



ALLIANCE

EXECUTIVE SUMMARY

Ending child labour, forced labour and human trafficking in global supply chains





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International Labour Organization (ILO)
Organisation for Economic Co-operation and Development (OECD)
International Organization for Migration (IOM)
United Nations Children's Fund (UNICEF)



BACKGROUND AND RATIONALE

By adopting the Sustainable Development Goals (SDGs), the international community has committed to end child labour by 2025 and forced labour and human trafficking by 2030. According to the latest global estimates, 152 million children are in child labour and 25 million adults and children are in forced labour, including in global supply chains. To achieve SDG target 8.7, governments, business, social partners, the financial sector and civil society must take strong action to address the root causes and determinants of these human rights violations at work. Global supply chains have the potential to generate growth, employment, skill development and technological transfer. Nevertheless, decent work deficits and human rights violations, including child labour, forced labour and human trafficking, have been linked to global supply chains. All actors operating in this context have a responsibility to ensure that these human rights violations at work are addressed.

This report presents the joint research findings and conclusions on child labour, forced labour and human trafficking linked to global supply chains from the ILO, the Organisation for Economic Co-operation and Development (OECD), the International Organization for Migration (IOM) and the United Nations Children's Fund (UNICEF), under the aegis of the Alliance 8.7. It is the first attempt by international organizations to measure child labour, forced labour and human trafficking in global supply chains.

The report responds to the Ministerial Declaration of the July 2017 meeting of the Group of Twenty (G20) Labour and Employment Ministers, asking “the International Organisations in cooperation with the Alliance 8.7 for a joint report containing proposals on how to accelerate action to eliminate the worst forms of child labour, forced labour and modern slavery in global supply chains including identifying high risk sectors, and how to support capacity building in the countries most affected”. It also responds to the Buenos Aires Declaration on Child Labour, Forced

Labour and Youth Employment, November 2017, which called for “research on child labour and forced labour and their root causes ... pay[ing] particular attention to supply chains”.

This report seeks to inform public and business policies and practices in order to prevent child labour, forced labour and human trafficking linked to global supply chains. It also recognizes the multidimensional nature of these violations and the smart policy mix necessary to address them. It considers not only the risk factors and policy interventions related to addressing the vulnerability of people, but also the unique complexity of global supply chains that can hide abuse and the links with informality and labour migration.

The report is divided into two parts. **PART 1, Understanding child labour, forced labour and human trafficking in global supply chains,** presents empirical evidence on the prevalence and an array of risk factors related to child labour, forced labour and human trafficking linked to global supply chains. In particular, it looks at how, in the absence of strong law enforcement, the socio-economic vulnerability of individuals and workers, along with economic and commercial pressures facing suppliers within global supply chains, can in combination lead to abuses. **PART 2, Responding to child labour, forced labour and human trafficking in global supply chains,** provides two policy perspectives. On the one hand, it provides a comprehensive overview of the State's duty to regulate and implement legal frameworks to protect workers and mitigate the vulnerability to abuse, and to provide access to remedies with good practices and policy tools; and, on the other hand, it presents the necessary smart policy mix to facilitate and incentivize responsible business conduct in global supply chains.



PART 1. UNDERSTANDING CHILD LABOUR, FORCED LABOUR AND HUMAN TRAFFICKING LINKED TO GLOBAL SUPPLY CHAINS: A REVIEW OF EVIDENCE ON PREVALENCE AND RISK FACTORS

MEASUREMENT OF CHILD LABOUR AND TRAFFICKING FOR FORCED LABOUR IN GLOBAL SUPPLY CHAINS

While it is possible to estimate with growing precision the total number of people in child labour and forced labour, determining how many of these people are in production and consumption linked to global supply chains remains a significant challenge. The goods and services we buy are composed of inputs from many countries around the world and are processed, assembled, packaged, transported and consumed across borders and markets. Mapping these intricate supply chains, or, to use a more descriptive metaphor, supply “webs”, is complex, and identifying where and to what extent child labour and forced labour occur along them is even more so.

A growing number of mixed methods and sectoral surveys are providing valuable localized insights into child labour, forced labour and human trafficking in production settings linked to global supply chains. Efforts by some businesses are also contributing to this understanding, as they map labour rights violation risks in the context of their human rights impact assessments and transparency efforts.

The empirical analysis undertaken for this report allows estimation of which parts of global supply chains are particularly exposed to child labour and trafficking for forced labour at regional and industry levels. Given data availability constraints, the results are presented in more depth when assessing the prevalence of child labour in global supply chains, while the methodology should be considered as applied to trafficking for forced labour on a more experimental basis.

The analysis presented in the report combines data from the OECD Inter-Country Input-Output (ICIO) tables with 65 available nationally probabilistic child labour data sets – representing 50 per cent of the estimated children in child labour in the world – to help determine the prevalence of child labour

associated with global supply chains, and overcomes some of the measurement challenges described above. The ICIO tables describe monetary flows of intermediate and final goods and services among countries, hence allowing inter-industry and inter-country transactions to be recorded and analysed. This global interconnectedness captured by the ICIO tables means that the use of an industry’s output by other domestic and foreign industries can be identified. Conversely, for a particular industry, using the ICIO tables, it is possible to determine the inputs required from home and abroad to generate a unit of total output.

