

SUMMARY WORKSHOP REPORT

Consultation on the ILO Global Business Network on Forced Labour and Human Trafficking

06th February 2018, The Walt Disney Studio Lot
Burbank, California

Background

On 6th February 2018, the International Labour Organization (ILO), in collaboration with the United States Council for International Business (USCIB) and hosted by The Walt Disney Company, convened 36 experts and practitioners for a one day workshop to share insights into the modern characteristics of forced labour, to explore collaborative efforts that have arisen in recent years to address the issue, and to identify priorities for action that US-based companies would like to see taken forward by the *ILO Global Business Network*. Participants included major global brands and private-sector initiatives. The workshop was conducted under the Chatham House Rule.

Below is a summary of the discussion and a selection of key points.

Context

- The rise of supply chain transparency and due diligence laws is predicted to continue and while recognized as a positive step towards promoting greater awareness and possible an even playing field, lack of harmonization across jurisdictions could lead to the unintended consequence of draining company time, resources and capacity away from implementation towards reporting activities;
- While the dominant discourse around forced labour and human trafficking tends to centre on the responsibility of multinational firms within their global supply chains, more work is needed to understand and address the underlying structural factors which give rise to the vulnerabilities and weaknesses exploited by criminals;
- Addressing freedom of movement, recruitment fees, and document retention is at the forefront of current business efforts to tackle the issues across sectors;
- Companies are dealing with a number of social and environmental risks throughout the supply chain which can compete for priority and attention with these issues;
- Many companies have begun to bring together their corporate social responsibility/sustainability/human rights units with procurement/purchasing departments to build a common strategy for ethical sourcing;
- There is room for improvement when it comes to harmonizing programs and expectations (i.e the audit) and a tendency to focus on process vs impact (i.e. training);
- Pressure for a fast return on investment presents challenges both in terms of influencing sourcing decisions and the way companies view opportunities to collaborate;
- There is a significant amount of available data today but it is not always clear which data is the most meaningful;
- While new technologies have promise, particularly in terms of working at scale, the need for human intervention is likely to continue;

- Rule of law is a necessary but not sufficient condition and differences between national, provincial and international law continues to complicate work, as does tension between cultural norms and international standards;
- Competition for foreign investment can incentivize some Governments not to disclose or acknowledge that problems exist, while companies rarely get credit for self-disclosure or their efforts to prevent these issues from arising in the first place;
- Despite significant investment and the expertise built up around these issues, there remain a number of questions that need to be addressed, for example:
 - *Of those in FL, what percentage are in global supply chains or export oriented sectors versus other sectors of the economy?*
 - *What percentage of FL is among SMEs?*
 - *What role does price pressure and purchasing practices realistically play?*
 - *How can we work with people born into slavery who don't understand or recognize that they are in forced labour?*

Business collaboration

- Collaboration between businesses and with other stakeholders is viewed as a vehicle for moving from policy to practice, but only through closer coordination and alignment between initiatives can collective impact be realized;
- There has been a tendency for collaborations and collaborators to stretch into areas beyond their core competencies and experience;
- There is a need to ensure initiatives do not duplicate each other and to avoid creating impediments or distraction for practitioners on the ground;
- Collective action at all stages from concept through implementation to measurement of impact is less common;
- The growing number of initiatives, principles, guidelines and resources have become challenging for firms to navigate and create difficulty for those trying to understand what best practice looks like;
- Different interests can make collaboration with civil society stakeholders challenging but there has been much progress in this space;
- Partnerships between initiatives can bring more companies and diversity to the table but there is still work to be done in terms of recognizing core competencies and comparative advantages so that such efforts can be focused to drive impact and outcomes;
- Various initiatives have produced a range of great resources but more work is needed to mainstream these and to make them scalable across industries and geographies;

Aligning with local priorities and objectives

- Alignment of objectives and priorities among companies at the same point in the supply chain has been far easier to achieve than alignment with actors at different points in the supply chain;
- The conventional supply chain approach built around risk management and the audit leaves little space to accommodate alignment with suppliers priorities and objectives;
- There are ongoing challenges in trying to build buy-in and capacity among suppliers to run their own independent programs;

Engaging smaller firms deeper in the supply chain

- SME are either not being reached by existing strategies or may be more effectively targeted through alternative methods;
- SME may be part of global supply chains but probably not as direct exporters and often without knowing or understanding their specific links;
- SME may move in and out of supply chains, and between domestic, regional or global supply chains;
- Profit/growth maximization is not necessarily the focus for smaller firms – better understanding of their wider business motivations and personal/community context is needed;
- Strategies to engage smaller firms through geographical or sectoral targeting of work can help promote a level playing field within a sourcing/factory community – as more suppliers have the skills, knowledge and capacity to achieve standards, there will be greater leverage to move laggards;
- Labour brokers are often key nodes servicing all factories in an area, appropriate regulation of these actors is therefore critical and as allies they can broker access to hard to reach firms deep in the supply chain;
- Law and policy need to take SME into account and more needs to be done to adapt to their context – in many cases this means literally taken to their door;

The way forward

- Real change and sustained action can only be achieved if we have buy in and support from actors deep in the supply chain - local business and employer organizations can play a key role to promote self-regulation;
- Work needs to be driven across supply chains with more focus on action;
- Companies need scale, and getting to scale with speed;
- The core mechanisms upon which most businesses have relied (supply chain monitoring) must continue but there is a need to look beyond these conventional approaches to drive action deeper in the supply chain;
- There is a need to increase coordination and alignment among initiatives and to create one voice;
- There is an ongoing need for good quality data on the scope of the problem and its different facets by sector and geography, with a centralised repository from all sources – both to inform for risk identification and guide action;
- Conflicts, crisis and the mass displacement they cause destabilize efforts and heighten vulnerabilities, more work is needed to understand the links with human trafficking and the role the private-sector can play;
- Need for simple guidance and examples on what works, what doesn't, and what impact looks like;

