Introduction to Forced Labour and Forced Labour Indicators
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Introduction

What is forced labour?

With an estimated 21 million victims of forced labour worldwide, this briefing document offers an introductory overview into forced labour, human trafficking and indicators that can be used to identify abuses across supply chains. Beyond understanding and finding the issues, the briefing also suggests ways business can remediate any issues that may occur, and put in place systems to avoid the worst forms of abuse occurring in the first place.

This briefing is released in conjunction with Sedex’s Guidance on Operational Practice & Indicators of Forced Labour. This document offers support on how to spot the signs of definite, strong and possible indicators of forced labour. It proposes a list of indicators, based on operational practice, which either independently or in various combinations, can increase the risk of forced labour through a worker’s employment cycle. The guide can be used as a general reference tool by auditing bodies, ethical sourcing initiatives and businesses to help their understanding of forced labour risks and to enhance their existing audit protocols.

The International Labour Organisation (ILO) defines forced labour as:

“All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself [or herself] voluntarily.”

Forced labour is determined by the nature of the relationship between a person and an ‘employer’ and not by the type of work performed or the legality of the work. A penalty, in this case, could be physical constraint, or it could refer to other forms of abuse such as threats of deportation, passport confiscation, or withholding wage payments that binds a worker to the employer.
What is human trafficking?

Human trafficking involves the movement of a person either across international borders or within the boundaries of a single country, by means of threat deception, fraud or abuse of vulnerability for the purpose of exploitation.

This abuse involves three key elements:

- **What**: The recruitment, transportation, harbouring and receipt of a person
- **How**: The threat or use of force, deception, or the other abuse of vulnerability and power
- **Why**: Exploitation, including forced labour or services, servitude and practices like slavery.

What is an indicator of forced labour?

The ILO categorises eleven indicators of forced labour. These indicators have been developed to help experts, including officials, labour inspectors, trade union officers, NGO workers, businesses and others to identify persons who are possibly trapped in a forced labour situation, and who may require urgent assistance.

The indicators represent the most common signs or "clues" that point to the possible existence of a forced labour case, derived from theoretical and practical experience of the ILO’s Special Action Programme to Combat Forced Labour (SAP-FL).

The indicators are:

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding of wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime.
What are the risks to business?

The risks to business are far reaching, compounded by a growth in legislations recognising the links between forced labour and the regulation of supply chains.

Unfortunately, forced labour is notoriously difficult to identify and eradicate. Supply chains are long and complex and often, companies don’t have enough visibility or influence to address the problem.

There are numerous possible exploitation channels through which workers can end up being in conditions of forced labour or human trafficking. These include (but are not limited to) being channelled:

- Directly by a Supplier
- By an intermediary used by the Supplier such as a labour broker
- By third parties (unknown by Supplier and intermediary).

Forced labour and human trafficking are truly a global phenomena. They exist in every region in the world and in every type of economy, whether industrialised, developing or in transition. They affect both international and domestic markets.

No sector or industry can be considered immune or untainted. Key industries revealed by global research to be vulnerable to human trafficking and forced labour include apparel and footwear manufacturing, agriculture, construction, electronics manufacturing, mining, forestry, food processing and service work.
Forced labour and human trafficking are global issues. With the migratory transition of people across the world, they exist in every region and in every type of industry.

- 21 million people are victims of forced labour – 11.4 million women and girls and 9.5 million men and boys.
- Almost 19 million victims are exploited by private individuals or enterprises.
- Forced labour in the private economy generates US$ 150 billion in illegal profits per year.
- Domestic work, agriculture, construction, manufacturing and entertainment are among the sectors most concerned.
- Migrant workers and indigenous people are particularly vulnerable to forced labour.

Beyond the facts

Given that supply chains are complex and multi-tiered, it is likely that this is not the full story. This is not unsurprising given that serious abuses may be occurring several tiers down the supply chain and out of scope of some ethical trade programmes. This highlights the need to look beyond tier 1 when assessing supply chain risk.

However, there may be more reasons audits are not identifying more of these issues. Companies need tools, protocols and policies to effectively audit trafficking and to establish mechanisms to protect workers. Audit procedures need to work alongside other assessment strategies and auditor training. Companies also need to ensure due diligence includes areas of greatest risk, including subcontracted facilities and the companies that provide labour, both foreign and domestic.
A summary of the Sedex Guidance on Operational Practice and Indicators of Forced Labour

Why is the guidance document necessary?

There is an important distinction to be made between forced labour and situations where people may be working in sub-standard employment. However, sometimes the difference may not be immediately clear. Forced labour occurs on a spectrum of exploitation.