The total inputs needed to produce a product can therefore be determined using the ICIO tables, and these can be either *direct* or *indirect*. Direct inputs represent the contribution of an industry in a specific country related to the production of goods and services for export, whereas indirect inputs represent the contribution of other upstream industries that are incorporated in the production of goods and services for export along the supply chain.

The ICIO and child labour data permit the estimation of the child labour involved in the production of goods and services for the domestic and foreign markets. This is the first time that data sets from the OECD, ILO, IOM and UNICEF have been combined, and it is the first time such methodology has been applied to measure these human rights violations in global supply chains.

Data limitations necessitated a number of assumptions in developing the methodology, and the results should therefore be interpreted with caution. In the absence of data on the division of child labour between domestic and export markets by industry, the methodology assumes each unit of production in a given industry (whether it is part of global supply chains or not) uses the same amount of child labour. The implication of this assumption results in an underestimation of child labour in global supply chains in industries and countries where child labour is disproportionately concentrated in export production,

and an overestimation in industries and countries where child labour is disproportionately concentrated in domestic production. Once more data are available for countries by industry, it will be possible to refine and update the results.

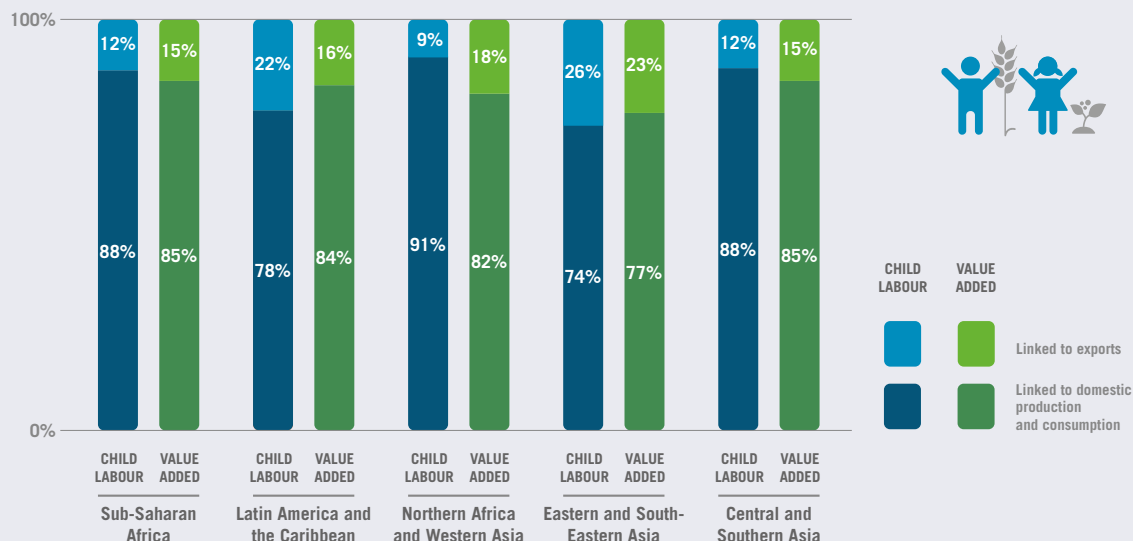
It should also be noted that Europe, Northern America and Oceania are not included in the analysis due to lack of available data. Additionally, while the published OECD ICIO tables cover 64 economies, the authors have used additional unpublished data that cover a total of 198 countries to expand the analysis to include more regions in the analysis and reporting. The results for Eastern and South-Eastern Asia should also be interpreted with caution, due to data limitations.

For every region, the analysis estimates how much of the existing child labour in different sectors is present in global supply chains. The results indicate a significant variation across regions. Nine per cent of child labour from Northern Africa and Western Asia is estimated to contribute to exports (either directly or indirectly) to other regions. This figure is more than twice as high for Eastern and South-Eastern Asia, which are estimated to contribute 26 per cent.

While the results demonstrate that a child in child labour is far more likely to be involved in production for the domestic economy, there is however a non-negligible risk that this child will be contributing to global supply chains. Considerably more child labour appears to be linked to domestic production and consumption within those regions where children in child labour are mainly involved in family-based subsistence agriculture. Addressing child labour in production for both domestic consumption and export will clearly be critical for achieving SDG target 8.7 by the 2025 target date.

FIGURE 1 presents the share of value added of each region that contributes to exports versus the share of value added that contributes to domestic production and consumption. The values for each region represent the aggregation of countries with available data. The value added data are included to contextualize the estimated child labour from each region. As Figure 1 shows, there are regional differences between how much value added is associated with exports and how much child labour is associated with exports. Across Sub-Saharan Africa, Central and Southern Asia, and Northern Africa and Western Asia, the estimated child labour contribution to exports is less than the value added contributed to exports. This means that industries with higher child labour prevalence are less likely to contribute to global supply chains.

