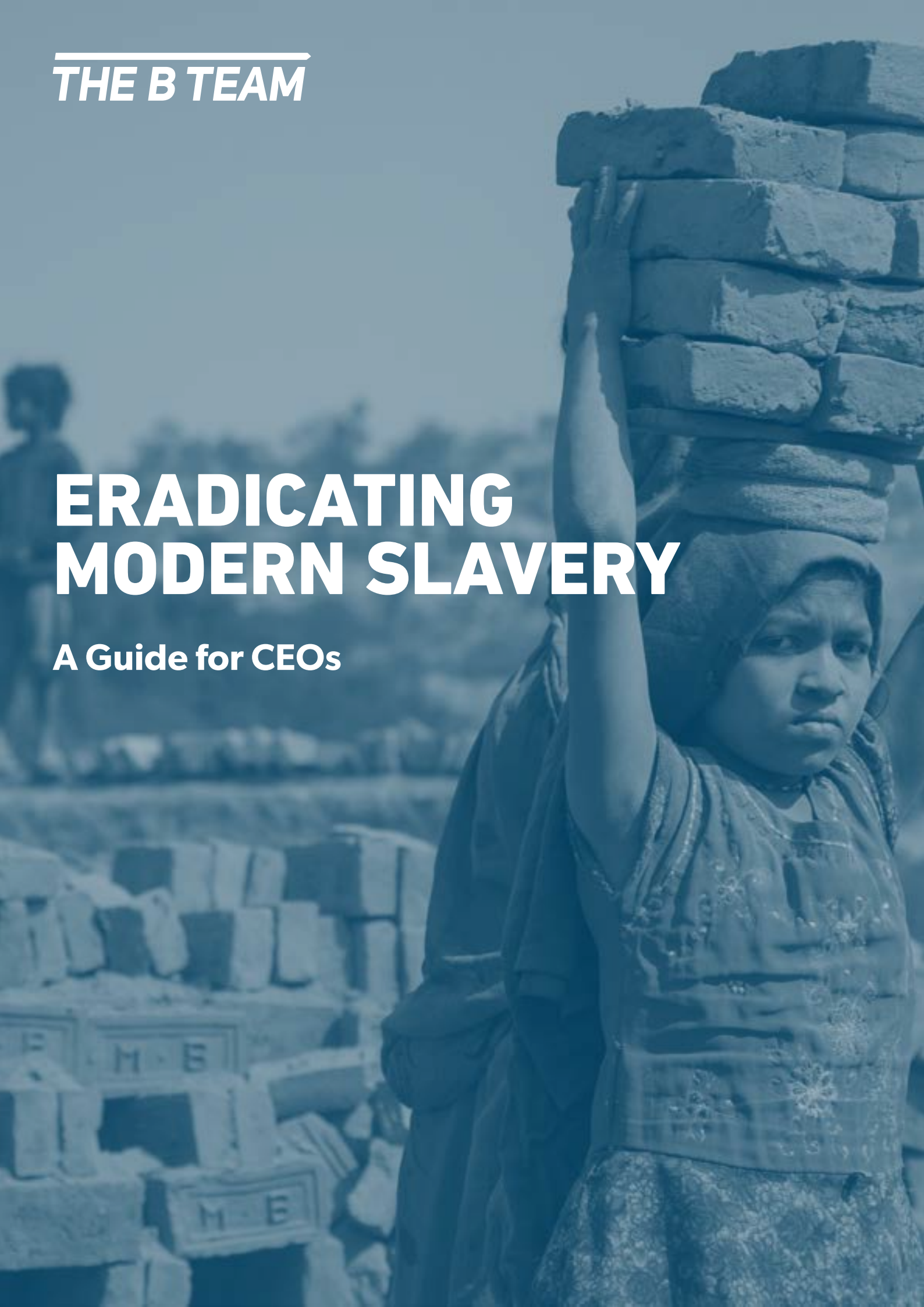


THE B TEAM

ERADICATING MODERN SLAVERY

A Guide for CEOs





I come from a small village in Kerala, India. I was stolen from my family when I was seven years old and sold into slavery. Like millions of others, I was a little child with no one to answer her questions or dry her tears, abandoned and alone.

There are still so many out there like the girl I was—imprisoned, enslaved, and silenced. I speak for those without a voice. But I can't speak alone. Those still suffering need everyone to take a stand.

