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PHÒNG THƯƠNG MẠI VÀ CÔNG NGHIỆP VIỆT NAM

# Preventing forced labour in the textile and garment supply chains in Viet Nam

Guide for trainers



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Guide for trainers

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## FOREWORD

The past few decades have seen Viet Nam's garment industry emerge as an important driver of country's economy, making Viet Nam the fifth largest garment supplier in the world. Economic integration and trade liberalization have opened up great opportunities for the industry, but at the same time placed new expectations on business. One of these challenges is ensuring compliance with the fundamental labour rights established in the core labour standards of the International Labour Organization (ILO).

The elimination of forced labour is one of the four fundamental labour rights that the Trans-Pacific Partnership (TPP) Agreement members recently agreed to adopt and maintain in their laws and practices. Combating forced labour has also been identified by the Association of South-East Asian Nations (ASEAN) Confederation of Employers (ACE) as a key priority as the region moves towards economic integration. With direct linkages to supply chains of major international brands, Vietnamese garment companies need to ensure that forced labour practices have no place in the industry.

This guide for trainers is designed to help organizations and individuals facilitating training for Vietnamese textile and garment enterprises to help them in assessing, identifying and mitigating risks of forced labour in company operations and supply chains. It supports the dissemination of the VCCI-ILO guide for employers on preventing forced labour in the textile and garment supply chains in Viet Nam. We hope these guides will inspire Vietnamese textile and garment companies to step up their efforts to ensure social compliance and help the industry as a whole to succeed in the global and ASEAN marketplaces.



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## ACRONYMS AND ABBREVIATIONS

AIAG	Automotive Industry Action Group
CCI	Brazilian Citizens Charcoal Institute
FTA	Free Trade Agreement
ILC	International Labour Conference
ILO	International Labour Organization
OSH	Occupational Safety and Health
UN	United Nations
UNTOC	United Nations Convention against Transnational Organized Crime
VCCI	Viet Nam Chamber of Commerce and Industry (VCCI)

## ACKNOWLEDGEMENTS

**P**reventing forced labour in the textile and garment supply chains in Viet Nam: **Guide for trainers** has greatly benefited from valuable inputs from many people in Viet Nam and elsewhere.

First and foremost, we would like to thank business participants and local trainers for their active participation in several joint VCCI-ILO workshops on forced labour. The feedback received during training and consultation workshops organized in Ho Chi Minh City, Hanoi, Danang, Can Tho and Hai Phong in 2013 confirmed the need for practical guidance tools adapted to the Vietnamese context and legal framework. Development, testing and validation these tools involved two employers' training workshops organized in Ho Chi Minh City and Hanoi in June and November 2015, and one training of trainers workshop organized in Ho Chi Minh City in August 2015. We would like to express our appreciation for enthusiastic and useful inputs provided by participants in these workshops.

On the VCCI side, development of these tools has been spearheaded by VCCI President Vu Tien Loc, with contribution of Phung Quang Huy and Tran Thi Lan Anh from VCCI Hanoi, and Le Thanh Thuy from VCCI Ho Chi Minh City. On the ILO side, the team involved in development of these tools included Marja Paavilainen, Vu Kim Hue and Gary Rynhart, as well as consultants Julia Borgianni Batho and Alex Phuong Nguyen. Contributions from Nguyen Hong Ha, Nguyen Thi Thanh Thuy, Beatrix Vahl, and other colleagues in the Better Work Viet Nam team were also instrumental in successfully organizing the validation workshops and aligning the tools with the policies of the Better Work programme. Special words of thanks go to Nguyen Van Binh in the Legal Department of Ministry of Labour, Invalids and Social Affairs (MOLISA) for his contributions during the validation workshops, and his thorough review of the chapter on Vietnamese legal framework.

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The ideas, opinions and comments within this publication are entirely the responsibility of its author(s) and do not necessarily represent or reflect Irish Aid policy.

### Electronic training tools on attached DVD

- Slide presentations:
  - o Presentation 1. Business case for combating forced labour
  - o Presentation 2. International and Vietnamese legal framework on forced labour and trafficking in persons
  - o Presentation 3. Guiding principles on eliminating risks of forced labour in company operations
  - o Presentation 4. How can employers take action against forced labour?
- Handouts and responses for exercises 1-7

# INTRODUCTION

This **guide for trainers** on preventing forced labour in the textile and garment supply chains in Viet Nam is intended to help organizations and individuals facilitating training for Vietnamese textile and garment enterprises to help them in assessing, identifying and mitigating risks of forced labour in company operations and supply chains. It was jointly developed and issued by the Viet Nam Chamber of Commerce and Industry (VCCI) and the International Labour Organization (ILO).

This guide for trainers is intended to support the dissemination of the VCCI-ILO **guide for employers** on preventing forced labour in the textile and garment supply chains in Viet Nam. This guide for trainers includes a sample training agenda and detailed training guidance for four training sessions:

- Session 1. What is forced labour, and why should businesses know about it?
- Session 2. Legal aspects of forced labour
- Session 3. Guiding principles on eliminating forced labour in company operations
- Session 4. How can employers take action against forced labour?

The structure and key learning points of these four training sessions are designed to match contents of the four chapters of the guide for employers. The training programme can be delivered either as a one-day training or in four separate sessions.

# SAMPLE TRAINING AGENDA

Preventing and addressing forced labour in the garment sector in Viet Nam:  
 Training programme for employers  
 Sample training agenda

Time	Content
8.30-8.45	<p>Opening remarks</p> <p>Introduction of the training agenda and participants</p>
8.45-10.00	<p>Session 1. What is forced labour, and why should businesses know about it?</p> <ul style="list-style-type: none"> <li>• PPT 1. Business case for combating forced labour<sup>1</sup></li> <li>• Exercise 1. Mapping labour standards performance in supply chain</li> </ul>
10.00-10.30	Break
10.30-12.00	<p>Session 2. Legal aspects of forced labour</p> <ul style="list-style-type: none"> <li>• PPT 2. International and Vietnamese legal framework on forced labour</li> <li>• Exercise 2. Identifying indicators of forced labour: Case studies</li> <li>• Exercise 3. Continuum of exploitation: Case study</li> </ul>
12.00-13.30	Lunch
13.30-15.00	<p>Session 3. Guiding principles on eliminating forced labour in company operations</p> <ul style="list-style-type: none"> <li>• PPT 3. Introduction to guidelines and checklist for assessing risks of forced labour in recruitment, employment and sourcing practices</li> <li>• Exercise 4. Assessing risks of forced labour</li> <li>• Exercise 5. Costs and benefits of ending forced labour</li> </ul>
15.00-15.30	Break
15.30-16.45	<p>Session 4. How can employers take action against forced labour?</p> <ul style="list-style-type: none"> <li>• Exercise 6. Good practice case study: Pig iron in Brazil</li> <li>• PPT 4. How can employers take action against forced labour? Company level action and the role of employers organizations</li> <li>• Exercise 7. Action planning</li> </ul>
16.45-17.00	<p>Workshop evaluation</p> <p>Wrap-up and closing remarks</p>

<sup>1</sup> Note: Slide presentations are available on attached DVD.

# Session 1. What is forced labour, and why should businesses know about it?

## Exercise 1. Mapping labour standards performance in supply chains

### Instructions for trainers



**Aim:** To support employers in understanding why monitoring labour standards performance in the whole supply chain is critically important for export oriented companies in Viet Nam.



