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This resource provides guidance to Information and Communications Technology (ICT) companies on addressing forced labor risks in their supply chains.

It complements the key findings of KnowTheChain’s first benchmark of 20 large ICT companies, though its advice is relevant to the sector as a whole. The guidance covers a range of issues—from policy development and monitoring to grievance procedures and remediation—and prioritizes areas of engagement that the benchmark found to be particularly weak. The aim of the guide is to support business, investor, and multi-stakeholder efforts to prevent forced labor and protect the rights of vulnerable workers in supply chains. It is best reviewed alongside KnowTheChain’s key findings report.
Commitment and Governance

Levels of awareness and commitment to address risks of forced labor in ICT supply chains are relatively high. Companies report both formal and informal commitments while most also have a supply chain standard that prohibits forced labor and upholds workers’ fundamental rights and freedoms. These are important measures of the progress that has been made in recent years. In other areas of engagement, however, fewer steps have been taken, notably on training of company personnel and efforts to engage external stakeholders.

Training & Capacity Building

Companies are encouraged to reinforce supply chain policy development with robust training to ensure that forced labor is not only understood, but effectively addressed by key internal personnel and decision-makers, including legal, compliance, sourcing, and other relevant staff. Training should also target suppliers’ management to build their capacity to develop effective policies, strategies, and systems to prevent forced labor risks. Training can be face-to-face, online, or a combination of the two. It can be conducted by in-house staff or external experts and should be conducted regularly. Training should cover a wide range of issues, depending on the perspectives and needs of the company and those that will be trained. Whatever the modalities, companies should commit to ongoing capacity building that is comprehensive, in-depth, and progressively rolled out to all supply chain actors.

Working with Stakeholders

Companies are also encouraged to explore ways to work effectively with relevant stakeholders. These include business partners and peers, civil society groups, local organizations and trade unions, as well as policy makers and others. Stakeholder engagement can help companies more effectively honor policy commitments against forced labor, develop and implement supply chain standards, and ensure the effectiveness of corporate engagement. This is achieved when stakeholders bring their own networks, areas of expertise, and perspectives to the table.

Dialogue and cooperation can happen at any level, including at the workplace, in the community of operation or nationally and internationally. Companies should conduct stakeholder mapping and develop strategies to engage potential partners proactively. Forced labor and human trafficking are complex issues; they require partnership approaches and cooperation to be solved. Industry-wide and multi-stakeholder initiatives like the Electronic
Industry Citizenship Coalition (EICC) and the Global eSustainability Initiative (GeSI) are important developments in this regard. They offer participating stakeholders clear benefits:

- The opportunity to learn from others about good practices and what works or what doesn’t in addressing forced labor risks;
- Greater insight and more accurate information about conditions in sourcing countries or even specific migration corridors;
- Industry-wide engagement with stakeholders;
- A forum for joint training and capacity building; and
- A collective platform to identify and develop solutions and to advocate for reform of laws, regulations, and/or sourcing and business practices.

Further Resources

- Institute for Human Rights and Business, Dhaka Principles for Migration with Dignity
- Verité, Fair Hiring Toolkit: Improving Codes of Conduct & Company Policies
- Fair Hiring Toolkit: Raising Awareness & Building Capacity

Traceability & Risk Assessment

Some progress has been made in recent years on traceability. A focus on conflict minerals and new regulatory measures such as the Dodd Frank Act have compelled companies in various industries, including ICT, to establish new mechanisms to trace their mineral supply chains. One example of this is the Conflict-Free Sourcing Initiative (CFSI), which was founded in 2008. These efforts have focused largely on tin, tantalum, tungsten and gold, with tracing to the smelters where metals are refined. This is a strong step forward. However, less progress has been made on risk assessments, with few companies reporting that they assess forced labor risks in commodities, regions, or countries where goods are sourced and produced.
Improving Traceability

Companies should ensure that traceability integrates metrics to prevent forced labor alongside other human rights risks associated with conflict minerals and sourcing of raw materials. Forced labor and trafficking of internal and international migrants (as well as child trafficking and child labor) are well-documented in artisanal and illegal mining, particularly in conflict and weak-governance zones. Current traceability mechanisms, though able to claim that their minerals are “conflict-free”, cannot assure buyers and policy makers that they are also “coercion-free” (i.e., produced without the use of forced or trafficked labor). This gap needs to be urgently addressed.