I call on business leaders to use their voice and influence to help eradicate forced labour."

RANI HONG
CEO of Rani's Voice

ERADICATING MODERN SLAVERY A GUIDE FOR CEOs



Modern slavery is unacceptable and it is incumbent upon us, as business leaders, to use our leverage both individually and collectively to do everything we can to eradicate this scourge. Business has a responsibility to put in place strong policies and promote best practices to ensure safe and fair supply chains and to accelerate efforts to tackle root causes that drive poverty and it makes indeed good business sense.

Paul Polman

Chief Executive Officer, Unilever and Chair, The B Team



When you walk amongst slave labour camps, when you see domestic workers who have been rescued, you cannot understand why there is so much cruelty from one human to another. I don't believe that any decent business leaders want this. As human beings, they don't want it.

Sharan Burrow

General Secretary, International Trade Union Confederation and Vice-Chair, The B Team

INTRODUCTION

Far from being a horrific relic of history, slavery remains widespread today. There are currently more people enslaved than ever before. There are victims in every industry and in every country, including an estimated **400,000 in the US** and **136,000 in the UK**.

Of course, anybody with a conscience condemns this. Beyond the moral imperative, there is also a powerful business case for taking action against modern slavery. Developed by The B Team and Baker McKenzie (Toronto), this guide outlines why CEOs can and should use their unique influence to help stamp it out, and what steps they can take within their companies and beyond.

WHAT IS MODERN SLAVERY?

Modern slavery, also known as forced labour, describes actions that deprive individuals of their liberty for the personal or financial gain of another individual, group or corporation. In addition to servitude, it includes human trafficking, debt bondage, the sale and exploitation of children, and forced or servile marriage.

Today's **40.3 million** victims include **16 million** people in the private sector - and numbers are growing. More than 70% of all modern slavery victims are female.

The average value of a human being sold into slavery today is estimated at just \$90, less than ever before. Modern slavery generates around **\$150 billion a year** in illicit profits for the criminals involved in the modern slave trade.

THE CAUSES OF FORCED LABOUR

Complex and [systemically interrelated factors](#) allow the modern slave trade to thrive. Factors include poverty, inequality related to race, class and gender, and mass migration. Demand is fuelled partly by cost competition and sheer profitability for the traffickers. These are structural causes that CEOs can do some things to influence, largely indirectly.

But modern slavery also endures because of factors that CEOs can influence directly. These include unfair or absent labour laws (sometimes compounded by government corruption), supply chains that obscure forced labour from corporate customers, inadequate vetting of employment agencies, and C-Suite, board and consumer ignorance of the scale and nature of the problem.

[Click here](#) to learn more about the causes of modern forced labour.

WHY CEOs SHOULD USE THEIR INFLUENCE TO ERADICATE MODERN SLAVERY

“Modern day slavery is unacceptable...We have to harness the collective action of our members and work together on a pre-competitive basis to make [change] happen.”

Grant Reid
Chief Executive Officer, Mars Inc.

Modern slavery exists in every industry. Most large corporations are procuring goods or services associated with forced labour somewhere along their supply chains, often unknowingly. No single CEO can tackle this issue alone. And while recognising its humanitarian and ethical dimensions, many may be reluctant to engage in what is, on the face of it, a complex social issue.

However, there is a powerful, evidence-based business case for CEOs to tackle modern slavery. Doing so offers wide-ranging business benefits. Failing to act leaves companies exposed to serious and growing business risks.

TAKING ACTION AGAINST MODERN SLAVERY: 5 QUESTIONS FOR CEOs TO ASK

1. Do we source from countries with weak labour laws or where slavery has been found in other sectors?
2. Can I myself encourage government and fellow industry leaders to do more?
3. Do our procurement guidelines include anti-slavery policies?
4. Do we have a zero-tolerance policy with suppliers?
5. Do we have a published policy on slavery?

We know that this is not easy. We hear from CEOs and [others](#) that there are challenges both within and beyond companies.

