



# Responsible business conduct in global supply chains in Asia

## Decent work challenges in global supply chains

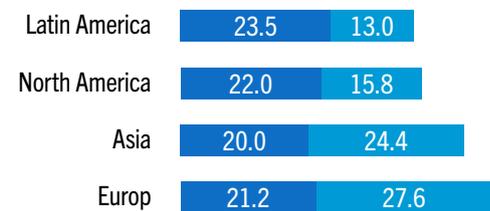
The term 'global supply chain' (GSC) refers to the cross-border organization of the activities required to produce goods or services and bring them to consumers through inputs and various phases of development, production and delivery (ILO).<sup>1</sup> Products may cross several borders in GSCs in different stages of production before they are turned into final goods. In 2018, Europe had the highest GSC participation index at 48.8. Asia ranked second with an index of 44.4. Among the countries

covered by the ILO-OECD Responsible Supply Chains in Asia (RSCA) programme in Asia, Vietnam, Thailand, and Philippines had a higher backward participation index than forward participation. In backward participation, the economy imports intermediates to produce its exports. On the other hand, Japan, China, and Myanmar had a higher forward participation index than backward participation. In forward GSC participation, the economy exports domestically produced inputs to partners in charge of downstream production stages. Since the mid-2000s, a greater percentage of trade in most developing countries flowed

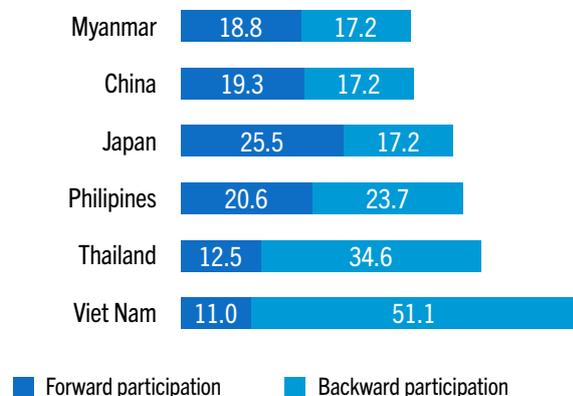
1 The term 'global supply chains' is inclusive of foreign direct investment (FDI) by multinational enterprises (MNEs) in wholly owned subsidiaries; in joint ventures in which the MNE has direct responsibility for the employment relationship; and in international sourcing models, where the engagement of lead firms is defined by contractual arrangements with their suppliers and subcontracted firms.

to other developing economies, rather than to developed economies, where higher attention is paid to compliance to labour, environmental, and other social standards (ILO 2020).

**Figure 1. GSC Participation Index, 2018**



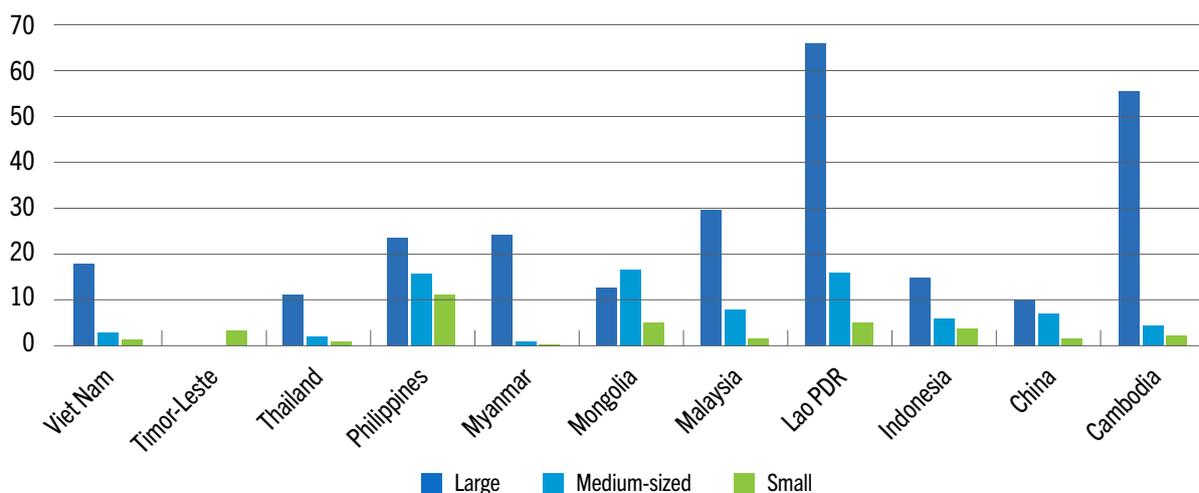
**GSC participation index in countries covered by RSCA programme, 2018**



Source: WTO calculations based on the OECD TiVA Databases.

In many cases the lead firms, which are usually multinational enterprises (MNEs), are engaged in the pre- and/or postproduction phases, and play a prominent role in the distribution of value among the different actors across the chain. Lead firms coordinate, manage, and orchestrate geographically dispersed economic activities. During recent years, production activities have been increasingly undertaken by enterprises with no equity links to the MNEs, and rather engage with subsidiaries, or through joint venture agreements. Based on the World Bank Enterprise Surveys, the percentage number of enterprises in East and Southeast Asia countries with at least 10% foreign ownership is less than 30%, except in Lao PDR and Cambodia. The inward FDI is primarily concentrated in large firms. Small firms most commonly participate in GSCs as second-tier suppliers of large domestic and foreign-owned firms that participate directly in GSCs. This limited liability of separate corporate entities, coupled with fragmented production across many borders may, and has indeed posed significant challenges for ensuring accountability for employment-related rights (ILO 2020).

