

**OSCE Alliance against Trafficking in Persons Conference**  
**Ethics in Preventing and Combating Human Trafficking**  
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**PANEL 1: Ethical sourcing to prevent forced labour and trafficking**  
**in human beings in the private sector**

Secretary General, Special Representative, Excellencies, Ambassadors, I am honoured to be here today, and am most grateful for having been invited to address you to share some lessons and experiences from my organization, the Ethical Trading Initiative on ethical sourcing to prevent forced labour & trafficking in human beings in the private sector.

I will begin by telling you a little about the Ethical Trading Initiative, why we exist and how we operate as a multi-stakeholder initiative and.

Next, I will share some insights on how we approach the issue of trafficking in global supply chains which I will illustrate with two stories – how the Gangmasters Licensing Authority came about, and a story about the UK Modern Slavery Bill that is currently being debated in Parliament.

And finally, I will end with some ideas about what governments, in particular OSCE member states, might consider in preventing and putting an end to the growing problem of trafficking for labour exploitation in the long term.

The Ethical Trading Initiative (ETI) is a multi-stakeholder initiative – a leading alliance of companies, trade unions and NGOs.

Our approach to ethical sourcing is to put respect for workers rights at the heart of our vision to help create a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity. Our role is to help improve working conditions in global supply chains, recognising that these are complex and challenging, and are best tackled through collaborative effort.

Our membership is made up of over 80 companies – many of well-known global retailers such as Marks & Spencer, Tesco, John Lewis, the Cooperative, and brands such as H&M, Primark, Gap and Next. They produce and sell consumer goods in textile and garment sectors, food and farming, as well as household and hard goods. The annual turnover of our company members is around £180bn and they employ around 10 million workers.

Our trade union members represent nearly 160 million workers around the world, and include global and national trade union federations. They include the International Union of Foodworkers, IndustriALL, the International Trades Unions Council, the International Federation of Transport workers and British Trades Union Congress.

Our NGO members include large international development charities such as Oxfam, Anti-Slavery International and CARE, as well as specialised labour rights organisations such as Women Working Worldwide.

ETI member companies adopt the ETI Base Code, which is founded on the conventions of the ILO and is an internationally recognised code of labour practice. Our company members commit to integrating ethical trade into core business practice and to drive year-on-year improvement in working conditions throughout their supply chains.

The Base Code includes issues such as forced labour, freedom of association, health & safety, child labour, reasonable working hours, paying living wages, freedom from discrimination, violence and abuse and employment security.

When we consider preventing human trafficking and ethical sourcing in global supply chains, I would argue that there are three critical issues to consider.

Firstly: it is important to approach the issue of trafficking for labour exploitation and forced labour from the perspective of the worker themselves, and seek wherever possible to ensure they have a voice, that they are able to exercise their basic rights as workers, and that they are not criminalised or punished when forced labour is found.

Coercion and choice are the key indicators in determining whether or not workers are trafficked. Does a worker have the freedom to choose their employer or to leave their employment? I would argue that the counter-weight to this is ensuring that workers have the right to freedom of association; to organize collectively and to negotiate the terms and conditions of their work.

Unionised workers are unlikely to be trafficked workers. Aside from the benefits for workers themselves, companies benefit too. It establishes a channel of communication with workers and they will be far more likely to be aware of risks in their supply chains. Governments can play a vital role through laws and policies that give workers the right to organize and to claim their rights.

My second suggestion is to recognise that global supply chains are complex, and whilst we may see the symptoms clearly – sweatshops, bonded labour in brick kilns, slavery on fishing vessels, child labour in cotton plantations and so on – the solutions are not always straight-forward.

Campaigns to target brands and retailers, to engage consumers in the choices they make to buy a product certainly help to put a spotlight on abuse and exploitation. These campaigns force companies to worry about their reputation and credibility with consumers and investors and may press them to consider how they need to avoid the risks of trafficked labour in their supply chains.