Sedex have published the guidance document to address how to recognise where forced labour might occur. The guidance:

- Proposes a list of pragmatic operational indicators, which either independently or in various combinations, can increase the risk of forced labour through a worker’s employment cycle
- States that protecting possible victims, plus capturing and documenting evidence should be crucial steps taken by auditors
- Supplements audit companies’ own systems as well as to the Sedex Members Ethical Trade Audit (SMETA) materials available from the Sedex website.

The guidance has been designed to be used by:

- Social auditors to support and bolster their audit processes to better identify and document suspected or proven cases of forced labour
- Audit readers to collect and communicate data points that will, over time hopefully, facilitate greater comparability and broader reporting of risks across audits associated with this critical issue
- Business to better understand the operational practices that increase workers’ vulnerability to forced labour and where the risk of forced labour is more likely
- Industry experts (including auditing bodies, ethical sourcing initiative and brands) as a general reference tool to help their understanding of forced labour risks and to enhance their existing audit protocols.

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Alerts and indicators

There are significant challenges involved in translating the ILO’s indicators of forced labour concept into a practicable footing in social audits. Therefore, Sedex devised a longer list of forced labour indicators which:

- Offer a range of “monitoring measures” or “alert flags” that may be used to help identify definite, strong or possible indicators of forced labour.

- Provide common examples of the practices employers engage in that – if severe or numerous enough – or if brought together – can lead to forced labour situations.

- Identify the negative outcomes resulting from workers experiencing forced labour.

To assist auditors in their approach, the guidance groups these practices and indicators into the employment cycle:

**Figure**: Forced Labour Risk Factors – The Employment Cycle

**Remediation**

Beyond identification, the guide offers advice to business if forced labour is suspected or identified. Good business practice requires:

- Protecting at risk individuals

- Capture and protecting of evidence.

Covers practices which result in workers being trapped through debt bondage, withholding wages and unreasonable deductions so workers are left with little or no pay, as well as other practices that prevent or restrict a workers ability to quit.
Key recommendations

The following key steps are recommended to reduce, mitigate and eliminate risks of exploitation before they occur:

- Raise awareness internally and externally of the risks of forced labour and human trafficking.
- Establish policies to address forced labour, human trafficking and the vulnerabilities of migrant workers.
- Engage public policy actors in support of laws, regulations and enforcement that effectively protect workers.
- Participate in industry or multi-stakeholder initiatives to undertake training, build awareness through communications, and advocacy.
- Invest in local institutions that provide support for victims.

In your business

- Map your supply chain, including your labour supply chain, to identify the most vulnerable workers and places of greatest risk to target assessment, prevention and remediation efforts.
- Review supply chain practices to determine whether structural conditions (such as prices paid to suppliers) encourage forced labour or debt bondage.
- Assess whether current monitoring and remediation activities are adequately managing and mitigating risks.
- Screen and select both sending country and local labour providers against legal and social responsibility requirements, to subsequently manage and monitor the performance of labour providers.
- Engage workers directly or through their unions to identify risks and evaluate the effectiveness of preventative measures.
- Minimise the risks of forced labour by paying all recruitment and hiring expenses and ensure no fees are charged to workers.
In your supply chain

- Develop contract requirements for suppliers that prohibit human trafficking and forced labour.

- Build the capabilities of stakeholders in your supply chain to identify and address risks of forced labour.

- Hold stakeholders, including suppliers, accountable to mitigate antitrafficking risks in their operations.

- Establish effective grievance reporting mechanisms, procedures for investigating and resolving allegations, and protection for whistle-blowers.

- Ensure workers are reimbursed if found that they have paid illegal or excessive fees.
In the News

Airlines urged to train staff to help spot victims of trafficking

Reports emerge of slave labour used for 2018 World Cup stadium

Malaysia: forced labour casts dark shadow over electronics industry
www.theguardian.com/global-development/2016/nov/21/malaysia-forced-labour-casts-dark-shadow-over-electronics-industry

Four men jailed for trafficking Polish workers to Britain
www.reuters.com/article/us-britain-poland-slavery-idUSKBN18Q255

Poland and Malta accused of using North Korean ‘forced labour’

Modern slavery fears: Nearly 100 held in nail bar crackdown
www.bbc.co.uk/news/uk-38447101

Businesses warned on slavery risks in China and India

IOM: African migrants traded in Libya’s ‘slave markets’

From forced labor in fairs to child begging, U.S. study reveals new forms of slavery
www.reuters.com/article/us-usa-humantrafficking-idUSKBN1702MD

Investigations reveal slave labor conditions in Brazil’s timber industry
1. The International Labour Organization (ILO) is a United Nations agency dealing with labour problems, particularly international labour standards, social protection, and work opportunities for all.

2. ILO 2012 Global Estimate of Forced Labour

3. Our Guidance on Operational Practice & Indicators of Forced Labour is a work in progress. We therefore encourage broad feedback on the document. As we learn from experience, we will review and improve the guidance and expand our tool set for members.

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