**Figure 2. Percentage of firms with at least 10% foreign ownership, East and Southeast Asia Region (%)**



Source: Shepherd and Prakash 2021; World Bank Enterprise Surveys

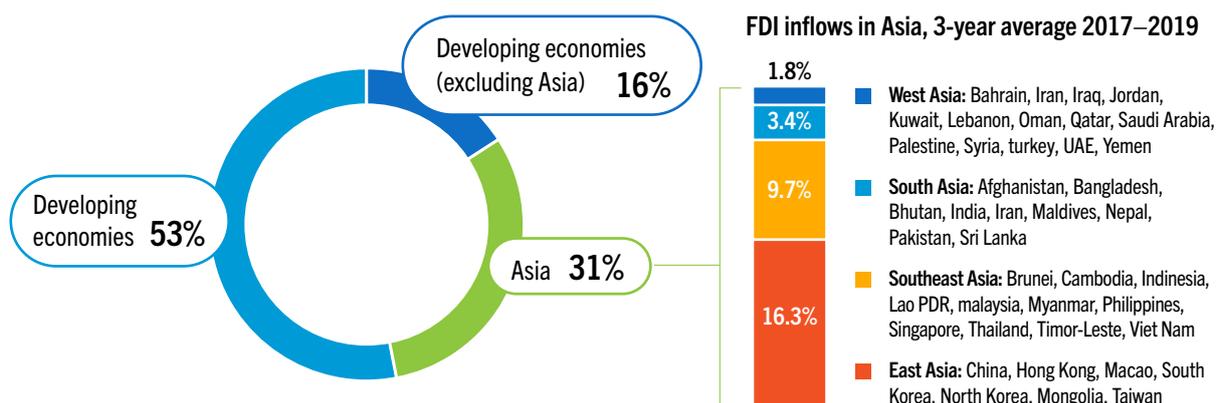
In many cases, lead firms have difficulties enforcing their codes of conduct, which often include labour standards, beyond tier 1 suppliers. Workplaces below the level of tier 1 suppliers often host the poorest working conditions, but frequently remain out of reach of audits commissioned by lead firms and/or government inspections. There are also instances of overlapping supply chain networks, where no single global lead firm predominates and where various lead firms can apply different (sometimes conflicting) standards (ILO 2016). In this situation, lead firms face some difficulties in enforcing labour standards and their code of conduct across the whole chain. The lack of harmonization of codes of conduct by lead firms also increases practical difficulties for effective implementation, which includes the costs of monitoring and compliance among suppliers.

The long-standing and pervasive barriers to achieving decent work in global supply chains have been extensively analyzed.<sup>2</sup> Many of these have been exacerbated by the effects of the COVID-19 pandemic, which has had disrupted the efficiency of many GVCs through the wide range of government

measures introduced to control the spread of the COVID-19 virus. The COVID-19 crisis has caused steep decline in consumer demand. More than 200 million jobs in global supply chains for manufacturing suffered from high or medium adverse impacts, with workers in low middle income countries most impacted (ILO 2021). The Asia-Pacific region was one of the hardest-hit by the adverse effects of the global pandemic.<sup>3</sup> Key negative impacts included termination, reduction in working hours, labour income reduction, and deterioration of working conditions. The most impacted sectors were electronics and garments, where women comprised more than a third of the workforce. The COVID-19 crisis has also amplified the vulnerabilities faced by informal workers in GSCs. Recovery from the COVID-19 crisis has been vacillating as new variants of the virus emerge, and may also be further compromised by the Ukraine- Russia conflict, which has caused a steep increase in energy prices. The disruptive impact of the COVID-19 crisis on supply chains, rising labour and transportation costs, and increasing automation may drive the reshoring of production for some GSC products to home countries or regions of MNEs.

## Global supply chains in Asia: generating decent work in this sector through responsible business practices

Figure 3. FDI inflows by region, 3-year average 2017-2019



Source: UNCTAD

- See ILO, 2019, “Decent work in global supply chains: An internal research review”, *Research Department Working Paper No. 47*, Geneva, ILO; ILO, 2020, “Background report for the technical Meeting on Achieving Decent Work in Global Supply Chains”, Geneva, ILO; and ILO, 2016, “Decent work in global supply chains”, Report IV, International Labour Conference, 105th Session, 2016, Geneva, ILO.
- See ILO, 2021, “COVID-19 and multinational enterprises: Impacts on FDI, trade and decent work in Asia and the Pacific”, Bangkok, ILO.

