



C2CPII Training for v4 Social Fairness Requirements



Module 1
July 8, 2020

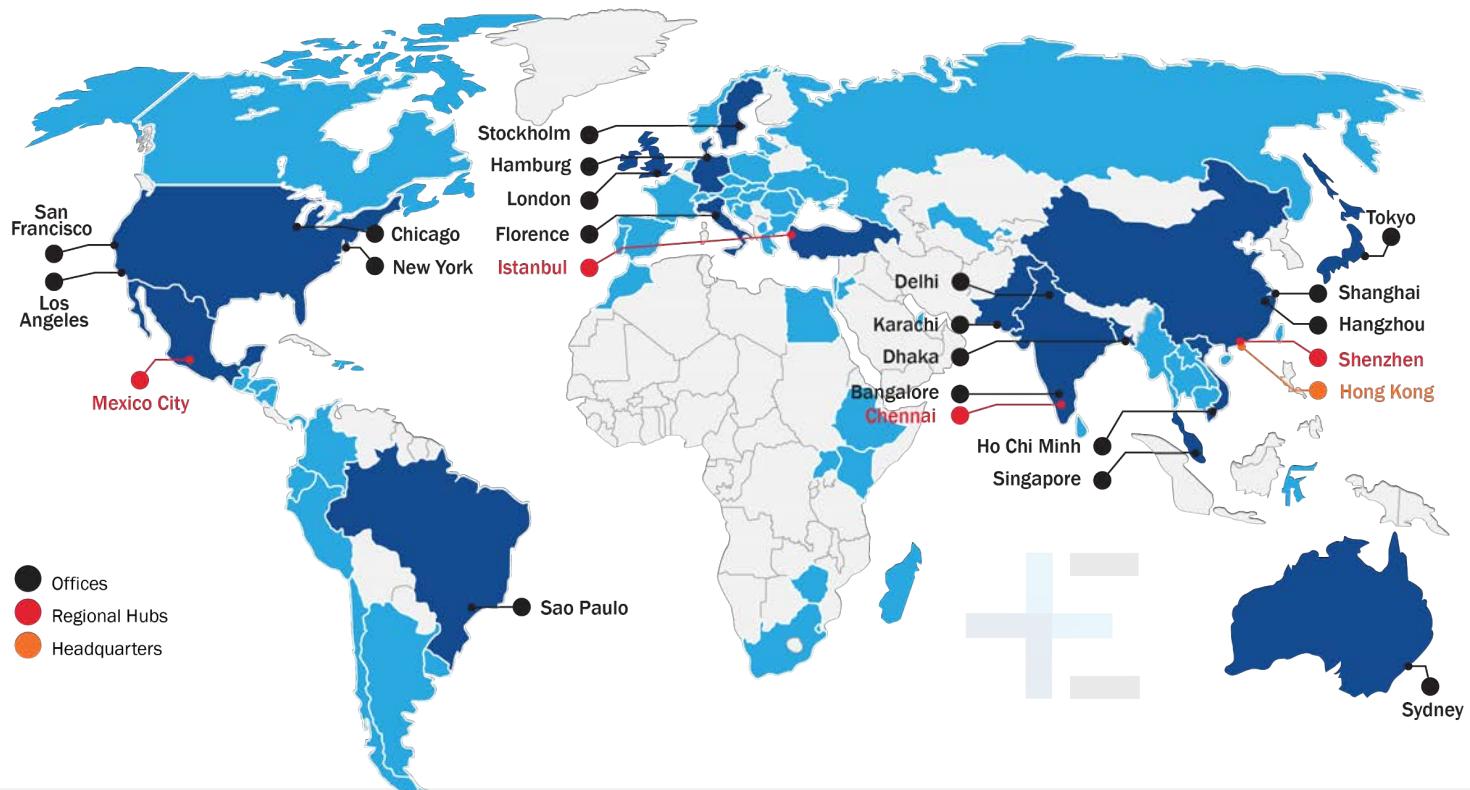
INTRODUCTION FROM C2CPII

- + Welcome
- + Purpose of today's training



ABOUT ELEVATE

ELEVATE is the world's leading business risk and sustainability provider. We deliver effective solutions through sustainability and supply chain assessment, consulting, program management and analytics.



■ TRAINING CURRICULUM

Four sessions – this week and next:

1. Defining Human Rights & Social Fairness Expectations
2. How a Company is Expected to Manage Human Rights
3. Verifying Social Fairness Requirements
4. Beyond Compliance

Zoom housekeeping:

- + Be present – 2 hour session
- + Please turn on your camera!
- + Virtual Engagement: Use the Chat function & dedicated Q+A periods
- + There are no “good or bad” questions...



TODAY'S AGENDA

- + Welcome & Introduction
- + What are the Social Fairness requirements?
 - ➡ Participant Discussion – Q&A
- + What are Human Rights?
 - ➡ Participant Discussion – Q&A
- + Conclusion



■ STARTING POINTS...

Let's try a live poll!

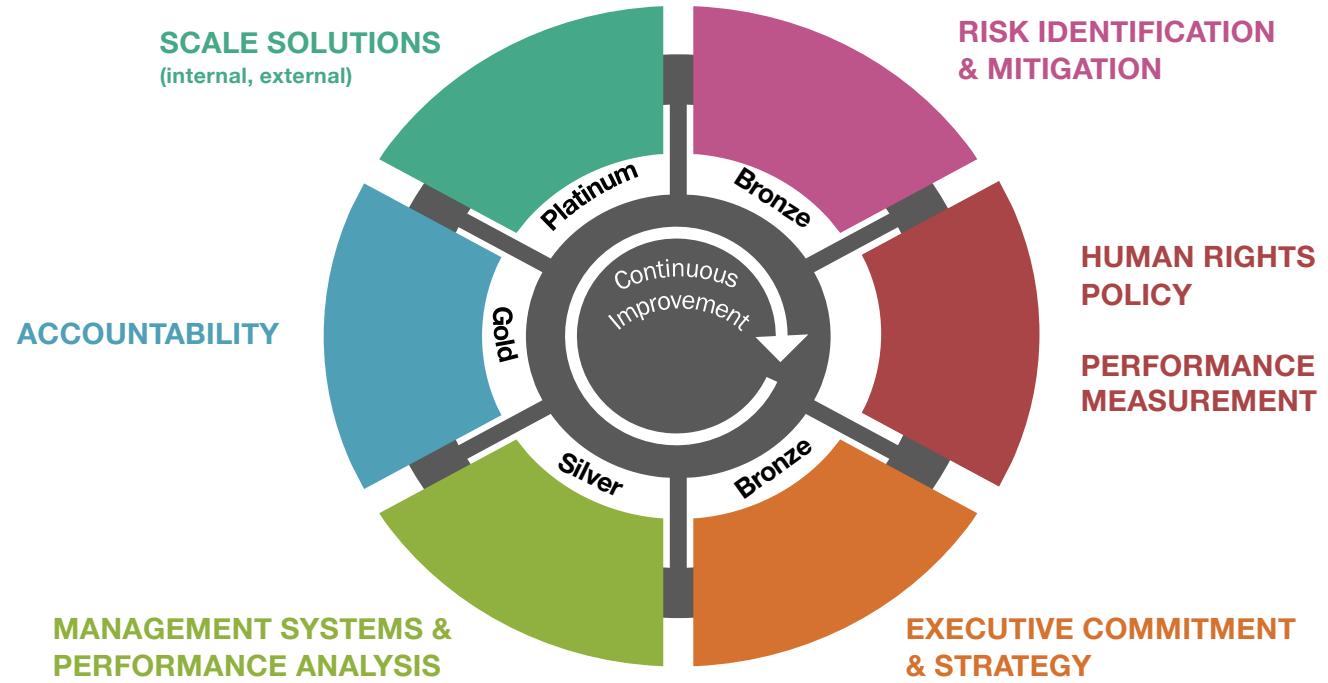
Which Human Rights topics
keep you up at night?



WHAT ARE THE SOCIAL FAIRNESS REQUIREMENTS?

WHAT ARE THE SOCIAL FAIRNESS REQUIREMENTS?

Applicant companies commit to uphold human rights and apply fair and equitable business practices.



2 nd DRAFT V4 Social Fairness Requirements	
BRONZE	<ul style="list-style-type: none"> • Human rights risk assessment for applicant company through tier 1 • Human rights policy based on international standards and risk assessment • Strategy for policy implementation, including performance objectives • Performance measured, corrective actions planned, and progress at renewal (applicant and final manufacturing) • Select corrective actions complete, e.g. child or forced labor, structural safety • Executive commitment to achieving high levels of performance
SILVER	<ul style="list-style-type: none"> • Performance data requested from tier 1 suppliers in high-risk locations, corrective actions planned and tracked • Performance data analyzed to measure progress on achieving strategy • Management systems for implementation and oversight of policy • Grievance mechanism (applicant) • Positive social impact project
GOLD	<ul style="list-style-type: none"> • Human rights risks assessed for product components and raw materials • Certified materials to address risk of child labor, forced labor, or conflict • Responsible sourcing management system • Grievance mechanism (contract manufacturing) • Positive social impact project – impact assessment • Open, transparent governance and reporting; stakeholder engagement and feedback informs strategy
PLAT	<ul style="list-style-type: none"> • Collaboration to solve an intractable social issue • Diverse, inclusive, engaged work environment and living wage

ASSESSOR ROLE – VERIFICATION EXPECTATIONS

Assessors are responsible for verifying that an Applicant's materials meet certification requirements.

They conduct a **desktop verification** based on information provided by the Applicant in the Self-Assessment Tool and supporting evidence, including reviewing performance data.

Assessors create a Certification Report from the Social Fairness Desktop Verification Tool for submission to C2CPII for certification approval.

“Verification”: The process of checking that something is true or accurate.

“Audit”: An official examination of the quality or standard of something.

Source: Oxford Learners Dictionary

Social Fairness Toolkit

- ✓ Guidance for Verifying SF Requirements
- ✓ Desktop Verification Tool
- ✓ Documentation for Verification
- ✓ Certification Report



WHAT ARE HUMAN RIGHTS?

WHAT ARE HUMAN RIGHTS?