**Time:** 30 minutes.



**Seating arrangements:** Small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** Marker pens and one sheet of flipchart, or a white board, big enough for the room to see. A sufficient number of printed copies of **Handout 1**.



### Steps:

- Share the aims of the exercise with the participants. Start the discussion by asking participants how supply chains work. Explain that no company operates in isolation. Regardless of what type of organization a company is, they have a supply chain. They may be at the top tier of the supply chain providing goods and services to the local market, or be part of a multi-tiered supply chain producing goods or services to international brands and consumers in other countries. Every link in the supply chain is interdependent.
- Distribute **Handout 1** (provided on page 5) to participants. Divide participants in groups and ask each group to discuss the case study questions. Instruct the groups to think about the whole supply chain of Sunrise Company from supplying the raw materials to finalising the end product.
- Reconvene the plenary when the groups are ready. Draw an organigram of Sunrise Company's supply chain based on the inputs from groups. Draw an international brand company at the top end of the supply chain, and make Sunrise Company its direct supplier. Ask the participants to identify the Sunrise Company's direct and indirect suppliers, and draw these on the flipchart. Remember to include both product and service providers in the supply chain.
- Once the organigram is done, turn to Question 2 (provided on page 5) and ask the participants to assess the employment practices and working conditions likely to be present at each tier of the supply chain, and to identify possible risks of labour law

violations or criminal practices, including forced labour. Facilitate discussion, add points not mentioned by the groups and correct any misunderstandings using **Responses 1** (provided on page 6) as needed.

➤ Round-up the discussion as follows:

- In today's global economy, no company operates in isolation, but all are part of supply chains. While companies may not be legally liable for labour violations in their supply chains, being associated with subcontractors or suppliers liable for gross labour violations such as forced labour may tarnish their brand image and damage their relationships with international buyers. Therefore, responsible employers need to think about labour practices in their whole supply chain.

## Exercise 1. Mapping labour standards performance in supply chains



### Handout 1

Sunrise Company is an imaginary garment factory in Viet Nam, which produces ladies garments for export. Its main buyer is an international brand company.

1. Prepare to draw a supply chain organigram for the Sunrise Company. The below questions may help you in imagining Sunrise Company's supply chain.
  - What kind of materials and components does Sunrise Company need to produce ladies garments? Who does the Sunrise Company buy these materials and components from?
  - What kind of services does the Sunrise Company need to produce garments? Who does it subcontract these services from?
  - Who does the Sunrise Company sell its products to?

Think about the whole supply chain from supplying the raw materials to producing the end product.

2. Think about labour practices in the Sunrise Company's supply chain.
  - What are the working conditions and employment practices like in companies and establishments along the supply chain and subcontracting network of Sunrise Company? Could there be risks of labour law violations or criminal practices (including forced labour) in these companies and establishments?
  - What are the characteristics of employees commonly found working in companies and establishments forming the Sunrise Company's supply chain? Could some of them be particularly vulnerable to abuse and rights violations?

## Exercise 1. Mapping labour standards performance in supply chains



### Responses 1

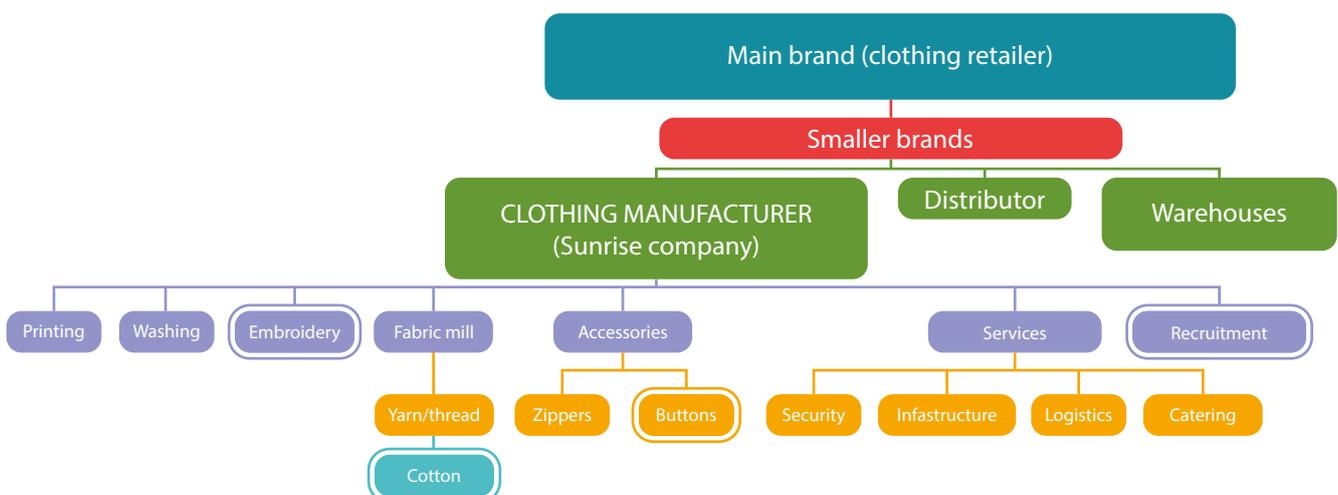
1. The supply chain of an enterprise includes companies or people that provide it with products, services, as well as logistics support. Suppliers may provide raw materials or components, or finished goods that the buyer company re-sells or uses in its operations. The service providers in a company's supply chain may include, for example, employment agencies that supply the company with its workforce, as well as catering and cleaning services. In addition to direct suppliers, a company's supply chain also includes indirect suppliers, which are those who provide services, products or logistics to direct suppliers.

See below for an example of a garment company supply chain. Direct suppliers and subcontractors of a garment company such as Sunrise Company may include:

- International brands and retailers
- Employment agencies
- Manufacturers or processors
- Cotton farms
- Distributors
- Trading companies
- Security and catering companies
- Dormitory operators
- Cleaning services



### Example of apparel industry supply chain



2. Keeping track of suppliers' and contractors' labour practices is one of the most difficult challenges in building a responsible company. As you move farther down the supply chain, there are increased chances that workers are not provided with their legally entitled protections and rights. These workers are therefore more likely to receive low wages, and to operate in environments with weak safety and health protection. Being associated with subcontractors or suppliers liable for gross labour rights violations may tarnish your corporate image and brand reputation. As a responsible employer, you need to think about the labour practices in your supply chain as they may have a direct impact on your business.

In the case of Sunrise's supply chain, a number of questions could help in assessing the potential risks of forced labour. These include, for example:

- How does the Sunrise Company recruit its workers? Does it use a recruitment agency? If so, are the agency's practices monitored? Does the company or recruiter provide workers with truthful information about their conditions of employment and the nature of the job?
- Embroidery and garment embellishments are often outsourced to home workers, who are known to be vulnerable to precarious working conditions and debt bondage. Who are the workers doing embroidery or producing garment embellishments for the Sunrise Company? Are they paid regularly, and is their remuneration adequate?
- Suppliers may source products or labour from prisons or administrative detention centres. For example, where do the buttons used in Sunrise Company's products come from? Could they be produced by prisoners? If so, do prisoners voluntarily agree to carry out this work? What are their working conditions like? Do they receive wages and social security benefits, and are they protected against occupational hazards?
- Do the cotton yarns used by Sunrise or its suppliers come from Viet Nam? Or is the cotton imported from some country where there have been allegations of forced labour in cotton harvesting?