Asian countries are among the most attractive destinations for foreign domestic investments (FDIs) and have emerged as manufacturing hubs of GSCs, primarily due to the cost attractiveness, availability of labour, trade friendly policies and free trade agreements, and robust infrastructure and logistics (KPMG 2021). During the period 2017 to 2019, Asia received 31.1% of the global FDI inflow, and of which, East Asia got the highest share at 16.3% (UNCTAD). Southeast Asia had the second highest share at 9.7%. Starting in mid-2010s, China became dominant both in size as well as the central hub. Japan and South Korea are the supporting hubs (Okubo and Turkki 2021). Vietnam

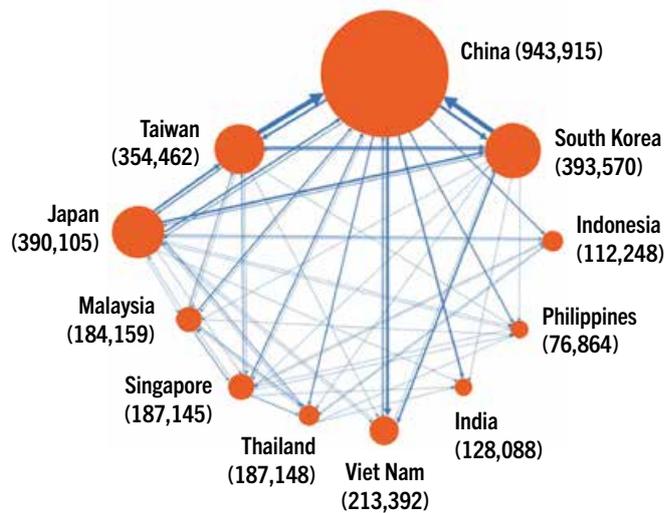
and Malaysia are the rising stars. Despite these developments, the disruptions to GSCs caused by the COVID-19 crisis and geo-political events are prompting MNEs to reconfigure their business strategies to reduce dependency on China.

Large portions of global supply chains originate in the Asia-Pacific region. Asia-Pacific dominates in GSC-intermediate products, as opposed to export and import of final products (ILO 2016). The primary intermediate goods exported from Asia-Pacific are from the apparel and footwear, automotive, agro-food and seafood, paper and wood, and electronics industries.

Figure 4. Asian supply chain, 2019

**China solidify its links to SEA to solidify hub and spoke system in Asia**

Intermediate trade goods flow by value (US\$m) 2019



2019 Trade flows:

- South Korea eclipses Japan as 2<sup>nd</sup> largest hub
- Vietnam becomes an important supply-chain player in the region
- India lags behind Vietnam
- Important new South Korea-Vietnam link
- As bilateral trade between SEA and China grows. Inter-SEA trade linkages declines in relative importance

Chart updated from RIETI Discussion Paper Series 14-E-066.

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Compiled with UN comtrade data intermediate trade goods: BEC classification 22, 42, 53

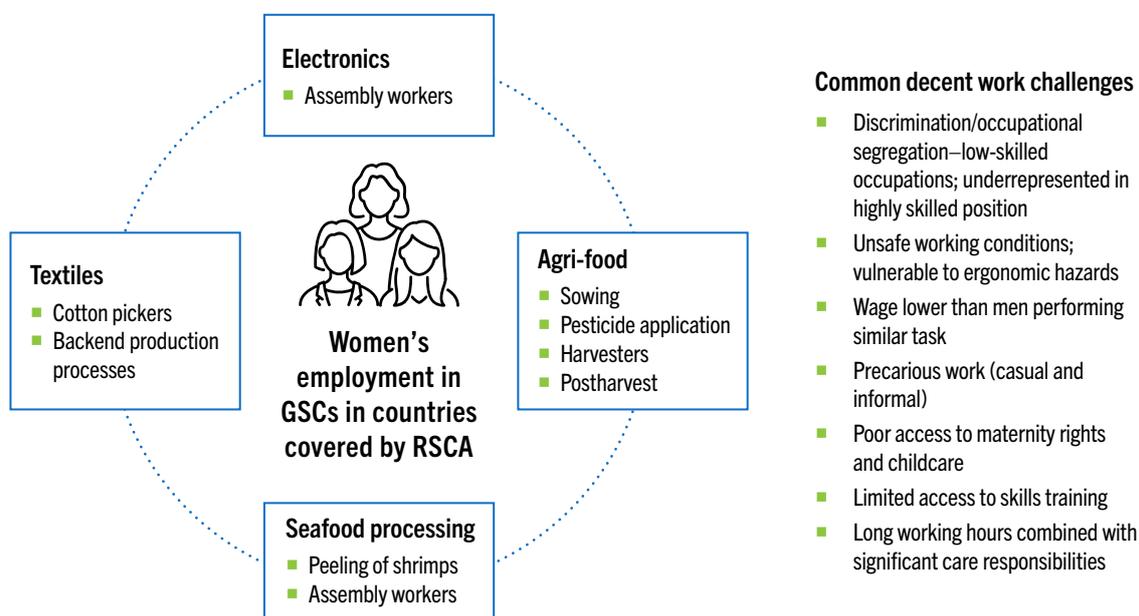


GSCs in Asia have evolved to support low-cost production and just-in-time logistics, lowering the cost of doing business across borders (Asialink Business 2021). However, just-in-time manufacturing and the need to keep costs low in order to be competitive has resulted in suppliers

in Asia competing on the basis of price and speed. Downward price pressures through the supply chain can result in cost-cutting measures and insufficient investment into safe working conditions, decent wages, and adherence to national and international labour standards.