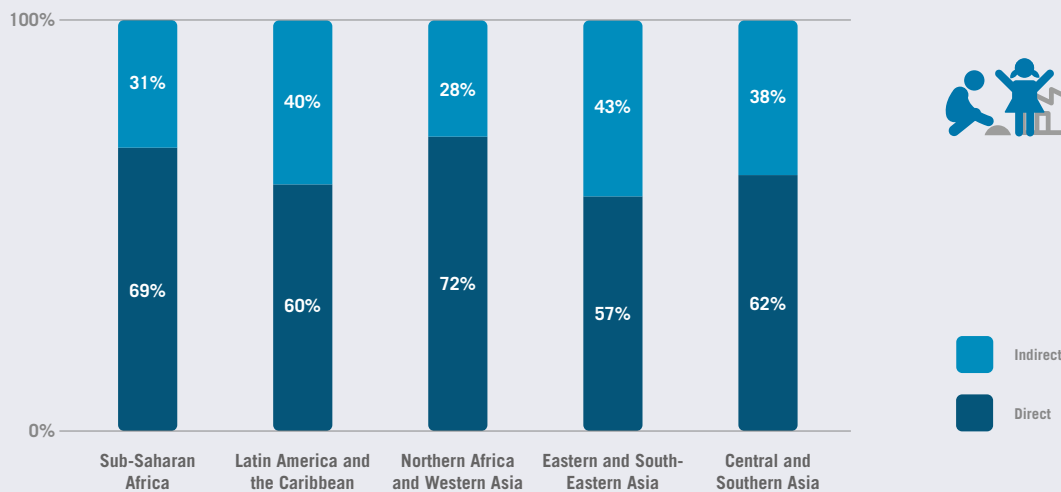
FIGURE 1.
ESTIMATES OF CHILD LABOUR AND VALUE ADDED FOR EXPORTED GOODS AND SERVICES, AND DOMESTIC DEMAND, BY REGION (2015)



The empirical analysis also provides insights into where child labour is concentrated along supply chains. The results in FIGURE 2 indicate that, across regions, between 28 and 43 per cent of the estimated child labour that contributes to exports does so indirectly, through preceding tiers of the supply chain (for example, extraction of raw materials

or agriculture). These results make clear that efforts against child labour in global supply chains will be inadequate if they do not extend beyond the downstream suppliers to comprise actors in the upstream segments of supply chains, in production activities such as raw material extraction and agriculture.

FIGURE 2.
ESTIMATES OF CHILD LABOUR FOR EXPORTED GOODS AND SERVICES,
DIRECT AND INDIRECT, BY REGION (2015)



The methodology was also replicated to analyse trafficking for forced labour in global supply chains, using data from the Counter-Trafficking Data Collaborative and the 2017 Global Estimate of Modern Slavery data as a proxy for regional distribution of prevalence. FIGURE 3 indicates that there are also significant regional variations in the share of trafficking for forced labour that contributes to exports. Across all regions, the estimated trafficking for forced labour present in exports is less than the value added these industries contribute to exports. This means that industries with higher prevalence of trafficking for forced labour are less likely to contribute to global supply chains. Nevertheless, a significant share of trafficking for forced labour does contribute to global supply chains. Again, however, data constraints and limitations mean that this result should be interpreted with caution. Further industry-level analysis and comparison is needed to better understand and address the risk of human trafficking in global supply chains.

In conclusion, more timely and better disaggregated national data are needed to build a clearer picture of the extent and characteristics of child labour in global supply chains and to strengthen the analysis of trafficking for forced labour. Data gaps significantly limit the ability of stakeholders to prioritize action where it is most urgent.

There are continuing efforts by governments and the international community to increase the sustainability of child labour data collection. The ILO, United Nations Office on Drugs and Crime (UNODC) and IOM are also currently developing joint survey tools to study and estimate the prevalence of trafficking for forced labour at both national and sectoral levels.

FIGURE 3.
ESTIMATES OF TRAFFICKING FOR FORCED LABOUR AND VALUE ADDED FOR EXPORTED GOODS AND SERVICES, AND DOMESTIC DEMAND, BY REGION (2015)



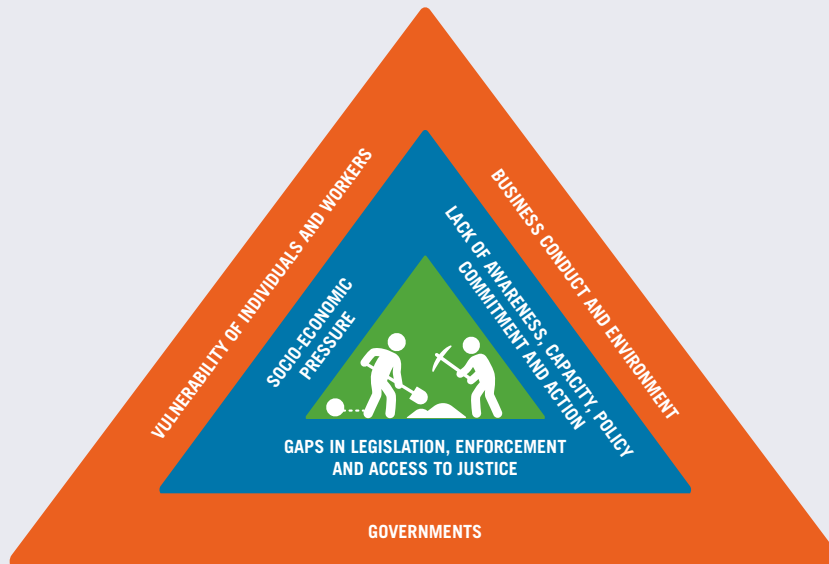
RISK FACTORS ASSOCIATED WITH CHILD LABOUR, FORCED LABOUR AND HUMAN TRAFFICKING IN GLOBAL SUPPLY CHAINS

Evidence shows that child labour, forced labour and human trafficking in global supply chains can be traced to the interplay of three critical dimensions: (a) gaps in statutory legislation, enforcement and access to justice that create space for non-compliance; (b) socio-economic pressures facing individuals and workers; and (c) business conduct and overall business environment. These fundamental labour rights violations need to be understood as structural phenomena that require comprehensive policy responses.

