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## BRIEFING PAPER

### State imposed forced labour (SIFL)

#### Overview

The risk of forced labour and trafficking in supply chains is rising up the business agenda. To date, attention has mainly focused on forced labour in the private economy. But what happens when the forced labour is imposed by the State itself, perhaps as a systematic practice of punishing political dissidents or religious minorities?

A company tainted by forced labour in its business activities and supply chain can be subject to litigation as well as severe reputational risk. There is also a growing demand for government laws and policy measures to be strengthened regarding corporate due diligence and transparency.

Many companies are not aware of the use of SIFL in their supply chains, because of limited visibility and transparency, but it is important to be alert to the risk.

#### Categories of forced labour

*Compulsory labour by citizens* Where national or local authorities force otherwise free citizens to work, perhaps for a short period of time, one example being compulsory cotton picking during harvest season in certain Central Asia republics. States might also force citizens to work as a method of mobilizing labour for economic development. Some countries also deliberately export workers under conditions that constitute forced labour.

*Prisoners and detainees* Where prisoners or persons in administrative detention are required to work, in breach of ILO Forced Labour Conventions. The exploitation of prison labour in some industrialized countries also constitutes forced labour, as prisoners in private prisons are expected work for wages way below legal minimum wage rates.

## Recommendations

### *Action by individual companies*

- Establish clear policies & processes to prevent and remediate forced labour
- When considering new or reviewing existing sourcing countries/suppliers, conduct a full risk assessment of the legal, regulatory and cultural context. Does it protect workers against the risk of SIFL?
- Enhance risk assessment by engaging with local civil society organisations and where appropriate, credible media sources
- Use independent, third party investigation and auditing, where circumstances permit
- Be transparent with suppliers, making clear what will not be tolerated
- Address subcontracting and outsourcing. SIFL is rarely found in Tier 1 of the supply chain
- Discuss and adopt policies against unauthorised subcontracting, inform suppliers in all tiers and carry out periodic reviews
- Ensure your first priority is the protection and welfare of workers. They should not be further victimised or harshly treated, and their income should be protected during investigations
- Share your experiences of addressing SIFL, for example via ETI or initiatives such as the ILO

Global Business Network on Forced Labour. This can help ensure that international institutions take more effective action.

### *Joint action by companies, industrial groups and other stakeholders*

- Collaborate and develop a common response with other companies who have been affected by adverse publicity related to SIFL
- Use this collective leverage to lobby governments to improve monitoring and introduce policy reforms.

## Knowing when, and how to exit

The recommendations outlined in this paper can work where the government of a country is willing to acknowledge the problems and cooperate with multi-stakeholder initiatives to address them.

But if there is convincing evidence that the SIFL abuses are widespread and the government fails to take responsibility for perpetrating forced labour offences, companies are advised to cease their sourcing and business activities in an affected region of the country.

This can be a hard choice, particularly when the country in question is a major trading partner. Companies are advised to act together, and in cooperation with other informed experts, in weighing the evidence and determining the appropriate

response. If a decision to exit is taken, companies must pay careful attention to the impact on workers and do everything they can to ensure they are not further punished, or their safety jeopardised.

## Transparency

Transparency is essential as company actions and business practices will be open to scrutiny by independent observers. A basic principle is that companies can be held liable for perpetrating forced labour by benefiting from it, and have a duty to protect and respect workers' fundamental human rights.

**A longer, more detailed version of this briefing, which includes case studies of effective action against SIFL, is available at [www.ethicaltrade.org/state-imposed-forced-labour-briefing](http://www.ethicaltrade.org/state-imposed-forced-labour-briefing)**

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