1 Million Workers. 90 Million iPhones. 17 Suicides. Who's to Blame?



The work at Foxconn's Shenzhen plant can be repetitive like manufacturing jobs anywhere in the world.
Photo: Tony Law

WIRED

the guardian

home > world > development UK europe americas asia middle east africa

Slavery Modern-day slavery in focus

Modern-day slavery rife in Malaysia's electronics industry

Report says a third of migrant workers in industry are trapped in debt bondage and have their passports illegally withheld

Women work at an electronics factory in Malaysia. A report says forced labour is used in the supply chains of many household brands. Photograph: Jonathan Drake/Getty Images

Slavery and the Shrimp on Your Plate

Thai Seafood Is Contaminated by Human Trafficking

By THE EDITORIAL BOARD JUNE 21, 2014

Shrimp and other seafood fishing is a big business in Thailand. The industry employs more than 650,000 people and annually produces more than \$7 billion in exports that show up on dinner tables all over the world, including in the United States. It also has a horrific dark side. Its reliance on slave labor is so pervasive and ugly that the State Department now lists Thailand as one of the worst violators among 188 countries judged every year on how they deal with human trafficking.

The ratings were begun 14 years ago

The New York Times

TIMES INSIDER

ASIA PACIFIC

Western Firms Feel Pressure as Toll Rises in Bangladesh

By JULFIKAR ALI MANIK, STEVEN GREENHOUSE and JIM YARDLEY APRIL 25, 2013

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Volunteers and rescue workers at the collapsed building on Thursday.
Munir Ul Zaman/Agence France-Presse — Getty Images



WHAT ARE HUMAN RIGHTS?

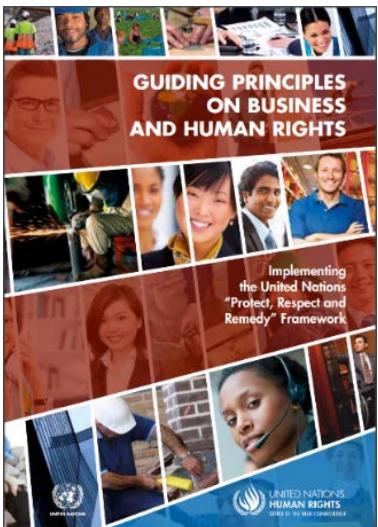
- + Defined by key international documents
 - International Bill of Human Rights
 - International Labor Organization (ILO) Declaration of Fundamental Principles and Rights at Work
- + Focus on actual and potential impacts of business on individual human rights
- + Focus on risk to people
 - Employees, workers in the value chain, local communities, consumers, etc.
 - Includes vulnerable and “hard to see” populations



WHAT ARE HUMAN RIGHTS?

Increasing stakeholder expectations

Governments



Investors



ShareAction»

CHRB
Corporate Human
Rights Benchmark

Customers



amazon

Walmart

NGOs & Consumers



Palm Oil: Global brands
profiting from child and
forced labour

30 November 2016, 16:40 UTC

Unilever, Nestlé, Procter & Gamble
among nine household names
contributing to labour abuse



#notinmytrolley



WHAT ARE HUMAN RIGHTS?

Increasing and changing legislative requirements



California Transparency in Supply Chains Act (2010)

- Disclose their efforts to eradicate slavery and human trafficking from their direct supply chains (earning more than \$100 million USD in worldwide gross receipts).

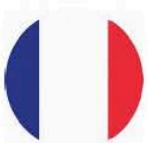
Federal Acquisition Regulation (FAR)

- Top level contractors will need to look actively at the labor practices of their subcontractors and suppliers, and to consider the labor involved in production of inputs even at the lowest tiers of their supply chains.



Modern Slavery Act (2015)

- Prepare a slavery and human trafficking statement each financial year



Duty of Vigilance (2017)

- Establish mechanisms to prevent human rights violations and environmental impacts throughout their chain of production



Modern Slavery Act (2018)

- Passed on Nov 2018, similar to UK version



WHAT ARE HUMAN RIGHTS?

What is expected of an Assessor to verify the Social Fairness requirements?

- + Understand human rights
 - Focus on risk to people!
- + Review an Applicant's risk assessment & human rights policy
 - Where an Applicant defines key human rights risks in its operations and value chain
 - e.g. throughout the entire product cycle (Section 8.3 and 8.4)
 - This is the starting point to define human rights risks, which are the base of what the Assessor will check / reference throughout Social Fairness requirements
- + Build knowledge to perform verification
 - *Required Documentation* (for Applicants to submit / Assessors to verify)
 - Specific evidence for Assessors to review – *Guidance for Verification of Social Fairness Requirements*



■ WHAT ARE HUMAN RIGHTS?

Q&A - Participant Discussion

- Where do human rights risks exist?
- What are the key references for defining human rights?
- What are the key drivers of human rights expectations?
- Are legislation and disclosure requirements changing?
- What is the C2CPII Assessor's role?



SPECIFIC HUMAN RIGHTS DEFINITIONS / REQUIREMENTS

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The following human rights issues are required to be included in an Applicant's human rights policy.

1. Forced Labor
2. Child Labor
3. Health & Safety (and sub-topics)
4. Discrimination
5. Harassment & Abuse
6. Freedom of Association & Collective Bargaining
7. Wages
8. Excessive Working Hours

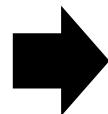
Requirements for Verification will be further defined in Training Module 3



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Issues of High Concern in the Social Fairness requirements. These issues must be resolved prior to certification.

(Certain business practices that increase human rights risks are also issues of high concern – to be discussed later in today's training)

Requirements for Verification will be further defined in Training Module 3

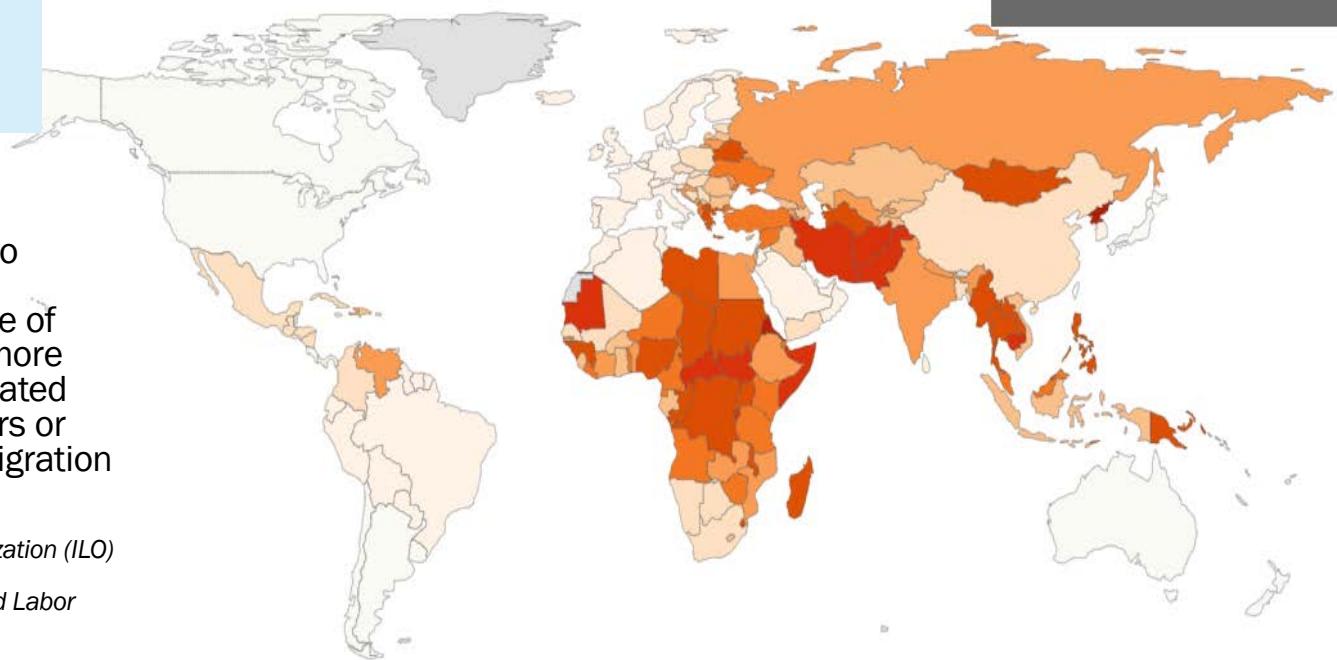


1. FORCED LABOR

Social Fairness Requirement:
Elimination of all forms of forced or compulsory labor, or activities that are known to lead to forced labor (e.g. human trafficking)

Definition: Forced labor refers to situations in which persons are coerced to work through the use of violence or intimidation, or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.

Key References: International Labor Organization (ILO)
• ILO Convention 29 - Forced Labor
• ILO Convention 105 – Abolition of Forced Labor

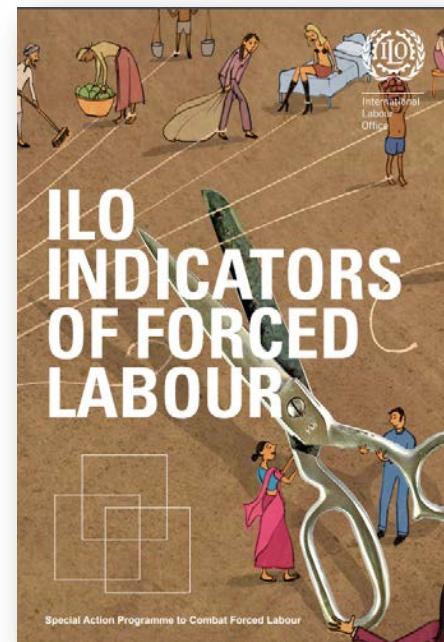


1. FORCED LABOR

The International Labor Organization indicators represent the most common signs or “clues” that point to the **possible existence of a forced labor case** used globally.