The first dimension relates to the responsibility of States to protect workers within their territory or jurisdiction and to establish and enforce a framework for responsible business conduct. Gaps in statutory legislation, enforcement and access to justice create space for non-compliance with international labour standards in global supply chains. With regard to

forced labour and human trafficking, there is a critical need for further ratification and implementation of relevant Conventions and Protocols. On forced labour, according to a recent ILO review, a total of 135 countries have laws that define, criminalize, and assign penalties for forced labour, but in the remaining countries the issue of forced labour is covered only partially or not at all. Regarding trafficking, while the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children has been widely ratified, further efforts aimed at national implementation are needed. Thirteen of 181 UN Member States assessed in a recent review by UNODC either do not have the offence of human trafficking in their criminal codes or have anti-trafficking legislation only criminalizing some aspects of the trafficking definition, such as trafficking for the purpose of sexual exploitation, or trafficking in children. In the context of child labour, there is almost near universal ratification of the United Nations Convention on the Rights of the Child. While almost all children in the world are now covered by the Worst Forms of Child Labour Convention, 1999 (No. 182), and coverage of the Minimum Age Convention, 1973 (No. 138), has risen to 80 per cent of the world's

FIGURE 4.
RISK FACTORS ASSOCIATED WITH CHILD LABOUR, FORCED LABOUR AND HUMAN TRAFFICKING
IN GLOBAL SUPPLY CHAINS



children, significant challenges remain in transposing these international standards into national laws. Of particular concern is the fact that many countries are lagging in terms of honouring the commitment to adopt or review national lists of hazardous work prohibited to people under 18 years of age.

Enforcement capacity also remains very limited in many national contexts. According to various ILO sources, many labour administration systems, especially in developing countries, are woefully understaffed and operate under severe budgetary restrictions. In addition, various studies, as well as comments from the ILO Committee of Experts on the Application of Conventions and Recommendations, point to a range of capacity needs at all stages of the criminal justice and labour processes, resulting in a vast discrepancy between estimates of total prevalence and numbers of convictions.

Finally, lack of coordination and coherent policy measures across different government ministries, including those responsible for labour, social welfare, women and children, justice, trade, and foreign affairs, can compound the challenges faced in addressing

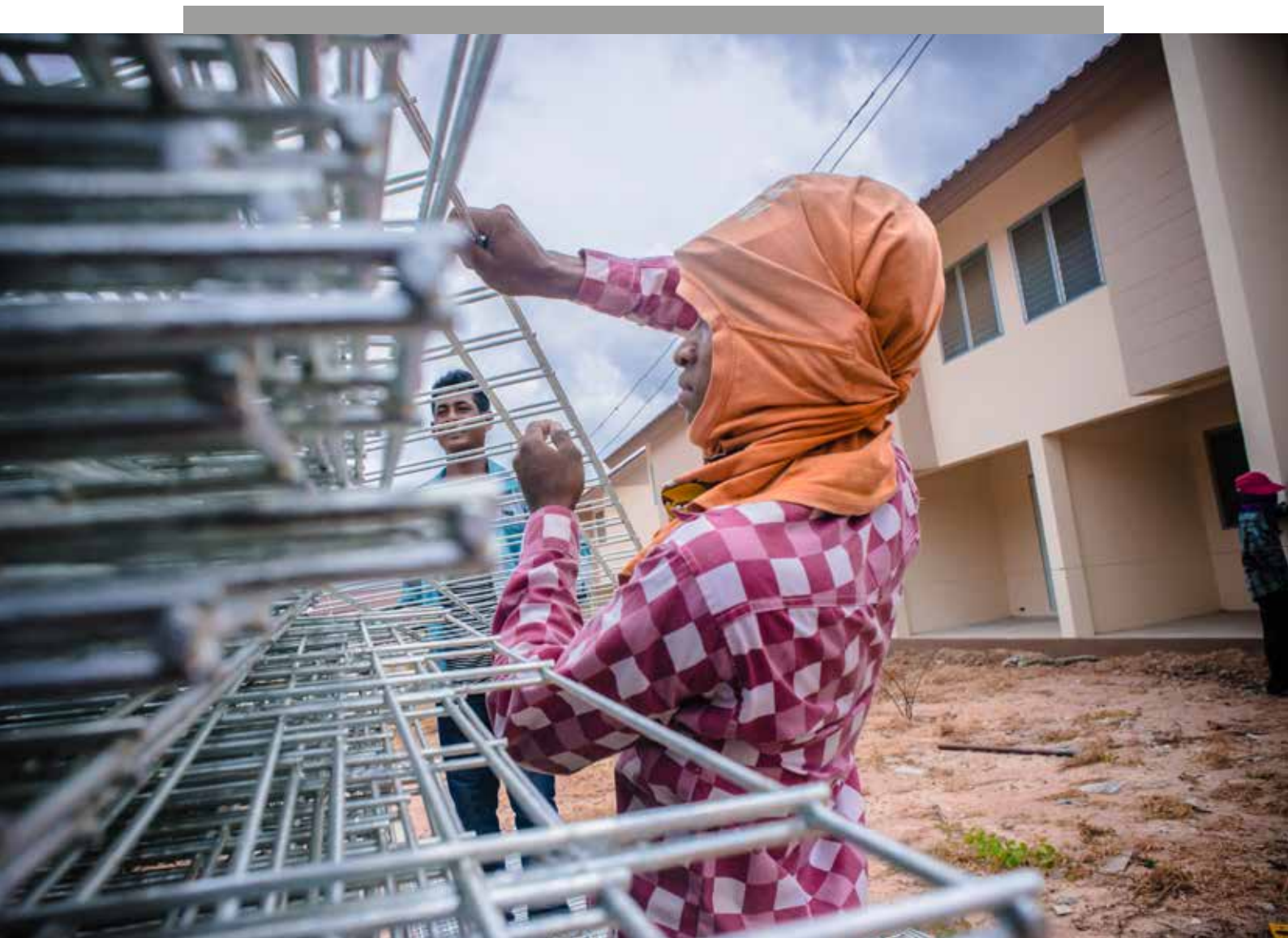
these complex human rights violations. A whole-of-government approach is required to develop holistic solutions that can be implemented at scale.