# Session 2. Legal aspects of forced labour

## Exercise 2. Identifying indicators of forced labour: case studies

### Instructions for trainers



**Aim:** To identify situations of forced labour using ILO indicators, and understand legal consequences of forced labour and trafficking in persons.



**Time:** 40 minutes.



**Seating arrangements:** Small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** One sheet of flipchart paper and one marker pen for each group. A sufficient number of printed copies of **Handout 2**.



### Steps:

- Explain the aim of the exercise. Divide the participants into small groups and give each of the groups one of the cases for discussion. Distribute **Handout 2** (provided on page 10) and the flipchart papers. Ask participants to read the case study allocated to their group, discuss the questions, prepare a presentation and select a spokesperson to present it for a maximum of three minutes.
- Reconvene in plenary when the groups are ready. Ask the spokespersons to present their case study responses. Invite other participants to add or comment. Facilitate discussions, add points not mentioned and present the key learning points outlined in **Responses 2** (provided on page 14) highlighting the points raised in the presentations by the groups.
- Round-up the discussion as follows:
  - Indicators of forced labour are “red flags” or warning signs, which can help in assessing recruitment and employment practices to identify situations of forced labour or trafficking in persons. If indicators of forced labour are identified, an overall assessment is needed to determine whether workers are working involuntarily under a threat of a penalty.
  - The case studies discussed in this exercise highlight that forced labour can take place in many economic sectors and in any country in the world. Population groups vulnerable to forced labour may include among others migrants, children, ethnic minorities and persons with disabilities.

- The Forced Labour Convention, 1930 (No. 29) requires that forced labour shall be established as a penal offence. Some countries have established a specific forced labour offence in the criminal code, while in others have chosen to prosecute forced labour cases as trafficking in persons or slavery. Regardless the legislative approach, penal sanctions imposed on forced labour shall be adequate and strictly enforced.



**Note for trainers:** When the groups are working on their questions, show the 11 ILO indicators of forced labour on the screen.

## Exercise 2. Identifying indicators of forced labour: case studies



### Handout 2

#### Case A. Forced labour in a sewing workshop?

Elena and two other relatives were recruited to work as seamstresses in a sewing workshop far away from their hometown. The owner of the workshop, who recruited the workers from their village, arranged for the workers to travel and promised them good salaries. Upon their arrival, however, they were forced work from 5 a.m. until 11 p.m., without any day off, had no permission to leave the premises and, in addition to being seamstresses, were obliged to do cleaning and other services. They did not receive any wage and were told they had to work to pay back the cost of their travel, as well as the travel costs of any other workers who fled the workshop. The workers were regularly subjected to verbal abuse and received very little or no food.

Questions for discussion:

1. Identify possible indicators of forced labour in the case.
2. Do you think Elena's situation amounts to forced labour as defined in ILO Convention No. 29?
3. Does it constitute trafficking in persons as defined in the Trafficking Protocol?
4. If this case happened in Viet Nam, would it constitute a violation of national law? Which legal provisions would apply?

#### Case B. Forced labour in a chemical factory?

Hao worked in a chemical factory in a city far away from his hometown. He was recruited with another 11 workers from his hometown by three agents, who promised them well-paid decent work. Hao and his co-workers were required to work long hours under extremely poor conditions without any protective equipment. They didn't receive any wages, because their salaries were received and kept by the recruitment agents. Hao and his co-workers were prohibited from leaving the factory, and were regularly beaten if their supervisor thought they were working too slowly. One day one of Hao's co-workers was drawn into a grinder and died.

Questions for discussion:

1. Identify possible indicators of forced labour in the case.
2. Do you think Hao's situation amounts to forced labour in the meaning of ILO Convention No. 29?
3. Does it constitute trafficking in persons in the meaning of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (Trafficking Protocol)?
4. If this case happened in Viet Nam, would it constitute a violation of national law? Which legal provisions would apply?

### Case C. Forced labour in a garment factory?

Vinh left his home province at the age of 15 to work in a garment factory in a big city. The recruitment agent promised Vinh's parents that Vinh would live in a well-built house and spend half of his day in school and the other half working. The agent paid Vinh's parents an advance payment of US\$118 (2,500,000 Vietnamese dong (VND)), and it was agreed that for the first two years of his contract Vinh would not receive any salary, just accommodation and meals. After two years, Vinh would receive US\$24 (VND500,000) every month. When Vinh arrived in the factory, he was made to work from 7 a.m. until midnight every day without a day off. He had to work sitting down for hours at a time, and was not allowed to move or to look up. If Vinh did not finish his daily quota, he was beaten by his supervisor. The factory owner did not allow Vinh to leave, even after he complained about a chronic headache that would at times blind him.

Questions for discussion:

1. Identify possible indicators of forced labour in the case.
2. Do you think Vinh's situation amounts to forced labour as defined by Convention No. 29?
3. Does it constitute trafficking in persons as defined by the Trafficking Protocol?
4. If this case happened in Viet Nam, would it constitute a violation of national law? Which legal provisions would apply?

## Case D. Forced labour in a wood processing enterprise?

Khau worked in a wood processing factory in a remote area in his home country. He was recruited to the factory through false promises of well-paid decent work. His employer paid the agent who recruited Khau from his home village US\$28 (VND600,000), and this amount was deducted from Khau's salary. He worked every day from 5 a.m. until 5 p.m. in the evening. The cost of every meal that Khau ate was deducted from his salary by the employer. Khau and his co-workers had to spend their nights locked up in a building with bars on the windows and many security cameras. The factory was surrounded by iron fences and a large lake, and the employer also kept dogs to guard the workers. Many of Khau's co-workers had tried to escape the factory by swimming across the lake, and some had drowned when attempting to get away. Those workers who were caught trying to escape were severely beaten.

Questions for discussion:

1. Identify possible indicators of forced labour in the case.
2. Do you think Khau's situation amounts to forced labour as defined by Convention No. 29?
3. Does it constitute trafficking in persons as defined by the Trafficking Protocol?
4. If this case happened in Viet Nam, would it constitute a violation of national law? Which legal provisions would apply?

## Case E. Forced labour on a farm?

Paulo worked on a farm in a remote area 220 kilometres from the nearest city. He was recruited to the farm through false promises of well-paid decent work. Paulo and the other farm employees worked from dawn till dusk seven days a week. Salaries were paid irregularly, and some of the farm workers had not received any salary for five months. In addition, Paulo and other farm workers had to buy all their food, clothing and working tools from a company shop at very high prices, and the amounts were deducted from their salaries. Due to salary deductions, Paulo was in perpetual debt to the landowner. Farm workers had to live in shelters of canvas or straw, without walls or floors, which did not protect them properly from the rain. They had no bathroom or access to drinking water, and had to drink from the river. Workers were prohibited from leaving the farm, and did not have the right to send or receive letters.

Questions for discussion:

1. Identify possible indicators of forced labour in the case.
2. Do you think Paulo's situation amounts to forced labour as defined by Convention No. 29?
3. Does it constitute trafficking in persons as defined by the Trafficking Protocol?
4. If this case happened in Viet Nam, would it constitute a violation of national law? Which legal provisions would apply?

