

# Online Discussion Report

Eradicating Forced and  
Child Labour from the  
Supply Chains: How to  
Institute Real Change?

**AP-Forced Labour Net  
1-12 September 2014**

**Marja Paavilainen, moderator &  
Na Eun Mun, facilitator**

---

## Contents

1.	INTRODUCTION .....	2
2.	DISCUSSION CONTRIBUTORS AND AUDIENCE .....	2
3.	SUMMARY OF KEY DISCUSSION POINTS .....	3
3.1.	INNOVATIVE APPROACHES AND GOOD PRACTICES .....	3
3.1.1.	Going beyond zero tolerance.....	3
3.1.2.	Long term partnerships.....	3
3.1.3.	Multi-stakeholder engagement .....	4
3.1.4.	Industry-wide and area-based approaches .....	5
3.1.5.	Addressing informality and other root causes.....	5
3.1.6.	Providing alternatives to forced and child labour: Education and decent work .....	6
3.2.	SECTOR SPECIFIC ISSUES AND INITIATIVES .....	7
3.2.1.	Textiles and garments.....	7
3.2.2.	Fishing and seafood processing .....	8
3.2.3.	Agriculture.....	8
3.3.	ROLES OF DIFFERENT STAKEHOLDERS .....	9
3.3.1.	Businesses .....	9
3.3.2.	Governments .....	10
3.3.3.	Employers' organizations and industry associations .....	11
3.3.4.	Workers' organizations and civil society.....	12
3.3.5.	Consumers .....	12
3.4.	BUSINESS CASE FOR ERADICATING FORCED LABOUR AND CHILD LABOUR FROM THE SUPPLY CHAINS .....	13
4.	CONCLUSIONS .....	14
	ANNEX 1. DISCUSSION PARTICIPANTS .....	15
	ANNEX 2. USEFUL MATERIALS SHARED BY DISCUSSION PARTICIPANTS .....	16

## 1. INTRODUCTION

AP-Forced Labour Net is an ILO-sponsored online community of practice for individuals, organizations, and institutions interested in issues related to forced labour, human trafficking and slavery in the Asia Pacific region. From 1-12 September 2014, the AP-Forced Labour Net hosted its second public online discussion forum on *Eradicating Forced and Child Labour from the Supply Chains: How to Institute Real Change?*

Instances of forced labour and child labour in various industries in Asia have attracted a lot of media attention recently, particularly due to linkages of these industries with global supply chains that often extend to well-known international brands and retailers. While many businesses, industry initiatives and organizations have years of experience in addressing forced and child labour, challenges persist. Due to this, there is a growing consensus among different stakeholders including business, that codes of conduct and auditing are not enough to institute sustainable, long-lasting and impactful change in supply chains. More and more businesses, industry and employers' organizations, trade unions, civil society organizations and governments are seeking new forms of engagement to address the problem. Partnerships between various actors are increasingly being formed in an attempt to address these multi-faceted challenges in a more unified and effective manner.

The online discussion on the AP-Forced Labour Net was framed around the following three questions:

- How to institute real change to eradicate forced and child labour in different industries in Asia? What kinds of interventions are needed at different levels of the supply chain? What works, and what doesn't?
- Who needs to be part of collaborative initiatives to eradicate forced and child labour from the supply chains? How can businesses engage with their suppliers and other stakeholders to institute real change in their supply chains? What are the responsibilities of governments in addressing the problem? What role do industry and employers' organizations, trade unions, international organizations or other stakeholders play in cleaning up the supply chains? What role are consumers playing or could consumers play in this debate?
- What are some examples of innovative collaborative approaches and other good practices in eradicating forced and child labour from the supply chains? Are there examples / lessons learned from addressing other social challenges that are commonly found in supply chains?

The online discussion was moderated by Marja Paavilainen, Chief Technical Adviser of the ILO Forced Labour Action in the Asian Region project (FLARE).

## 2. DISCUSSION CONTRIBUTORS AND AUDIENCE

The online discussion attracted a broad readership with more than 670 visits to the discussion page during the two discussion weeks from 1 September to 12 September. Altogether 40 substantial comments were posted by 17 persons or organizations contributing to the discussion. The discussion participants included representatives of the ILO and other UN agencies, international NGOs, trade unions and consumer groups, as well as the ILO constituents and civil society partners in East and South-East Asia.

### **3. SUMMARY OF KEY DISCUSSION POINTS**

#### **3.1. INNOVATIVE APPROACHES AND GOOD PRACTICES**

The main objective of the online discussion was to generate and share information with the AP-Forced Labour Net members and broader readership on innovative approaches and good practices in addressing forced and child labour in supply chains. The contributions from discussion participants highlighted that more and more businesses, industry and employers' organizations, trade unions, civil society organizations and governments are seeking new forms of engagement to address the problem.