The socio-economic pressures that render individuals and workers vulnerable to child labour, forced labour and human trafficking are multiple and mutually reinforcing. Poverty, informality, presence of violence, certain social norms, and gender and other forms of discrimination all operate together to limit options for survival and sustainable livelihoods. The absence of social safety nets, including availability of a social service welfare workforce and labour protection, exacerbates these pressures, making it more difficult for people to refuse or leave jobs that are abusive or have degrading conditions. Socio-economic pressures make families less able to avoid reliance on their children's labour or may push them to resort to high-risk or coercive forms of credit. Such pressures may also contribute to people's decisions to migrate in search of better opportunities, or simply viable livelihoods and survival. Such migratory journeys can themselves exacerbate vulnerabilities to forced labour and human trafficking, for example when migrants resort to irregular and risky channels, relying upon

unscrupulous recruitment intermediaries or smugglers and exposing themselves to a risk of being trafficked. Negative outcomes reinforce the cycle of poverty and vulnerability to child labour, forced labour and human trafficking.

The third dimension relates to risk factors associated with business conduct and overall business environment. They include the lack of awareness, capacity, policy commitment and action on the part of businesses in relation to their responsibility to respect fundamental principles and rights at work, notably the prohibition of child labour, forced labour and human trafficking. Economic and commercial

pressures can also play a role in driving some businesses to use child labour, forced labour and human trafficking linked to global supply chains. These pressures vary across different types of supply chains, geographical contexts and organizations, but research suggests that pressures facing suppliers around price, cost and speed are of particular importance. An overall business environment that is characterized by a high degree of informality creates additional challenges for government inspection and for implementation by business of policies and due diligence measures.



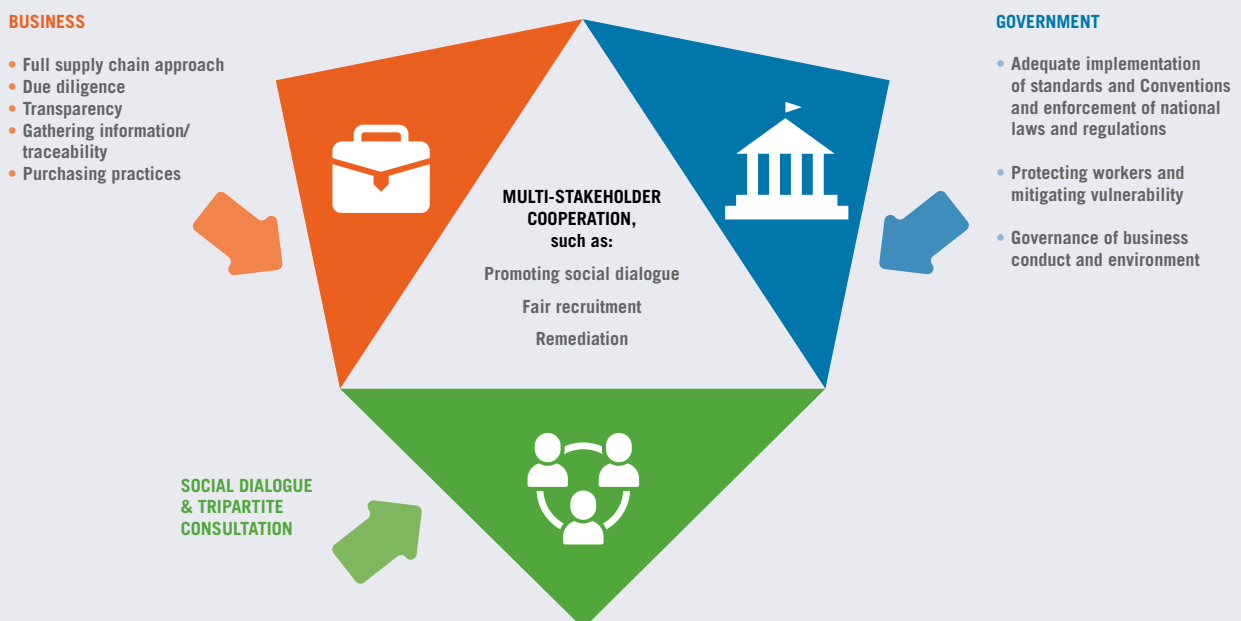
PART 2. RESPONDING TO CHILD LABOUR, FORCED LABOUR AND HUMAN TRAFFICKING IN GLOBAL SUPPLY CHAINS: A REVIEW OF PUBLIC AND PRIVATE ACTION