## Exercise 2. Identifying indicators of forced labour: case studies



### Responses 2

#### Case A. Forced labour in a sewing workshop?

Some indicators of forced labour in this case are: withholding of wages, excessive overtime, abusive working conditions, and physical confinement in the work location and isolation. Based on these indicators it can be concluded that Elena was unable to leave the job without facing a threat or a penalty, and was therefore in forced labour as defined by Convention No. 29.

The case also constitutes trafficking in persons as defined by the Trafficking Protocol supplementing the UN Convention against Transnational Organized Crime (UNTOC). The workers were recruited and transported through means of deception to be exploited in forced labour, and therefore the three elements of trafficking definition (act, means and purpose) are present.

In Argentina, the owner was found guilty of trafficking in person for the purpose of forced labour (article 145 paragraph 3 bis of the Penal Code) and sentenced to four years' imprisonment. In the real case, the owner recruited the workers from his hometown in Bolivia and transported them illegally, using tourist visas, to work in the workshop in Argentina.<sup>2</sup>

#### Case B. Forced labour in a chemical factory?

Some indicators of forced labour in this case are: abusive working conditions, withholding of wages, excessive overtime, physical violence, and physical confinement in the work location and isolation. Based on these indicators it can be concluded that Hao was unable to leave the job without facing a threat or a penalty, and was therefore in forced labour as defined by Convention No. 29.

The case also constitutes trafficking in persons as defined by the UNTOC Trafficking Protocol. The workers were recruited and transported through means of deception to be exploited in forced labour, and therefore the three elements of trafficking definition (act, means and purpose) are present.

In China, both the employers and the recruiters were prosecuted for the crime of forced

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<sup>2</sup> United Nations Office on Drugs and Crime (UNODC), 2011. Human Trafficking Case Law Database: No. ARG024. Available at: [http://www.unodc.org/cld/case-law-doc/traffickingpersonscrimetype/arg/2011/causa\\_n\\_2537.html](http://www.unodc.org/cld/case-law-doc/traffickingpersonscrimetype/arg/2011/causa_n_2537.html) [19 January 2015].

labour under Article 244 of the Penal Code. The owners of the factory, Li Xinglin and Li Yunhua, were convicted of forcing workers to work and negligently causing a serious accident. Li Xinglin was sentenced to 4.5 years' imprisonment with a fine of 50,000 renminbi (RMB) (US\$7,900), while Li Yunhua was sentenced to two years' imprisonment, three years' probation and a fine of RMB50,000 (US\$7,900).

Separately, the three agents who recruited these workers into forced labour were also sentenced for the crime of forced labour, and respectively received three years' imprisonment with a fine of RMB60,000 (US\$9,400), 1.5 years' imprisonment with a fine of RMB20,000 RMB (US\$3,100) and one year's imprisonment with a fine of RMB10,000 (US\$1,600).

In the real case in China, all 12 workers had intellectual disabilities and were therefore particularly vulnerable to deception and forced labour (Zhao & Liu, 2011; Liu & Huang, 2011). The workers were recruited from South-West China's Sichuan province to work in the North-Western Xinjiang province.

### Case C. Forced labour in a garment factory?

Some indicators of forced labour in this case are: excessive overtime, deception, abusive working situations and exploitation of vulnerable situation, in this case underage ethnic minority workers. Based on these indicators it can be concluded that Vinh was unable to leave the job without facing a threat or a penalty, and was therefore in forced labour in the meaning of Convention No. 29.

The case also constitutes trafficking in persons in the meaning of the UNTOC Trafficking Protocol. The children were recruited and transported to be exploited in forced labour, and therefore the two elements of trafficking in children definition (act and purpose) are present. Presence of "means" is not required to establish a case of trafficking in children.

When this case was discovered in Viet Nam, there were 22 children working in the factory. Once the police had rescued the children, the factory owners were charged with administrative violations of the labour code. There was no criminal prosecution, however.

The majority of the children belonged to an ethnic minority and had been trafficked from their hometown in Dien Bien province, in the north, to a southern metropolis, Ho Chi Minh City. Barely speaking Vietnamese, not having any cash and unfamiliar with their surroundings, the children could not go very far when they attempted to run away (Brown, 2013).

## Case D. Forced labour in a wood processing enterprise?

Some indicators of forced labour in this case are: abusive living conditions, excessive overtime, physical violence and manipulation of wages, which can lead to debt bondage. Based on these indicators it can be concluded that Khau was unable to leave the job without facing a threat or a penalty, and was therefore in forced labour in the meaning of Convention No. 29. Some of the employees of the factory belonged to an ethnic minority, which puts them in a group vulnerable to forced labour (Nguyen, 2013).

The case also constitutes trafficking in persons in the meaning of the UNTOC Trafficking Protocol. The workers were recruited and transported through means of deception to be exploited in forced labour, and therefore the three elements of trafficking definition (act, means and purpose) are present.

This real life case happened in Viet Nam. The owner of the plant was arrested, prosecuted and sentenced to 25 months imprisonment for the offence of “[i]llegal arrest, custody or detention of people” (Article 123 of the Penal Code). In addition, the owner violated Article 163 (Principles of employing minor employees) of the Vietnamese Labour Code 2012, because many of the workers hired for heavy and hazardous work were between 16 and 18 years of age.

## Case E. Forced labour in a farm?

Some indicators of forced labour in this case are: excessive overtime, poor and unsafe working conditions, withholding and irregular payment of wages, deception in recruitment, isolation in the remote location of the farm and the prohibition on sending or receiving letters, wage manipulation leading to debt bondage, abusive living conditions and physical confinement in the work location. Based on these indicators it can be concluded that Paolo was unable to leave the job without facing a threat or a penalty, and was therefore in forced labour in the meaning of Convention No. 29.

The case also constitutes trafficking in persons in the meaning of the UNTOC Trafficking Protocol. The workers were recruited and transported through means of deception to be exploited in forced labour, and therefore the three elements of trafficking definition (act, means and purpose) are present.

In Brazil, section 149 of the Penal Code criminalises “imposing upon a person a condition similar to slavery.” Under this section, the owner of the farm, Mr Andrade, was found guilty of using slave labour and fraudulent recruitment, among other charges, and sentenced to 14 years imprisonment. He was also ordered to pay compensation to the workers.<sup>3</sup>

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<sup>3</sup> UNODC. 2011. Human Trafficking Case Law Database: No. ARG024. Available at: [http://www.unodc.org/cld/case-law-doc/traffickingpersonscrimetype/arg/2011/causa\\_n\\_2537.html](http://www.unodc.org/cld/case-law-doc/traffickingpersonscrimetype/arg/2011/causa_n_2537.html) [19 January 2015].

## Exercise 3. Continuum of exploitation: Case study

### Instructions for trainers



**Aim:** To understand the difference between poor working conditions constituting Labour Code violations and situations of criminal forced labour.



**Time:** 40 minutes.



**Seating arrangements:** Plenary seating or small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** Marker pens and one large sheet of flipchart paper or white board big enough for everybody to see. A sufficient number of printed copies of **Handout 3**.