But it is naïve to imagine that you can solve the problem simply by labelling or certifying certain products as traffick-free or boycotting companies or products because child or slave labour has been found in their supply chain.

The calls for auditing, verifying and certifying consumer goods in global supply chains are not the answer either. Third party auditing can help to identify risks, but it is a profit-making business and is open to corruption and abuse.

Also, as we know, the problem lies further down the supply chain. But it would be too easy to blame suppliers – the factories and farm-owners. It starts when a purchaser in a company tells their supplier that they need a certain quantity of goods at a certain price within a certain time frame, meeting appropriate quality standards.

Suppliers respond by sub-contracting the work to others, sometimes three or four levels down the supply chain. These sub-contractors will find workers that they can pay less and exploit more and are more vulnerable: often migrants, less skilled, may be undocumented, do not speak the language in host countries, and rely on intermediaries who take advantage of them. This workforce is often invisible – operating in the twilight zone of supply chains.

And whilst it is tempting to blame the evil supermarkets and brands, that too is naïve. Sometimes multi-nationals are the ones doing most to address the problem: they create millions of jobs for workers around the world that help workers earn a livelihood for themselves and their families. Most of them sign up to voluntary codes of practice, such as the Ethical Trading Initiative. They are subject to public scrutiny by consumers, the media, their shareholders, and know they need to manage risk and preserve their brand reputation.

Sometimes they do their best but realize their leverage with suppliers is limited because their orders for sweaters or green beans account for only 10% of the total orders from a farm or factory. There is only so much they can influence as a single company.

Also, they source their products from countries there are either very poor laws to protect workers, or where there are no trade unions, or there is simply no will, resource or capacity to enforce and monitor the existing labour laws.

What I've come to realise is that most often there are no quick and easy solutions... sometimes no clear good guys and bad guys... just very complicated supply chains with layers and layers of actors and agents exploiting workers in different ways – some criminal, some legally sanctioned.

Some of the more enlightened companies know they need to work together to improve labour standards across an industry, a sector, or in a particular country where they source their products. And they realize that they need trade unions and NGOs around the table to help them figure out what to do.

That's where the value of multi-stakeholder initiatives and dialogue comes in, and that's a large part of what ETI does. It brokers those conversations, and

enables the solutions to be found by listening to and learning from those who understand these problems in each particular context from their own perspective. They work their way through problems and find creative solutions. It's not always easy or pleasant – often each party starts with directly opposed positions, but where there is a will to listen and to learn, to find a way forward, things shift and change is possible.

But they also know that governments are vital to the solutions. This includes creating an enabling legal and policy environment, appropriate regulation, clear definitions on what constitutes a crime and who is accountable for what, monitoring and ensuring consequences for violations – are vital – particularly for ethical sourcing in the private sector.

This is my third recommendation: partnerships are vital to tackling these issues. I'd like to tell you a couple of stories about how this has worked.

My first story is about the Gangmasters Licensing Authority in the UK.

Around 2002, there was emerging evidence of poor labour conditions suffered by many temporary and migrant workers in the agricultural sector in the UK. There were around 600,000 temporary workers involved in picking, packing and processing fruit and vegetables sold on supermarket shelves in the UK. Exposés of extreme worker abuse found violence, coercion, poor health and safety practices, sub-minimum wages and poor living conditions. This prompted ETI to convene a broad coalition of its members to work together in tackling the growing exploitation of these vulnerable workers. As you'll know, the food industry has always relied on temporary labour to manage seasonal peaks in production.

The group found that lack of effective controls meant that the traditional 'gangmaster' system - where temporary labour providers supply gangs of workers to farmers at harvest time - had developed into a largely unregulated sector, with unscrupulous employers and criminal gangs presenting themselves as legitimate businesses.