## Employment Promotion

Figure 5. Women's employment in GSCs

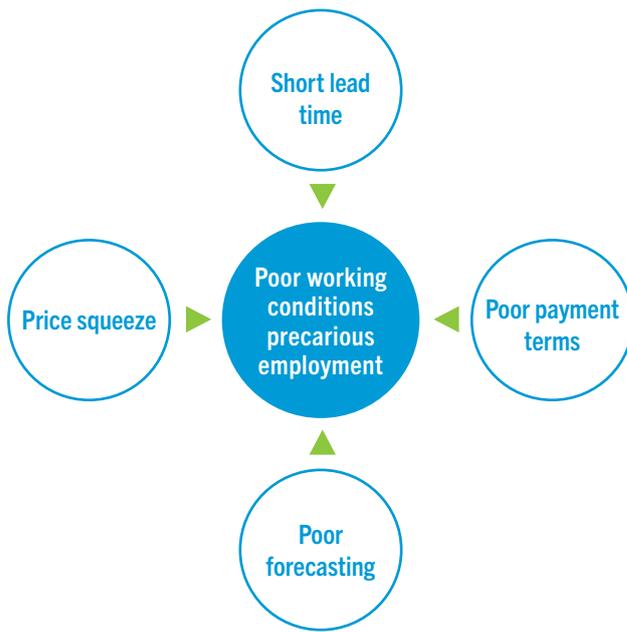


A country or region may be involved in 'assembly' and/or production of parts and components. High technology production processes tend to be associated with strong demand for skilled labour, higher wages, and greater likelihood of formal permanent employment with men as the more dominant workforce. Jobs in assembly operations, which are usually performed by women workers, are generally low wage and low skill.

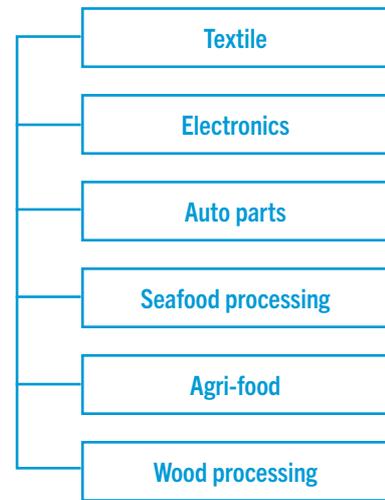
GSCs provide opportunities for employment for women and men. An estimated 467 million jobs are associated to global supply chains for manufacturing in fifteen<sup>4</sup> economies in the Asia and Pacific region (ILO 2021). However, the majority of jobs accessible to women tend to be located in lower value-added segments of the chain and are paid less than men. Gender stereotypes and the lack of access of many women to training and education contribute to their inability to take advantage of increasing demand for higher technical skills generated by GSCs.

The sectoral studies conducted under the framework of the RSCA programme indicated that many of the workers in GSCs do not enjoy security of employment. In the agri-food sector in Thailand, for example, informal workers comprised 92% of the workforce in the agri-food sector. Labour contractualization in the Philippine agri-food GSCs denies workers a pathway to permanent employment via five-month contracts. Although the Chinese Labour Law stipulates that only a maximum of 10 percent of a company's employees can be part-time workers, electronics and textile companies are able to circumvent this provision by outsourcing labour to cut costs and enhance flexibility. Many of the workers in the seafood processing sector in Vietnam do not have formal contracts of employment. Some Vietnamese seafood companies use continuous short-term contracts for subcontracted workers, contrary to labour law.

4 These countries cover about 86 per cent of the labour force in the Asia and the Pacific region.



GSCs in countries covered by the RSCA in which the procurement practices are dominant



Precarious employment and poor working conditions are, oftentimes, rooted in sourcing practices of lead firms coupled by weak enforcement of regulations in supplier countries. An increasing number of suppliers use labour contracting as a strategy to remain flexible to fragmentary orders and fluctuations in the volume and range of goods ordered while keeping labour and overhead costs low to sustain price competitiveness. Such bad labour practices create unfair competition for suppliers who do comply with labour regulations and international labour standards.

Excessive working hours in enterprises producing directly or indirectly for global brands are common and widespread. The frequent overtimes and extended working hours are direct results of short timeframes for delivery of orders. The situation is further aggravated when overtime work is not properly compensated, and is imposed on workers rather than being voluntary. On the other hand, many workers welcome the opportunity to work extended hours as a means of at least earning a living income. Based on the RSCA study findings, excessive working hours are most prevalent in the following: (i) seafood processing sectors in Myanmar and Vietnam; (ii) agri-food sector in Thailand; and (iii) electronics and textile sectors in China.

Labour recruiters and employment agencies are major support actors in global supply chains. The risks of exploitation of outsourced workers, especially migrants, are further aggravated when labour recruiters and employment agencies operate in regulatory grey zones where their responsibilities for worker protection are unclear and employment practices are unregulated and unchecked. Unethical and unfair recruitment and employment practices can be major obstacles to the realization of decent work in GVC and contribute to incidences of forced and child labour. In 2017, there were 152 million child labourers and 16 million of the 24.9 million people trapped in forced labour were exploited in the private sector (ILO 2017) (UNGC 2019).