### Steps:

- Explain the aim of the exercise. Distribute **Handout 3** (provided in page 18) and ask participants to read the questions and discuss them among their group. After participants have familiarized themselves with the scenarios, start discussing the questions one by one in a plenary. Ask groups to share their views on each of the questions, and explain each of the answer using **Responses 3** (provided on page 19) as needed.
- Round-up the discussion as follows:
  - There is a difference between poor working conditions, which constitute labour law violations, and situations of criminal forced labour. Findings of forced labour in company operations may lead to serious consequences both in terms of reputational damage and legal sanctions. Therefore it is important for employers to know what constitutes a forced labour situation. Forced labour requires criminal sanctions, while labour law violations may lead to administrative and civil sanctions. International buyers have a zero tolerance for forced labour.
  - When individually assessed, many practices considered as indicators of forced labour constitute violations of the labour law (e.g. violations of minimum wage, working time, or Occupational Safety and Health (OSH) standards). However, finding of one or more indicators of forced labour should lead to closer scrutiny whether these practices undermine the voluntary nature of the job and limit workers' ability to leave their jobs. If workers are trapped in jobs into which they were coerced or deceived and which they cannot leave, the situation constitutes criminal forced labour.

### Exercise 3. Continuum of exploitation: Case study



#### Handout 3

You run a factory producing garments and exporting to Europe. The minimum wage in your area is VND1,800,000. You pay your workers VND288 per piece of finished garment. A good average worker will finish 200 pieces during a normal working day; one out of five will manage 230 pieces/day; and your best worker ever once did 260 pieces.

1. Does the scenario involve labour law violations? Is this forced labour?
2. You have a standing instruction for workers not to stop working before having completed a minimum of 230 pieces. Does this violate labour law? Is this forced labour?
3. You require workers to make 260 garments per day. You also “back up” your standing instruction with a fine of VND360 for each piece short of the daily quota, and stipulate that these fines shall be immediately deducted from the workers’ wages. Does this violate the labour law? Is this forced labour?
4. You remove the above standing instructions and pay wages regularly, but workers are not allowed to bring any food or drinks (not even water) into the factory. There are no canteens or shops nearby and the only option is to purchase food and drinks from the company store at prices that are on average four times the market rate. Is this forced labour?
5. Your workers are not paid for the first six months, and only at 50 per cent for the next 12 months, because:
  - The workers need protective equipment such as earplugs and masks, which can be very expensive and which workers need to pay for.
  - They come from a remote rural area and the municipality has imposed a tax on employers employing “migrant workers” to cover the extra burden on municipal services, such as transportation and water distribution.
  - The intermediary who brought them to the factory had to be paid for the transportation.

Is this forced labour?

Note: for the purposes of this case study, the assumption is that workers work 25 days per month (5.5 days or 44 hours per week).

## Exercise 3. Continuum of exploitation: Case study



### Responses 3

#### Question 1.

According to Scenario 1, since workers work 25 days a month, their monthly earnings in VND would be:

- $\text{VND}288 \times 25 \text{ (days)} \times 200 \text{ (pieces)} = \text{VND}1,440,000$
- $\text{VND}288 \times 25 \text{ (days)} \times 230 \text{ (pieces)} = \text{VND}1,656,000$
- $\text{VND}288 \times 25 \text{ (days)} \times 260 \text{ (pieces)} = \text{VND}1,872,000$

Since the monthly minimum wage for this area is VND1,800,000, the factory is violating the law on minimum wage. Workers that earn wages calculated on a piece-rate basis shall be paid at least the legally mandated minimum wage.

However, since workers enter the job voluntarily and can choose to leave the job at any time without the menace of penalty, Scenario 1 is not forced labour.

#### Question 2.

Scenario 2 involves the same minimum wage violation as Scenario 1. In addition, it needs to be assessed whether Scenario 2 also involves an overtime violation.

In order for all the workers to make 230 pieces a day, the average workers will have to work extra hours. If the average workers currently make 200 pieces in eight hours, in order to make 230 pieces they will need to work 9.2 hours per day ( $200 \text{ pieces} / 8 \text{ hours} = 25 \text{ pieces per hour}$ ;  $230 \text{ pieces} / 25 \text{ pieces per hour} = 9.2 \text{ hours}$ ). This means they work 1.2 hours of overtime every day.

Article 106(2) of Viet Nam's Labour Code stipulates:

2. The employer has the right to request an employee to work overtime when all of the following conditions are met:

- a) Obtaining the employee's consent;
- b) Ensuring that the number of overtime working hours of the employee should not exceed 50 per cent of the normal working hours per day; in case of applying regulation on weekly work, the total normal working hours plus overtime working hours should not exceed 12 hours per day, 30 hours per month and the total overtime working hours should not exceed 200 hours per year.

In this factory, daily overtime of 1.2 hours and monthly overtime of 30 hours (25 days x 1.2 hours) are both in compliance with the Labour Code. However, if the same overtime arrangements are continued for a full year, the total overtime is 360 hours (1.2 hours x 25 days x 12 months), which constitutes a violation of the Labour Code.

However, since workers enter the job voluntarily and can choose to leave the job at any time without the menace of penalty, Scenario 2 does not involve forced labour.

### Question 3.

Scenario 3 involves the same minimum wage violation as Scenarios 1 and 2. In addition, overtime work arrangements in Scenario 3 require closer assessment.

In order to make 26 pieces per day, an average worker will need to work 10.4 hours per day (200 pieces / 8 hours = 25 pieces per hour; 260 pieces / 25 pieces per hour = 10.4 hours.) Per month, the average workers will therefore need to work overtime: 2.4 hours x 25 = 60 hours. This amount of overtime is clearly a violation of Article 106(2) of the Labour Code.

In Scenario 3, workers face a financial penalty of VND360 per piece if they stop working before they have completed the daily quota set by the employer. According to the ILO supervisory bodies, excessive overtime constitutes forced labour when (i) workers have to work more overtime than is allowed under national law, and (ii) they work under some form of threat, or (iii) they cannot earn at least the minimum wage without working overtime.<sup>4</sup> These three factors (i-iii) are all present in Scenario 3, and therefore the situation constitutes forced labour as defined by Convention No. 29.

### Question 4.

The prohibition of necessities from outside combined with the grossly inflated prices inside the company store put workers at risk of incurring debt to the employer. Adding the reality that most workers cannot earn minimum wage without working overtime, this situation can

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<sup>4</sup> ILO. 2007. Eradication of forced labour - General Survey concerning the Forced Labour Convention, 1930 (No. 29), and the Abolition of Forced Labour Convention, 1957 (No. 105) (Geneva).

lead to debt bondage and subsequently forced labour.

### Question 5.

In Scenario 5, Labour Code violations include withholding of wages, and excessive and illegal deduction of wages. Articles 95 and 96 of the Labour Code state that workers shall be paid monthly or bi-monthly and in case of unforeseen delay, the delay must not last more than one month and an interest rate has to be applied on the delayed payment. Furthermore, the Labour Code only allows wages to be deducted in case the “employee damage[s] tools and equipment belonging to the employer” (Article 101). It is the responsibility of the employer to provide protective equipment, pay taxes to the municipality and pay for the recruitment intermediary.

According to the ILO, withholding of wages may amount to forced labour, if wages are systematically and deliberately withheld as a means to compel workers to continue working for the employer.<sup>5</sup>

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<sup>5</sup> ILO. 2012. ILO Indicators of Forced Labour (Geneva).