ILO Forced Labor Indicators:

- 1) Abuse of vulnerability
- 2) Deception
- 3) Restriction of movement
- 4) Isolation
- 5) Physical and sexual violence
- 6) Intimidation and threats
- 7) Retention of identity documents
- 8) Withholding of wages
- 9) Debt bondage
- 10) Abusive working and living conditions
- 11) Excessive overtime



1. FORCED LABOR

Trend: Forced labor allegations spread to more countries / industries

China's Detention Camps for Muslims Turn to Forced Labor



Uighur ethnic minorities:

- State sponsored forced labor?
- Private sector being complicit in forced re-education camps?

China

Taiwan

patagonia

Protecting Migrant Workers

The Unacceptably High Cost of Labor

How a deeper dive into our supply chain led to a new Migrant Worker Standard

Because of labor shortages in some countries, foreign migrant laborers are heavily used in various industries, including apparel manufacturing. When we began auditing our textile mills for social responsibility practices several years ago, we were alarmed to learn that migrant workers in our mills in Taiwan were having to pay steep recruitment fees to get a job. They often borrow money to cover the fees, which can create an almost impossible financial burden for workers already struggling to make a living. To make matters worse, most of the recruitment fees are legal, though many recruitment brokers charge fees

- Employers in Taiwan rely heavily on foreign migrant workers
- Trade war has seen growth in exports to the United States
- Resulting in an increase in labour migration from abroad
- Companies see forced labour practices that are common in Malaysia (e.g. Passport retention, recruitment fees, wages withheld etc.)



2. CHILD LABOR

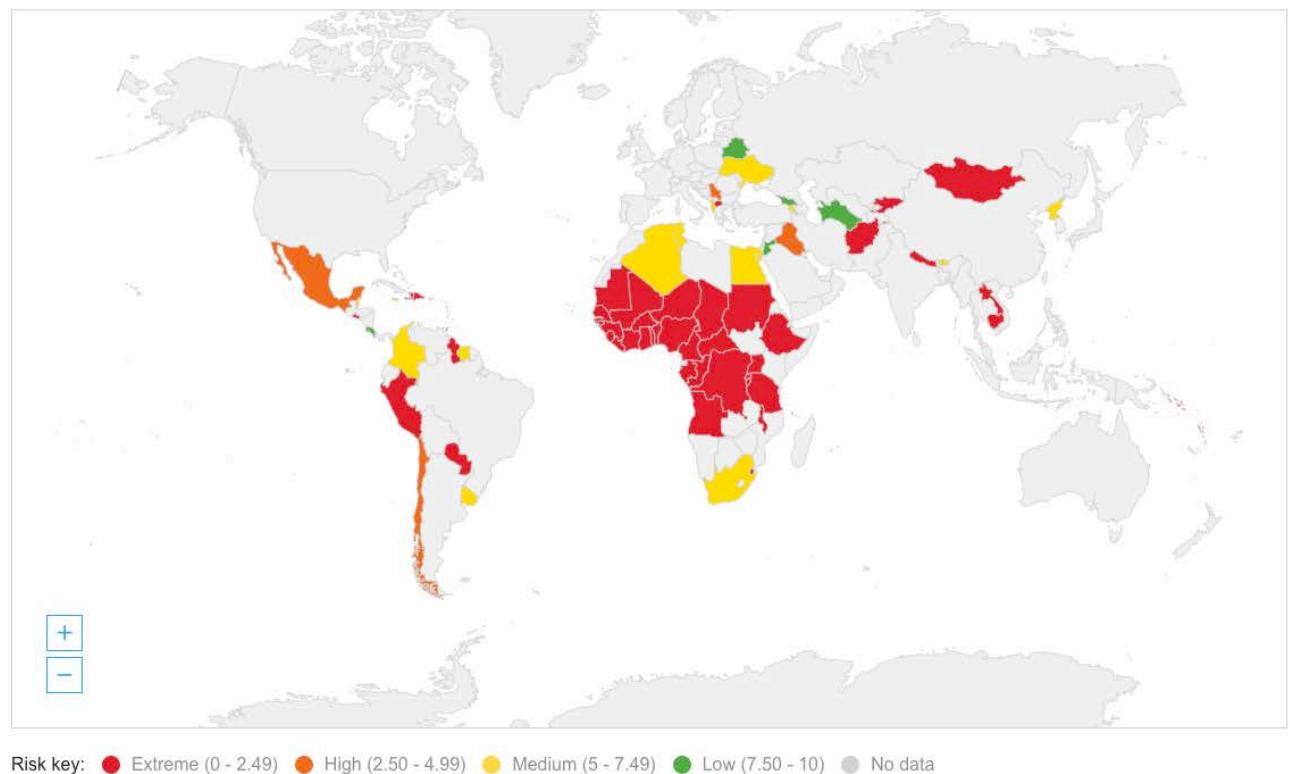
Social Fairness Requirement:

The abolition of child labor and adequate protections for workers above the legal working age and below age 18

Definition: A child is anyone under the age of 18. The minimum working is 15 years, or statutory school-leaving age, whichever is higher. This age can vary by country

Key References:

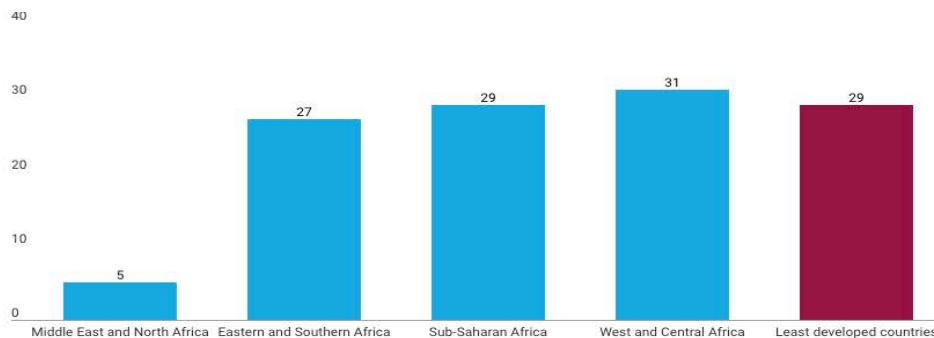
- *UN Convention on the Rights of the Child*
- *ILO Convention 138 – Minimum Age*
- *ILO Convention 182 – Worst Forms of Child Labor*



2. CHILD LABOR

Trend: According to UNICEF, slightly more than 1 in 4 children are engaged in child labor in the world's poorest countries. Girls are as likely as boys to be engaged in child labor.

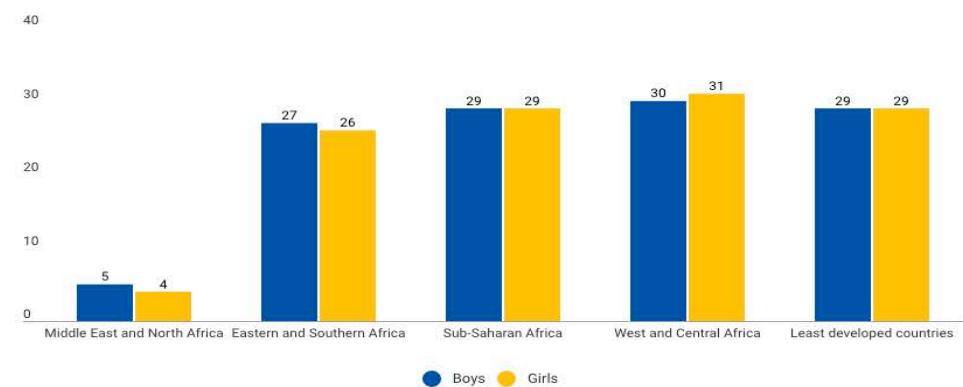
Percentage of children 5-17 years old engaged in child labor



Source: UNICEF global databases, 2019, based on DHS, MICS and other national surveys, 2010-2018



Percentage of children 5-17 years old engaged in child labor, by gender



Boys Girls



2. CHILD LABOR



Cocoa's child laborers

Mars, Nestlé and Hershey pledged nearly two decades ago to stop using cocoa harvested by children. Yet much of the chocolate you buy still starts with child labor.



Class action lawsuit filed against Nestle for child slavery on cocoa harvest in West African farms

Nestlé's efforts to eradicate child labor

Popular products: Toll House and Kit Kat (outside the United States)

Child labor program: Helped develop the Child Labour Monitoring and Remediation System, which is being adopted by other companies.

Percent of cocoa "certified": In Ivory Coast, more than 80 percent; globally 46 percent.

Percent traceable cocoa: In Ivory Coast, more than 80 percent; globally 49 percent.

Statement: "Child labor has no place in our supply chain and we are opposed to all forms of child exploitation. We're tackling this through a pioneering Child Labour Monitoring and Remediation System in Côte d'Ivoire and Ghana. . . . However, we realise that as long as child labour still exists on cocoa farms, there is more to be done."



Source: Washington Post, June 2019



3. HEALTH & SAFETY

Social Fairness Requirement:

Safe & Healthy Work, including:

- Access to water, sanitation, and hygiene (WASH)
- Emergency preparation and response
- Hazardous materials handling procedures
- Management systems that address health and safety risks
- Appropriate building construction, electrical, and fire safety (BEFS)

Issues of High Concern focus on Immediate Threat to Life & Health (e.g. poor fire safety, structural safety hazard)

Health and safety includes a diverse range of initiatives intended to protect workers from exposure to short- and long-term risks at work and to reduce workplace injuries and illnesses.

Source: ILO Convention 155 – Occupational Health & Safety



Source: Responsible Jewellery Council, Code of Practices, April 2019



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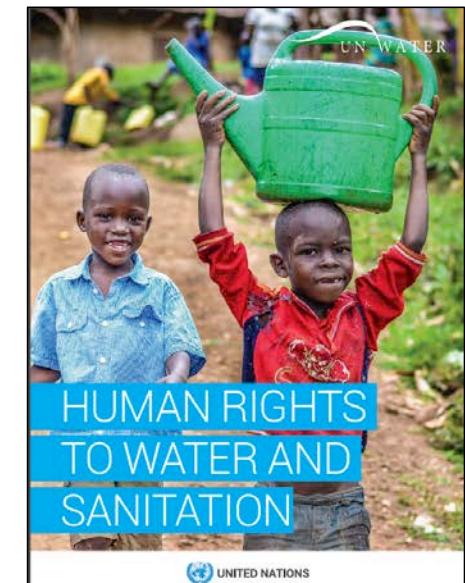
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Source: ILO Convention 155 – Occupational Health & Safety

The **right to water** entitles everyone to have access to sufficient, safe, acceptable, physically accessible and affordable water for personal and domestic use.

