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PANEL 1: Ethical sourcing to prevent forced labour and trafficking
in human beings in the private sector

Intro – thanks and overview of ETI.

When we consider ethical sourcing in global supply chains, I would argue that there are three critical issues to consider.

Firstly: we need to approach the issue of trafficking for labour exploitation and forced labour from the perspective of the worker and seek wherever possible to ensure they have a voice, that they are able to exercise their basic rights as workers, and that they are not criminalised or punished when forced labour is found.

We know that many of the workers who end up trafficked are economic migrants seeking a job that can earn a decent wage to support themselves and their families through remittances they send home. Some may be aware they are taking a risk; others aren't. Many of them pay dearly and incur huge debts to labour brokers or recruiters to help them find a job. This, and other factors such as poverty and illiteracy in some countries often make them more vulnerable and desperate, open to exploitation, deceit and coercion.

This occurs and flourishes in a global economy that relies on cheap labour and enables consumers to buy cheap goods. Forced labour often occurs in contexts where governments turn a blind eye or fail to protect vulnerable workers, where there is a lack of regulation in the recruitment industry, and where criminal and unscrupulous private sector actors are able to take advantage of opportunities to exploit and abuse workers.

We know that a critical factor in determining whether or not a worker is trafficked whether or not he or she has the freedom to choose his or her employer or to leave their employment. I would argue that the counter-weight to this is to ensure that workers have the right to freedom of association; to organize collectively and to negotiate the terms and conditions of their work.

Unionised workers are unlikely to be trafficked workers. Companies that support unions to operate benefit because it establishes a channel of communication with workers, and they will be far more likely to be aware of risks in their supply chains. They know that they by engaging with unions, they can address the problem from the bottom up as well as from the top down. Governments can play a vital role through laws and policies that enable workers have the right to organize and that they can claim these rights in practice.

My second point is that global supply chains are complex. Campaigns to target brands and retailers, to engage consumers in the choices they make to buy a product certainly help to put a spotlight on abuse and exploitation. These campaigns force companies to worry about their reputation and credibility with consumers and investors and may press them to consider how they need to avoid the risks of trafficked labour in their supply chains.

But it is naïve to imagine that you can solve the problem simply by labelling or certifying certain products as traffick-free or boycotting companies or products because child or slave labour has been found in their supply chain.

We often hear calls for auditing, verifying and certifying consumer goods in global supply chains as the solution to the problem, but this is not the case. Third party auditing can help to identify risks, but it is a profit-making business and can be open to corruption and abuse.

Nothing is as effective as having organized workers that are democratically represented to negotiate their own terms and conditions of work. They also provide a far more reliable source of information about the real risks for vulnerable workers, precarious contracts, coercion and threat of unpaid wages, sexual violence and so on.

Also, as we know, the problem lies further down the supply chain. But it would be too easy to blame suppliers – the factories and farm-owners. It starts when a purchaser in a company tells their supplier that they need a certain quantity of goods at a certain price within a certain time frame, meeting appropriate quality standards. The supplier, in order to meet the order and make any kind of profit, will more often than not sub-contract that work to others, sometimes three or four levels down the supply chain.

These sub-contractors will find workers that they can pay less for their time, who are often less skilled, or may be undocumented and highly vulnerable to exploitation and abuse because they are dependent on others. They may not have the right to live and work in a country and live there with forged documentation, they are unlikely to speak the language and rely on interlocutors, and often they cannot read or write. This workforce is invisible – operating in the twilight zone of supply chains.

And whilst it is tempting to blame the evil supermarkets and brands, that too is naïve. Most often the multi-nationals are the ones doing most to address the problem. They are creating millions of jobs for workers around the world. If these are decent jobs, have the potential to lift workers and their families out of poverty, to have greater choice, voice and control over their lives.

Retailers and brands are subject to the scrutiny of consumers, campaigning groups and the media. They know they need to preserve their brand reputation. Most of them sign up to ethical codes of practice, such as that of my own organization – the Ethical Trading Initiative. ETI's Base Code is based on core ILO labour standards – including no forced labour, the right to

freedom of association, no child labour, health & safety standards, the right to a living wage, reasonable working hours, non-discrimination and zero tolerance of verbal, physical or sexual abuse. Our member companies are subject to annual monitoring and reporting, and have their own internal systems to manage these risks.

They also recognize the difficulties of managing these risks beyond the first tiers of the supply chain. Sometimes they aren't aware of the degree to which sub-contracting is taking place, sometimes they simply turn a blind eye because orders have to be met at a certain price – no matter what. But this becomes even more complex when you realize that sometimes their orders for a sweater or for green beans is only 10% of the total orders from a farm or factory, and the company will have little influence over the degree to which those suppliers uphold core labour standards.

Often, they source their products from countries there are either very poor laws to protect workers, or where there are no trade unions, or there is simply no will, resource or capacity to enforce and monitor the existing labour laws.

What I've come to realise is that most often there are no quick and easy solutions... sometimes no clear good guys and bad guys... just very complicated supply chains with layers and layers of actors and agents exploiting workers in different ways – some criminal, some legally sanctioned.