# Session 3. Guiding principles on eliminating risks of forced labour in company operations

## Exercise 4. Assessing risks of forced labour in your business

### Instructions for trainers



**Aim:** To help employers identify risks of forced labour in company recruitment, employment and sourcing practices by using guiding principles (Chapter 3 of the Guide for employers) and the Red Flags Checklist (Annex I of the Guide for employers) as practical compliance checklists.



**Time:** 30 minutes.



**Seating arrangements:** Small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** One sheet of flipchart paper and one marker pen for each group. Copies of **Preventing forced labour in the textile and garment supply chains in Viet Nam: Guide for employers** and the **Red flags checklist** (in Annex I) for all participants. A sufficient number of printed copies of **Handout 4**.



### Steps:

- Share the aims of the exercise and distribute **Handout 4** (provided on page 23) to participants. Divide participants into groups of three to six persons and instruct some of the groups to discuss case A and some to discuss case B. Tell each group to prepare a list of questions to respond to the issues raised in the case study, and select a spokesperson to present it in plenary for a maximum of three minutes.
- Reconvene in plenary when the groups are ready. Ask each group to introduce their list of questions and other responses. After the presentations, invite other participants to ask questions or comment on the presentations and facilitate discussion. In the end add points not mentioned by the groups and correct any misunderstandings using **Responses 4** (provided on page 24) as needed.
- Round up the discussion as follows:
  - Preventing and addressing forced labour in company practices requires careful monitoring of recruitment, employment and sourcing practices. The guiding principles in Chapter 3 of the **Guide for employers** and the **Red flags checklist** can be used as practical checklists for reviewing practices both in company operations and among suppliers and subcontractors.

## Exercise 4. Assessing risks of forced labour in your business



### Handout 4

#### Case A. Risks of forced labour in supply of goods?

A business partner comes to your company with a proposal. He states that his company can assemble products for your company at a cost 50 per cent lower than your other suppliers. What do you say? Are there any questions that you should ask to ensure that your company will not be prone to reputational risks by using a supplier that subjects workers to forced labour?

- Review the guiding principles in Chapter 3 of the **Guide for employers**, and make a list of questions you should ask your business partner before accepting his proposal.

#### Case B. Risks of forced labour in supply of employment and recruitment services?

A business partner comes to your company with a proposal. She states that her employment agency can provide your company with workers at a cost 50 per cent lower than your other suppliers. What do you say? Are there any questions that you should ask to ensure that your company will not be prone to reputational risks by using a recruiter that is associated with forced labour practices?

- Review the guiding principles in Chapter 3 of the **Guide for employers**, and make a list of questions you should ask your business partner before accepting his proposal.

## Exercise 4. Assessing risks of forced labour in your business



### Responses 4

For responsible business owners, it is important to ensure that labour practices in supplier companies and among subcontractors are decent and free from risks of forced labour. Therefore careful vetting of potential suppliers is important before entering into a business relationship. Unusually cheap offers from a potential new supplier or subcontractor should alert responsible business owners to check whether this company carries out its business in full compliance with the law.

The guiding principles in Chapter 3 of the **Preventing and addressing forced labour in garment sector in Viet Nam: Guide for employers** and the **Red flags checklist** can be used as a practical checklist for assessing risks of forced labour in recruitment, employment and sourcing practices of one's own company, or among suppliers and subcontractors. Some of the key questions that responsible employers should ask potential suppliers include the following:

## Box 1

### Sample questions to ask new suppliers

- ✓ How are wages calculated for workers who are paid on a piece-rate or performance-related basis? How does the supplier guarantee that workers receive the legal minimum wage?
- ✓ Do all workers have a written employment contract in a language they can easily understand? Do contracts of employment clearly indicate the rights and responsibilities of workers with regard to key issues, such as wages, working hours and valid grounds for termination?
- ✓ Does the supplier use non-cash or “in-kind” payments? Are wages paid in the form of vouchers, coupons or promissory notes? Are wages paid directly to the workers without going through a third party?
- ✓ Is there evidence that workers are required to lodge deposits with employers or recruiters? And do wage advances or loans provided to workers comply with national law? Are workers required to pay a fee to the employer or an intermediary to get a job?
- ✓ Are there any penalty for workers who fail to complete time bound work quotas?
- ✓ Do workers retain control over their personal documents (e.g. birth certificates, passports, work permits, residence permit and/or identity cards)? Is there any evidence that employers withhold or confiscate worker identity documents without the explicit voluntary permission of the workers?
- ✓ Does the supplier employ workers under the legal minimum working age established by law?
- ✓ Are wages paid directly to the workers without going through a third party?
- ✓ Does the supplier use any prison labour? If yes, what are the conditions?

## Exercise 5. Costs and benefits of ending forced labour

### Instructions for trainers



**Aim:** To enhance the understanding of the costs and benefits of ending forced labour



**Time:** 30 minutes.



**Seating arrangements:** Small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** One sheet of flipchart paper and one marker pen for each group. Draw a fourfold table (like the one in **Responses 5**) on each of the flipchart papers prior to handing them out. A sufficient number of printed copies of **Handout 5**.



### Steps:

- Share the aims of the exercise with the participants. Divide participants into groups of three to six persons and distribute **Handout 5** (provided on page 27).
- Ask each group to discuss the case study questions. Instruct the groups to think about the negative impacts and benefits of forced labour not only for the individual company, but also for the garment industry as a whole. Tell each group to prepare a presentation on the answers and to select a spokesperson to present it in plenary for a maximum of four minutes.
- Reconvene in plenary when the groups are ready. Ask spokespersons from each group to present their responses. Facilitate discussion, add points not mentioned by the groups and correct any misunderstandings using **Responses 5** (provided on page 28) as needed.
- Round-up the discussion as follows:
  - The use of forced labour can have serious negative consequences for any company both in terms of criminal prosecution, termination of contracts with buyers, and damage to company reputation.
  - Findings of forced labour can also put the whole industry at risk and tarnish the reputation of the entire sector. Therefore it is in the interest of all responsible companies and those organizations that represent them to take action to ensure their whole industry is not associated with unlawful practices such as forced labour.

## Exercise 5. Costs and benefits of ending forced labour



### Handout 5

“Super Cheap” is an imaginary company producing super cheap t-shirts for international brands in country X. The recruitment and employment practices adopted by Super Cheap constitute a clear case of forced labour. For example, the majority of workers employed by Super Cheap have been recruited through labour brokers, who charged workers abusive placement fees in exchange for jobs. Workers are unable to leave their jobs, under threat of punishment, until the recruitment and placement fees are repaid. In order to prevent workers from leaving without paying off their debts, the manager of Super Cheap keeps their documents in a locked safe, in his office. In addition to the automatic deductions made from workers’ wages for the repayment of recruitment fees, salaries are often delayed, and workers are sometimes paid “in-kind”, or in the form of vouchers. Workers paid on a piece-rate basis are often obliged to work extremely long hours in order to earn a minimum wage. The owner of the company justifies these practices by saying that they are necessary in the competitive market environment in which Super Cheap operates.

Questions for discussion:

1. Why do you think Super Cheap uses above forced labour practices? Can these practices bring some business benefits for the Super Cheap company? Think about short-term and long-term impacts.
2. Could use of forced labour practices have some negative consequences on Super Cheap? Think about short-term and long-term impacts.
3. How could the fact that Super Cheap uses forced labour impact the garment sector in country X as a whole?
4. What can organizations representing employers and the garment industry in country X do to prevent and address abusive practices such as forced labour from occurring in other companies and in the sector as a whole?