PART 2 first addresses government action to mitigate the socio-economic vulnerability of individuals and workers, a key “push” factor in child labour, forced labour and human trafficking. It then considers specific issues linked to the public governance of global supply chains and to public measures aimed at encouraging companies to address risks of child labour, forced labour and human trafficking across their business activities and their supply chains. The last section reviews private sector efforts and addresses responsible business conduct and due diligence as a comprehensive approach for businesses to tackle child labour, forced labour and human trafficking in global supply chains.

PUBLIC MEASURES TO PROTECT WORKERS AND MITIGATE VULNERABILITY TO CHILD LABOUR, FORCED LABOUR AND HUMAN TRAFFICKING

To address the challenges of child labour, forced labour and human trafficking, adequate implementation of relevant standards and Conventions and enforcement of national laws and regulations are of paramount importance. More efforts are needed by governments to support each other through technical cooperation and the exchange of experience.

FIGURE 5.
RESPONDING TO CHILD LABOUR, FORCED LABOUR AND HUMAN TRAFFICKING IN GLOBAL SUPPLY CHAINS



Child labour, forced labour and human trafficking are rooted in the social and economic vulnerability of individuals, workers and their families, and preventive measures to address such vulnerabilities are the necessary starting points for efforts to end these fundamental labour rights violations. Research and experience points to some of the policy areas most relevant to reducing people's vulnerability to child labour, forced labour and human trafficking:

- Accessible free public education of good quality is essential as an alternative to child labour and for breaking the poverty cycle by improving prospects for decent work in adulthood. The school-to-work transition is particularly critical, and education opportunities such as vocational training and skill building can increase the range of opportunities for young people to find work.
- Birth registration helps to establish legal identity and age and is necessary to determine whether children are too young to work and facilitates access to basic services such as education.
- Accessible and good-quality pre-school facilities can reduce household vulnerability by allowing primary caregivers to return to the labour market and can help children avoid early exposure to work resulting from caregivers themselves having to tend to their children at work.
- The social service workforce plays a core role in preventing and responding to labour rights violations and abuses, and removing children from child labour and people from forced labour and trafficking. Strengthening the reach, calibre and funding of the social service workforce is crucial.
- Investments in child survival interventions and access to basic services such as nutrition, water, sanitation and hygiene, and health services are needed to ensure children's healthy development, and help break intergenerational cycles of poverty.
- Stronger social protection systems to guarantee adequate standard of living, including social protection floors, are necessary to offset the vulnerabilities that can push people into forced labour and human trafficking or that can oblige families to send their children to work as survival strategies.
- Microfinance can help vulnerable families avoid falling victim to debt bondage, as access to the financial market through such schemes helps reduce their dependence on employers, recruiters and other moneylenders for loans. Access to credit also enables families to hedge against some of the risks they face.
- Ensuring that workers and employers are free to form or join organizations that represent their interests and are able to exercise their right to bargain collectively is vital to improve work conditions, including those of women and migrant workers, and to productive labour relations. Social dialogue in its various forms and levels can help to build trust among partners and generate more sustainable responses to child labour and forced labour risks in supply chains.
- Supporting the transition from informal to formal enterprises is also a crucial strategy to promote compliance and sustainable business practices in global supply chains and beyond.
- Promoting safe, orderly and regular migration is key to mitigating the risks of human and labour rights violations faced by migrants in transit and at their destination, in line with the Global Compact for Safe, Orderly and Regular Migration, adopted in December 2018.
- Finally, promoting fair recruitment is critical, given that recruitment abuses are one of the main ways in which forced labour enters supply chains. The adoption and enforcement of regulations to ensure that workers and jobseekers are not charged recruitment or related costs – in line with international legal standards – is especially important in this context.

To be most effective, these prevention measures need to be implemented at scale. Importantly, a rights-based approach needs to put children and workers at the centre of response efforts and provide a comprehensive way of addressing vulnerabilities.

These policies are of course relevant to addressing child labour, forced labour and human trafficking occurring in all contexts, and not just to tackling these fundamental labour violations in global supply chains. A broader approach is critical, as a narrow focus on eliminating these violations only within the production settings that form part of global supply chains – without addressing the common set of socio-economic pressures at their root – risks simply displacing the violations into sectors of the local economy that are not linked to global supply chains, meaning in turn that the ultimate goal of ending all forms of child labour, forced labour and human trafficking, regardless of where they occur, would be no closer. The discussion of child labour, forced labour and human trafficking in global supply chains therefore cannot be divorced from that of child labour, forced labour and human trafficking generally, or from the common

set of socio-economic pressures that render people vulnerable to these fundamental labour violations.