##### **3.1.1. Going beyond zero tolerance**

The need to move from "zero tolerance" policies (which are commonly found in "policing" approaches adopted by some firms) to more nuanced approaches and commitment to work on remediation was highlighted by several participants, including Ivanka Mamic, Arianna Rossi and NM Helwig. Ivanka Mamic, ILO, shared that zero tolerance refers to the approach taken in many leading company Codes of Conduct, which stipulate that forced labour and child labour are key issues that are not to be tolerated. In the event that instances of forced labour and child labour are found, the order is cancelled with that particular supplier, and there is a disengagement of business. Ivanka noted that zero tolerance can have deleterious effects for under-age workers including child labour. In the case of child labour, the ILO has worked through its technical cooperation projects with the business community to promote more nuanced approaches that involve schooling for the children as well as employment opportunities for the parents, coupled with education of the factory management. She noted that in the case of the Better Work programme, buyers are specifically requested not to take a zero tolerance approach, sometimes leading to the need for the review of corporate policies of buyers. Arianna Rossi, Better Work, added that part of the Better Work's policy with respect to the buyer-supplier relationship is to ensure that there is a commitment to work on remediation with the supplier factory instead of terminating the sourcing relationship.

##### **3.1.2. Long term partnerships**

The win-win outcomes that long term commitment to work on remediation can bring for both buyers and suppliers were highlighted by several contributors, including Arianna Rossi, Ivanka Mamic and the Global March against Child Labour. Representatives of the Global March against Child Labour – a worldwide coalition of trade unions, child rights organisations and teachers' organisations – shared experiences from facilitating the Multi-Stakeholder Garment Steer Group on Child Labour. They noted that the multiplicity of the compliance codes and the associated costs of implementing them at the workplace is a concern for manufacturers. Suppliers in the lower tiers of supply chains need to weigh the trade-off between the quantity of orders expected vis-a-vis the costs to be incurred by complying with a particular retailer's code of compliance. Investment in capacity enhancement of lower tier suppliers and ensuring continued association with them can therefore positively impact the labour rights performance in the whole supply chain. The Global March also noted that businesses need to ensure that their procurement departments uphold in letter and spirit the covenants of ethical code of conduct for responsible buying, and that this is linked with the performance appraisal system of the employees. (For more information on business benefits of social compliance, see 3.4 Business case for eradicating forced labour and child labour from the supply chains below.)

### 3.1.3. Multi-stakeholder engagement

The importance of multi-stakeholder engagement in addressing challenges related to forced and child labour was highlighted by several discussion participants, including Tran Thi Lan Anh, Julia Lin, NM Helwig, Mongolmaa Norjinkham, Max Tunon and the Global March against Child Labour. Their contributions highlighted that involvement of governments, industry, international buyers, employers' organizations trade unions and civil society is crucial for building a more unified and effective response to challenges related to forced labour and child labour in supply chains. (For more views on respective roles of these stakeholders, see 3.4 Roles of different stakeholders.)

Mongolmaa Norjinkham, ILO, shared the IPEC Combating the Worst Forms of Child Labour in Shrimp and Seafood Processing Areas in Thailand programme's experiences with multi-stakeholder engagement in the Thai seafood industry. She noted that multi-stakeholder platforms are needed to identify and coordinate effective solutions to address labour rights problems in supply chains. In May 2014, a Multi-stakeholders' Forum on Labour Conditions in the Fisheries Sector in Thailand was organised jointly by the ILO and the Royal Thai Government. The forum brought together the Government, industry, international buyers, workers' representatives and civil society. The forum offered these diverse groups a first such platform for sharing information on actions taken, table divergent views, and offer suggestions for the way forward to address child labour, forced labour and issues related to working conditions in the industry. Mongolmaa noted that this kind of constructive dialogue and collaboration of stakeholders is a crucial starting point for formulating and implementing concrete steps to bring lasting and sustainable changes in the industry. Ivanka Mamic, ILO, shared further experiences from the ILO engagement in garment sector in Bangladesh, which provides a good example of multiple stakeholders working together to try to address the root causes of challenges. She particularly highlighted the importance of involving buyers in such collaborative initiatives.

Representatives of the Global March against Child Labour agreed that multi-stakeholder partnerships are key to eradicate forced and child labour from the supply chains that span across the informal segment of the developing economies. Corporations often state that they are constrained by the lack of visibility that they have in the lower tiers of their supply chains. Therefore, teaming up with civil society organisations and child rights organisations, which work at the grassroots level to identify and help remediating the human rights and labour rights violations in the supply chains, can help to fill this gap. For example, by working with such organizations, governments can extend their reach and penetration in the informal sector. This arrangement allows local communities to gain sufficient capacity to coordinate with the first tier manufacturers and law enforcement agencies to work towards progressive elimination of child labour. Global March however observed that brands and manufacturers are often sceptical to divulge the details of their supply chains for any kind of scrutiny by civil society organisations.

Several contributors called for complementarity of actions by different stakeholders. Tran Thi Lan Anh from the Viet Nam Chamber of Commerce and Industry (VCCI) emphasized the role of employers' organizations in addressing forced and child labour, but noted that these efforts need support from international organizations, civil society, lobby groups, the media and other stakeholders. Max Tunon, ILO, added that action by employers and business needs to be accompanied by government regulation, complaints mechanisms and inspections.

### **3.1.4. Industry-wide and area-based approaches**

Benjamin Smith, ILO, highlighted examples of industry-wide collaboration and area-based approaches which have been successfully tested in soccer ball, sporting goods, garments, cocoa and tobacco industries. He noted that businesses involved in these initiatives understand that one company addressing the problem on its own could simply shift child labour from one company's supply chain to another. Therefore supply chain transparency is critical, as is consistency in companies' policies.