## Exercise 5. Costs and benefits of ending forced labour

### Responses 5

#### Question 1.

At first, companies might not be aware that their practices constitute abuses such as forced labour. This might be the case if national legislation fails to sanction such practices, or if companies are unaware of their legal obligations under national and international laws.

Company managers and owners might also think that one way of reducing costs and increasing productivity in the short to medium term is to employ a large, but cheap labour force. In order to instantly reduce recruitment costs, for example, companies may engage recruitment agencies or informal labour brokers, who, in turn, may attract cheap labour through false promises of well-paid employment or through deceptive job descriptions. Companies may also resort to in-kind payments or payments in the form of vouchers, as a means of skirting legal obligations regarding the payment of social security and other benefits.

#### Question 2.

While companies might think that the adoption of substandard practices and use of forced labour might help them reducing costs, increasing productivity and, consequently, increasing profits, this is a misconception. In the medium to long term, companies adopting these practices are likely to face a series of negative consequences, including:

- Potential lawsuits and criminal prosecution for involvement in forced labour
- Tarnished brand reputation stemming from allegations of forced labour
- Financial losses due to divestment and reduced company value

Poor working conditions and abuses are also likely to have a negative impact on employee morale, which can lead to higher risks of occupational accidents – resulting in additional costs with compensation - and motivate labour unrest.

### Question 3.

Allegations of forced labour in a few companies or establishments can put the whole sector at risk, particularly export-oriented industries. Some harmful impacts include:

- Findings of forced labour can damage the reputation of the whole industry, and make international buyers and investors turn to other countries.
- Importing countries can block imports of specified products from another country if forced labour is identified in that industry. An increasing number of international trade agreements, including the recent Free Trade Agreement (FTA) between Vietnam and the European Union and the proposed Trans Pacific Partnership include provisions incorporating enforceable obligations for parties to adopt national legislation encompassing the five internationally-recognized labour principles, as stated in the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (adopted by the ILC in 1998) which includes the prohibition of forced labour.
- Tolerance of forced labour in an industry works to the serious detriment of the law-abiding employers and enterprises in the same industry, who face unfair competition from those who operate outside the law, and who will be adversely affected by any reputational damage suffered to the sector as a whole.

On the other hand, elimination of forced labour and respect for fundamental rights can have positive impacts on the reputation of the whole industry. Building a positive image for the industry can help further growth of the sector and attract international buyers and investment.

For more details on the benefits for individual companies and the garment industry of not using forced labour, see **Chapter 1.2** of the **Guide for employers**.

### Question 4.

Employers' organizations and industry associations can play a key role in preventing and addressing forced labour and trafficking in persons. The two key areas of action by employers' organizations and industry associations are providing advice to members and raising awareness; and social dialogue and engaging with others in taking action.

Providing advice and raising awareness is one of the key functions of employers' organizations. An employers' organization might choose to designate a member of its staff as a focal point on forced labour to ensure that members have a single person within the organization to whom they can go should they have inquiries or require assistance. Employers' organizations can also facilitate the exchange of ideas between members.

Companies can learn a great deal from each other and your organization may want to play a role in documenting and disseminating examples of good practice.

The key role of an employers' organization is engaging government in legislative reforms and policy development. Participation in legislative reforms and policy development ensures that employers' perspectives are represented throughout negotiations. Employers' organizations also represent their members in dialogue with other actors such as workers organizations, non-governmental organizations, educational institutions and the media.

For more information, see **Chapter 4.2** of the **Guide for employers**.

# Session 4. How can employers take action against forced labour?

## Exercise 6. Good practice case study: Pig iron in Brazil

### Instructions for trainers



**Aim:** To discuss the roles of different stakeholders in taking action against forced labour, and to identify who should be part of industry wide initiatives in Viet Nam.



**Time:** 45 minutes.



**Seating arrangements:** Small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** One sheet of flipchart paper and one marker pen for each group. A sufficient number of printed copies of **Handout 6**.



### Steps:

#### Step 1: Good practices from pig iron industry in Brazil (20 minutes)

- Share the aims of the exercise with the participants and distribute **Handout 6** (provided on page 33). Divide participants into groups of three to six persons and ask them to read the case study and discuss question 1. Tell each group to prepare a short presentation on their responses.
- Reconvene in plenary when the groups are ready. Ask one group to give a brief presentation on their responses. Invite other participants to comment on the presentation and facilitate discussion. Close the discussion by adding points not mentioned by the groups and correct any misunderstandings using **Responses 6** (provided on page 36) as needed.

#### Step 2: Adaptation of good practices (20 minutes)

- Ask participants to discuss question 2 and to prepare a presentation on their responses. Ask participants to share their views and facilitate general discussion.

### Step 3: Round-up (5 minutes)

- Round-up the discussion as follows:
  - The elimination of forced labour in the private economy requires a combination of approaches from different stakeholders: government, workers' representatives, individual employers and employer associations. The various approaches, though different from each other, should be complementary.

## Exercise 6. Good practice case study: Pig iron in Brazil



### Handout 6

Read and review the below case study on responses to forced labour in pig iron camps in Brazil, and identify answers to the following questions:

1. Please describe the actions taken by the below stakeholders to respond to forced labour in pig iron camps in Brazil.
  - a) Government of Brazil
  - b) Brazilian Citizens Charcoal Institute (CCI) and other Brazilian business alliances
  - c) Individual Brazilian companies
  - d) US business alliances
  - e) Individual US companies
2. Could similar action be taken in Viet Nam to address forced labour in a specific sector? If yes, who should be stakeholders in such an initiative? What measures should be taken?

### Case study<sup>6</sup>

#### Issue

It is estimated that around 155,000 Brazilian workers are in conditions analogous to slavery in Brazil today. Most are trapped in situations of debt bondage in camps in the Amazon region where they work and forced to pay for transportation, food, lodging and tools. Workers generally enter into employment voluntarily because the gatos (recruitment agents) persuade them to join the camps through promises of good pay, good working conditions and benefits. However, once employed, the individuals often discover that they are not free to leave because of the debts they incurred and the threat of physical violence.

Individuals forced to work in such circumstances are denied the possibility of leaving their employer, as armed guards patrol the working camps all the time while their debts increase. Upon arrival, workers have their work registration card confiscated. This prevents them from accessing their rights to protection and benefits. Workers work very long hours and often remain unpaid for long periods; testimonies note that workers are reluctant to demand

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<sup>6</sup> ILO. 2009. Combating forced labour. A handbook for employers and business. – revised edition (Geneva).

back-payment for fear of not receiving any income at all.

In late 2006, several major news stories focused on the use of forced labour in the supply chains of major vehicle manufacturers in Europe, Japan and the US. In Brazil, forced labour occurred in the 'charcoal camps' that provide charcoal to major pig iron exporters. Although this represents only a very small percentage of the activities that use forced labour in Brazil, about 90 per cent of the pig iron produced from this charcoal is exported to the United States.

Over the last 20 years, the Government of Brazil has taken a number of important steps to combat forced labour, many of these in partnership with the business community. In 1995, it set up a Special Mobile Inspection Group (Grupo Especial de Fiscalização Móvel) to investigate and raid camps accused of using forced labour. The Government also maintains a "dirty list" registry of the properties and companies found to have used slave labour.