The **right to sanitation** entitles everyone to have physical and affordable access to sanitation, in all spheres of life, that is safe, hygienic, secure, and socially and culturally acceptable and that provides privacy and ensures dignity.

Source: UN Water



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The New York Times

Report on Deadly Factory Collapse in Bangladesh Finds Widespread Blame



ACCORD
on Fire and Building Safety in Bangladesh

আমাদের
কথা
AMADER KOTHA
WORKER HELPLINE



ALLIANCE
FOR BANGLADESH WORKER SAFETY

nirapon
নিরাপত্তা
SAFETY FOR ALL



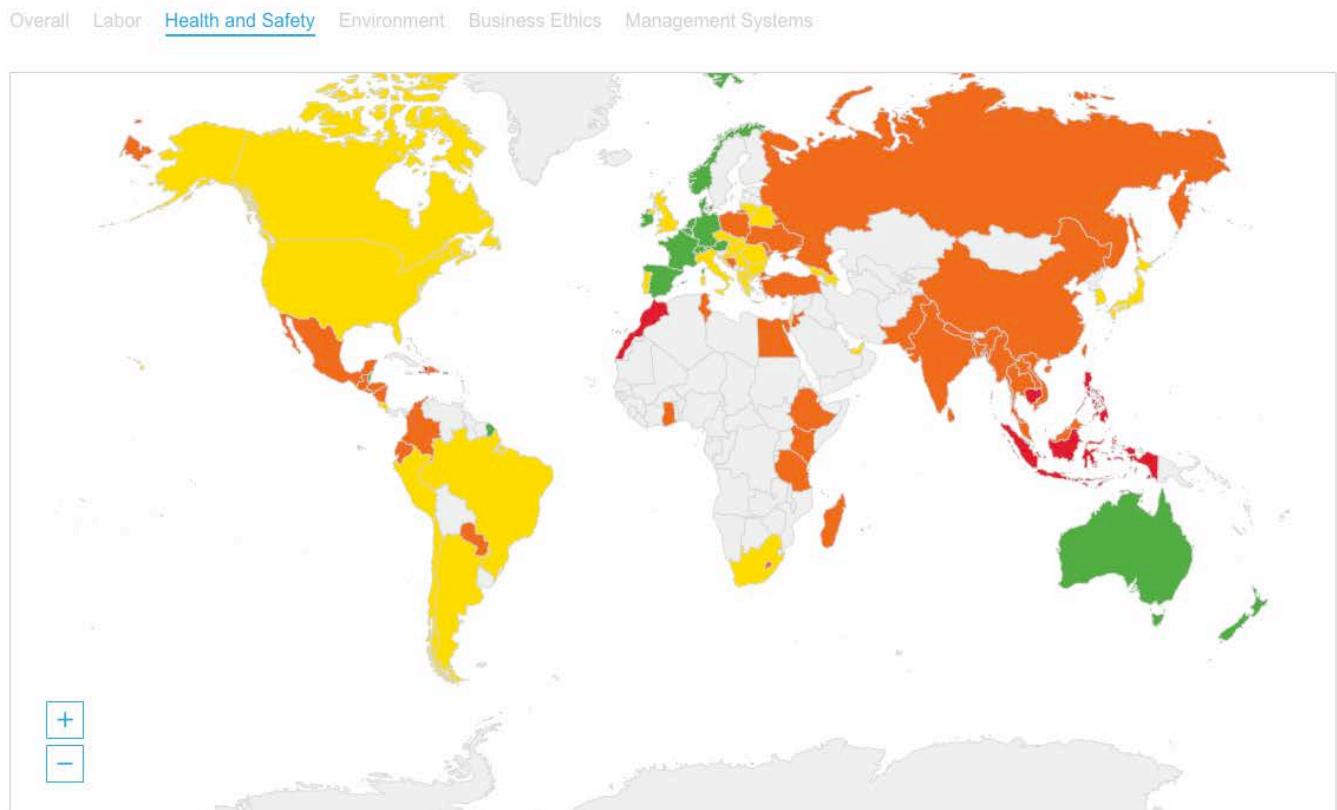
3. HEALTH & SAFETY

Global Risk Landscape



Health & Safety risks in the supply chain, based on EIQ data:

- Building safety
- Chemical safety
- Emergency evacuation
- Fire safety
- Hygiene & sanitation
- Injuries
- Machine safety
- Occupational safety



Source: EIQ

Risk key: ● Extreme (0 - 2.49) ● High (2.50 - 4.99) ● Medium (5 - 7.49) ● Low (7.50 - 10) ● No data



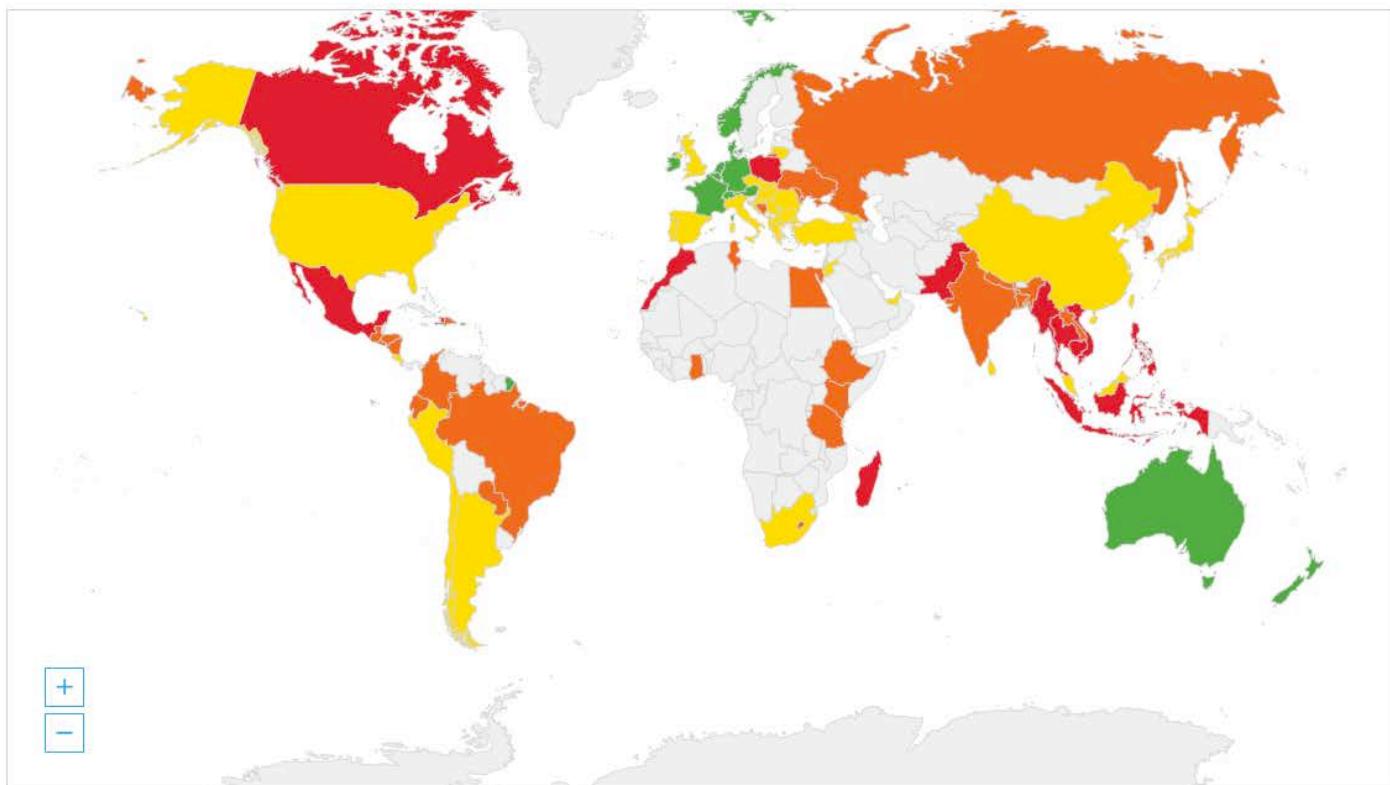
3. HEALTH & SAFETY

Occupational Safety Index



Health & Safety risks in the supply chain, based on EIQ data for non-compliances:

- Health & safety certificates
- Training
- Electrical safety
- First aid
- Eyewash
- First aid
- PPE
- Health examination
- Lighting
- Safety committee



Source: EIQ

Risk key: ● Extreme (0 - 2.49) ● High (2.50 - 4.99) ● Medium (5 - 7.49) ● Low (7.50 - 10) ● No data