Implementing Forced Labor Risk Assessments

Risk assessments should also be integrated into supply chain due diligence to help shape sourcing decisions and prevent forced labor. They should be conducted before new sourcing countries and regions are selected, before new suppliers are chosen as business partners, and periodically throughout contracting to account for any changes in a suppliers’ production that may impact the risk of forced labor. The results of risk assessments should then feed into ongoing due diligence as a baseline of human rights conditions at a particular time. Risk assessments, of course, are not the same as social audits, which are discussed at greater length below. To perform risk assessments effectively, companies should design robust and reliable methodologies that can provide accurate and up-to-date information. Companies should speak with local and international experts, consult credible, publicly-available resources and pay particular attention to the rights of vulnerable categories of workers such as migrants, women and youth who may be at greater risk. The resources below can help you get started.

Further Resources

- Conflict-Free Sourcing Initiative, Conflict Minerals Resources and Training Website
- Electronic Industry Citizenship Coalition/Verisk, Risk Assessment Tool
- International Labour Organization, Global Estimate of Forced Labour: Results & Methodology
- Verité, Forced Labor Commodity Atlas
Purchasing Practices

Strengthening purchasing practices to account for risks of forced labor is closely linked to risk assessments. Country-based and regional assessments can be used to inform purchasing decisions and highlight the need for more robust supplier selection based on human rights criteria. But other aspects related to purchasing practices can also play a role in addressing risks of forced labor. Nevertheless, the companies assessed scored relatively low on awareness of risks associated with short-term contracts, pricing pressures and sudden changes in workload, all of which can result in sub-contracting, forced overtime, and other practices that may increase forced labor risk in supply chains.

Improving Purchasing Practices & Cascading Standards through Supply Chains

Companies are encouraged to raise awareness within their own operations of the links between certain purchasing practices and risks of forced labor and to take steps to mitigate these risks by minimizing or eliminating the practices altogether. They should ensure that their procurement process considers the capacity of suppliers to meet fluctuating demand and integrate anti-trafficking and forced labor standards into supplier contracts. Companies should also extend their supply chain standards beyond first tier suppliers. This can be done in different ways: many of the companies reviewed scored well in this because they require suppliers to ensure that their business partners comply with relevant standards. This is a strong first step. However, companies should also extend their own due diligence systems to sub-contracted facilities. Risks of forced labor are high in lower tiers of supply chains, yet most companies have little, if any, visibility here, and even less presence or impact. Instead, they rely largely on the measures adopted by suppliers.

- Adopt strategies to extend supply chain due diligence to sub-contracted facilities;
- Collaborate with suppliers to conduct risk assessments of sub-contractors that include forced labor and strengthen their due diligence systems;
- Train auditors and other compliance personnel to better understand and identify forced labor at lower tiers of the supply chain and effectively assess production capacity to determine whether sub-contracting is being used; and
- Ensure that workers in sub-contracted facilities are aware of and have access to mechanisms to raise and resolve grievances related to labor, employment, and human rights.
Recruitment

Recruitment practices are an important new area of focus in supply chains and for many of the companies reviewed. Unethical recruitment and, in particular, the excessive fees often charged to migrants for jobs abroad are two of the most important risk factors and signals of forced labor in the global economy. Companies are encouraged to address this issue with urgency.

Some companies in the industry have taken significant strides in tackling recruitment malpractice, while others report very little progress, despite encouraging industry-wide growth in awareness over the last few years. Nevertheless, few companies demonstrate a clear commitment to the issue or report adopting new policies to mitigate risk, and even fewer implement due diligence measures such as social audits targeting recruitment agencies. Addressing these gaps should be an industry priority.\(^1\)

Companies are encouraged to ensure first and foremost that workers are not charged fees for employment. Policies should reflect an “employer pays” principle and commit to full reimbursement of all charges levied to workers when discovered. To reinforce this, companies should adopt “direct hire” policies throughout their supply chain. However, in markets where this is not possible and where third-party recruiters are used, they should commit to adopting robust due diligence mechanisms and auditing the recruitment agencies used throughout their supply chain.

Other measures to promote ethical recruitment include:

- Implement risk assessments that include fees, debt-bondage and forced labor, and require prospective suppliers to undergo an assessment before establishing business relationships;
- Train all relevant compliance staff and auditors to better detect abuses in the workplace, and extend training to include strategies for effective agency assessments;

\(^1\) EICC is working on a framework to promote responsible recruitment practices and assist workers during the hiring process, including pre-departure orientation, supplemental audits on forced labor, and a worker grievance mechanism.
• Conduct awareness-raising and training in the supply chain to ensure that suppliers understand the risks posed by unethical recruitment and the strategies to mitigate them;

• Provide workers with confidential means to report whether or not they have been charged fees at any time during recruitment or migration;

• Work with suppliers to develop long-term systems improvement plans to prevent recurrence of abuse; and

• Engage in public policy dialogue with governments and international organizations to promote better regulation of labor migration, employers and recruitment agencies, and strengthen legal protections for migrants. Prioritize countries of operation where risks of forced labor are high, law enforcement is weak, and where legal frameworks exacerbate the vulnerability of migrants, for example where migrants face restrictions on the right to organize.

