CATEGORY	AREA OF CONCERN	NO ISSUES IDENTIFIED
Worker Awareness	x	•	Contract Labor (Foreign or Domestic)	x	•
Factory Records	x	•	Grievance Procedures	x	•
Forced Labor	x	•	Discipline and Termination	x	•
Child and Juvenile Labor	x	•	Discrimination	x	•
Harassment and Abuse	x	•	Pregnancy Issues	x	•
Freedom of Association	x	•	Freedom of Movement	x	•
II. COMPENSATION AND HOURS					
Regular Wages	x	•	Regular Hours and Overtime	x	•
Overtime Wages	x	•	Mandatory Overtime	x	•
Benefits and Deductions	x	•	Production Quotas	x	•
Pay Practices	x	•			
III. HEALTH AND SAFETY					
Emergency Evacuation / Fire Safety	x	•	Medical Care, Accidents, and Injuries	x	•
Sanitation / Maintenance	x	•	Working Conditions	x	•
Machine Safeguarding	x	•	Explosion Hazards	x	•
Chemical Safety	x	•	Personal Protection Equipment	x	•
Dormitories	x	•			

TOOL 10:

MAKING A PLAN FOR REMEDIATION

This tool provides guidance on remedial action when cases of forced labour are identified either during an audit or risk assessment. Companies can use this table when different scenarios arise, to respond in a manner that places the workers wellbeing at the centre of decision making. This table has been adapted from the United States Department of Labour.

TABLE 1: REMEDIATION OF RECRUITMENT PRACTICE ISSUES

CIRCUMSTANCES	REMEDATION ACTIONS
Workers abducted, confined during the recruitment process or sold.	Work with local groups especially NGOs to provide victims a safe place to stay and link them to needed services. Only when it is sure workers will not be criminalised for their actions while in a situation of exploitation, should law enforcement be approached. Worker safety is priority.
Workers recruited through a loan or advance and are working to pay it off.	If the supplier paid the loan or advance, determine whether the terms were reasonable. If not, work out reasonable terms between supplier and worker. If the loan/advance was paid by a labor recruiter, determine whether the supplier had knowledge of the arrangement. If so, work out reasonable terms between supplier, recruiter and worker. If not, require the supplier to discontinue its relationship with the recruiter. Report unscrupulous recruiters to authorities.
Deceptive recruitment: workers promised types of work, working conditions, contract terms, housing or living conditions, job locations, employers or wages/earnings that do not materialize.	If the supplier made a false promise, the supplier should provide all employees who wish to leave their full wages due and transportation home. If the false promises were made by a labor recruiter, determine whether the supplier had knowledge of the arrangement. If so, the supplier is still responsible for the above. If not, require the supplier to discontinue its relationship with the recruiter. Report unscrupulous recruiters to authorities.

TABLE 2: REMEDIATION OF WORKING AND LIVING CONDITIONS ISSUES

CIRCUMSTANCES	REMEDATION ACTIONS
Workers working excessive overtime beyond legal limits.	Ensure that the supplier pays workers back wages for all overtime hours worked. Work with the supplier to evaluate staffing policies and compensation practices, such as piece rates, that are contributing to overtime. Examine your own sourcing practices, including lead times, changes in orders, pricing and other pressures that could necessitate extreme cost-cutting measures on the part of the supplier, including excessive overtime. Ensure that all workers receive training on their rights under the law and the social compliance system.
Workers expected to work “on call”	Work with the supplier to design a more structured staffing plan that meets your code’s requirements. Ensure that all workers receive training on their rights under the law and your code of conduct.

TABLE 2: REMEDIATION OF WORKING AND LIVING CONDITIONS ISSUES

CIRCUMSTANCES	REMEDATION ACTIONS
Employer restricts workers' freedom of movement or communication	<p>Determine who—management, supervisors, shift leaders, etc. —are involved in restricting workers' freedom of movement or communication and investigate these individuals' actions. If individuals were acting on their own without management knowledge, take appropriate action with these individuals, which could include training, suspension or termination. If these restrictions came from management, terminate the relationship with the supplier or provide the supplier a short window of time to end all such practices.</p> <p>Further investigate conditions and circumstances at the worksite that management or supervisors may be trying to conceal – including through off-site interviews with workers and other knowledgeable community members. Ensure that all workers receive training on their rights under the law and your code of conduct, including channels for grievances. Ensure that workers who wish to leave the job are able to do so and receive their full wages due.</p>
Degrading living conditions	<p>Ensure that the supplier fully understands your minimum standards for employee housing. Give the supplier a short window of time to remedy all living conditions. Ensure that all workers receive training on their rights under the law and your code of conduct, including housing standards. Ensure that workers who wish to leave the job are able to do so and receive their full wages due.</p> <p>Follow up with an unannounced investigation that includes off-site interviews with workers and other knowledgeable community members. If the living conditions have not improved, terminate the relationship with the supplier – while mitigating the impact of this on the workers.</p>
Workers forced to engage in illicit activities, to work for private home/family or to take addictive drugs	<p>Determine who—management, supervisors, shift leaders, etc. —are involved in restricting workers' freedom of movement or communication and investigate these individuals' actions. If individuals were acting on their own without management knowledge, take appropriate action with these individuals, which could include training, suspension or termination. If these restrictions came from management, terminate the relationship with the supplier or provide the supplier a short window of time to end all such practices.</p> <p>Further investigate conditions and circumstances at the worksite that management or supervisors may be trying to conceal—including through off-site interviews with workers and other knowledgeable community members. Ensure that all workers receive training on their rights under the law and your code of conduct, including channels for grievances. Ensure that workers who wish to leave the job are able to do so and receive their full wages due.</p>
Supplier inflates workers' indebtedness	<p>Determine the source of workers' initial debt. If the initial debt was to the supplier, require the supplier to cancel this debt. If the initial debt was to a labor recruiter, investigate whether the supplier had knowledge of the debt arrangement. If so, require the supplier to cancel the debt. If not, require the supplier to terminate its relationship with the recruiter. Report the recruiter to authorities.</p> <p>With respect to the inflation of the debt, require the employer to immediately stop charging any form of interest on the debt. If debt is inflated through purchases from the employer, such as at a canteen, determine whether workers have other options. If purchases at employer-owned stores are the only viable option for workers, work with the supplier to ensure that prices and terms are reasonable.</p> <p>Ensure that workers who wish to leave the job are able to do so and receive their full wages due.</p>