WITHIN COMPANIES:

- Senior management simply doesn't know how and where to start.
- Companies lack the staff and resources for proper monitoring and evaluation: [Thomson Reuters' 2016 Global Third-Party Risk Survey](#) found only 36% of companies surveyed monitor their suppliers for all risks (including slavery). A further 61% have no knowledge at all of third party outsourcing practices.
- Executives fear a public backlash if evidence of slavery is found in their company or its supply chains.
- Procurement managers can't see what's going on: the [2018 Global Chief Procurement Officer Survey](#) reports that 65% of Chief Procurement Officers say they have limited to no visibility beyond their first tier of suppliers.
- Coordinating action across countries and markets is difficult.

BEYOND COMPANIES:

- Business partners often refuse to believe slavery exists in their industry.
- Competitors are not yet collaborating to create 'pre-competitive' change across their industry.
- Proper legislation is absent or enforcement is weak.

But the reasons for taking action are compelling.

BUSINESS BENEFITS TO BE GAINED FROM TAKING ACTION

- **Increasing profitability:** [The Institute of Business Ethics](#) has found that UK companies explicitly committed to ethical business practices have profit/turnover ratios 18% higher than companies without such a commitment. Research from the Boston Consulting Group and Axioma shows a [similar correlation](#). Eliminating slave labour or its output from value chains is also likely to have little impact on corporate costs. [Most of the profits from modern slavery go to criminal middlemen](#) making a turn on what they charge for slave labour and the pittance they pass on to slaves.
- **Strengthening customer loyalty and satisfaction:** Today's consumers are more inquisitive, informed, demanding and publicly vocal than their predecessors. [81% of UK customers](#) check company ratings and read reviews before deciding on purchases, while [90% of US consumers](#) think companies should do more to benefit society and not just make a profit. At Unilever, brands that contribute to one or more of the Unilever Sustainable Living Plan goals are [growing](#) at twice the rate of the rest of the business.
- **Winning the war for talent:** [According to Forbes](#), 83% of US employees would seriously consider leaving their job if their company used child labour or sweatshops.
- **Increasing productivity:** Research by the [ILO and IFC](#) demonstrates a link between improved working conditions and higher worker motivation, productivity and profitability. [Evidence suggests](#) that ethical recruitment and fair working conditions increase retention rates and make workplaces safer.
- **Attracting investment:** Investors are increasingly interested in modern slavery and penalising companies linked to its practice. Companies with transparent supply chains free of forced labour attract investors by improving their [long-term value](#). Some investors also accept lower returns from companies with higher ratings for corporate social responsibility because of their lower risks.
- **Gaining market entry:** In some markets, including the US, addressing modern slavery is a federal requirement of companies bidding for contracts or benefiting from trade agreements.

BUSINESS RISKS POSED BY FAILING TO ACT

- **Legal:** To date, much anti-slavery legislation has been inadequately enforced. However, this is changing: the [French Due Diligence Law](#) adopted in 2017, for example, and [Section 307 of the US Tariff Act](#) both set strong sanctions. This trend will grow.
- **Reputational:** If modern slavery is found in operations or supply chains, both CEOs and their companies can suffer lasting and irreparable reputational damage. They are likely to attract damaging media, public and government scrutiny. They will also lose customers, investors and current or potential employees.
- **Sales:** [Research](#) suggests that two-thirds of UK and US consumers would stop buying a product if they found out that its production used modern slavery.

- In 2015, US marine-services company [Signal International, LLC](#) lost a series of civil lawsuits filed by former employees. The company had misled them about opportunities to migrate from India to work in the US on reconstruction after Hurricane Katrina. Instead they became victims of forced labour. Signal was required to pay a total of US \$20 million and later filed for bankruptcy. The two major investors in Signal, the Teachers' Retirement System of Alabama and the Employees' Retirement System of Alabama, lost approximately US \$70 million as a result.
- Following allegations that some of its products were made by Chinese prison labour, the shares of food and beverage sweetener company [PureCircle](#) dropped by 10%.
- Institutional investors like Sweden's [AP7](#) and the Norwegian [Government Pension Fund Global](#), compile blacklists of companies that fall below their ethical criteria and forbid staff to invest in blacklisted companies.

Taking all the challenges into account, we see CEOs capable of unique actions within three categories: **Strategic, Operational & Persuasive.**

Detailed actions under these three headings are listed in this simple [matrix](#) for action. It is not exhaustive (there are many other non-CEO specific guides that [are](#)). Rather, it distils specific actions that CEOs can cascade through their executives to deliver continuous, significant progress.