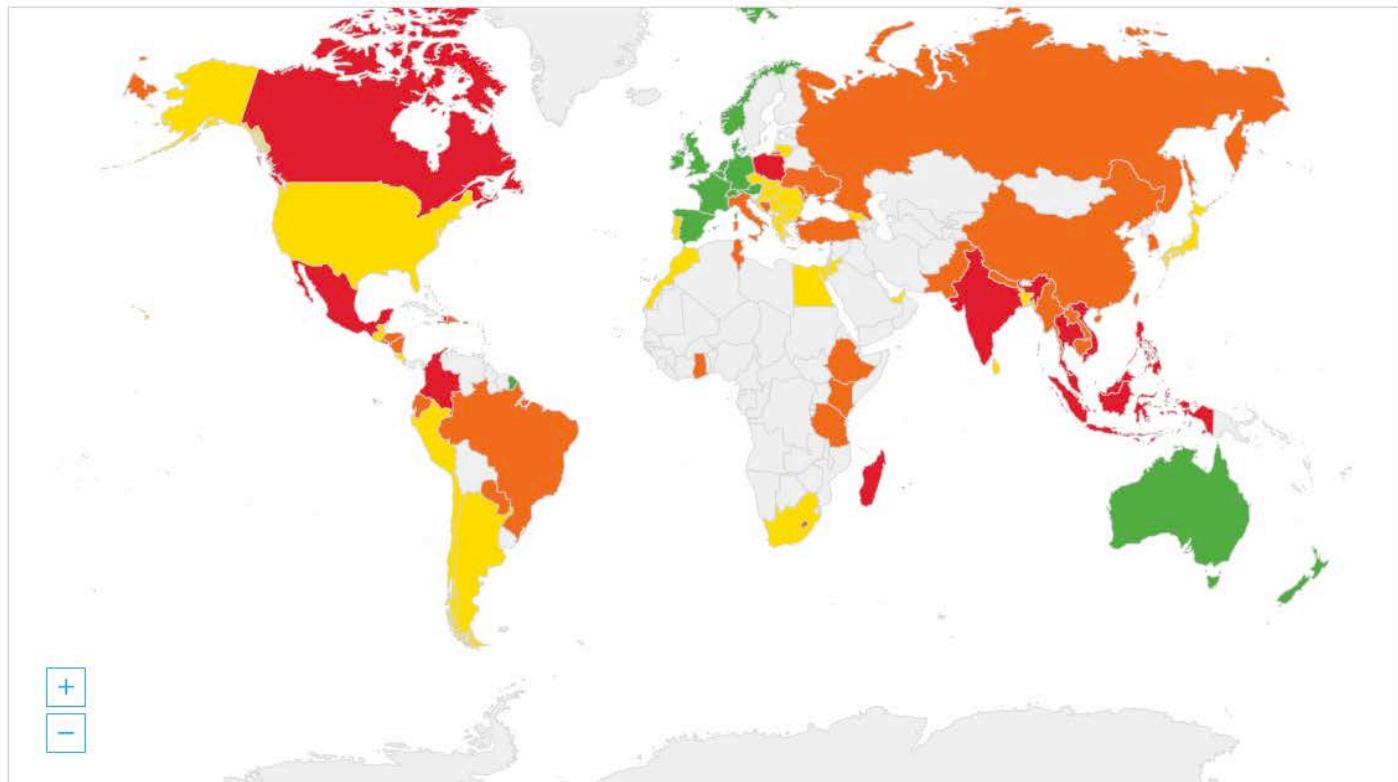
3. HEALTH & SAFETY

Fire Safety Index



Fire safety risks in the supply chain, based on EIQ data for non-compliances:

- Fire alarms
- Fire extinguishers
- Fire potential
- Cleanliness
- Fire separation
- Inspection certificate
- Smoke detectors



Source: EIQ

Risk key: ● Extreme (0 - 2.49) ● High (2.50 - 4.99) ● Medium (5 - 7.49) ● Low (7.50 - 10) ● No data



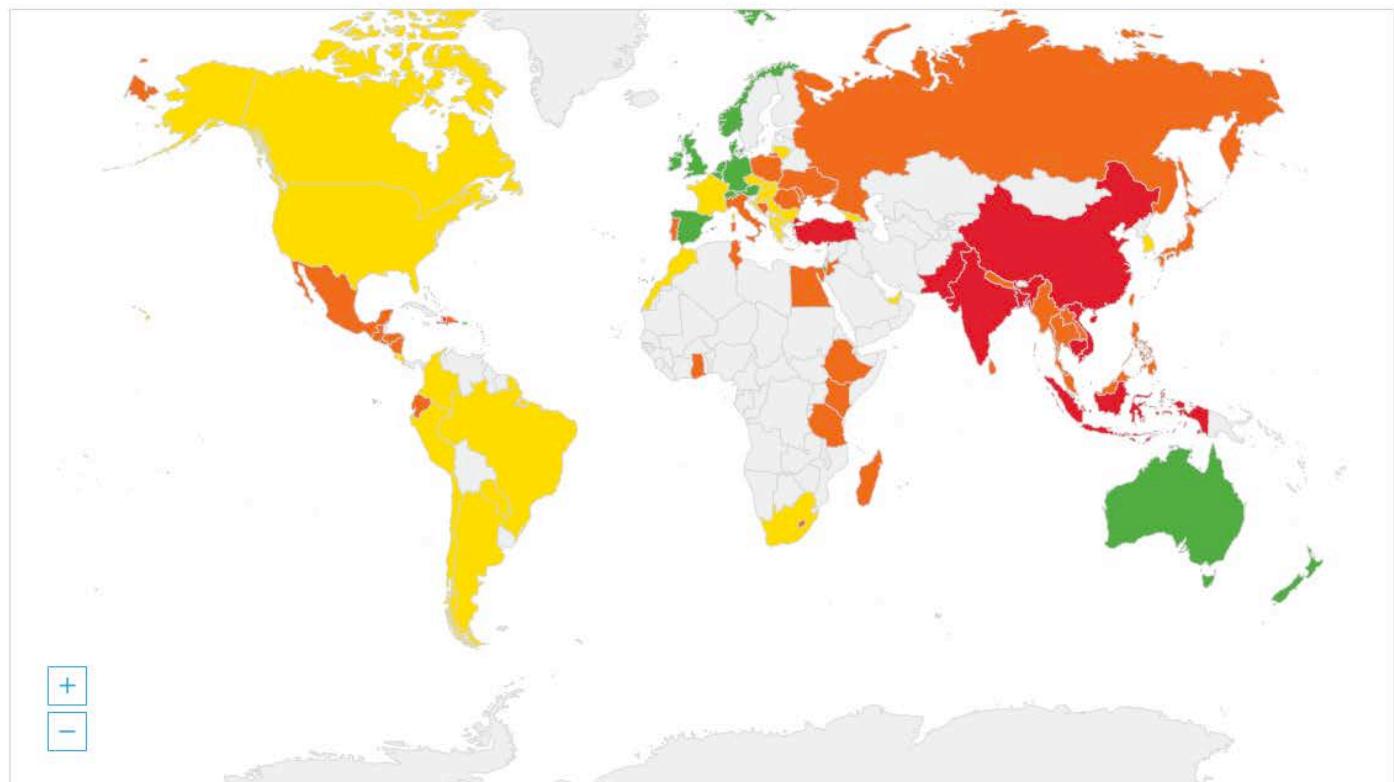
3. HEALTH & SAFETY

Building Safety Index



Building safety risks in the supply chain, based on EIQ data for non-compliances:

- Building approvals
- Multi-tenant building
- Structural integrity
- Ventilation/ Heating
- Warehouse



Source: EIQ

Risk key: ● Extreme (0 - 2.49) ● High (2.50 - 4.99) ● Medium (5 - 7.49) ● Low (7.50 - 10) ● No data



SPECIFIC HUMAN RIGHTS DEFINITIONS / REQUIREMENTS

Q&A - Participant Discussion

- Questions / comments about forced labor?
- Questions / comments about child labor?
- Questions / comments about health & safety?



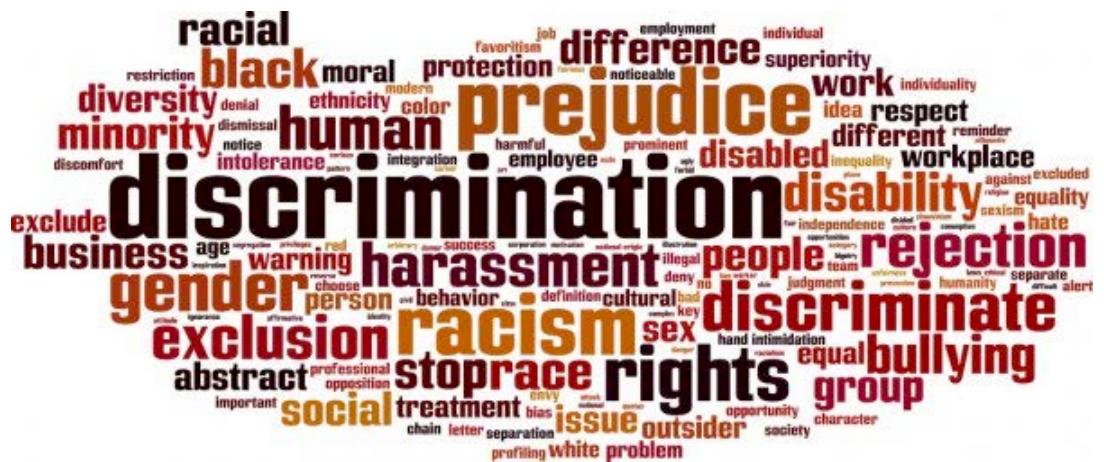
4. DISCRIMINATION

Social Fairness Requirement:
Elimination of discrimination with respect to employment and occupation including but not limited to ethnicity-, race-, and gender-based discrimination

Definition: unequal treatment, directly or indirectly, on various grounds including race, ethnicity, sex, language, religion, political or other opinion, national or social origin, property, and birth or other status (such as sexual orientation or health status, for example, having HIV/AIDS).

Key References:

- *UDHR – Article 2, 7, 23*
- *ILO Convention 111 - Discrimination*
- *International Convention on the Elimination of All Forms of Racial Discrimination*
- *International Convention on the Elimination of All Forms of Discrimination against Women*



Most national labor and employment laws have provisions for non-discrimination.



4. DISCRIMINATION

Case study: Structural Discrimination in India



Source: Solidaridad for the Fair Labour Association, 2012.

The Sumangali scheme - Tamil Nadu

“The Sumangali Scheme has complex problems resulting from a complex society, but should be viewed within the context of Hindu culture and the Indian caste system.”

- Discrimination based on caste
- Hired on contract for minimal wage, with dowry payment as lump sum upon contract completion (forced/ bonded labor)
- Excessive working hours
- Poor living conditions in hostels

Additional human rights infringed upon:

- All male management structure / abusive work environment
- Recruitment of child labor/ juvenile workers
- No adequate leave
- Limits to freedom of association



TNMS working group
(sample members)

INDITEX



Gap Inc.

TESCO



5. HARASSMENT & ABUSE

Social Fairness Requirement:
Elimination of harassment and abuse

Definition: Harassment and abuse includes but is not limited to violence; corporal punishment; harsh or degrading treatment; sexual or physical harassment; mental, physical, verbal or sexual abuse

Key references:

- *Universal Declaration of Human Rights*
- *International Covenant on Civil and Political Rights*
- *Declaration on the Protection of All Persons from Being Subjected to Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment*
- *ILO Convention 190 – Violence and Harassment*



One in four workers in Bangladesh has witnessed or experienced sexual harassment at work.