Benjamin noted that in cases where supply chains have linkages to enterprises operating in the informal economy, traditional CSR measures such as social auditing often are not sufficient, but leave children, workers and companies at risk. In these cases industry-wide partnerships can make a critical difference in addressing impacts that occur below the first tier of suppliers. As regards area-based approaches to tackling child labour, Benjamin noted that their rationale is simple. They address all types of child labour in a given geographic area to prevent children simply moving from one supply chain to another, or into a more hidden form of child labour. These strategies are supportive of government policies, which are concerned with all forms of child labour. Area-based approaches also require collaboration, especially with governments, as companies cannot (and should not) shoulder all of the work that is needed for sustainable progress. Benjamin noted that the number of industries and enterprises adopting an area-based approach is on the rise, and this is a positive sign for the future.

### **3.1.5. Addressing informality and other root causes**

The importance of addressing root causes that sustain forced and child labour at the bottom tiers of supply chains was highlighted by several discussion participants, including Birgitte Krogh-Poulsen, Mongolmaa Norjinkham, EMPOWER and the Global March against Child Labour. Suggested measures to address root causes include among others formalizing informal sectors, improving law enforcement, strengthening the voice and bargaining power of workers.

Birgitte Krogh-Poulsen, ILO, noted that supply chains do not operate in a vacuum. In order to deal with child labour and forced labour in supply chains, the root causes need to be understood and contextualised. Mongolmaa Norjinkham, ILO, emphasized that eliminating forced labour and child labour in supply chains requires a comprehensive response to the structural issues that perpetuate these problems. She noted the importance of dealing with informality and poor enforcement of laws at the lower ends of supply chains, lack of voice and bargaining power of workers, and the need for transparent and responsible governance of businesses.

Representatives of the Global March against Child Labour noted that the informal economy comprises half to three-quarters of all non-agricultural employment in developing countries. It is in their view extremely important for the governments to work towards progressively formalising the informal sector and ensuring decent work for adults. It is important to ensure that trade unions are promoted and freedom of association and right to collective bargaining are respected by the State and corporations. They added that those countries that have not ratified all the eight core ILO conventions should do so gainfully with a sense of urgency.

Representatives of the Thai sex worker organization EMPOWER raised the need to protect children who work in industries that are not protected under labour laws and may be criminalized, including begging, sex work, garbage pickers etc. They noted that these children may not benefit from programmes and

policies aimed at mainstream industries and may not be represented or recognized as stakeholders in responding to child labour.

### **3.1.6. Providing alternatives to forced and child labour: Education and decent work**

Discussion participants emphasized that forced and child labour can only be eradicated if real alternatives are established for children and their families, and if these alternatives respond to the needs of vulnerable groups. For children this means access to education, and for adults, access to better employment opportunities.

Birgitte Krogh-Poulsen, ILO, shared experiences from the IPEC Combating the Worst Forms of Child Labour in Shrimp and Seafood Processing Areas in Thailand project. She noted that the IPEC project has supported NGOs to work with government schools and non-formal education facilities to provide access to education for children in migrant worker communities in seafood processing areas. She noted that decisions on education are inherently tied with family economy, but not exclusively so. The IPEC project's preliminary experiences point to the relevance of education alternatives (as perceived by children and families) as a critical factor in family decisions on whether to send children to school or work.

The IPEC project's experiences show that no one size fits all when it comes to education for children in child labour prone communities and families. Birgitte noted that, for example, families from Myanmar who plan to return home value Burmese language skills over Thai language skills for their children. On the other hand, families that consider themselves settled in Thailand prefer to enrol their children in classes where Thai is the primary language. In her view the main lesson from this experience is that initiatives against child labour need to provide suitable alternatives that respond to the life situation of different children and families. NM Helwig similarly noted that including children themselves in discussing and exploring options for them is essential to ensure that the alternatives provided respond to their needs. He has observed in his work that while children of primary-school age are getting some schooling, for children of secondary-school age there is often few options other than to work.

Contributions from the United Nations Action for Cooperation against Trafficking in Persons programme (UN-ACT) and the EMPOWER highlighted the importance of looking at children and person vulnerable to forced labour in their broader environment, including families. Representatives of UN-ACT noted that support to children requires a broader, functional approach for families, including through family mediation, monitoring and financial assistance to forge functional family environments.

Representatives of the Global March against Child Labour highlighted that ensuring decent work for adults is crucial in combatting forced and child labour. EMPOWER representatives agreed and noted that minors working in the sex industry are most often young girls from regions or sectors of Thailand, Laos or Burma, where access to education is a challenge. Some areas have also been impacted by land grabbing and mega projects. These young people and their families have a real need for work that is accessible immediately without educational qualifications, does not require start-up capital and provides enough income for more than one person. EMPOWER noted that young people frequently hear about all the things society does not want them to do, but rarely hear suggestions of what they can do. The called for governments to provide more support to families and communities in difficulties, especially those struggling with poverty.

Julia Lin highlighted the importance of accurate job information and rights awareness in enabling vulnerable workers to protect themselves from abuse. She noted that most victims of forced and child labour have a poor educational background, and emphasized the need for improved rights awareness among vulnerable groups, including, juveniles, women, persons with disabilities, and especially people living in remote rural areas. She noted that the media plays an important role in awareness raising, and called for local governments to organize effective campaigns and activities to disseminate information on preventing forced and child labour.