Some of the more enlightened companies know they need to work together to improve labour standards across an industry, a sector, or in a particular country where they source their products. And they realize that they need trade unions and NGOs around the table to help them figure out what to do.

But they also know that governments are vital to the solutions. This includes creating an enabling legal and policy environment, appropriate regulation, clear definitions on what constitutes a crime and who is accountable for what. Their role in monitoring and ensuring consequences for violations – are vital – particularly for ethical sourcing in the private sector.

This brings me to my third point: it's about partnership as the only way to tackling these issues effectively in the long term.

Long-term solutions to ending forced labour and trafficking for labour exploitation in global supply chains will not be found in any single initiative, nor can it be tackled by any institution acting alone. By its very nature, it demands a joined up approach at every level – involving formal institutions such as national, local or regional governments, the private sector, civil society organisations and trade unions, as well as informal institutions and systems. These play a critical role too. We need to better understand how people make decisions and choices, who they trust, what they are willing to risk and why. We need to better understand what role family and friendship networks play; how discrimination, social norms, knowledge and attitudes play out amongst many different actors, and how they feel compelled to act at certain moments.

If we follow the journey of the worker in understanding the whole chain of labour trafficking in global supply chains, we will be in a better position to work out what needs to be done, who is accountable for what. We need to start at the point of recruitment – who does the worker need to pay to get a job; what is the cost to them and their families; where do they think they will work and what type of work are they told they will do; how will they cross borders; who will authorize their journey; who employs them and on what terms; for how long, and what will they be paid; what do they know about their rights as workers and as migrants? Who is responsible for their protection? If they are exploited and abused, what rights do they have and how do they get access to justice and redress?

There is an important role for multi-stakeholder initiatives and dialogue in tackling trafficking for labour exploitation. That's a large part of what ETI does. It brokers conversations between companies, trade unions and NGOs, and enables the solutions to be found by listening to and learning from those who understand these problems in each particular context from their own perspective. Bit by bit, they work their way through these issues and find creative solutions. It's not always easy or pleasant – often each party starts with directly opposed positions, but where there is a will to listen and to learn, to find a way forward, things shift and change is possible.

But the role of government is fundamental in protecting the human rights of workers and in ensuring that the private sector is held accountable and responsible for ethical standards in global value chains.

The story of the UK Modern Slavery Bill currently under debate in Parliament is instructive in highlighting some of the critical issues and dilemmas governments and private sector actors face.

The first draft of the Modern Slavery Bill did not mention supply chains. This was extraordinary, since it is well known that an increasing, and by far the majority of cases today fall within the definitions of forced labour and trafficking for labour exploitation. The government argued that it did not want to impede economic growth by over-regulating the private sector and placing undue burdens on it. It argued that companies needed to take responsibility for their supply chains, that consumers and the media would hold it to account. They highlighted the value of voluntary codes and practices such as ETI's Base Code, and felt these good practices should show others how to manage risks of trafficking in their supply chains.

But a few weeks ago, they changed their minds. Why? The ETI was a critical actor in all of this because we were able to bring a collective voice from UK industry, from trade unions and NGOs – all arguing strongly for the role of government in regulating and protecting workers. Industry in particular called on government to create a level playing field – particularly requiring accountability from those that operate under the radar without public scrutiny, who are often the worst offenders and create a downward spiral of competition based on cheaper and more exploitable labour.

The government has agreed to a Transparency in Supply Chains clause in the Act that will require companies to demonstrate due diligence in their supply chains; to have clear policies on Modern Slavery and to publish these and their own actions on their websites. The specifics of this are to be developed over the coming weeks and months, but it is based on the California Act and current proposals in US federal legislation to ensure greater accountability and transparency by corporations for protecting workers in supply chains.

The private sector will need to be held accountable by workers, consumers, the media and the public at large; ensuring that they respect the rights of workers – allowing them the right to enter and leave their place of work at their own free will; the right to organize as workers and negotiate their wages, terms and conditions of work; health and safety and the right to redress if these are violated. Migrant workers should have these rights too.

In conclusion, no single worker alone can achieve full entitlement to his or her rights – the power of collective voice and organization and bargaining is critical. No single company will be able to improve labour standards across a sector, or industry or in a country without some collaboration with others.

Equally, no single government or department or ministry can alone prevent trafficking of workers for labour exploitation without seeing the inter-linkages between immigration policies, labour standards and monitoring systems, the criminal justice system, regulation of industry; human rights legislation, trade and investment policies, and many other elements.

Ethical sourcing in the private sector can be achieved through common commitments to uphold and respect human rights and core labour standards; establishing clear values of honesty, transparency and integrity; and recognizing the critical role that workers play in global value chains and the global economy.

Excellencies, esteemed colleagues, the OSCE provides a valuable platform for these issues to be discussed, for insights and lessons to be shared and for common solutions to be found.

The downward spiral of abuse and exploitation can be reversed with vision, leadership and partnership. That's why we're here today. There is so much more to be done, but it will be so much more effective if we do it together. Thank you.