Slave Labor: What’s Hidden in the Products You Use and Wear

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Trafficking: Historical, Legal, and Medical Perspectives
February 27, 2017
Egregious human rights abuses linked to everyday products

- *Food: cocoa, sugar, palm oil, cattle, coffee, fish, shrimp, nuts, rice, tobacco
- *Materials: cotton, timber, rubber, bricks, charcoal
- *Minerals: tin, tantalum, tungsten, gold, diamonds, granite
- Processing: embroidery, factory work through brokers/agents

*Verite’s Responsible Sourcing Tool
www.responsiblesourcingtool.org
Slavery in Supply Chains
By Thomson Reuters Foundation

https://www.youtube.com/watch?v=YRu6CaXTAxA
Problem vs. Solution

- How do we really have an impact?
- Gov’t mandated – gov’t enforced
- Pressure point: Bottom line
- Greater Transparency
- New model of multi-stakeholder coordination
- Can’t do it alone
- Multiple strategies
- Incentives (carrots vs. sticks)
- Example for future approach
Need for increasing supply chain responsibility

- Evolution of supply chain risks
  - From factories to dirt
- Greater transparency in riskiest areas
  - Photos, films, and stories from fields and mines
- Investors and younger consumers expecting integrity
  - Searchable and comparable information
- Recent legislation and Global Frameworks
  - CA 657, Exec Order 13627 (FAR),
    UK Modern Slavery Act 2015
  - UNGPs, UNSDGs, OECD
## Concerned Stakeholders

### Companies
- Brands/retailers
- Suppliers/mills
- Brokers/traders
- Ginners/exporters
- Farmers
- Financial institutions
- Industry assocs

### Civil Society
- Consumers
- CSR advocates
- Human rights activists
- Local communities
- US, EU, local orgs
- Individuals

### Investors
- Faith-based
- SRIs
- Pension funds
- University
- UNPRI

### Others
- Trade unions
- Local and international governments
- UN & ILO
- WB & IMF
- WTO
- Media
Multi Stakeholder Strategies

Corporate Practices
- Internal policy
- Letters to suppliers
- Trace CoO of raw materials
- Sourcing decisions
- Audits & certifications
- Due diligence
- Participate in network meetings
- Sign on to letters
- Diplomatic meetings
- Local community support

Policy & Diplomacy
- Legislation
- SEC
- ILO complaint
- OECD mechanism
- Gov’t to gov’t encouragement/assistance
- Gov’t and civil society collaboration
- Lawsuits

Public Campaigns
- Consumer awareness/tools
- Boycotts
- Store/Embassy protests
- Social media
- Letters/emails
- Published surveys/ranking
- Shareholder resolutions
- News/TV/movies
Costco and CP Foods face lawsuit over alleged slavery in prawn supply chain

Legal claim filed in California seeks injunction against US retailer to prevent sale of prawns produced by Thai supplier unless labelled a product tainted by slavery.

Three California law firms are seeking an injunction to stop the US retail chain Costco selling prawns unless they are labelled as the produce of slavery.
Concern to Investors

□ Risk Management
  • Egregious human rights are traditionally found at the bottom of the supply chain (child labor, forced labor, slave labor)
  • Traceability throughout the supply chain for companies has gone from a “nice-to-have” to a necessity with exposés.

□ Bottom Line
  • Reputational Risk
  • Material Risk
  • Rising Expectations of ESG/Responsible Investors (Burma, Sudan, DRC)
Case Study: Conflict Minerals

https://www.youtube.com/watch?v=nu3UMPmp-MI
Complex Value Chains

Mines in Eastern Congo

Rebel Groups from Uganda
Independent Negative Forces
Mining MNCs
Congolese Business & Art Miners
Rebel Groups from Rwanda

Uganda Gov’t
Smuggled Through Uganda
Uganda Gov’t

Support

Smuggled Through ???

Direct From DR Congo
DRC Gov’t
Smuggled Through Rwanda
Rwanda Gov’t

Support

Influence

Import & Export MNCs

Smelters

Component Manufacturers and Assemblers

Toys
Auto
Electronics
Telcom
Tools
Aerospace

Consumers
Multi-Stakeholder Participation
A Public Accountability Mechanism

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Companies supporting 1502

Why Apple and Intel don’t want to see the conflict minerals rule rolled back

Men carry bags of tin ore in 2013 near the Congo city of Goma. (Junior D.Kennathy/Agence France-Presse via Getty Images)
Case Study: Forced Child Labor in Uzbekistan

- Diplomatic/Policy
  - ILO Observer Mission during 2013 harvest
  - **7-14 year olds almost entirely absent** of the Uzbek fields in 2013

- Economic
  - 68 companies = 141 brand signatories to the pledge
  - **Over $1 trillion** in market cap committed to not sourcing Uzbek cotton
  - Report from ILO Executive Director confirmed **boycott of Uzbek cotton was a key motivator** for Uzbekistan to reengage the ILO
Posco Unit Admits Using Cotton From Forced and Child Labor

South Korea’s Daewoo International Comes Under Pressure Regarding Uzbekistan Fields

A South Korean trading company has become a target of human-rights activists for using cotton that it admits is produced by child labor and forced adult labor in Uzbekistan. While the company says it has asked the country’s government to stop the practice, it says it has no plans to stop using the cotton.
RSN survey shows 80% of brands do not audit spinners
Company Ratings 1–25

- adidas: 68
- Marks and Spencer: 63
- IKEA: 62.5
- Patagonia: 60
- Phillips-Van Heusen: 50.5
- Levi Strauss & Co.: 48
- Eileen Fisher: 47
- Burberry: 44.5
- Fruit of the Loom: 44
- C&A: 43
- Li and Fung: 43
- Gap Inc.: 42
- lululemon: 41.5
- J.Crew: 39.5
- jcpenney: 35.5
- H&M: 34.5
- Abercrombie & Fitch: 34
- Carrefour: 33
- American Apparel: 32
- Columbia Sportswear: 32
- Jones Group: 29.5
- Nike: 29.5
- Nordstrom: 29.5
- Target: 27.7
- TJX: 26
Cotton Clothing Value Chain

Numerous initiatives focused on farmers

Numerous initiatives focused on factory workers

Images: Madehow.com
Forced Labor Exists in 9 Producing Countries of the World's Cotton.
Solution – Train & Verify Spinners

- **Spinners** are “entry point” to prevent “slave cotton” from entering the value chain
- Train, verify, and **reward** spinners for eliminating forced labor from cotton sourcing
- **Compliments** other initiatives
- Allows the **market to drive good behavior**
- Gives brands **assurance** they are not supporting forced labor
- Provided at an **affordable cost**
Influence Model Today

Government of Uzbekistan

- Investors and Financial Institutions
- Labor Organizations
- NGOs
- Government – International (UN), Regional (EU), Country (US, etc.)
- ILO
- Media
- Consumers
- Trade Associations
- Companies
- Merchants and Traders

Local Communities
Multi-stakeholder evolution to solutions

- Due diligence assessment
  - OECD Guidance
- Supply chain verification
- Policy recommendations
- Diplomacy engagement
- Rewarding responsible companies
Consumer–oriented Solutions

- **Spend Right**
  - [http://spendright.org/](http://spendright.org/)
- **Good Guide**
- **Free 2 Work**
  - [http://www.free2work.org/](http://www.free2work.org/)
- **Green America**
- **Slavery Footprint**
  - [http://slaveryfootprint.org/](http://slaveryfootprint.org/)
Thank you for being part of the solution

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