## **3.2. SECTOR SPECIFIC ISSUES AND INITIATIVES**

Contributions by discussion participants highlighted that challenges facing different industry supply chains are different, and therefore there is no one-size-fits-all solution to addressing the remaining challenges. Sector specific examples were shared by participants with regard to the following industries: Textiles and garments (Viet Nam, Indonesia, Cambodia, Bangladesh, India), seafood processing (Thailand), fishing (Thailand), agriculture (US), palm oil (South-East Asia,) as well as soccer balls, sporting goods, cocoa and tobacco.

### **3.2.1. Textiles and garments**

Challenges facing the textile and garment sectors and initiatives to address them were introduced by Ngoc Thao, Arianna Rossi, Ivanka Mamic and the Global March against Child Labour.

Ngoc Thao from the Vietnam Chamber of Commerce and Industry (VCCI) noted that common practices increasing risks of forced labour in the Vietnamese garment and textile sector include excessive overtime, retention of identity documents, and poor job security due to temporary and seasonal employment contracts. Workers often have to work overtime to cover their living expenses, and the employers also rely on that to achieve their production targets. Ngoc Thao noted that while working hours have been regulated in national law, compliance is difficult to achieve in the context of low wages.

Arianna Rossi, Better Work, noted that over the years there have been few findings of violations under child labour and forced labour law in garment factories participating in the Better Work programme in Asia. However, in approximately 10% of factories in Vietnam and Indonesia, the Better Work programme found a lack of adequate systems for age verification at time of recruitment, which greatly increases the risk of underage workers being recruited. In the few occasions in which this has occurred in Cambodia and Vietnam, the Better Work staff have alerted the Ministry of Labour and the buyers, and has worked closely with the factory to develop an immediate remediation plan.

The Global March against Child Labour shared their initiative “Not Made by Children”, which was rolled out in Delhi, Tirupur and Bangalore. The intervention aimed at strengthening efforts against child labour and trafficking by improving inspection and monitoring in garment supply chains, providing remediation of victims and promoting decent work for adults. Ivanka Mamic, ILO, shared further experiences from implementing multi-stakeholder responses to child labour in the garment sector in Bangladesh.



### 3.2.2. Fishing and seafood processing

Birgitte Krogh-Poulsen, Mongolmaa Norjinkham and Max Tunon contributed on issues related to addressing forced labour, child labour and poor working conditions in fishing and seafood processing in Thailand. Birgitte Krogh-Poulsen, ILO, and Mongolmaa Norjinkham, ILO, noted that in the seafood processing industry one of the key challenges is high level of informality at the bottom tiers of the supply chain. They shared experiences in implementing a multi-stakeholder intervention to address these challenges (See 3.1.3, 3.15, 3.1.6 above.)

Max Tunon, ILO, noted that irregularity of the fishing sector makes obtaining information on conditions at sea difficult. Most fishers working on Thai fishing boats are irregular migrant workers, which makes them vulnerable to exploitation and reluctant to approach the authorities. There are also major gaps in the registration of fishing vessels. The GMS TRIANGLE project has good engagement with the National Fisheries Association of Thailand in the development of a new Ministerial Regulation, an occupational safety and health manual, and a Code of Conduct.

### 3.2.3. Agriculture

Experiences in addressing forced and child labour in agriculture and plantations were shared by Innocent Mugwagwa and NM Helwig.

NM Helwig shared his experiences from palm oil sector in South East Asia. He noted that some companies in the palm oil industry have addressed child labour as part of their CSR initiatives by funding learning centres for children, thereby keeping them off the plantations and giving these children some access to education. He highlighted that data and information is badly needed to understand what sustains the problems and to design solutions to end the practices. He gave an example on the pricing of palm fruit, and noted that the current practice of paying workers by the kilogram encourages parents to bring their children with them to work. Giving adults a fixed daily salary instead could discourage this practice and change the dynamics for child labour on certain plantations.

Innocent Mugwagwa noted that, in his experience, the following conditions increase likelihood of child labour and forced labour incidences in agricultural supply chains involving smallholders:

- 1) There are multiple layers of contractors, sub-contractors, middlemen and agents that intermediate transactions between the primary producer and the buyer. In Innocent's view, in this architecture, the buyer cannot have complete sight of the supply chain, and therefore cannot exercise control over labour standards in the supply chain.
- 2) Contracts between suppliers and buyers are unfair and do not cover the supplier's cost of production.

As a solution, Innocent suggested pushing for direct contracting between producers and buyers as a first step, and ensuring that those arrangements are fair, and cover the producer's cost of production. This is often achieved through legislation and independent, representative sector bodies. In his view, the buyers also need to elevate child labour and forced labour in supply chains to non-competitive issues, and develop industry-wide codes to address the two problems through workers' representatives and third party verification mechanisms.

Innocent highlighted the work of the Fair Foods Standards Council (FFSC) in the US as what he considers a good practice in addressing the above challenges. The FFSC monitors the development of a sustainable

tomato industry in Florida through the implementation of the Fair Foods Program (FFP). The FFP participants include buyers such as Burger King, McDonald's and Subway, and a number of growers. The FFP Code addresses forced labour, slavery, wage theft, sexual abuse, hazardous child labour, poor health and safety practices, and unfair labour standards through requiring participating growers to hire and pay directly all workers, on the farmer's payroll. The participating buyers of tomatoes pay a Fair Food Premium for tomatoes produced under the FFP, thereby creating real incentives for compliance by participating growers. Innocent also noted that the FFSC monitors the supply chain to ensure the premiums flow seamlessly, and that they reach the workers' pay pockets as a bonus.