Further Resources

• International Labour Organization, Handbook for Employers and Business – Booklet 3: Guiding Principles to Combat Forced Labor

• UN Global Compact & Verité, Eliminating Recruitment Fees Charged to Migrant Workers

• Verité, Fair Hiring Toolkit: Improving Codes of Conduct & Company Policies

Worker Voice

Policies to promote worker voice in supply chains ranked poorly among the companies benchmarked for the study. A small number of companies reported communicating anti-trafficking and forced labor policies to workers in supply chains, while others established grievance mechanisms for workers to raise problems. These are important steps. However, none of the companies reported having specific measures to guarantee workers’ freedom of association or directly engage workers and their representative organizations outside the workplace, for example during audits or in national or sectoral dialogue. These findings are less encouraging.
Strengthening Worker Voice for Vulnerable Workers in Supply Chains

Worker voice and empowerment, and the fundamental rights and freedoms they represent, are key ingredients in promoting decent work and the fight against forced labor. Freedom of association is an “enabling” right that allows workers to join together, create organizations of their own, protect themselves, and promote their collective interests. This creates an environment in which other rights can be exercised including protections against coercion. For some workers, however, these rights are restricted, either by law, regulation or long-standing patterns of discrimination. Special attention should be paid to them, in the context of overarching policy commitments, to ensure that their rights and freedoms are respected.

Companies are encouraged to adopt special policies and mechanisms to mitigate the effects of legal or other restrictions that face some categories of workers, in particular migrants with respect to freedom of association. They should also consider advocating for legal or regulatory reform where restrictions exist. Cooperation and dialogue with like-minded employers, advocates, and other stakeholders (or formal engagement through representative trade associations) will strengthen this engagement.

Improving Grievance Mechanisms

With respect to grievance mechanisms, it is important that workers have access to measures that meet the effectiveness criteria established by the UN Guiding Principles on Business and Human Rights. Grievance mechanisms should be accessible to all workers, fair and impartial, transparent, and follow a clear and established procedure. Where possible, companies should support mechanisms that are independently operated by credible, third-party service providers.

Mechanisms like this can be an important “early warning” system for companies about structural or systemic problems, including forced labor or the debt bondage that can result from the excessive fees charged to migrant workers. They can also be part of broader policies to promote better communication between management and workers, which in turn allows for problems to be raised and solved before they lead to real conflict and promotes greater trust and understanding in the workplace. Companies should:

- Articulate a written grievance policy to receive and address workers’ grievances;
- Ensure that the grievance mechanism is accessible to all workers, including migrant workers, taking into consideration the latter’s unique language needs;
• Guarantee that any worker, migrant or otherwise, acting individually or as part of a group, can submit a grievance without suffering prejudice or retaliation of any kind;
• Make sure that workers in their supply chain are aware of the grievance mechanisms and how to access and use them; and
• Explore developing industry-wide grievance mechanisms wherever possible.

Further Resources
• Verité, Fair Hiring Toolkit: Establishing Effective Grievance Mechanisms & Protections for Whistleblowers
• UN Global Compact, Webinar: Grievance Mechanisms for Business & Human Rights

Monitoring

The evaluation of auditing procedures reveals a relative weakness in company assessment strategies across the industry. Coupled with the lack of recruitment audits discussed above, this is a cause for concern. While some companies prioritize social audits as a method of measuring compliance with anti-trafficking and forced labor policies, many others are less robust and disclose little information about how they conduct these assessments and, more importantly, their outcomes and impacts. For example, among the companies that scored higher in our evaluation, they report the number of audits undertaken each year and how many of these are announced or unannounced. They also disclose some information on who conducts the audits, and a summary of the findings, including the violations discovered. These are encouraging steps. In contrast, lower scoring companies disclose little or no insight into their supplier audit process and fail to disclose audit results.