PUBLIC GOVERNANCE MEASURES TO REGULATE BUSINESS CONDUCT AND ENVIRONMENT

In addition to establishing and enforcing a strong legal framework to combat child labour, forced labour and human trafficking, and addressing the socio-economic pressures that make individuals and workers vulnerable to such human rights violations, governments have a critical role to play in ensuring that companies act to address the risks of child labour, forced labour and human trafficking in their operations and supply chains. Such governance is particularly important as businesses operate increasingly across countries with different regulatory environments.

In this context, the United Nations Guiding Principles on Business and Human Rights call on States to “set out clearly the expectation that all business enterprises domiciled in their territory and/or jurisdiction respect human rights throughout their operations.”

Governments have a wide range of policy and regulatory tools at their disposal to leverage their central role in the economy and encourage companies to act responsibly. A number of governments have actively taken measures to create an enabling environment for responsible business conduct practices in supply chains.

In this regard, a growing number of governments have introduced supply chain transparency and due diligence legislation that requires companies to publicly report on actions taken to address risks of adverse impacts across their supply chains. Business regulation can represent a strong inducement for companies to carry out due diligence, and can play an important role in raising awareness amongst senior management within a company. However, considering the recent nature of these developments, the full impact of such regulations, including the unintended consequences for potentially affected stakeholders and communities, remain to be fully explored.

Government action has also included the adoption of national action plans on business and human rights or on responsible business conduct. Ensuring policy alignment and coherence is of critical importance. National action plans can provide an overarching policy framework for responsible business conduct and ensure coordination and coherence within the government. As of September 2019, 23 countries have adopted national action plans and four countries are in the process of developing one. Some countries have also developed specific national action plans on child labour, forced labour and human trafficking, promoting wider intergovernmental coordination of efforts.

Governments are also increasingly incentivizing and exemplifying responsible business practices when acting as economic actors themselves. Governments are expected to behave responsibly and lead by example when procuring goods and services as State-owned enterprises, or when providing development financing or trade promotion support to companies (for example, export credits). As well as being in the public interest and ensuring accountability of public spending, this also enhances the legitimacy of policies towards businesses to combat child labour, forced labour and human trafficking.

At the same time, trade and investment policies drive and shape global supply chains. Trade policies and trade arrangements have long served as important vehicles for governments to promote international labour standards in global supply chains, and their influence is increasing. For example, as of mid-2019, there were 85 regional trade agreements that included labour provisions, representing about one-third of the total regional trade agreements in force. Governments are also increasingly including language in their trade policies setting out an expectation that businesses act responsibly. More recently, a trend towards increasing attention to labour standards and responsible business conduct has also been observed in investment treaties.

The importance of remediation is recognized in the three main international instruments for responsible business conduct. Providing access to effective remedy for victims of child labour, forced labour and human trafficking in global supply chains falls under the government’s duty to protect its citizens against enterprise-related human rights violations. As such, provision of judicial and non-judicial avenues of redress forms part of the enabling environment

for responsible business conduct. International instruments set high standards to ensuring access to remedy. An assessment of their impact on compliance in the specific context of child labour, forced labour and human trafficking would help to identify areas requiring further development. G20 countries should step up efforts to strengthen mechanisms providing access to remedies, including the national contact points for responsible business conduct established under the OECD Guidelines for Multinational Enterprises, and ensure that those national contact points enjoy the support and visibility needed within governments to operate effectively and assess, where appropriate, the financial and human resources available to them.

In sum, the report finds that a multiplicity of government actions have been undertaken in this field in recent years. Such public governance measures to regulate business conduct and environment have depended on a range of different policy tools and the support of government agencies. Further efforts are needed at the national level to promote policy coherence and to ensure maximum impact of any measures undertaken. Whatever tools governments opt

for to facilitate responsible business conduct in global supply chains, the most effective methods typically require multistakeholder cooperation involving a wide range of actors, including businesses, government, trade unions and civil society. Governments can also engage proactively and use their convening power to work with business and industry to address the root causes of child labour, forced labour and human trafficking. This recognizes the complex nature of these problems, and the need for stakeholders to come together and address them jointly.

Additionally, a proliferation of expectations at the domestic level and across countries can create challenges for business operating globally and potentially reduce the impact of government action to ensure supply chains free from child labour, forced labour and human trafficking. Promoting uniformity and clarity around expectations on supply chain due diligence is important in this regard. Existing international standards and government-backed guidance tools can contribute to providing a common understanding on due diligence and ensuring that all actors are operating according to the same parameters.



RESPONSIBLE BUSINESS CONDUCT FOR LABOUR AND HUMAN RIGHTS

There is strong consensus that responsible business conduct and due diligence through a comprehensive approach is appropriate for businesses to tackle child labour, forced labour and human trafficking in global supply chains. Much, however, remains to be done in terms of translating this consensus into practice.