TABLE 2: REMEDIATION OF WORKING AND LIVING CONDITIONS ISSUES

CIRCUMSTANCES	REMEDATION ACTIONS
Workers depend on employer for housing, food or other necessities	In some cases, particularly for migrant workers, provision of housing, food and other necessities by the employer may be the best option for all involved. However, the quality of the housing and foods must be examined and if it does not meet minimum standards, work with the supplier to improve quality. Follow up with an unannounced investigation that includes off-site interviews with workers and other knowledgeable community members. If the living/food conditions have not improved, terminate the relationship with the supplier.
Workers have personal dependency on employer	Ensure that all workers receive training on their workplace rights under the law and your code of conduct, regardless of personal relationships.

TABLE 3: REMEDIATION OF “IMPOSSIBILITY OF LEAVING” ISSUES

CIRCUMSTANCES	REMEDATION ACTIONS
Workers do not feel free to resign because of benefits they have received or because employer restrictions	If a supervisor or other individual is leading workers to believe they cannot leave because the supplier has provided training or other benefits, or because of an illegal contractual requirement, require the supplier to take appropriate corrective action against this individual, from training to termination. If workers simply do not understand their rights, provide training to ensure they know when they may resign. Ensure that workers who wish to leave the job are able to do so and receive their full wages due.
Workers feel compelled to stay because they are due wages	Ensure that wages are being computed accurately and that all employees involved in payroll are adequately trained in wage computation. Require the supplier to pay all wages due under local law (for example, if local law requires payment biweekly, require all wages to be paid, at a minimum, through two weeks ago). Ensure that payment schedules are formalized, within legal limits and the limits of your code. Follow up with an unannounced audit. Ensure that workers who wish to leave the job are able to do so and receive their full wages due.
Workers work for an excessive or indefinite amount of time to repay a debt or advance from the employer or recruiter	If the supplier paid the loan or advance, determine whether the terms were reasonable. If not, work out reasonable terms between supplier and worker. If the loan/advance was paid by a labor recruiter, determine whether the supplier had knowledge of the arrangement. If so, work out reasonable terms between supplier, recruiter and worker. If not, require the supplier to discontinue its relationship with the recruiter. Report unscrupulous recruiters to authorities.

TABLE 4: REMEDIATION OF PENALTY OR THREAT ISSUES

CIRCUMSTANCES	REMEDATION ACTIONS
Supplier or recruiter has possession of workers' identity or travel documents	Suppliers should never confiscate or take control of workers' identity or travel documents unless it is purely for safekeeping purposes, and then only if workers are able to retrieve their documents promptly upon request. Require the supplier to return all workers' identity documents. If workers prefer that the supplier hold them for safekeeping, ensure that a policy is in place for retrieval of documents and that all workers are aware of the policy. Follow up to check on the issue through an unannounced audit.
Employer restricts workers' communication	See above.
Employer threatens to turn workers in to immigration authorities	In any situation of violence, penalty, intimidation or threat, determine who—management, supervisors, shift leaders, etc.—are involved in these violations. If individuals were acting on their own without management knowledge, take appropriate action with these individuals, which could include training, suspension or termination. If these penalties, threats, etc., were initiated by management or if management was complicit, terminate the relationship with the supplier or provide the supplier a short window of time to end all such practices. Ensure that all workers receive training on their rights under the law and your code of conduct, including channels for grievances. Ensure that workers who wish to leave the job are able to do so and receive their full wages due. Follow up with unannounced audits that include off-site interviews with workers and knowledgeable community members.
Employer perpetrates or threatens physical or sexual violence	
Employer or recruiter threatens to remove privileges like promotion potential, threatens further deterioration in working conditions or threatens to fire workers	
Employer or recruiter exploits religious or cultural beliefs of workers	
Employer or recruiter withholds workers' pay or assets or threatens financial penalties	
Employer threatens extra work for uncooperative workers	
Employer uses blackmail to coerce workers	