### **3.3. ROLES OF DIFFERENT STAKEHOLDERS**

Contributions by different participants noted the importance of multi-stakeholder engagement and respective roles of different partners. The stakeholders mentioned include businesses (including international brands), government legislators/regulators, law enforcement authorities, employers' organizations, industry associations, workers representatives, and consumers.

#### **3.3.1. Businesses**

The role of businesses in keeping their supply chains free from forced labour and child labour was a central theme in the discussion, and many participants shared experiences with initiatives involving businesses in different industries. (See above.)

Paul Buckley, UN-ACT, noted that the growing influence of business globally has brought about development of standards and guidance, from the UN Global Compact to the more recent Guiding Principles on Business and Human Rights (commonly referred to as "the Ruggie Principles"). He mentioned that the concern which led to the development of the Ruggie Principles and the corresponding framework that was developed, represents a significant milestone in addressing the impact of business on human rights, endorsed by the UN Human Rights Council. (See OHCHR Guiding Principles on Business and Human Rights and Interpretive guide in Annex 2.)

Another recent development more specific to human trafficking shared by Paul is the 'Expert consultation on human trafficking and global supply chains' convened by the UN Special Rapporteur on Trafficking in Persons. This looked at business responses to human trafficking, responses to the risk of trafficking, partnerships with business in this area, and international standards and policies to address trafficking in supply chains. Paul noted that the consultation also explored new strategies for supply chain and consumer engagement and the development of Benchmarks and Indicators for ensuring trafficking-free supply chain. (See Report of the Special Rapporteur on trafficking in persons, especially women and children, Joy Ngozi Ezeilo in Annex 2.)

There was also a broad agreement among discussion participants that businesses cannot eradicate forced labour and child labour by themselves, but they need support from others. Houtan Homayounpour, ILO, noted that the new Protocol of 2014 to the Forced Labour Convention addresses both these aspects. Article 2 of the Protocol asks for support in due diligence by both the public and private sectors to prevent and respond to risks of forced or compulsory labour. At the same time it opens up new possibilities for business to receive the support it needs in fulfilling expectations placed on them.

Paul Buckley, UN-ACT, noted that while there is increasing attention being put on the private sector, the Ruggie Principles importantly clearly detail the duty of States to ultimately protect human rights and hold businesses to standards that respect human rights, including labour rights. It is therefore important to see governments, the private sector and civil society, each play important and differentiated roles in combating human rights abuses in the private sector.

Moderator Marja Paavilainen, ILO, encouraged participants to also read the "From rights to duties in protecting people against forced labour" blog entry by Piyamal Pichaiwongse in the AP-Forced Labour Net blog. She noted that Piyamal's blog discusses the role of governments and businesses in addressing forced labour and shares experiences from the related debates in the Forced Labour Committee at this year's International Labour Conference.

### **3.3.2. Governments**

Several contributors highlighted the role of governments in supporting efforts by industries, buyers, trade unions and others to eradicate forced and child labour. Birgitte Krogh-Poulsen, ILO, noted that the governments need to make sure data is available, that regulatory frameworks are in place and complied with and that social, and other services, are available to children and families vulnerable to labour exploitation.

Representatives of the Global March against Child Labour noted that enhancing the capacity of governments to proactively address forced labour and child labour issues in supply chains has become the need of the hour as law enforcement agencies usually either lack the technical or physical capacity to monitor human and labour rights violations in the supply chains. In their view civil society can play a pivotal role in training the law enforcement agencies and also the actors in the lower tiers of supply chains. They noted that governments need to make sure that regulatory frameworks are in place and complied with and that social, and other services, are available to children and families vulnerable to labour exploitation.

Julia Lin highlighted the important role of labour inspectors in eradicating forced labour and child labour from the supply chains. She shared experiences from her country on implementing a labour credit system, which in her view is a very effective inspection method. In this system employers are categorized with different credit level according to labour inspection records. If an employer has complied with labour regulations well during the recent years, it will be ranked as a credit enterprise. If it had bad records with serious violations, such as employing child labour or forced labour, then its credit rank will be degraded. These kinds of deficiencies records are shared with other departments or sectors and they will also impact the enterprise financial credit negatively. For some serious violations, the records will be publicized through media. Julia noted that in this way the system not only improves the inspection efficiency, but also involves more stakeholders to combat forced labour or child labour. However, she added that the system may not be suitable for inspecting all kind of enterprises. For some small informal employing units located in remote rural area, labour inspectors still needs to carry out the field inspections frequently.

### 3.3.3. Employers' organizations and industry associations

The role of employers' organizations and industry associations in tackling forced and child labour in supply chains was highlighted by several contributors, including Tran Thi Lan Anh, Ngoc Thao, Innocent Mugwagwa, Houtan Homayounpour and Max Tunon.