### Training and skills development

Participating in GVCs opens opportunities for knowledge transfer between enterprises and, thereby, catalyses industrial upgrading, which can potentially result to better employment opportunities. In some cases, however, countries participating in GSCs may also find themselves locked into low value-added activities with tight profit margins, which may increase the pressure to cut labour costs and compromise respect for labour standards, especially if countries have gaps in their labour regulatory framework and/or enforcement

The fourth industrial revolution (Industry 4.0) brings new opportunities for developing countries to engage in and achieve the benefits of GVC participation. New technologies in the production process can boost productivity, drive down costs, and support the speed of technological diffusion and catch-up. There is, however, a risk that robotics will displace large numbers of low skilled workers especially those in assembly jobs. Job losses resulting from technological advances have a disproportionate impact on women. This implies the need to upskill workers especially women to enable them to take on knowledge- and skills-intensive jobs

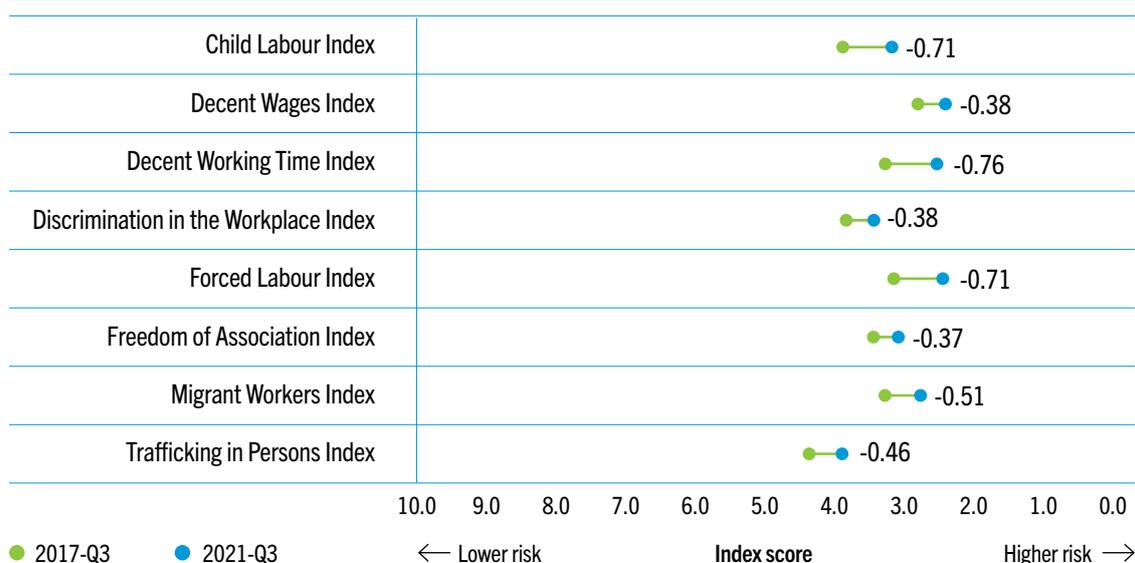
## Conditions of work

The Verisk Maplecroft risk indices show that issues such as child labour, discrimination, forced labour, health and safety, and the exploitation of migrants in global supply chains have worsened for the past five years. Figure 3 shows the average shows the average decline in risk score across eleven key sourcing countries, of which ten are in Asia. The deterioration of working conditions was partly attributed to the COVID-19 crisis. Labour rights violations were most prevalent among workers in non-standard forms of employment.

**Figure 6. Decent work at a glance**

### Verisk Maplecroft labour right risk indices

Countries covered: Bangladesh, Cambodia, China, India, Indonesia, Malaysia, Mexico, Pakistan, Philippines, Sri Lanka and Viet Nam



### Change in OSH index and risk category in selected GSC manufacturing hubs in Asia

Country	Score change from 2017 1 <sup>st</sup> Q to 2021 1 <sup>st</sup> Q	Risk Category
<b>Myanmar</b>	-1.45	<b>Extreme</b>
<b>Sri Lanka</b>	-1.23	<b>High</b>
<b>Indonesia</b>	-0.92	<b>High</b>
<b>Bangladesh</b>	-0.78	<b>Extreme</b>
<b>India</b>	-0.58	<b>Extreme</b>
<b>Cambodia</b>	-0.33	<b>High</b>

Source: Verisk Maplecroft

## Industrial relations

Trade union density is generally low in many supplier countries due to any or all of the following:

- a) Legal restriction on freedom of association either at the national level or industrial zones: In Thailand, for example, migrant workers, who comprise the majority of the workers in the agri-food industry, are not permitted to form or become board members or office holders of registered trade unions. Thai laws do not guarantee the right of agricultural workers to form unions. In Vietnam and China, trade unions are affiliated to state-controlled organization, which to a significant extent undermines genuine worker representation.
- b) Dominance of outsourced workers and workers in the informal sector who, oftentimes, are outside the reach of existing trade unions situated in formal enterprises/tier 1 suppliers: The majority of the workers in the agri-food supply chains in the Philippines are contractual workers hired through labour brokers for a period of five months per contract. In most cases, these contractual workers are not members of trade unions.

- c) Workers are afraid to organize due to threat of dismissal: Legal protection against anti-union discrimination is inadequate in all countries and sectors covered by the RSCA programme. The widespread use of short-term contracts also presents a barrier for workers to organise or join trade unions, as employers can easily dismiss them. An overall enterprise landscape that is characterized by a high degree of informality creates additional challenges for promoting freedom of association and decent work as a whole.

## Working towards responsible supply chains in Asia: Good Practices

In response to labour rights infringements in GSCs in Asia, a growing number of MNEs are working towards improving the visibility of their supply chains beyond the first-tier level through supply chain mapping to realise their corporate social responsibility (CSR) policies. CSR helps MNEs to manage and address risk of labour rights violations in their supply chains and, thereby, protect their brand's reputation. Studies have shown that chainwide respect for labour rights contribute to improved economic performance.

