Human Trafficking in the Supply Chain:
Forced Labor and the Responsibility of Brands and Manufacturers

The concept of Human Trafficking has recently entered mainstream consciousness. Many of us have seen the billboards with the hotline number or the movies from the “Taken” series. The phrase “Human Trafficking” is now recognizable, but do people fully understand what it includes and its prevalence? Is Human Trafficking relevant to the Retail industry? As a Brand or Manufacturer, how sure are you that your Supply Chain is free from trafficked victims?

**Distinctions in Human Trafficking**

Human Trafficking can come in many forms. It is not specific to an age, gender, race, or ethnicity. It is a global challenge, which will require everyone’s effort to eradicate. In 2013, President Barack Obama correctly equated Human Trafficking to Modern Day Slavery: “When a man, desperate for work, finds himself in a factory or on a fishing boat or in a field, working, toiling, for little or no pay, and beaten if he tries to escape — that is slavery. When a woman is locked in a sweatshop, or trapped in a home as a domestic servant, alone and abused and incapable of leaving — that’s slavery.” ([http://www.whitehouse.gov/issues/foreign-policy/end-human-trafficking](http://www.whitehouse.gov/issues/foreign-policy/end-human-trafficking))

Most associate Human Trafficking with Sex Workers (an industry easily identifiable and prosecutable); however, there’s another form of trafficking that is just as common – and is closer to Brands and Manufacturers than we realize. This variety is Forced Labor. According to the International Labor Organization (ILO), 21 million trafficked people are being forced to labor with little or no pay and rights. ([http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm](http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm))

During the Global Human Trafficking Conference in Beverly Hills, California on February 7th, 2015, John Cotton Richmond (US Department of Justice, Special Litigation Counsel, Human Trafficking Prosecution Unit, Civil Rights Division) eloquently highlighted the difference between smuggling and forced labor, “You can take a picture of smuggling but you can’t take a picture of coercion. It’s a story.” This coercion can come in the form of isolation, debts, and/or surveillance. As a result, forced labor is significantly more difficult to recognize.

The inability to distinguish between forced and voluntary labor through visuals alone applies to factories every bit as much as other working environments. If your factories aren’t visited, it would be impossible to state, with 100% certainty, that your factory never has, and never will, use forced labor. Illegal subcontracting, homeworking, and migrant labor are all common practices obscuring many Brands’ ability to trace an item from floor to store. This lack of visibility robs your organization of the opportunity to guarantee the ethical sourcing of its products.
What has been done?

Despite the difficulty, actions have been taken in an attempt to address forced labor in the Supply Chain. For example, the ILO has created several tools for tackling the use of forced labor. Its website lists the 1930 Forced Labour Convention, the Abolition of Forced Labour Convention in 1957, and the Protocol of 2014 to the Forced Labour Convention as just a few frameworks focused on forced labor. (http://www.iolo.org/global/standards/subjects-covered-by-international-labour-standards/forced-labour/lang--en/index.htm)

Additionally, California passed a bill (California Transparency in Supply Chains Act SB-657) into law in 2010 to “require retail sellers and manufacturers doing business in the state to disclose their efforts to eradicate slavery and human trafficking from their direct Supply Chains for tangible goods offered for sale, as specified.” (http://www.state.gov/documents/organization/164934.pdf) As of now, this law has provisions limiting its scope – an example being that it applies to those organizations that have annual gross receipts of over $100 million dollars.

Once this has been recognized as a problem or a potential problem, what steps can be taken to properly address it? The below three-pronged is a strong start to combatting this issue. While not a comprehensive solution to the global problem (as this includes many different actors such as government officials, police officers, prosecutors... etc.), together we can avoid turning a blind eye to the issue and reduce risk within the Supply Chain.

Identification, Monitoring, Continued Education:

It is not sufficient to just post a Code of Conduct in the workplace. Code Elements must be adhered to and practiced daily. This is possible through a systematic three-pronged approach of Identification, Monitoring, and Continued Education. By establishing these three steps throughout your Supply Chain, Brands and Manufacturers will be able to mitigate their risk of Human Trafficking more effectively.

Identification:

Identification requires a deep understanding of the Supply Chain. In a word, it is transparency – tracing a product from the cotton field, gold mining cave, or fishing boat all the way to the sales floor. Where is the production occurring within the Supply Chain, and who is monitoring the treatment of the workers? As an industry, Brands and Manufacturers have improved their understanding and management of the Tier I Supply Chain, usually referred to as the “cut and sew” factories. These are the known locations where the finished goods are completed. However, what about mills and sundries? Where are the buttons made for those blouses, the yarn dyed for those ties, or the leather prepared for those belts?