Summary of key themes

- There is a need to focus efforts on action deep in the supply chain, at scale, and getting to scale quickly;

- Systematic and targeted measures are needed to strengthen domestic law and enforcement mechanisms as first remedy;
- New partnerships, thinking and ways of working are needed to drive impact and outcomes further towards sustainability;
- A coherent overall strategy for collaboration linking together the various initiatives is critically needed;

The ILO Global Business Network

Perceived value:

- ILO is already in those difficult places where big business can't get easily and has the capacity to bring to the table the various actors working deep in the supply chain in these areas;
- ILO has institutional relationships and influence with governments in all geographies and can dialogue with policy makers looking to develop new laws or regulation in this space;
- The ILO's influence, data collection and global network of technical experts can be a powerful resource to pair with the agility, pragmatism and efficiency of business;

Recommendations:

- Promote an overarching framework to bring order to the disorder – connect the dots on the various initiatives and provide support for more effective coordination among initiatives;
- While talking about policy and legislation is important, the *Global Business Network* should not lose sight of delivering action on the ground immediately – priority needs to be on finding solutions that can be introduced at scale beyond the first tier;
- Raise awareness about the unintended consequences of new and emerging legislation around transparency and due diligence - they may divert resources away from actual program implementation and increase risk in supply chains which drives firms away from investing in relationships/work that can raise standards;
- Support local business and employer organizations deep in the supply chain to drive action on these issues – through advocacy, lobbying and implementation;
- Pull together good, solid data to enable companies to drive impacts and outcomes – companies don't necessarily need ILO's analysis and can collaborate to fill in the gaps;
- The success of the new initiative will depend on sustained commitment – a 12/24 month work plan should be developed in the context of a longer-term programme of work with a clear theory of change and well defined, public definitions of milestones and end goals;
- Remember company budgets are tight and any proposed new investment in collaboration must show clear value vis-à-vis the plethora of other initiatives in this space;

Updates and Next Steps

Consultations in Europe (23 March), South Asia (26 March), and South-East Asia (29 March) are next to take place with findings and recommendations to be worked up in a

final outcomes report for distribution in April. US-based firms and/or their business partners are welcome to join these additional consultations.

The ILOs mapping and situation analysis is continuing with 149 initiatives now identified and refinement of the classification system underway following additional feedback from companies. Results will be published in April/May 2018.

In a new development under the [Alliance 8.7](#) Supply Chains Action Group, collaboration with members is under way to build a consolidated database of actors and initiatives in global supply chains. Data will be available to all stakeholders in May/June 2018. In line with this development, the proposed ILO/IOE Enterprise Survey on business engagement with efforts to tackle forced labour and human trafficking is being revised.

GLOBAL MEMBERSHIP LAUNCH – 12 June 2018

With sufficient interest now determined, the *Global Business Network on Forced Labour and Human Trafficking* will hold an official membership launch on 12th June in Singapore during the Consumer Goods Forum – Annual Leadership Summit. The event will offer the Global Business Networks Advisory Board and founding members an opportunity to join together with Mr Guy Ruder, Director-General of the International Labour Organization in celebrating this new partnership.

While further announcements will come, companies wanting to know more about membership and the launch event are encouraged to register their interest early.

Contact Details

To learn more about Global Business Network and calendar of upcoming events, please contact:

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Participants at the consultation included:

- Didier Bergeret, Consumer Goods Forum (CGF)
- Debbie Bernstein, Jerry Leigh
- Wade Bromley, International Labour Organization (ILO)
- Kelly Cheung, The Walt Disney Company
- Miles Dutton, FOCO
- Elizabeth Flores, The Walt Disney Company
- Emily Gigot, SANMAR
- Ronnie Goldberg, United States Council for International Business (USCIB)
- Adam Greene, International Labour Organization (ILO)
- Nate Herman, American Apparel and Footwear Association (AAFA)
- Houtan Homayounpour, International Labour Organization (ILO)
- Una Hrnjak-Hadziahmetovic, Gap
- Kara Hurst, Amazon
- Betty Kluchinsky, The Walt Disney Company
- Judi Kovacs, NBC Universal
- Josef Lukan, Levi Strauss & Co
- Mike Mathieu, Amazon
- Tony McCabe, TTI Global Resources
- Kelly Melia-Teevan, Chevron Corporation
- Bob Mitchel, Responsible Business Alliance (RBA)
- Henrik Moller, International Labour Organization (ILO)
- Amanda Nunez, NYDJ Apparel, LLC.
- Doug Nystrom, Walmart
- Anbinh Phan, Walmart
- Laura Rainier, Li&Fung
- Rachel Rigby, US Department of Labour
- Tu Rinsche, Marriot International
- Laura Chapman Rubbo, The Walt Disney Company
- Meghna Sarma, PVH
- Tomislava Savcheva-Petrov, The Walt Disney Company
- Kelli Schlegel, Intel Corporation
- Avedis H. Seferia, Worldwide Responsible Accredited Production (WRAP)
- Karen Tiongson, NBC Universal
- Adam Whinston, The Walt Disney Company
- Brent Wilton, the Coca Cola Company
- Genevie Zamora, Jerry Leigh