Tran Thi Lan Anh and Ngoc Thao shared experiences from the Vietnam Chamber of Commerce and Industry (VCCI) as an employers' organisation. According to Ngoc Thao, the VCCI has conducted a range of activities to raise awareness of business on forced labour and participated in related consultations with the government. In her view business should cooperate with suppliers who have good industrial relations and transparency. The suppliers also should have good awareness on labour standards, and other related knowledge and practice on forced labour. Tran Thi Lan Anh, VCCI, shared her views on the key tasks of an employers' organizations in preventing and addressing forced labour, as follows:

- 1) Promoting legal compliance.
- 2) Managing risk and reputation.
- 3) Addressing forced labour in global supply chains.
- 4) Codes of conduct and corporate social responsibility (CSR).

Max Tunon, ILO, shared that the Malaysian Employers Federation (MEF) is developing a set of guidelines on the recruitment and employment of migrant workers. What marks these guidelines from other existing tools are that they highlight 'home-grown' good practices, so that employers can learn from each other how to overcome challenges associated with hiring migrant workers that are specific to Malaysia. Max noted that the MEF has already conducted research and found out what aspects of Malaysian laws are most difficult to comply with, on which employers may need clarity or assistance.

Houtan Homayounpour, ILO, also noted that the new Protocol of 2014 to the Forced Labour Convention also puts special emphasis on the engagement of employers' organizations in preventing and addressing forced labour. The Protocol and the Recommendation open-up new possibilities for business and employers' organizations to be fully included in all state's policies with regard to forced labour.

The important role of industry associations and bodies in preventing and addressing forced labour and child labour in specific sectors was further highlighted by Ngoc Thao, Max Tunon and Innocent Mugwagwa. Ngoc Thao, VCCI, highlighted the experience of the Vietnam Association of Manpower Supply (VAMAS) in implementing a Code of Conduct for businesses sending employees overseas. The Code covers all stages of the recruitment process, from advertising, recruiting, training, labour contracts for Vietnamese workers working abroad, and is supported by a voluntary monitoring mechanism to improve compliance with national laws and international standards. In Ngoc Thao's view, the VAMAS Code can strengthen enterprise management and protection of migrant workers against exploitation and forced labor. Max Tunon, ILO, added that what makes the VAMAS Code of Conduct an interesting model is its ratings system based on compliance. (See VAMAS Code of Conduct and First evaluation report in Annex 2.)

Max also highlighted the experience of the GMS TRIANGLE project in the fishing sector in Thailand. He noted that the project has had good engagement with the National Fisheries Association of Thailand in the development of a new Ministerial Regulation, an occupational safety and health manual, and a Code of Conduct.

Max finished by noting that while tools developed by employers' organizations and industry associations cannot and do not aim to solve all the problems, they do show that the industry wants and needs to be

actively engaged in finding solutions. In his view these initiatives provide a very clear demonstration of how practices can be improved within a company and within an industry, and that compliance can enhance productivity and profitability. Max noted that additional benefits of these initiatives can be changes in the practices of their industry peers, and also showing those outside the industry that the reputation of an industry should not only be shaped by its worst, most exploitative actors – but also its best.

### **3.3.4. Workers' organizations and civil society**

Several discussion participants highlighted the need for strengthening the voice and bargaining power of workers and involving civil society and workers' organizations in action against forced and child labour in different industries.

Representatives of the Global March against Child Labour emphasized the importance of promoting trade unions, freedom of association, and the right to collective bargaining in the efforts to formalize the informal sectors and to ensure decent work for adults. Mongolmaa Nojinkham, ILO, also reminded the audience that lack of or poor voice and bargaining power of workers are one root cause of forced labour and child labour.

Representatives of the Global March against Child Labour further noted that teaming up with civil society organisations working at grassroots level can help in identifying and remediating the human and labour rights violations in the supply chains. In their experience, civil society organisations and child rights organisations have the reach and penetration in the informal sector right down to the community level, and they can help in building the capacity to coordinate with the first tier manufacturers and law enforcement agencies to work towards progressive elimination of child labour. NM Helwig similarly noted that it is important to understand what companies are trying to do, and to see what NGOs, international organizations and other actors can offer to fill the gaps. He noted that companies are good at doing certain things, but not others. NGOs and social workers might be the kind of experts needed, for example, to work with children in a supply chain to design a program to deal with the issues.

### **3.3.5. Consumers**

Several discussion participants noted the role of consumers in eradicating forced and child labour in global supply chains. Representatives of the Global March against Child Labour highlighted the power of social media and how it can empower consumers to proactively demand companies to be socially responsible in their businesses. They encouraged consumers to frequently write to the CSR departments of businesses and ask what steps they are taking to protect and promote human and labour rights in their supply chains.

NM Helwig noted that awareness-raising campaigns targeting consumers in the developing world often raise donations based on 'feeling sorry' for the children on the other side of the globe. In his view this kind of approach is a missed opportunity. In the case of public service announcements, it would in his view be more interesting to contrast the purchasing power of the consumer with the consequences for children. He presented his idea for a film scene in a shopping centre where the developed world consumer remarks on the low cost of an item "How cheap!" and then the scene cuts to the true cost of the item for the child in forced labour.

Ivanka Mamic, ILO, noted that much more could and should be done to educate consumers on the benefits of encouraging companies to work together towards building sustainable solutions. Going back to her argument about deleterious effects on zero tolerance policies, she noted it would be useful to teach consumers the benefits of supporting those companies that are truly committed to bringing about change, even if that takes, amongst other things, time and transparency.

