

SUMMARY WORKSHOP REPORT

Collaborating with Business to Tackle Forced Labour and Human Trafficking: Exploring the Rules of Engagement and Celebrating Success

29th March 2018, Padma hotel
Bali, Indonesia

Background

Hosted by the Employers' Association of Indonesia (APINDO), on 29th March 2018 the International Labour Organization (ILO) convened 18 experts and practitioners for a half day workshop to reflect on participants experience with interventions in the fishing and seafood sector around human rights due diligence and E/BMO work to represent and support smaller firms in tackling the issues. The aim of the event was to identify lessons learned and unmet needs which might be addressed by the *Global Business Network on Forced Labour and Human Trafficking*.

The workshop was attended by business and employer delegations from Indonesia, Thailand, Philippines, Brunei Darussalam, Myanmar, Cambodia, and Laos PDR. The workshop was conducted under the Chatham House Rule.

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

Context

- Businesses in all sectors and geographies face human-rights risks but for every company doing something wrong, there are thousands trying to do the right thing;
- The proliferation of codes of conduct, certification schemes, and other standards has in some ways weakened or worked against business efforts to collaborate collectively at local level – this issue is not new, is well known, and little progress has been made;
- SME face greater challenges both in understanding and fulfilling their compliance obligations than do larger businesses and most SME lack the resources and capacity to transition towards higher operating standards;
- Most E/BMO member companies are yet to integrate sustainability into the core business model, but most comply with the national standards as well as various codes of conduct or certification requirements demanded by customers;
- In Southeast Asia there remain places where national laws conflict with human rights standards, where regulation doesn't exist, where existing laws aren't properly enforced, and where governments lack transparency – but government's responsibility to protect human rights hasn't received as much attention in the region and certain sectors as has the private-sectors responsibility to respect;
- Inter-ministerial coordination and collaboration (both domestically and on bilateral terms) is a major weakness in the region;
- Sociocultural biases and discriminatory attitudes and practices towards migrant workers and workers of different ethnic backgrounds are one of the key challenges - particularly when held by the authorities responsible for regulating work conditions;

- Unethical and illegal recruitment practices along with informal labour intermediaries and other operators acting outside the legal and regulatory framework are a major issue that affect many sectors of the economy – it is not always constructive to focus on a specific supply chain;
- The financial sector has interests that cut across the economy, at all levels, and is invested in all supply chains yet tends not to be engaged in efforts to tackle the issues – a cut and run mentality continues to prevail;

The experience of business with efforts to tackle the issues

- The proliferation of initiatives to tackle forced labour and human trafficking in the region's fishing sector has lacked the overall coordination needed to ensure a consistent drive towards sustainability;
- Interventions tend to take place in a silo where little has traditionally been invested in collaboration across sectors so as to promote wider-efforts to raise standards and promote a culture of continuous improvement;
- Most initiatives have under-invested in efforts to understand and develop the business case for sustainability and responsible business conduct by smaller firms in the supply chain;
- Most public and private initiatives in the region are reactive – there are few proactive measures being pursued to engage industry/sectoral groups and their members on the issues;
- Firms of all sizes and sectors find the various standards confusing and at times, contradictory;
- How small businesses experience regulation has as much to do with the approach regulators take as it does with the regulations themselves;
- Responsible business conduct is not always, and not consistently rewarded - prescriptive compliance-based schemes do not reward firms for going beyond the minimum requirements, premiums are hard to come by, and supply chain standards favour larger more advanced firms with the resources and capacity to adapt (smaller firms are caught having to compete on price);
- Certification schemes have widespread support by business at different points in the supply chain but on the social side, such schemes need to create value for enterprises beyond compliance – i.e. better efficiencies, strengthened management capacity to respond to changing situations;
- There are sometimes discrepancies between the intelligence collected from actors at different points in the supply chain – clear and well communicated definitions are needed as is support for business to play more of a role in national monitoring efforts;
- To move beyond compliance and towards sustainability, a conversation is needed on costs and benefits can be distributed more equitably throughout the supply chain – as buyer order profiles change so too will suppliers need to adjust cost structures;
- The banking and financial sector can contribute to human rights violations through lending or other financial support for the companies responsible AND by withholding capital from those businesses looking to invest in upgrading;
- Many migrant and potential migrant workers are unaware of the practical and legal processes involved in moving to another country, and have a limited understanding of their rights at work and how to protect those rights;

- Many migrant workers come from communities where there is little experience with or trust in the formal banking sector – these attitudes work against efforts to transition to electronic payroll systems;

Employers and Business Membership Organizations (E/BMO)

- Matters of Employment and Industrial Relations are the core business of most E/BMOs;
- Multinational enterprises tend not to engage with domestic E/BMO nor invest in building the capacity of these institutions to be strong and representative;
- There are examples in the garment, fishing, and seafood processing sectors where collaboration among actors at different points in the supply chain has come about, but this tends to be the exception and the ILO tends to play a key role (i.e. Better Work);
- Formal political engagement by E/BMO with the executive and the legislative branches of Government on the issues of forced labour and human trafficking tends to be adhoc and at the initiation/invitation of Government;
- Engagement with civil society can be combative, more work is needed to create space for constructive dialogue and joint-advocacy;