Strengthening Forced Labor Audits
Forced labor and human trafficking are often hidden abuses characterized by fraud and deception coming as the result of multiple pressures and abuses levied not by a single individual (or perpetrator), but by many actors involved in recruitment, migration, placement, and employment. To address this effectively, companies need equally complex and sophisticated assessment mechanisms, but our research shows that such mechanisms either do not exist or they are not commonly disclosed.
In order to strengthen assessments, there are a number of steps companies can take. They should prioritize unannounced audits over announced as a more effective way to gather accurate information about working and employment conditions at the time of assessment. Companies should also prioritize the collection of information from workers themselves, as the most reliable and direct source of information, but cross-check this using a diversity of methods, including site inspections, expert and management interviews, and a review of relevant company and worker documentation. However, the latter may be unavailable and/or falsified because of the strong link between forced labor and illegal or fraudulent behavior. Auditors should be trained on risks of forced labor, strategies to identify it in practice, and protocols on how best to respond to cases that are discovered. To support this work, companies should also strengthen assessment protocols, including new measures to audit recruitment practices and the migration process. Finally, they should consider ways to extend assessments and broaden due diligence practices deeper in the supply chain, where visibility is lower but risk is higher.

Supplier auditors are on the frontlines of global supply chains and as a result are well-placed to identify, evaluate and address cases of forced labor. Companies should provide them with all the tools, knowledge, and expertise they need to play this role effectively.

**Further Resources**

- Verité, *Fair Hiring Toolkit: Strengthening Assessments & Social Audits*

**Remedy**

Many companies in the ICT industry have a process in place to develop Corrective Action Plans (CAPs) with suppliers. This is encouraging, given the importance of CAPs to the remediation process. At the same time, however, few companies report providing remedy to workers in cases of forced labor, and even fewer are transparent about this process and its outcomes.
Forced labor and human trafficking are crimes under international human rights law and in most countries around the world. A case of abuse discovered in the supply chain requires immediate corrective action and should be treated as a major breach of code compliance. Companies must ensure that robust measures are in place to guarantee effective remedy to forced labor victims. This should be informed by a victim-centered approach that prioritizes the well-being and best interests of the worker(s) involved.

**Improving Remedy & Worker Protections**

Remedy will need to be comprehensive and systematic, involving both short- and longer-term solutions. It must provide for full worker protection, including rehabilitation, repatriation (if desired) to the community of origin, and reintegration into the labor market and community. Public and non-governmental organizations with expertise in supporting migrant workers and victims of forced labor are valuable partners and resources to better understand the issue, its root causes, and the needs of workers.

Corporate remedy programs designed to address forced labor should include:

- Full reimbursement of any recruitment fees charged to workers;
- Return of all passports or other identification documents confiscated by employers or recruiters; and
- Cooperation with local experts and organizations to ensure that victims receive appropriate compensation and support.

**From CAPs to Systems Improvement**

With regard to CAPs, it is important to place these in the context of broader systems improvement planning so that remedial action not only supports the worker, but contributes to future prevention efforts and is also a direct benefit to employers. A systems improvement plan that includes CAPs can help companies take corrective action when necessary and proactively prevent practices that can lead to abuse. A systems improvement plan should:

- Detail specific responses to cases that arise;
- Establish protection measures for workers;
- Address root causes of the issues; and
- Feed the results of this engagement into future planning to promote continuous improvement.

**Further Resources**

- Verité, *Fair Hiring Toolkit: Taking Corrective Action & Developing Systems Improvements*
ABOUT KNOWTHECHAIN

KnowTheChain—a partnership of Humanity United, Business & Human Rights Resource Centre, Sustainalytics, and Verité—is a resource for businesses and investors who need to understand and address forced labor abuses within their supply chains. It benchmarks current corporate practices, develops insights, and provides practical resources that inform investor decisions and enable companies to comply with growing legal obligations while operating more transparently and responsibly. Find out more: knowthechain.org

**Humanity United** is a foundation dedicated to bringing new approaches to global problems that have long been considered intractable. It builds, leads, and supports efforts to change the systems that contribute to problems like human trafficking, mass atrocities, and violent conflict. Find out more: humanityunited.org.

**Sustainalytics** is an independent ESG and corporate governance research, ratings, and analysis firm supporting investors around the world with the development and implementation of responsible investment strategies. Find out more: sustainalytics.com.

**Business & Human Rights Resource Centre** is a non-profit that tracks the human rights conduct of over 6,000 companies worldwide. Find out more: business-humanrights.org.

**Verité** is an international nonprofit social auditing, training, consulting and research organization that aims to ensure that people worldwide work under safe, fair, and legal conditions. Find out more: verite.org.