All intergovernmental standards on responsible business conduct – which include the United Nations Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines for Multinational Enterprises – establish due diligence as the framework for companies to address child labour, forced labour and human trafficking risks in their supply chains. All of these standards represent a reflection on what has and has not been effective in addressing labour and human rights risks – including child labour, forced labour and human trafficking – arising from business activities over the past 20 years. Companies too are recognizing that the systemic issues underpinning these violations cannot be addressed by one single company or even sector alone. Within this context, due diligence includes processes that entail a full supply chain approach; are preventive; are commensurate with, and prioritized in accordance with, the severity and likelihood of harm; form an integral part of an enterprise's risk management and decision-making; and are informed by continuous engagement with stakeholders.

When considering due diligence in relation to child labour, forced labour and human trafficking, the complexity of the supply chain coupled with the hidden nature of these violations is particularly relevant and poses several challenges to gathering necessary information on the business actors along the supply chain, as well as on their human rights performance. This lack of visibility is compounded with a potential lack of leverage with suppliers, with whom companies may not hold direct contractual relationships.

These complexities require that companies strengthen internal processes to ensure alignment across business units – for example, those in sourcing

and buying departments and those in charge of addressing human rights risks (such as corporate social responsibility departments). A growing number of companies are also exploring ways to address their own business models and purchasing practices, including by providing long-term contracts to suppliers and ensuring that prices paid cover the full costs of production.

To gain information on business relationships and to monitor compliance further upstream in the supply chain, recent trends also include the use of traceability or chain of custody tools by businesses, either individually or through industry or multistakeholder initiatives. New technologies, such as distributed ledger technology (for example blockchain), are increasingly being piloted for their application to traceability. Engaging with midstream suppliers that are operating at control points within a supply chain has also been demonstrated to be effective. Control points will probably have greater visibility and leverage over their own suppliers and business relationships further up the supply chain than enterprises closer towards consumers or end users. The minerals sector provides a case study of this approach.

Beyond identifying business partners, assessing for child labour, forced labour and human trafficking can be difficult due to its hidden and often illegal nature. Lessons from the past 20 years have demonstrated that while social audits have value for identifying abuse, it is necessary that these tools are designed to be fit for purpose for these specific risks, including through the meaningful engagement of affected stakeholders in the assessment process. Worker-driven social responsibility programmes may be one opportunity in this regard. The level of expertise of those carrying out supplier assessments has also been demonstrated as important. Finally, while companies have placed strong emphasis on supplier assessment, continuous monitoring has been relatively absent. Global framework agreements and improved grievance mechanisms are tools that can potentially help close this gap.

Recruitment practices often require migrant workers to pay large sums of money to work abroad. Induced indebtedness of migrant workers – particularly prominent in the context of global recruitment channels – can increase workers' vulnerability to forced labour and human trafficking. A growing number of companies are committing to the employer

pays principle, which recognizes that no worker should pay for their job. However, given the informality and complexity of recruitment networks, preventing payments and providing remedy to workers remain challenging.

Ensuring meaningful social dialogue in the due diligence process remains a critical challenge, although this too is an area where valuable experience is accumulating. International framework agreements, directly negotiated between multinational enterprises and global trade union federations, are also growing in number. They have the potential to promote freedom of association and collective bargaining and help organize workers in subsidiaries and suppliers of multinational enterprises, ensuring, in turn, the presence of local trade unions that can raise concerns over systemic risks of child labour, forced labour and human trafficking where present.

In light of the complexity of child labour, forced labour and human trafficking, and the urgency to address these issues at production processes further upstream in global supply chains, collaboration is playing an increasingly important role, both between businesses and with stakeholders. Collaboration can help ensure that company action is integrated into existing localized solutions that are seeking to address root causes. It can likewise help to address the cost and leverage limitations that an individual company may face. Where collaborations exist, it is important it seeks to align with government-backed recommendations on due diligence to support alignment with best practice and recognition across programming.

The evidence and experience presented above point to a set of policy tools for Governments, business and social partners to tackle child labour, forced labour and human trafficking in global supply chains. As such, this report offers critical guidance for broader and accelerated efforts towards achieving SDG target 8.7 through multistakeholder joint action.

DEFINITIONS

CHILD LABOUR is any work that deprives children of their childhood, their potential and dignity, and that is harmful to physical and mental development. It is defined by the ILO Minimum Age Convention, 1973 (No. 138), and the Worst Forms of Child Labour Convention, 1999 (No. 182), and by the United Nations Convention on the Rights of the Child.

FORCED LABOUR is defined by the ILO Forced Labour Convention, 1930 (No. 29), as “all work or service that is exacted from any person under the menace of penalty and for which the said person has not offered himself voluntary”.

The **MEASUREMENT OF CHILD LABOUR AND FORCED LABOUR** follows the international standards of the International Conference of Labour Statisticians.

HUMAN TRAFFICKING is defined by the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, as “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.”

For the empirical evidence presented in this report, **GLOBAL SUPPLY CHAINS** represent goods and services that cross international borders for consumption or as inputs for further production.

A number of terms are used in the literature on supply chains to describe different locations along supply chains. In this report, the term **UPSTREAM** is used to refer to production processes in supply chains that occur closest to raw material production, whereas the term **DOWNSTREAM** is used to delineate those production activities in supply chains that occur closest to retail.





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