Summary of key themes

- Public and private efforts need to take a risk-based approach to minimise compliance burdens on businesses that are already doing the right thing (the majority of businesses) so as to focus time, resources and capacity on targeting businesses that are non-compliant;
- The move towards sustainability requires distribution of costs and benefits more equitably throughout the supply chain (changing buyer order profiles necessitate changes in supplier cost structures);
- Compliance-based schemes must remain in place in order to set a floor of sufficient, clear and strict standards but complementary performance-based approaches are also critical to ensure supply chains promote and reward ongoing improvement;
- More needs to be invested in relationships throughout the supply chain;
- E/BMOs are well placed to engage and support suppliers across different sectors and points in the supply chain but institutional relationships with counterparts representing firms at the other end of the supply chain are needed to realize their full potential;
- Need to ensure legal and policy instruments include coverage for migrant workers;
- More needs to be invested in education and training, language;

The ILO Global Business Network

Perceived value:

- The ILO has institutional relationships and influence with business and governments in all geographies and support dialogue with policy makers on sectoral issues;

- The collective economic and political power of big business and small coming together with the ILOs expertise, experience and support could be a powerful leverage point to drive action;
- No global platform currently exists where SME are provided a seat at the table with the ILO and actors at different points along the supply chain;
- An opportunity for business and employers in ASEAN to inform the global perspective on these issues and to advocate for a focus on SMEs.

Recommendations:

- The name of the initiative should be changed to appeal more to SME and those businesses sensitive about these issues – for example, the *Global Coalition for Responsible Business Conduct*, the *Global Coalition for Sustainable Business Practices*, or the *Global Business Coalition for Social Sustainability*;
- Create more opportunities for positive stories to be heard and campaign for an environment where voluntary disclosure and being proactive on the issues are rewarded;
- Focus on SME – The actors need to understand the issues before they can take action, support this by developing a curriculum on what small companies should and shouldn't do;
- The banking and financial sector need to be active partners in the initiative – explore alliances with other stakeholders like *BankTrack* and the *OECD Proactive Agenda Project for Responsible Business Conduct in the Financial Sector*;
- Tourism and Services must be included in the scope of work as this is a large employer across Southeast Asia;
- Government, including ASEAN, should be invited to the Global Business Network as observers;
- The communication strategy needs to be 360 degrees (mobilize business to business outreach);
- Buyers/procurement focal points need to be engaged in forums, not just sustainability teams;

Activities for consideration:

- Undertake benchmarking studies on private and public regulation approaches to small businesses with the objective of identifying more effective models for achieving objectives – for example, Performance Based Regulation (PBR) to reward firms based upon their social performance outputs and rewarding performance beyond business as usual;
- Provide technical assistance, including capacity building and training, to support national industry groups and businesses in working with governments and other social partners on the development of national action plans to combat forced labour and human trafficking – including review of national laws and practices through gap analysis with ILO instruments as a starting point;
- Support E/BMOs to conduct large scale information and awareness raising programs at the community level about forced labour and human trafficking;
- Advocate for standard definitions across the region/s of key terms and look to the Higg Index as a model for monitoring progress;

Participants included:

Indonesia

- Thomas Darmawan, Employers' Association of Indonesia (APINDO)
- Moh Sumardi, Consortium of Indonesia Manning Agency (CIMA)/ PT Harini Group
- Tohanna, Indonesian Ship Manning Agents Association (ISMAA)

Philippines

- Roberto Valerio, ASEAN Confederation of Employers (ACE)
- Shalimar Abdurahman, Employers' Confederation of Philippines (ECOP)

Thailand

- Praniti Sirikate, Employers' Confederation of Thailand (ECOT)
- Pran Siamwalla, Bank of Ayudhaya/Krungsri Bank

Brunei Darussalam

- Nur Juoy Abdullah, Brunei Chamber of Commerce and Industry (BCCI)

Laos PDR

- Xaybandith Rasphone, Lao National Chamber of Commerce and Industry (LCCI)

Myanmar

- Min Aung Thu, Taninthayi Region Chambers of Commerce and Industry (TCCI)

Cambodia

- Pin Vireak, Association of Cambodian Recruitment Agencies (ACRA)

Other:

- Maisie Ganzler, Bon Appétit Management Company (BAMCO)
- Karen Sim, ASEAN CSR Network
- Hannah Boles, International Labour Organization (ILO)
- Bharati Pflug, International Labour Organization (ILO)
- Wade Bromley, International Labour Organization (ILO)
- Michiko Miyamoto, International Labour Organization (ILO)
- Lusi Julia, International Labour Organization (ILO)