Awareness of Human Trafficking is growing, and the call to action will only grow louder. Brands and Manufacturers will face challenges as they improve their understanding of the deeper Supply Chain. Vendors are not necessarily willing to be open and transparent regarding their procurement of materials. Their unwillingness often stems from the idea that they, as the “middle man,” will be removed in favor of vertical integration. Strong relationships between suppliers, built overtime, combat this tendency as the trust of continued business and profit outweighs the fear of a reorganized Supply Chain. Brands need to assuage the fears of suppliers that divulging the Tier II and Tier III levels within
the Supply Chain will lead to this information’s use as leverage against them. Transparency at the highest level helps breed transparency at all levels.

**Monitoring:**

Once the Supply Chain has been identified- Tiers I, II, and III (and beyond), factory locations must be monitored thoroughly. Many Social Compliance industry leaders debate on the best approach to factory monitoring – are unannounced audits and factory surveillance better or worse than announced audits? Is there an accredited tool that is better than another? What makes it better? Which auditing company provides the most ethical auditing, leaving no room for doubt of bribery? Answering these legitimate questions is not in the scope of this article; however, what is important is that monitoring is clearly defined and executed in factories within the Supply Chain.

Effective monitoring should eliminate surprises. This requires clear, upfront, expectations and effective, continuing, communication. Brands or Manufacturers should not be surprised if a factory chooses to relocate. If effective monitoring were in place, the factory would know it was obligated to send an alert ahead of time with associated paperwork. It shouldn’t be a surprise that the factory is using a subcontractor for washing and embroidery services. It should have been listed in the initial paperwork and contract between client and supplier. As Identification is the first step in listing the factories, Monitoring as the second step is crucial to ensure that the list provided reflects the current state of the Supply Chain.

Monitoring provides Brands and Manufacturers a snapshot of existing conditions in their factories. It is important to recognize that this is only a snapshot. Monitoring is not 100% foolproof, as what is seen may not indicate the factory’s state year-round. However, it can highlight opportunities for significant improvements. How are workers hired? Are there contracts? Where are the contracts kept? Did the workers have to pay a fee to be hired? Where do the workers sleep? Are there bars and locks on the windows and doors?

Most importantly, worker interviews are imperative to gaining insight into their daily lives. It’s during this part of the monitoring process where workers are free to express their concerns about their work environment. Are they forced to work overtime? Do they know their rights? Do they sleep near their work? Are they required to pay deductions out of their paycheck? Do they get paid regularly? These are all questions that monitors might ask workers to expand on during the interview process.

**Continued Education:**

The last of the three pronged approach is Continued Education. This includes education on the Brand/Manufacturer level as well as on the factory level. Education needs to be provided to all individuals in order to reinforce the understanding that humans are not commodities. Humans are not cogs in the machine. It is not acceptable to abuse individuals emotionally, physically, or sexually, use coercion to force their labor, or fail to pay (through neglect or otherwise) for their work. Educating Brands, Manufacturers and workers on forced labor can be provided through in-factory training, online webinars, offsite visits, or Educational Assessments (to determine need). Currently, education is focused on the Tier I factories but needs to be expanded to encompass all workers. These deeper tiers are historically higher risk.
Through education comes understanding. The need to identify forced labor by recognizing the signs is crucial to moving Social Compliance to the next level. Forced Labor needs to be a consideration in all Supply Chain decisions.

**Next Steps:**

Given the prevalence of forced labor, ensuring that your Supply Chain is immune can appear to be a daunting task. This is especially difficult for those working with little to no budget and an inability to increase overhead. Even so, options are still available. There are a plethora of resources that focus on assisting others in the fight against human trafficking. There are also Third Party Providers, such as Sumerra, who have consultants available to do risk analysis within a Supply Chain, among other functions. Regardless of the specifics – something should be done.

*Carla Susmilch is a Program Manager for Sumerra – a global compliance and consulting company. She has previous experience working in Social Responsibility in a Brand role, and currently represents a Third Party Provider. For further information, please contact Carla Susmilch at csusmilch@sumerra.com or visit Sumerra.com to see a list of services Sumerra can provide you.*