In May 2005, the Brazilian business sector launched a National Pact to Eradicate Slave Labour, together with civil society groups. Over 180 companies and associations, including large supermarket chains, industrial and financial groups, have so far signed the pact. Under a follow-up process, a "Social Observatory Institute" monitors the performance of signatories to the Pact and documents good practice.

## Business responses to the issue

### Collective action by Brazilian companies

The Brazilian industry group for pig iron manufacturers works to eradicate forced labour in the supply chain. From 2004, the Citizens Charcoal Institute (CCI) has been sending labour inspectors to charcoal camps to assess compliance and to circulate a code of conduct for the industry, which was developed in the late 1990s. When faced with non-compliance, suppliers are decertified, and members of the industry group subsequently cease to do business with them. The CCI also produces a "dirty list" to supplement the work carried out by the Government. Additionally, in August 2004, 14 pig iron companies in Brazil signed a joint commitment to end slave labour in the production of charcoal.

### Individual action by Brazilian companies

In September 2007, one leading iron ore producer stated it would no longer sell iron to pig iron companies purchasing charcoal from camps using slave labour. It required its clients to prove they were not directly or indirectly involved in using forced labour and conducted a private audit at ten of them to this effect. As a result of the audit, the company suspended its supply to seven clients, citing forced labour and environmental problems as serious infractions. Four of these clients subsequently had contracts unilaterally terminated

by the company. However, in undertaking this action, the company had to proceed with caution in order not to fall foul of anti-trust regulators since the company is the only iron ore producer in that region of Brazil.

One pig iron company in Brazil made the direct link between forced labour and deforestation in the Amazon. It stated that pig iron producers were buying charcoal from the illegal camps because it would otherwise take many decades to grow the trees necessary to produce the same amount of charcoal using the wood burning technique. This company instead uses its own employees and has its own eucalyptus forest to produce the wood required.

### Collective action by US companies

In 2006, five major automobile manufacturing companies announced they were working together to offer collective training for suppliers on how to avoid purchasing supplies produced using forced labour. This initiative was first coordinated by the Automotive Industry Action Group (AIAG) from October 2005 and then by Business for Social Responsibility from December 2006. Initial projects from the partnership included joint statements to create a shared industry voice on various issues relating to working conditions, including forced labour.

### Individual action by US companies

In response to a Bloomberg cover story in late 2006, and to other press reports on the use of forced labour in the US car manufacturing industry, various companies adopted a number of measures, including:

- Immediately ceasing to purchase pig iron traced to slave labour in Brazil; and
- Requesting suppliers to certify that their pig iron was produced without slave labour, and ceasing to do business with suppliers who fail to do so.

## Exercise 6. Good practice case study: Pig iron in Brazil

### Responses 6

#### Question 1.

##### a) Actions taken by the Government of Brazil

- The Government of Brazil set up a Special Mobile Inspection Group (Grupo Especial de Fiscalização Móvel) to investigate and raid camps accused of using forced labour.
- The Government also maintains a “dirty list” registry of the properties and companies found to have used slave labour.

##### b) Actions taken by the Brazilian Citizens Charcoal Institute (CCI) and other Brazilian business alliances

- Citizens Charcoal Institute (CCI) has been sending labour inspectors to charcoal camps to assess compliance and to circulate a code of conduct for the industry. Non-complying suppliers are decertified, and members of the industry group subsequently cease to do business with them. The CCI also maintain a ‘dirty list’ to supplement the work carried out by the Government.
- Fourteen pig iron companies in Brazil signed a joint commitment to end slave labour in the production of charcoal.
- In May 2005, the Brazilian business sector launched a National Pact to Eradicate Slave Labour, together with civil society groups. Over 180 companies and associations have signed the pact. Under a follow-up process, a “Social Observatory Institute” monitors the performance of signatories to the Pact and documents good practice.

##### c) Actions taken by individual Brazilian companies

- One leading iron ore producer stated it would no longer sell iron to pig iron companies purchasing charcoal from camps using slave labour, required its clients to prove they were not directly or indirectly involved in using forced labour and

conducted a private audit at ten of them to this effect. As a result of the audit, the company suspended its supply to seven clients and subsequently terminated contracts with four of them. However, the company had to proceed with caution in order not to fall foul of anti-trust regulators.

- One other pig iron company in Brazil made the direct link between forced labour and deforestation in the Amazon. This company instead uses its own employees and has its own eucalyptus forest to produce the wood required.

#### d) Actions taken by US business alliances

Collectively, five major US automobile manufacturing companies announced working together to offer collective training for suppliers on how to avoid purchasing supplies produced using forced labour. Initial projects from the initiative include joint statements to create a shared industry voice on various issues relating to working conditions, including forced labour.

#### e) Actions taken by individual US companies

Various companies adopted a number of measures, including:

- Immediately ceasing to purchase pig iron traced to slave labour in Brazil; and
- Requesting suppliers to certify that their pig iron was produced without slave labour, and ceasing to do business with suppliers who fail to do so.

## Exercise 7. Action planning

### Instructions for trainers



**Aim:** To help employers to put into practice what they have learned during the training and plan concrete steps for action.



**Time:** 30 minutes.



**Seating arrangements:** Small group seating around tables enabling participants to work in groups of three to six persons.



**Training materials:** One large white board or flipchart big enough for the whole room to see. One sheet of flipchart paper and one marker pen for each group. A sufficient number of printed copies of **Handout 7**.



### Steps:

- Divide the participants in groups by company or location. Share the aims of the exercise with participants and distribute the **Handout 7** (provided on page 39). Ask each group to discuss the questions and write up an action plan for preventing and addressing forced labour in their company's supply chain or location. Encourage each group to be as practical as possible in defining measures and steps for preventing and addressing forced labour. Tell each group to prepare a presentation on their action plan and select a spokesperson to present it in plenary for a maximum of three minutes.
- Reconvene in plenary when the groups are ready and ask each group to give a brief presentation. After the presentations, invite other participants to ask questions or comment on the presentation and facilitate discussion.



**Note to trainers:** Ask participants to refer to Chapter 4 of the **Preventing and addressing forced labour in garment sector in Viet Nam: Guide for employers** for examples of practical measures and steps that can be taken.

## Handout 7. Action Planning



### Handout 7

#### Questions for discussion:

1. What are some of the key issues that companies in the garment sector may need to address to prevent and address forced labour? Please identify one or more issues.
2. What are some practical measures that companies in the sector needs to take to address the above issue? Please identify at least three practical measures.
3. What kind of support do companies in the sector need from the VCCI and the ILO to effectively prevent and address forced labour?

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# Preventing forced labour in the textile and garment supply chains in Viet Nam: Guide for trainers

This guide for trainers is intended to help organizations and individuals facilitating training for Vietnamese textile and garment enterprises to help them in assessing, identifying and mitigating risks of forced labour in company operations and supply chains. The guide for trainers was jointly developed and issued by the Viet Nam Chamber of Commerce and Industry (VCCI) and the International Labour Organization (ILO).

This guide for trainers is intended to support the dissemination of the VCCI-ILO guide for employers on preventing forced labour in the textile and garment supply chains in Viet Nam.

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