This coalition was called the Temporary Labour Working Group (TLWG), and included supermarkets, food manufacturers, packers and wholesalers, trade unions and other experts, and some government departments. The Ethical Trading Initiative led this group's lobbying for statutory licensing and registration of labour providers in the agricultural sector. Together they developed and tested a voluntary code of labour practice for gang masters and a system for auditing compliance with the code. They developed tools, and provided practical support for gang masters to improve their operations. But at this stage, they weren't obliged to be audited, but could volunteer to do so. If the audits identified non-compliance, there was no authority or power that could enforce corrective action.

However, when 23 Chinese migrant workers drowned picking cockles in Morecambe Bay on 5 February 2004, the calls by this body for licensing shot to the top of the political agenda and on 8 July 2004 the Gangmaster

(Licensing) Act was passed. It came into force in October 2006, and from that time, all temporary labour providers in the agricultural sector were required have a licence to operate.

The Gangmasters Licensing Authority (GLA) – was set up to safeguard the welfare and interests of workers and to ensure that labour providers operate within the law.

The story of the GLA also highlights a clear recognition of the role of government regulation and why in some cases voluntary codes are simply not enough to tackle abuse and exploitation. Companies, trade unions and NGOs came together to pressurise the UK government for new legislation and succeeded in putting protection through licensing of labour providers, along with powers to investigate, enforce and ensure prosecution of labour exploitation offences under the Gangmasters Licensing Act.

My second story is more current: it concerns the UK Modern Slavery Bill that is now being debated in Parliament.

In 2013, the government Home Secretary announced that the UK would be a global leader in the fight against modern slavery, and published a draft Modern Slavery Bill. This followed a year of consultation with business, experts and stakeholders on how the Bill could help to eliminate slavery.

There was shock and considerable disappointment when the Bill's first draft made no mention of any obligations or requirements on business or any mention of how the legislation would tackle labour trafficking in supply chains.

The government argued that it did not want to impede economic growth by over-regulating the private sector and placing undue burdens on it. It argued that companies needed to take responsibility for their supply chains, that consumers and the media would hold it to account. They highlighted the value of voluntary codes and practices such as ETI's Base Code, and felt these good practices should show others how to manage risks of trafficking in their supply chains.

But they were challenged position by those at the forefront of responsible business in the UK – investors, retailers, brands and suppliers – as well as a large number of NGOs and trade unions. And as a result of that challenge, they changed their minds – prompted by efforts of the ETI, NGOs and others working together.

The lead up to this involved ETI working closely with our corporate, trade union and NGO members and other key stakeholders. We worked closely with other UK industry bodies; and met with government Ministers and officials from different departments. In the summer, together with the British Retail Consortium, ETI members wrote a letter to the Prime Minister David Cameron calling on him to put in place appropriate regulation to ensure that businesses can play their full part in tackling modern slavery. The letter explained that ethical and responsible businesses want a level playing field.

They need all businesses and the public sector to be accountable for managing risks of slavery in their supply chains – not only those that are often the targets of consumer pressure.

The government has agreed to a transparency in supply chains clause that is likely to be modelled on the California Act – the details of which will be worked out over the next few months. Once the Bill becomes an Act, the hard work of translating these good intentions into practical action and monitoring progress towards eliminating forced labour in all its forms will begin.

I would like to conclude with some suggestions for a way forward.

No single worker alone can achieve full entitlement to his or her rights – the power of collective voice and organization is critical.

No single company can ensure the protection and respect for the rights of workers in their supply chain without recognizing the role that other companies can play in improving labour standards across a sector, or industry.

Equally, no single government ministry can prevent trafficking of workers for labour exploitation without seeing the inter-linkages between immigration policies, labour standards and monitoring systems, the criminal justice system, regulation of industry; human rights legislation, trade and investment policies, and many other elements. Also, governments acting together can do a great deal to agree common standards and approaches that can be applied across and within borders.

Excellencies, esteemed colleagues, the OSCE provides an ideal platform for these issues to be discussed, for insights and lessons to be shared and for common solutions to be found. The downward spiral of abuse and exploitation can be reversed with vision, leadership and partnership. That's why we're here today. There is so much more to be done, but it will be so much more effective if we do it together. Thank you.