"Violence and harassment can be especially widespread in global value chains such as the garment industry, where high numbers of women work in low-skilled positions for low pay. These workers have little power or voice and need the protection of national and international law."

- Catelene Passchier, ILO's workers' group chair



5. HARASSMENT & ABUSE

Case study: Gender discrimination in China



A woman wears an anti-groping backpack on Foxconn's campus

Source: Jianjiaobuluo

FOXCONN



我是富士康女工，我要求建立反性骚扰制度

富士康女工 · 2018-01-23 17:45 · 尖椒部落原创首发

摘要：我们知道不公平的性别环境不会一日之间消除，也知道仅凭提出的这些建议，对于消除性骚扰还远远不够。但这只是一个开始，不行动永远不会有改变。

“你的屁股好翘啊！”

我正在工作，路过的男工突然对我说了这样一句话。我回头狠狠瞪了他一眼，只换来周围一阵轻浮的笑声。

我是富士康流水线上的一名普通女工，上面这一场景是我工作中的日常，也是身边许多女性同事的日常。

大声讲黄段子，用身材和长相调侃身边的女同事，借“指导工作”为由进行毫无必要的肢体接触……在工厂车间里，普遍存在着像这样的“性骚扰文化”（未婚女工遭遇性骚扰的情况尤其严重），而且很多人对此都习以为常，如果被骚扰的女工进行反抗，反而可能被指责“太敏感”、“开不起玩笑”。



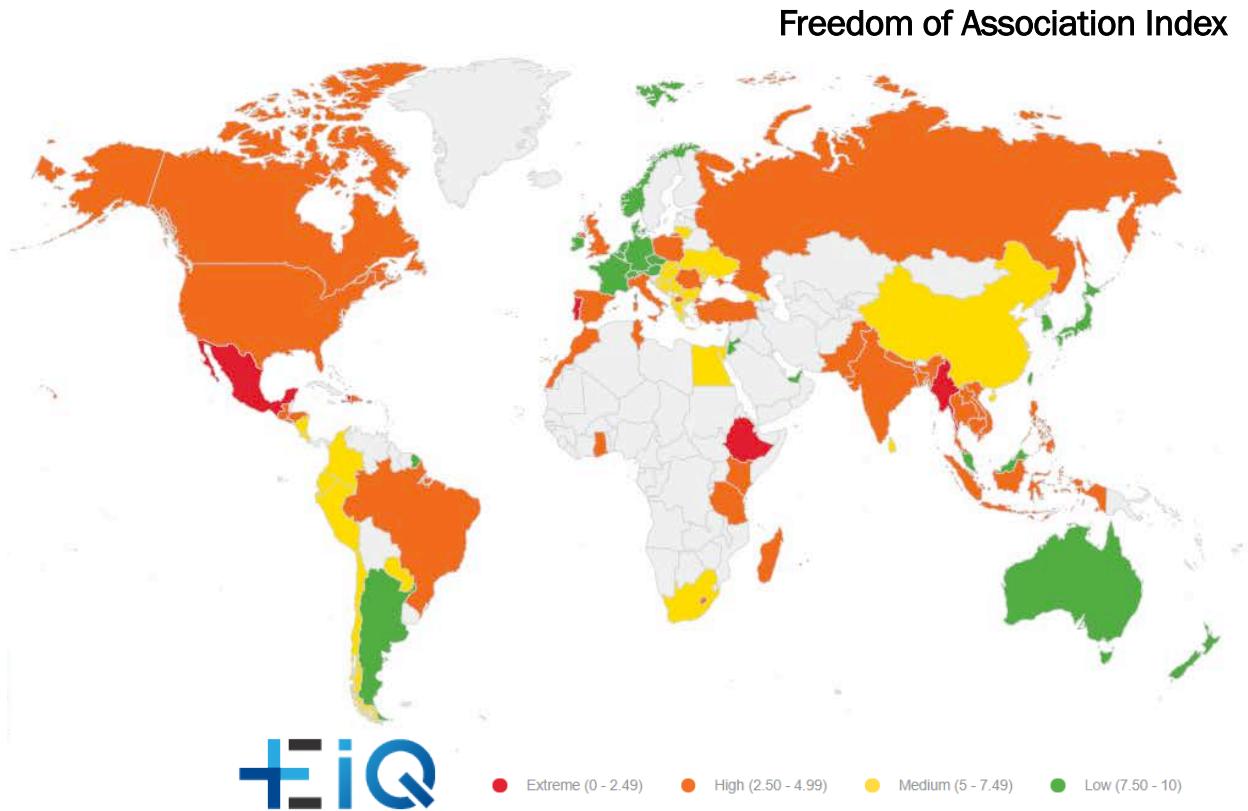
6. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

Social Fairness Requirement:
Freedom of association and
collective bargaining

Definition: Everyone has the right to freedom of peaceful assembly and association. No one may be compelled to belong to an association. Everyone has the right to form and to join trade unions for the protection of his interests.

Key References:

- *UN Declaration on Human Rights, Article 20 & 23*
- *ILO Convention 87 – Freedom of Association & the Protection of the Right to Organize*
- *ILO Convention 98 – Right to Organize and Collective Bargaining*



6. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

Key Concern: Widespread Government Restrictions



Belarus: union must show at least 500 members across all national regions to be registered



India: union needs 100 workers or 10% of workforce to register



Indonesia: union must have 50%+1 votes at company level to register



Malawi: union must represent at least 15% of workers at sector level and 20% at workplace level to be recognized for bargaining purposes



Morocco: union must have at least 35% membership at workplace and be the most representative in the workplace as determined by the government ministry



Pakistan: requirement for at least 30% of employees at company level to negotiate for a collective agreement



Russia: only 1 collective agreement can be signed



Turkey: union only allowed to organize on the basis of industry, not occupation or workplace – as determined by ministry of government. Union must have membership of at least 10% registered in the industry



USA: union must win a recognition vote of 50% +1 of all employees in defined bargaining unit

Gulf States: unions banned completely in UAE, Saudi Arabia, Oman, Bahrain.



China: union is government controlled and not independent



Vietnam: government is now changing laws to give people the choice to unionize and protect their rights

As an Assessor, it is essential to be aware of all relevant legislation and jurisdictions of operation.

Source: Ethical Trading Initiative, 2013

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6. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

Case study: Freedom of Association in Company Supply Chains

What is expected of companies where legislation is restricted?

- ✓ Understand the local context
- ✓ Encourage voluntary recognition of groups of workers
- ✓ Incentivise, encourage and train suppliers via compliance premiums, balanced scorecards, assurances

Workplace issue	Good practice solution
No union in place	Awareness training for managers and workers; facilitate union access to the workforce
No worker representation of any kind	Awareness training for managers and workers; facilitate free election of worker representatives to works committees (a legal requirement in some countries); occupational health and safety, grievance and disciplinary, women's and anti-discrimination committees have all served to introduce worker representation into workplaces prior to full elections; facilitate union access to the workforce
Law does not allow free trade union	Form a parallel representation system, with free election of worker representatives to works committees; committees may address more than one issue; external independent training for elected worker representatives
Workers prevented from joining unions	Clear statement from company to supplier of its policy of supporting the right to freedom of association; awareness training for managers and workers; facilitate union access to the workforce – if necessary, in the context of a training programme. Brands call on government to end exemptions to freedom of association in Export Processing Zones
Company-sponsored yellow union or worker association blocks free union access	Reminder from company to supplier of its compliance policy; inclusion of managers in general awareness training on the value of open dialogue and expectations of the international market; facilitate union access to the workforce

Source: Ethical Trading Initiative, 2013



7. WAGES

Social Fairness Requirement:
Provision of the legal minimum wage and all legally mandated benefits including employer contributions for social security benefits and services

Definition: Minimum wage is the compensation to be paid to an employee or worker, based on wage levels of individual countries. Nearly all countries have a national body that determines minimum wages nationally, or for sectors or occupations. In most jurisdictions, overtime must be paid at a premium. Wages and premiums vary by country.

Key Reference:

- ILO Convention 26 – Minimum wage
- ILO Convention 131 - Minimum wage calculation
- ILO Convention 100 – Equal Renumeration

UNITED STATES	2016	2017	2018	2019	2020	Trend
Supply Chain: Labor	7.89	6.39	7.33	8.62	5.94	24.74%
Child Labor Index (ELEVATE) <small>↗</small>	8.54	8.35	8.36	8.43	8.39	1.65%
Forced Labor Index (ELEVATE) <small>↗</small>	6.85	7.28	7.28	6.77	1.32	80.73%
Freedom of Association Index (ELEVATE) <small>↗</small>	8.13	8.20	8.36	8.43	8.33	2.46%
Humane Treatment Index (ELEVATE) <small>↗</small>	8.54	8.18	8.36	8.43	8.39	1.65%
Migrant Workers Index (ELEVATE) <small>↗</small>	10.00	1.43	10.00	5.71	0.95	90.48%
Wages Index (ELEVATE) <small>↗</small>	7.07	7.07	7.07	10.00	8.48	19.98%
Working Hours Index (ELEVATE) <small>↗</small>	7.07	3.96	4.24	10.00	3.30	53.33%

MEXICO	2016	2017	2018	2019	2020	Trend
Supply Chain: Labor	5.70	4.81	4.36	5.77	5.61	1.54%
Child Labor Index (ELEVATE) <small>↗</small>	2.62	2.62	1.59	1.59	5.20	98.52%
Forced Labor Index (ELEVATE) <small>↗</small>	4.85	4.99	0.90	5.62	1.11	77.10%
Freedom of Association Index (ELEVATE) <small>↗</small>	4.79	4.05	4.17	4.43	5.11	6.65%
Humane Treatment Index (ELEVATE) <small>↗</small>	4.99	4.33	3.84	4.10	4.72	5.44%
Migrant Workers Index (ELEVATE) <small>↗</small>	10.00	10.00	10.00	10.00	10.00	0.00%
Wages Index (ELEVATE) <small>↗</small>	4.24	4.24	4.24	7.92	5.66	33.31%
Working Hours Index (ELEVATE) <small>↗</small>	9.90	5.94	7.07	7.92	6.60	33.32%