## Good socially responsible labour practices

The following are highlights of the steps taken by the different GSCs in focus countries of the RSCA programme to foster socially responsible labour practices:

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### Agri-food GSC (Myanmar, Philippines, and Thailand)

- **Improving the implementation of due diligence measures in supply chains:** An increasing number of importers and multinational retailers of agri-food products from Thailand (e.g., pineapple and broiler products) are leveraging their position as buyers to engage more closely with Thai suppliers and their supply chains to ensure due diligence recommendations are effectively implemented. Global buyers are also beginning to integrate socially responsible labour practices into supplier contracts.
- **Initiatives to address recruitment fees charged to migrant workers and labour abuses:** Initiatives are gaining momentum among importers (e.g., Swedish importers, Tesco) and Thai companies (e.g., Charoen Pokphand Foods). Key initiatives implemented by major importers and Thai companies include the following: (i) an advocacy campaign for total eradication of migrant worker payment of recruitment fees and inclusion of 'employer pay principle' in supplier code of conduct; (ii) recruitment of workers under the Thai government's Memorandum of Understanding with the neighbouring countries and through certified agencies at the countries of origin; (iii) training migrant workers on work conditions, contract provisions, rights, and grievance mechanisms; and (iv) establishment of grievance mechanisms, with migrant workers as among the target audiences.
- **Strengthening worker voice and participation:** Given that a significant number of workers in pineapple plantations and processing companies in the Philippines are seasonal/contractual workers that face barriers in joining trade unions, Del Monte Philippines established alternative and democratic worker representation groups called the Labour Management Councils (LMCs). The objectives of these LMCs are to: (i) sustain a safe and secure work environment; (ii) promote a diverse workforce and employee development; (iii) address conflict management; (iv) create a positive work environment and ensure a conducive work-life balance; (v) improve productivity; and (vi) engage in corporate social responsibility initiatives.
- **Improving contractual arrangements for farmer suppliers:** Fair contract farming agreements are helping to drive progress towards a decent income for farmers and farm workers in Philippines, Thailand, and Myanmar. Contract farming also facilitates farmers and farm workers' access to training, inputs, and credit. Some companies especially multinational enterprises have also included provisions that promote occupational safety and health and prohibit forced and child labour.

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### Seafood processing (Myanmar and Vietnam)

- **Strengthening compliance with CSR and RBC measures in supply chains:** Tesco and supply chain partners Hilton Food Group, Westbridge Foods Ltd., and Vietnam-based Amanda Seafood regularly conduct an assessment to identify and assess the human rights impacts of their business activities on workers in the Vietnamese shrimp industry. Supply chains are assisted in complying with Tesco's supplier code of conduct through regular due diligence, and acting on decent work challenges identified. The company and its partners openly discuss orders, forecasting and any potential issues, as well as agree on order volumes 12 months ahead. This allows all the partners to plan and prepare for each upcoming season, as well as contribute to advancing job security.

## Good socially responsible labour practices

### Auto Parts (Japan and Thailand)

- **Advancing safety and health measures in supply chains:** Japanese lead firms apply different strategies and instruments to advance occupational safety and health to workers across their supply chains. These actions are often part of a broader sustainable supply-chain management approach, and focus on the selection, auditing, monitoring, and training of the suppliers concerned. Toyota Thailand, for example, have integrated OSH in their supplier code of conduct for Tiers 1 and 2 suppliers.

### Electronics (China and Japan)

- **Investing in workers' training and education:** It is becoming more common for lead firms and Tier 1 suppliers to invest in training and education of workers. Bosch Suzhou, for example, invests nearly 10 million yuan in project funds each year for apprenticeships. The operation of electronic supply chains normally leads to the transfer of technology to the host economy, in addition to generating substantial employment.

### Textiles (China)

- **Mitigating risks of child labour in supply chains:** To reduce risk of child labour, companies such as Shenzhou International require new employees to provide their identity document so as to verify his/her actual age. When in doubt, further verification is made through the public identification system. The company has also launched the "Shenzhou e-Home", a multi-channel staff service platform with functions such as receipt of anonymous complaints and enquiries, information release, online learning and questionnaires.
- **Contributing to technological upgrading in host countries:** Tier 1 companies, especially those selling to global brands, provide training to workers and invest in technological upgrading. In line with the cluster-based industrial policy of China, the provincial and municipal governments worked with the firms and universities to initiate training and designing centres to strengthen clustering among small- and medium firms. A number of lead firms have established training institutes.

### Wood processing (Vietnam)

- **Building the capacity of suppliers to meet international standards:** Multinational enterprises such as IKEA provide technical assistance and capacity-building support to its suppliers, and provide capital to its suppliers whenever necessary. These support services have enabled IKEA suppliers in Vietnam to manufacture products that meet the rigorous requirements of different export markets.
- **Establishing long-term and sustainable business relationships:** Vietnam suppliers such as Scansia Pacific Company are assured of long-term business relationship with IKEA, in turn, wood processing companies sign contracts with household groups with established plantation forest areas. Contracts are signed with a designated member of a household "group," representative of cooperatives or other networks.



# The way forward

## The ILO MNE Declaration

Corporate social responsibility (CSR) as defined by the International Labour Organization (ILO) is “a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and their interaction with other actors.” The main guiding instrument regarding the labour dimension of CSR or responsible business conduct (RBC) is the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), which was adopted in 1997 and most recently updated in 2017. The MNE Declaration sets out principles in the fields of general policies, employment, training, conditions of work and life and industrial relations which governments, employers and workers organizations and multinational and national enterprises are recommended to observe on a voluntary basis.