TOOL 11:

DEFINING ROLES AND RESPONSIBILITIES

This tool will help companies define the roles and responsibilities of different staff in contact with suppliers, avoiding duplication and competing requirements. Delegating and defining roles will ensure companies streamline their implementation of policy and practices that address modern slavery.⁷⁶

TITLE	RESPONSIBILITY	ROLE
Sponsor	Owner of the overall relationship	<ul style="list-style-type: none"> • Communicate broadly the reasons for the importance of addressing the risk of slavery in the supply chain. • Highest level of escalation point for the remedy of any roadblocks, issues or funding requirements.
Procurement Manager	Owner of the sourcing of suppliers	<ul style="list-style-type: none"> • Required to complete training on what is modern day slavery in the supply chain and the reason it is important to their organization. • Have the ability to identify indicators of slavery (for example knowing who the high risk countries are, understanding the recruitment practices of their supplier). • Ensure compliance to policy and procedures during sourcing process. • Ensure the appropriate contract clauses are added to the contract. • Ensure the appropriate KPIs, reporting frameworks and relevant incentives are added to the contract.
Contract Administrator	Management of the contract throughout the duration of the term	<ul style="list-style-type: none"> • Required to complete training on what is modern day slavery in the supply chain and the reason it is important to their organization. • Monitor the content of the supplier reporting to ensure all metrics are met in relation to any governance procedures agreed to be implemented throughout the term. • Manage and/or oversee any audits of suppliers' sites. • Have the ability to identify indicators of slavery (for example knowing who the high risk countries are, understanding the recruitment practices of their supplier). • Implement the finding of audits into the governance procedures for that supplier. Report and escalate results where remediation is not successful (Procurement/Strategic Sourcing and Sponsor to then review negotiation planning).
Purchasing officer	Raising and receipting of Purchase Orders. Receipting.	<ul style="list-style-type: none"> • Required to complete training on what is modern day slavery in the supply chain and the reason it is important to their organization. • Understand the process for reporting any behaviours that may require additional investigation. • Be able to direct internal and external contacts to where the policies are communicated e.g. the company website for Corporate Responsibility.

TITLE	RESPONSIBILITY	ROLE
Operational Manager	Managing the supplier relationship in an operational team (e.g. Facilities, IT, HR etc. This is not a Procurement team member)	<ul style="list-style-type: none"> • Required to complete training on what is modern day slavery in the supply chain and the reason it is important to their organization. • Have the ability to identify indicators of slavery (for example knowing who the high risk countries are, understanding the recruitment practices of their supplier). • Understand the process for reporting any behaviours that may require additional investigation. • Be able to direct internal and external contacts to where the policy is communicated e.g. the company website for Corporate Responsibility. • Managing the progress on any remediation plans implemented with high risk suppliers. • Supporting investment in the remediation of a supplier. For example this may require additional FTEs for a period of time.

CAPS AND REMEDIATION ACTIVITIES TO ADDRESS ANY FORCED LABOUR AND SLAVERY PROBLEMS ARE MORE SUCCESSFUL IF THEY ARE COMBINED WITH PROGRAMS THAT BUILD A SUPPLIER'S CAPABILITY.



TOOL 12:

SUPPLIER MANAGEMENT AND ENGAGEMENT

This tool sets out the different supplier engagement approaches an companies could take according to the strategic importance of the supplier. This table will help companies understand the different options of supplier management.⁷⁷

STEP 1: PRIORITISATION	STEP 2: CLASSIFICATION	STEP 3: MANAGEMENT TECHNIQUES
Create a list of your suppliers and align these to their spend and their risk scores completed in Step 2 Risk Profiling.	Strategic (high spend, high risk)	<ul style="list-style-type: none"> • Closely engage through reporting and building relationships with all levels of the supplier. • Consider paying cost premium to manage risks associated with the purchase. • Aim to transform the way this product/ service is produced and delivered. • Changing the mindset of both buyers and suppliers. • Support implementation of Policy and Code of Conduct and provide practical assistance and tools. • Leverage savings from suppliers and use savings to fund costs in higher risk areas. Agree specific action plan for these saving to be spent in an.
	Secure (Low spend, high risk)	<ul style="list-style-type: none"> • Closely manage through reporting and building relationships with management levels of the supplier. • Try to support and encourage suppliers to change production processes/supply chain practices. • Challenge supplier to implement reporting processes with their first and second tier. • Mandate implementation of Policy and Code of Conduct.
	Cost Driven (high spend, Low risk)	<ul style="list-style-type: none"> • Manage through reporting and building relationships with management levels of the supplier. • Work with suppliers to raise awareness of slavery issues. • Require the implementation of Policy and Code of Conduct.
	Acquisition (Low spend, low risk)	<ul style="list-style-type: none"> • Put most efficient measures in place to manage these areas. Ensure at a minimum Policy is passed through to second tier suppliers.

FOOTNOTES

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