● Extreme (0 - 2.49) ● High (2.50 - 4.99) ● Medium (5 - 7.49) ● Low (7.50 - 10)



7. WAGES

Trend: Agriculture Sector in the Americas

- Margin pressures including ...
- Increased cost and decreased productivity in COVID-19
- Big decline in full-service restaurant / school meal demand
- Unanticipated decline in commodity prices
- Increased logistics / transportation challenges
- Lack of planning capacity



Published on Saturday, April 11, 2020 by Common Dreams

'Bullying of Marginalized Workers': Trump Moves to Slash Pay of Guest Farmworkers Amid Covid-19 Crisis

"While farmworkers are working during a pandemic to pick the food that feeds our families during this crisis, Trump is looking to cut their pay."
by Jake Johnson, staff writer



34 Comments

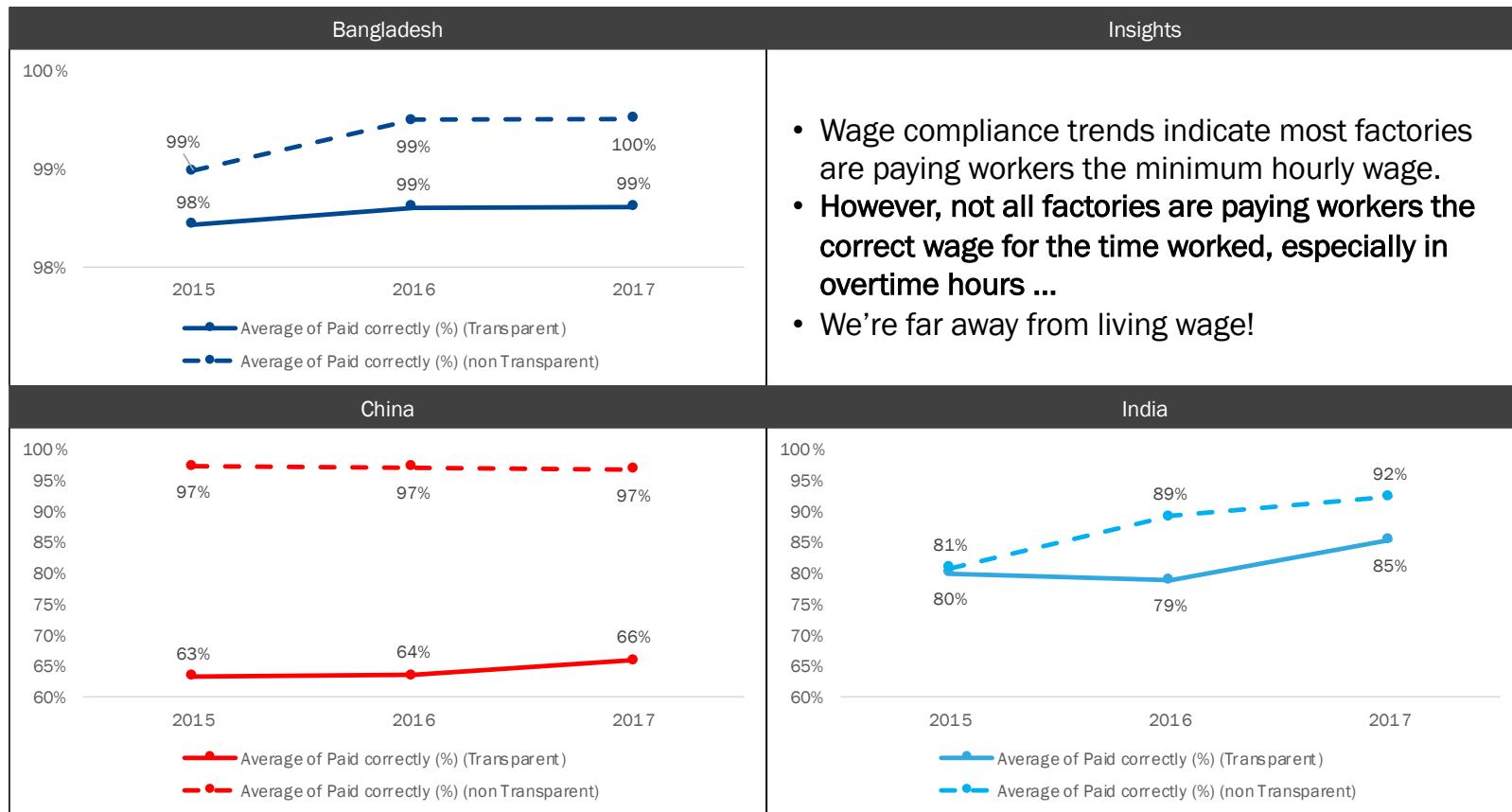


Agricultural laborers pick lemons inside the orchards of Samag Services, Inc., in Mesa, California on March 27, 2020. (Photo: Brent Stirton/Getty Images)



7. WAGES

How many workers are paid correctly?



Source: EiQ



7. WAGES

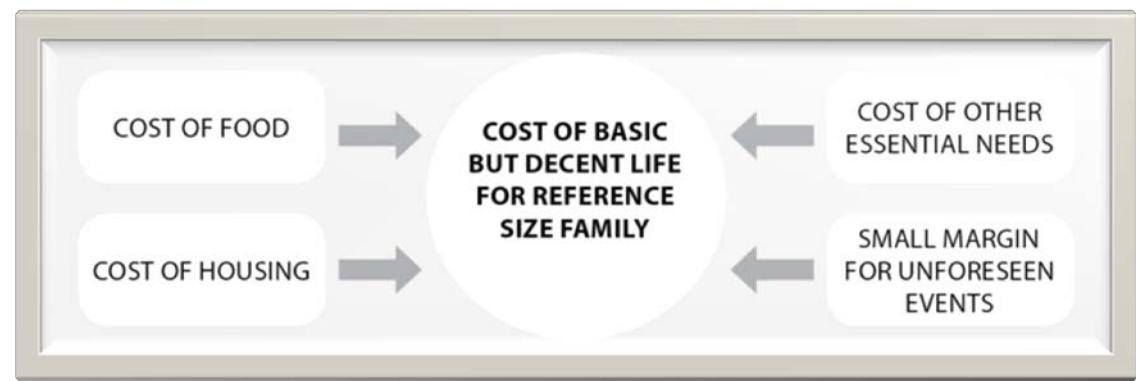
Social Fairness Requirement:
Aspirations for the provision of a living wage that covers the necessities for life as defined in its local context.

Definition: The remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.

Key References:
• Global Living Wage Coalition
• Anker Methodology

Global Living Wage Coalition

iseal
alliance



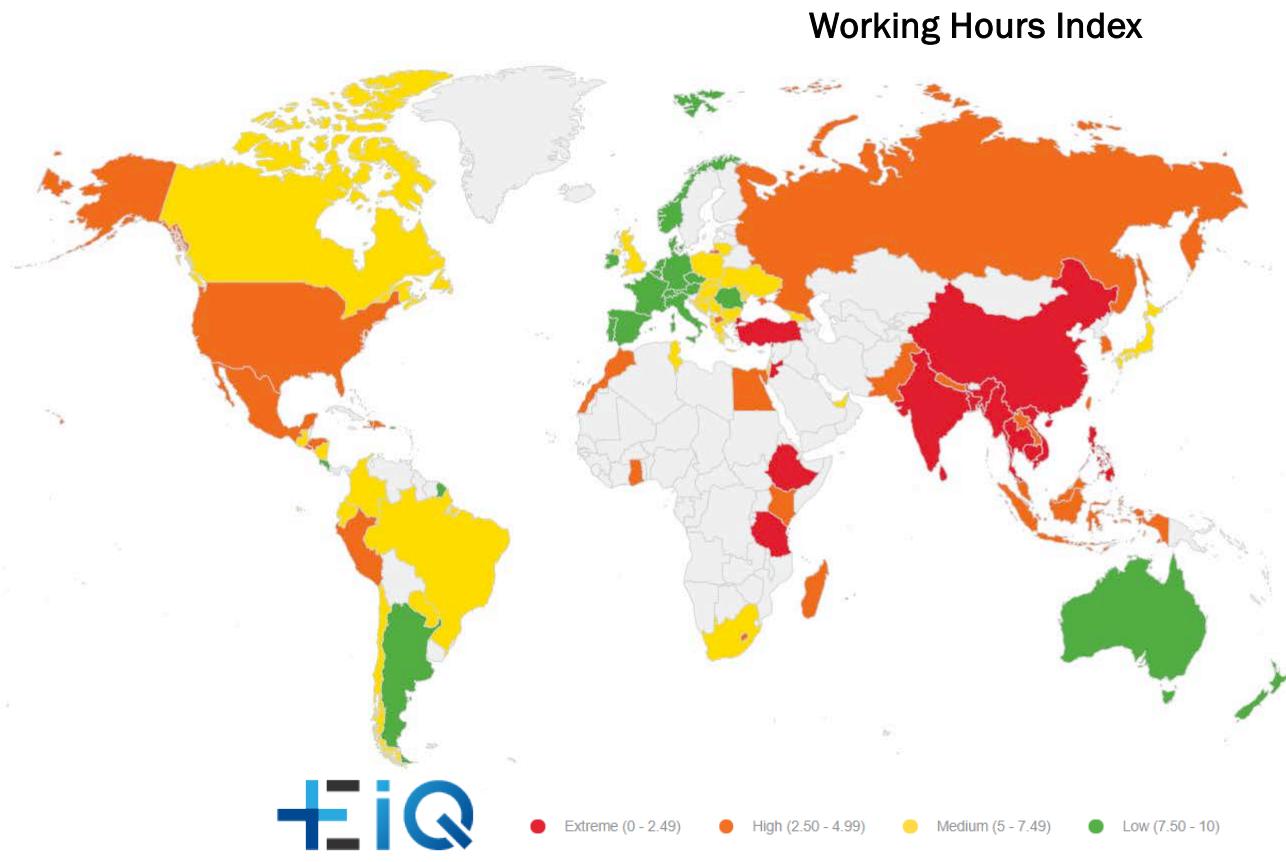
8. EXCESSIVE WORKING HOURS

Social Fairness Requirement:
Prevention of excessive
working hours

Definition: Maximum working hours of 8 hours per day, or 48 hours per week. Overtime is the number of hours worked beyond the maximum allowed by week, and international standards limit this to 60 hours per week. Rest days are a continuous period of at least 24 hours each week. National laws can vary from international standards.