### **3.4. BUSINESS CASE FOR ERADICATING FORCED LABOUR AND CHILD LABOUR FROM THE SUPPLY CHAINS**

The discussion involved many comments highlighting the benefits that social compliance and eradication of forced and child labour from the supply chains can bring to the bottom line, productivity and competitiveness of businesses, as well as costs related to inaction. Several participants also highlighted the growing importance of addressing these problems in the context of increasing economic integration in Asia and globally.

Arianna Rossi noted that the Better Work programme research has demonstrated that compliance with international labour standards and business performance need not to be substitutes. Not only has the Better Work programme found that there is a strong positive correlation between worker wellbeing and firms' profitability, but also that compliance has a significant role to play in attracting and retaining global buyers. Evidence from Cambodia shows that suppliers in compliance with core standards (including child and forced labour) are 56 per cent more likely to have longer and more stable relationships with their global buyers, ensuring more sustainable business outcomes. According to Arianna, there is therefore a growing empirical base that demonstrates that compliance with child labour and forced labour regulations is associated with positive outcomes for all actors in global supply chains.

Ivanka Mamic, ILO, noted that social compliance can be a double edged sword. Improvements in social compliance can translate into better working conditions for workers while also contributing to the bottom line and improving competitiveness. On the other side, there is also potentially a cost associated with not dealing with these issues. Ivanka noted that research from the Better Work programme in Vietnam shows that there is a direct correlation between profitability and worker satisfaction in the workplace. Similarly, in Cambodia evidence exists to show that international buyers are more likely to both retain suppliers who are in compliance and to enter into longer term agreements with such buyers – leading to more stability and facilitating better planning for the factory that leads to wins for both workers and management.

Ivanka emphasized that it is possible to have a win-win situation even at a smaller scale. The ILO's Sustaining Competitive and Responsible Enterprises (SCORE) programme shows the benefits that can accrue to small and medium sized companies (SMEs) as a result of improving working conditions and being in compliance. Often companies perceive the investments that are needed as being too costly and yielding limited benefits, but these programmes show that this doesn't have to be the case. In fact they highlight the corresponding gains that can occur in terms of improvements in productivity, lower defect rates, and reduced staff turnover and ultimately higher profits for the company.

At the same time, Ivanka noted, companies must take into account the cost of inaction and factor this into their business evaluations. She encouraged businesses to ask, how much damage the finding of child labour or forced labour could do to a business? Is it worth taking this risk? In her view in today's globalized

world that is highly interconnected through technology, companies are increasingly finding that it is simply not worth taking this risk, and that their brand reputation is worth much more. This applies not only externally with consumers and other business partners, but also internally with staff. She noted that, again, research shows that people not only want to buy from companies that are doing the right thing, they also want to work for such companies.

Max Tunon and Julia Lin highlighted that monitoring systems based on rating systems can provide a clear business case for participating in voluntary initiatives. Max Tunon, ILO, introduced the Code of Conduct adopted by the Vietnam Association of Manpower Supply (VAMAS) for businesses sending employees overseas and its accompanying monitoring mechanism. He noted that in a competitive industry a high ranking can be advertised to potential migrants in Vietnam, and recruiters and employers in destination countries.

#### 4. CONCLUSIONS

The main objectives of the online discussion on *Eradicating Forced and Child Labour from the Supply Chains: How to Institute Real Change?* were to **generate** and **share** information with the AP-Forced Labour Net members and broader readership on innovative approaches and good practices in addressing forced and child labour in supply chains, and to discuss remaining challenges. It is the feeling of the AP-Forced Labour Net team that, overall, these objectives were well met.

As regards **generation** of information, the 40 comments posted by 17 discussion participants – even if not high in number – were substantive and provided a wealth of information on innovative forms of engagement to address forced labour and child labour in different industry supply chains. These practical experiences and information resources shared by discussion participants can inform further action to prevent and address forced and child labour in the Asia-Pacific region and beyond.

Among the AP-Forced Labour Net discussion participants, there was an overall consensus that the way forward needs to involve multi-stakeholder engagement, long-term commitment to work on remediation, and interventions at the bottom tiers of the supply chains to formalize informal sectors, improve law enforcement and strengthen the voice and bargaining power of workers. The importance of access to education and establishing real alternatives to forced and child labour were also emphasized by several participants. Emergence of industry-wide and area-based interventions was noted as a positive sign for the future. These efforts need to be supported by better regulation of contracting practices and labour market intermediaries, and capacity building of factory managers and labour inspectors. Respective roles of different stakeholders in these initiatives were also discussed in length.

As to **sharing** of this newly generated information, the discussion attracted a relatively broad readership with more than 670 visits to the discussion page during the two discussion weeks. This demonstrates that the AP-Forced Labour Net can serve as a useful platform for exchanging ideas and networking among experts and practitioners in the Asia-Pacific region and beyond.

## ANNEX 1. DISCUSSION PARTICIPANTS

To protect the privacy of discussion participants, details of those participants who did not introduce their full name or organization on the discussion page are not disclosed here. With a few exceptions, all discussion participants are known to the discussion moderator.