How a company relates with its workers, suppliers, host communities, and the marketplace can greatly contribute to the sustainability of its business success. For companies to stay productive, competitive, and relevant in the face of rapid globalization, they have to become environmentally viable and socially responsible. Labour related CSR entails companies taking responsibility for their impacts on decent work throughout their operations and with their business partners and identifying ways to enhance their positive contribution to decent work in dialogue with their workers, suppliers, host communities, and buyers. Responsible businesses create social value by addressing needs and challenges of their stakeholders while simultaneously creating their own economic value.

The policy recommendations outlined below are aimed at fostering the integration of socially responsible business practices as a core part of the social and economic recovery from the COVID-19 crisis of the global supply chains in Asia. These policy recommendations are based on emerging good practices of MNEs sourcing

in Asia as well as proposals put forward by participants during the comprehensive range of awareness-raising and capacity-building events, as well as the forums for exchanges and policy dialogues organized by the Responsible Supply Chains in Asia (RSCA) programme.<sup>5</sup>

Policy recommendation	Stakeholders
<p>a) MNEs should harmonize their CSR at the industry and regional levels, as well as streamline their policies, processes, and instruments. This will help prevent competitive pressures from eroding labour standards, promote chainwide social upgrading, and reduce compliance and reporting burden and costs. Establishing a harmonized CSR/RBC framework may provide opportunities for global buyers, especially those sharing the same suppliers, to pool resources to advance improvements in working conditions in their shared factories. The harmonization of CSR policies can be facilitated by the ILO and civil society organizations (CSOs) specialized in labour and human rights.</p>	<ul style="list-style-type: none"> <li>■ MNEs</li> <li>■ ILO</li> <li>■ CSO</li> </ul>
<p>b) MNEs and enterprises across all functions in their supply chains, should build long-term, mutually beneficial relationships to promote process and product upgrading, and responsible business conduct. Enhanced communication and trust between and among actors in supply chains can lead to improved supply chain governance, which should include adoption of socially responsible labour practices.</p>	<ul style="list-style-type: none"> <li>■ MNEs</li> <li>■ Tier 1 suppliers</li> </ul>
<p>c) MNEs should ensure that their CSR policies explicitly cover workers beyond tier 1 suppliers. This would entail investment in supply chain mapping and robust due diligence system.</p>	<ul style="list-style-type: none"> <li>■ MNEs</li> </ul>
<p>d) MNEs should align their procurement practices with CSR/RBC commitments. They should make performance on labour standard issues an equally important criteria in selecting suppliers and subcontractors.</p>	<ul style="list-style-type: none"> <li>■ MNEs</li> </ul>
<p>e) Governments, in partnership with relevant industry actors, should promote the set-up of grievance mechanisms at different levels (i.e., industry, regional and national levels, MNE, firm level, trade union). This will: (i) provide workers and market actors a wider choice of channels to voice their concerns; (ii) promote greater transparency on CSR implementation and progress; and (iii) serve as an early risk warning system.</p>	<ul style="list-style-type: none"> <li>■ Government</li> <li>■ MNEs</li> <li>■ Suppliers</li> <li>■ Trade unions</li> <li>■ CSOs</li> </ul>
<p>f) Governments, with the assistance of the ILO, should improve quality of national labour regulations and enforcement, and ensure that these are aligned with international standards.</p>	<ul style="list-style-type: none"> <li>■ Government</li> <li>■ ILO</li> </ul>
<p>g) Governments, in partnership with the ILO, other international development partners, CSOs, and MNEs, should develop the capacity of enterprises on implementing international and national labour standards in workplaces, as a means to provide decent employment that contributes to business productivity and competitiveness.</p>	<ul style="list-style-type: none"> <li>■ Government</li> <li>■ ILO</li> <li>■ Other international development partners</li> <li>■ CSOs</li> <li>■ MNEs</li> </ul>

<sup>5</sup> Please refer to the range of RSCA Country Policy Briefs for a detailed overview of the events organized under the programme. See also, <https://www.ilo.org/asia/projects/rsca/lang--en/index.htm>