STRATEGIC

Establish eradicating modern slavery as a strategic goal and embed it in company culture and operations. Make eradicating modern slavery a shared, precompetitive sector goal.



OPERATIONAL

Pursue this goal throughout your company's practices and operations and ask suppliers and sub-contractors to do the same. Work with, and learn from, peers and competitors to combat modern slavery. Shifts in individual companies' practice will drive behavioural changes throughout entire industries.



PERSUASIVE

Use your exceptional platforms and expertise to communicate the risks and prevalence of modern slavery and the benefits of tackling it to investors, national governments, legislative bodies and the media. Support strong and binding anti-slavery legislation.



CEO ACTIONS

STRATEGIC

Set a goal of making your company forced labour-free.

OPERATIONAL

Scrutinise and strengthen supply chains and procurement processes.

PERSUASIVE

Communicate your commitment publicly and privately.

EXECUTIVE ACTIONS

- Establish a strategic company goal of eradicating slavery in your business and its supply chains.
- Assign responsibility for the goal to senior managers.
- Communicate the goal to all staff.
- Ensure your Board of Directors signs off on your modern slavery goal and all related statements.

- Publish and track all of your suppliers, from within your own operations and, where possible, direct suppliers and the extended supply chain.
- Ensure your staff has the time and resources they need to understand forced labour, especially in relation to supply chains and procurement.
- Include modern slavery questions in your procurement policy and supplier vetting procedures.
- Incorporate technology into audit, procurement and supply chain management processes to get the data needed to drive action against forced labour.
- Establish safeguards for workers and ensure remedial action for victims of forced labour.

- Engage in discussions and public debates on eradicating modern slavery. Express the need for a global policy framework.
- Urge governments to adopt and enforce anti-slavery legislation. Support existing labour laws: advocate to strengthen government monitoring and enforcement of labour law. Advocating for new, needed laws and advocate to remove existing law that may be problematic.
- Get your company included in industry indexes eg KnowTheChain Benchmarks.
- Engage with competitors to end forced labour.
- Apply to the Thomson Reuters Foundation's **Stop Slavery Award**.

EXAMPLES FROM BUSINESS

Businesses can aim to earn the **Freedom Seal**, which highlights companies that take seriously their legal, ethical, and moral obligations to eliminate forced labour from their supply chains.

Ericsson briefs its Board of Directors twice a year on modern slavery concerns.

Marks & Spencer have an **interactive supply chain map** for nearly 1,800 factories and over 1 million workers in 68 countries.

Unilever holds webinars on forced labour for Human Resources, Supply Chain, Procurement, Business Integrity and Customer Development employees.

The **US Government's Federal Acquisition Regulation** has anti-trafficking requirements for federal contractors.

Coca-Cola has policies for its Qatar bottling plant to ensure employees maintain their passports, do not pay recruitment fees, have salaries paid directly to their bank accounts and have exit visas signed upon hiring.

Verité's CUMULUS data analysis platform maps labour supply and screens for forced labour risk in supply chains.

The **Bali Process Government and Business Forum** allows leaders and ministers opportunity to discuss and agree on policy and practical solutions to combat modern slavery behind closed doors.

B Team leaders wrote to world leaders asking adoption of the **ILO Protocol of 2014 to the Forced Labour Convention, 1930**.

Intel topped **KnowtheChain's** 2018 report benchmarking the 40 largest ICT companies on forced labour. Intel discloses its supplier list and makes use of unannounced audits.

The **Consumer Goods Forum** offers consumer goods companies a place to design 'pre-competitive' industry-wide changes aimed at eradicating slavery.

Adidas was the Stop Slavery Award's 2017 Outstanding Achiever.

CONCLUSION

This is an immensely complicated issue. It cannot be eliminated by any individual nation, nonprofit, company or CEO. But corporations that use goods or services produced by slaves, whether knowingly or not, are undeniably perpetuating modern slavery.

CEOs are uniquely positioned to take action. Their businesses stand to gain considerable benefits if they do.

We urge CEOs to lead the charge against the modern slave trade and to end forced labour in all of its forms. We have the power and the responsibility to make forced labour history.



**TOGETHER,
WE CAN END
SLAVERY.
WILL YOU
JOIN US?**

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