**Moderator:** Marja Paavilainen, Chief Technical Adviser, Forced Labour Action in the Asian Region (FLARE), ILO Bangkok

### **Participants:**

Arianna Rossi, Research and Policy Officer, Better Work, ILO Geneva

Benjamin Smith, Senior Officer for Corporate Social Responsibility, International Programme on the Elimination of Child Labour (IPEC), ILO Geneva

Birgitte Krogh-Poulsen, Programme Manager, IPEC Combating the Worst Forms of Child Labour in Shrimp and Seafood Processing Areas in Thailand, ILO Bangkok

EMPOWER Foundation

Global March against Child Labour

Houtan Homayounpour, Senior Operations and Programme Officer, Special Action Programme to Combat Forced Labour (SAP-FL), ILO Geneva

Innocent Mugwagwa

Ivanka Mamic, Technical Officer on Multinational Enterprises and Social Policy, ILO Bangkok

Julia Lin

Max Tunon, Senior Programme Officer/Project Coordinator, GMS Tripartite Action to Protect Migrant Workers from Labour Exploitation (the GMS TRIANGLE), ILO Bangkok

Mongolmaa Norjinkham, Project Officer, IPEC Combating the Worst Forms of Child Labour in Shrimp and Seafood Processing Areas in Thailand, ILO Bangkok

Ngoc Thao, Viet Nam Chamber of Commerce and Industry (VCCI)

NM Helwig

Paul Buckley, Regional Technical Coordinator, United Nations Action for Cooperation against Trafficking in Persons (UN-ACT), Bangkok

Tran Thi Lan Anh, Viet Nam Chamber of Commerce and Industry (VCCI)

UN-ACT (United Nations Action for Cooperation against Trafficking in Persons), Bangkok



## ANNEX 2. USEFUL MATERIALS SHARED BY DISCUSSION PARTICIPANTS

AP-Forced Labour Net. 2014. "From rights to duties in protecting people against forced labour" (blog by Piyamal Pichaiwongse)

<http://apflnet.ilo.org/blog/some-observations-from-myanmar-and-the-ilc-forced-labour-committee>

Fair Foods Standards Council (FFSC). Inaugural report.

[http://www.fairfoodstandards.org/reports/FFP\\_2011-13\\_web\\_v1.0.pdf](http://www.fairfoodstandards.org/reports/FFP_2011-13_web_v1.0.pdf)

Global March against Child Labour. "Not Made by Children" Intervention strategy.

<http://www.globalmarch.org/campaigns/not-made-by-children%29>

Global March against Child Labour. Toolkit.

<http://www.globalmarch.org/sites/default/files/ToolKit.pdf>

ILO. Sustaining Competitive and Responsible Enterprises (SCORE) programme.

[http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms\\_238688.pdf%29](http://www.ilo.org/wcmsp5/groups/public/---dgreports/---exrel/documents/publication/wcms_238688.pdf%29)

ILO and UN Global Compact Child Labour Platform.

<http://www.ilo.org/ipec/Action/CSR/clp/lang--en/index.htm>

ILO. VAMAS Code of Conduct.

[http://www.ilo.org/asia/whatwedo/publications/WCMS\\_219762/lang--en/index.htm](http://www.ilo.org/asia/whatwedo/publications/WCMS_219762/lang--en/index.htm)

ILO. VAMAS Code of Conduct First Evaluation Report.

[http://www.ilo.org/sapfl/Informationresources/NonILOpublications/WCMS\\_145267/lang--en/index.htm](http://www.ilo.org/sapfl/Informationresources/NonILOpublications/WCMS_145267/lang--en/index.htm)

In Context. 2014. Business and human rights: Where to start?

[http://www.contextsustainability.com/wp-content/uploads/2014/09/In-Context-Autumn-2014\\_CTX\\_final.pdf](http://www.contextsustainability.com/wp-content/uploads/2014/09/In-Context-Autumn-2014_CTX_final.pdf)

OHCHR. 2011. Guiding principles on business and human rights (New York, Geneva).

[http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

OHCHR. 2012. Corporate responsibility to respect human rights. An interpretive guide (New York, Geneva).

<http://www.ohchr.org/Documents/Issues/Business/RtRInterpretativeGuide.pdf>

OHCHR. 2013. Report of the Special Rapporteur on trafficking in persons, especially women and children, Joy Ngozi Ezeilo. Expert consultation on human trafficking and global supply chains (A/HRC/23/48/Add.4).

[http://www.ohchr.org/Documents/Issues/Trafficking/A-HRC-23-48-Add-4\\_en.pdf](http://www.ohchr.org/Documents/Issues/Trafficking/A-HRC-23-48-Add-4_en.pdf)

Terre Des Hommes. 2014. The child's journey in search of rights. Determining and addressing points of vulnerability in independent child migration in Thailand. <http://terredeshommesnl.org/download/110>

UNIAP. 2013. After Trafficking: Experiences and Challenges in the (Re)integration of trafficked persons in the Greater Mekong Sub-region.

[http://www.nexusinstitute.net/publications/pdfs/After%20trafficking\\_Experiences%20and%20challenges%20in%20\(Re\)integration%20in%20the%20GMS.pdf](http://www.nexusinstitute.net/publications/pdfs/After%20trafficking_Experiences%20and%20challenges%20in%20(Re)integration%20in%20the%20GMS.pdf)