Policy recommendation	Stakeholders
<p>h) Governments should mainstream CSR requirements in enterprise promotion policies, foreign and domestic investment screening, as well as incentive, business licensing, etc. Governments should also consider establishing a sustainable platform for engaging in CSR/RBC, such as through the tripartite appointment of a national focal point for the promotion of the MNE Declaration.</p>	<ul style="list-style-type: none"> <li>■ Government</li> </ul>
<p>i) Governments, with the assistance of the ILO and other development partners, should establish mechanisms such as social dialogues to bring together the various public sector agencies, MNEs, enterprises, CSOs, trade unions, and academe, to collaborate and share knowledge on emerging good practices on CSR/RBC.</p> <p>This should include cross-border social dialogue to facilitate the institutionalization of an integrated approach to promoting decent work in global supply chains.</p>	<ul style="list-style-type: none"> <li>■ Government</li> <li>■ ILO</li> <li>■ Other development partners</li> </ul>
<p>j) Governments, with the assistance of the ILO, should develop a clear policy and training programme for recruitment/employment agencies to enhance their capacity to provide socially responsible business practices. Parallel to this, MNEs should use their leverage to promote the use of socially responsible employment service agencies among their suppliers.</p>	<ul style="list-style-type: none"> <li>■ Government</li> <li>■ ILO</li> <li>■ Employment agencies</li> <li>■ MNEs</li> </ul>
<p>k) Governments, in partnership with MNEs and academe, should upgrade their existing education and vocational training ecosystems to ensure the responsiveness of workforces to labour market needs in GSCs.</p>	<ul style="list-style-type: none"> <li>■ Government</li> <li>■ Academe</li> <li>■ MNEs</li> </ul>
<p>l) Governments should improve the enabling environment for the exercise of freedom of association and the right to collective bargaining through the following proposed actions: (i) ratification of ILO Conventions 87 and 98, parallel to the amendment of national labour laws to align with the provisions of these standards; (ii) removal of legal provisions in national laws that discriminate against or exclude migrant workers and informal workers from forming and/or joining a trade union; and (iii) enhancing legal protection measures for union members and their leaders, including protection from dismissal or discrimination for any activities related to the exercise of freedom of association and right to collective bargaining.</p>	<ul style="list-style-type: none"> <li>■ Government</li> </ul>
<p>m) International trade unions, with the support of ILO, should build the capacity of national trade unions to actively participate in upgrading CSR/RBC implementation at their workplaces, parallel to improving their access to grievance mechanisms and remedy that guarantee non-retaliation against workers.</p>	<ul style="list-style-type: none"> <li>■ Trade unions</li> <li>■ International trade unions</li> </ul>

## For more information:

MNE Declaration web portal – [www.ilo.org/mnedeclaration](http://www.ilo.org/mnedeclaration)

Responsible Supply Chains in Asia

<https://www.ilo.org/asia/projects/rsca/lang--en/index.htm>

Responsible Supply Chains in Asia – Vietnam

[https://www.ilo.org/hanoi/Whatwedo/Projects/WCMS\\_632390/lang--en/index.htm](https://www.ilo.org/hanoi/Whatwedo/Projects/WCMS_632390/lang--en/index.htm)

Labour Standards in Global Supply Chains: An ILO training module for SMEs and other enterprises

[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/instructionalmaterial/wcms\\_725761.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/instructionalmaterial/wcms_725761.pdf)

Labour Standards in Global Supply Chains (Burmese language)

[https://www.ilo.org/yangon/publications/WCMS\\_835471/lang--en/index.htm](https://www.ilo.org/yangon/publications/WCMS_835471/lang--en/index.htm)

ILO Helpdesk for Business on international labour standards ([www.ilo.org/business](http://www.ilo.org/business))

How to align corporate policies and practices with International ILS and build good industrial relations

Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/--multi/documents/publication/wcms\\_094386.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/--multi/documents/publication/wcms_094386.pdf)

[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_684935.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_684935.pdf)

Responsible Business: Key Messages from International Instruments

[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms\\_724747.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/publication/wcms_724747.pdf)

Labour Issues in CSR: Examples from the ILO Helpdesk for Business Q & A

[https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/instructionalmaterial/wcms\\_740229.pdf](https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/instructionalmaterial/wcms_740229.pdf)

ILO company-union dialogue facilitation

[https://www.ilo.org/empent/areas/mne-declaration/WCMS\\_572115/lang--en/index.htm](https://www.ilo.org/empent/areas/mne-declaration/WCMS_572115/lang--en/index.htm)

Measurement for the employment and labour-related impacts of the Multinational Enterprises (MNEs)

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---multi/documents/publication/wcms\\_620788.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_620788.pdf)

The ILO MNE Declaration: What's in it for Workers?

[https://www.ilo.org/wcmsp5/groups/public/---ed\\_dialogue/---actrav/documents/publication/wcms\\_627351.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---actrav/documents/publication/wcms_627351.pdf)

Engaging multinational enterprises on more and better jobs

[http://www.oit.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---multi/documents/publication/wcms\\_175477.pdf](http://www.oit.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_175477.pdf)

Responsible business -- labour standards in global supply chains

<https://www.itcilo.org/courses/responsible-business-meeting-labour-standards-global-supply-chains> - rolled out together with the ILO SCORE programme, targeting SMEs in global supply chains (enhance manager-workers workplace cooperation)

# Responsible Supply Chains in Asia (RSCA) Programme

The “Responsible Supply Chains in Asia” (RSCA) programme (RAS/16/13/EUR) is a programme developed by the European Union together with the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD). The programme promotes corporate social responsibility (CSR) / responsible business conduct (RBC) with regard to the environment, decent work and the respect of human rights.

This initiative is a part of the EU’s long-standing commitment to promote human rights, decent work and sustainable development, a pledge underpinned by the EU Treaties and reinforced in the European Commission’s trade policy strategy of 2015 “Trade for All”. It falls in particular under the Commission’s commitment to identify opportunities for responsible supply chain

partnerships and the EU’s strategic approach to responsible business conduct, which is based on internationally agreed principles and guidelines. It will also contribute to the EU strategic approach to CSR/RBC as put forward in the Commission 2011 Communication “A renewed EU strategy 2011-14 for Corporate Social Responsibility.”

The four-year programme (2018-2021), carried out in collaboration with Japan, China, Myanmar, Philippines, Thailand and Vietnam, has two broad objectives to:

- a) Promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding of corporate social responsibility;
- b) Create policy environments conducive to promoting responsible business conduct and increased opportunities for dialogue.

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