Key References:

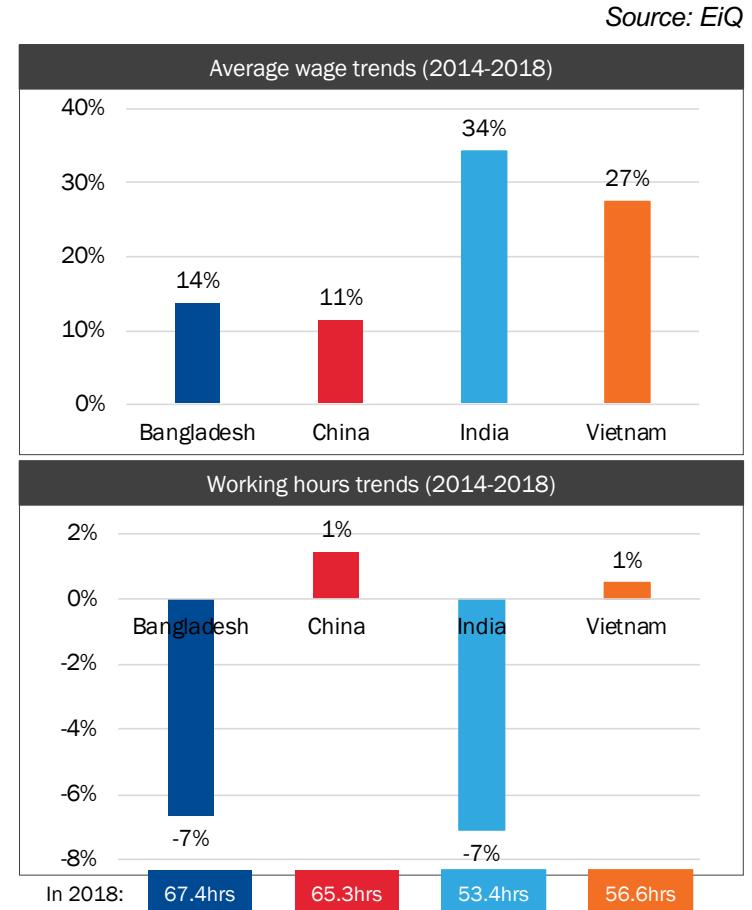
- ILO Convention 1 – Hours of Work (Industry)
- ILO Convention 30 – Hours of Work (Commerce, Offices)
- ILO Convention 116 – Reduction of Hours of Work
- ILO Convention 14 – Weekly Rest



8. EXCESSIVE WORKING HOURS

Wage and working hour trends put more pressure on manufacturers

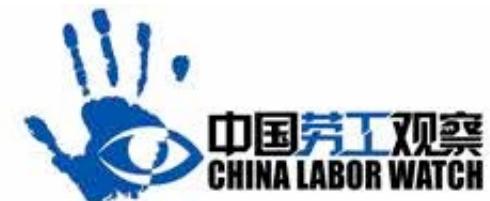
- Average **wages have increased** on average c.22% in key manufacturing countries over the last 5 years 2014-2018
- **Working hours have declined** on average c.3% over the same period but are still >60hrs per week in China and Bangladesh
- ***This leads to reduced margins that will motivate manufacturers to seek lower cost workers through:***
 - Unauthorized sub-contracting
 - Use of migrant workers
 - Social insurance under-payments
 - Prison labor, short-term contracts etc.
- These profit-seeking techniques often breach Codes of Conduct and contracts, are not always identified in audit schemes, and risk U.S. Customs and Border Patrol stoppages



8. EXCESSIVE WORKING HOURS

Case study: China Labor Watch Report on Exploitation in Toy Factories in China

- Excessive overtime remains a widespread issue across the toy industry as factories push workers to complete orders, especially during peak season, manufacturing toys for the Christmas sale.
- During peak production season, workers in the investigated factories put in 60 to 126 overtime hours per month despite Chinese labor law stipulating that overtime hours are not to exceed 36 hours a month.
- One factory did not even grant workers one rest day per week as required by law.
- While not aligned with international standards, working hours have decreased from frequently more than 14 hours to an average 11 hours in peak season in a day – showing modest improvement in the sector in China.



International Council of Toy Industries



Source: China Labor Watch, November 2019.



SPECIFIC HUMAN RIGHTS DEFINITIONS / REQUIREMENTS

Q&A - Participant Discussion

- Questions / comments about discrimination?
- Questions / comments about harassment & abuse?
- Questions / comments about freedom of association and collective bargaining?
- Questions / comments about excessive working hours?
- Questions / comments about wages?



BUSINESS PRACTICES THAT INCREASE HUMAN RIGHTS RISKS

BUSINESS PRACTICES THAT INCREASE HUMAN RIGHTS RISKS

The following business practices are high issues of concern in the Social Fairness requirements. Each practice increases the the risk of negative human rights impacts.

1. Corruption/ Bribery
2. Unauthorized subcontracting
3. Missing or deficient permits
4. Denial of access to the facility, workers, or files

Requirements for Verification will be further defined in Training Module 3



1. CORRUPTION / BRIBERY

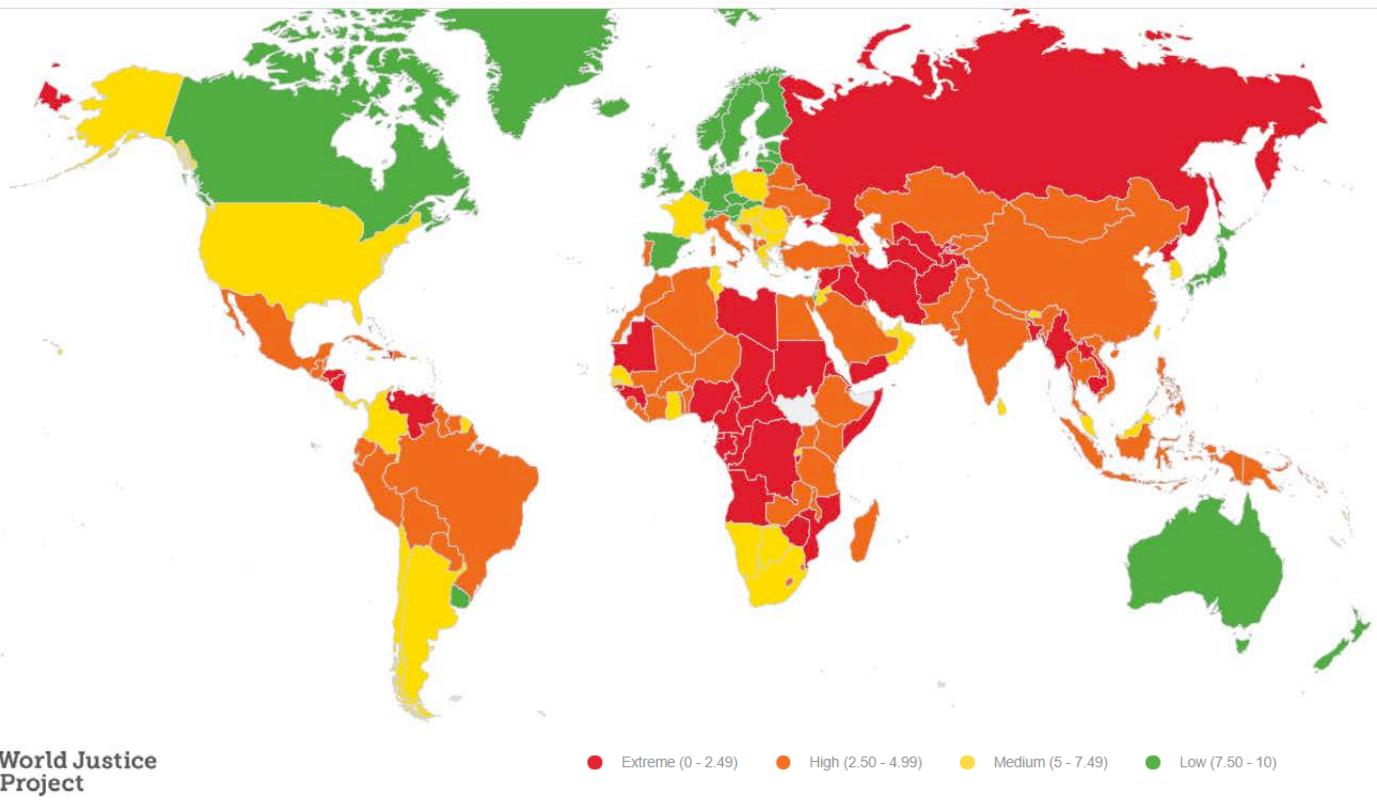
Global Risk Landscape

abor Health and Safety Environment **Business Ethics** Management Systems



Business Ethics risks, based on the following sources:

- World Bank *Corporate Governance Index*
- Transparency International *Corruption Perceptions Index*
- Freedom House *Freedom in the World Index*
- World Justice Project *Fundamental Rights Index*
- World Bank *Rule of Law Index*



2. UNAUTHORIZED SUBCONTRACTING



China

- Incumbent suppliers under tremendous pressure to control costs due to increase in tariffs and market shifts
- Looking for ways to reduce costs
 - Avoidance of wage premium payments
 - Avoidance of social insurance payments
 - Utilization of lower cost subcontractors
- Subcontractors in less expensive regions / with lower cost structures offer up options to remain competitive



Rest of World

- Taking on too many orders
- Capacity has not grown fast enough to keep pace with demand
- Need to subcontract to meet shipment window
- Factories are less mature / less compliant
- Shorter lead times to onboard / approve factories



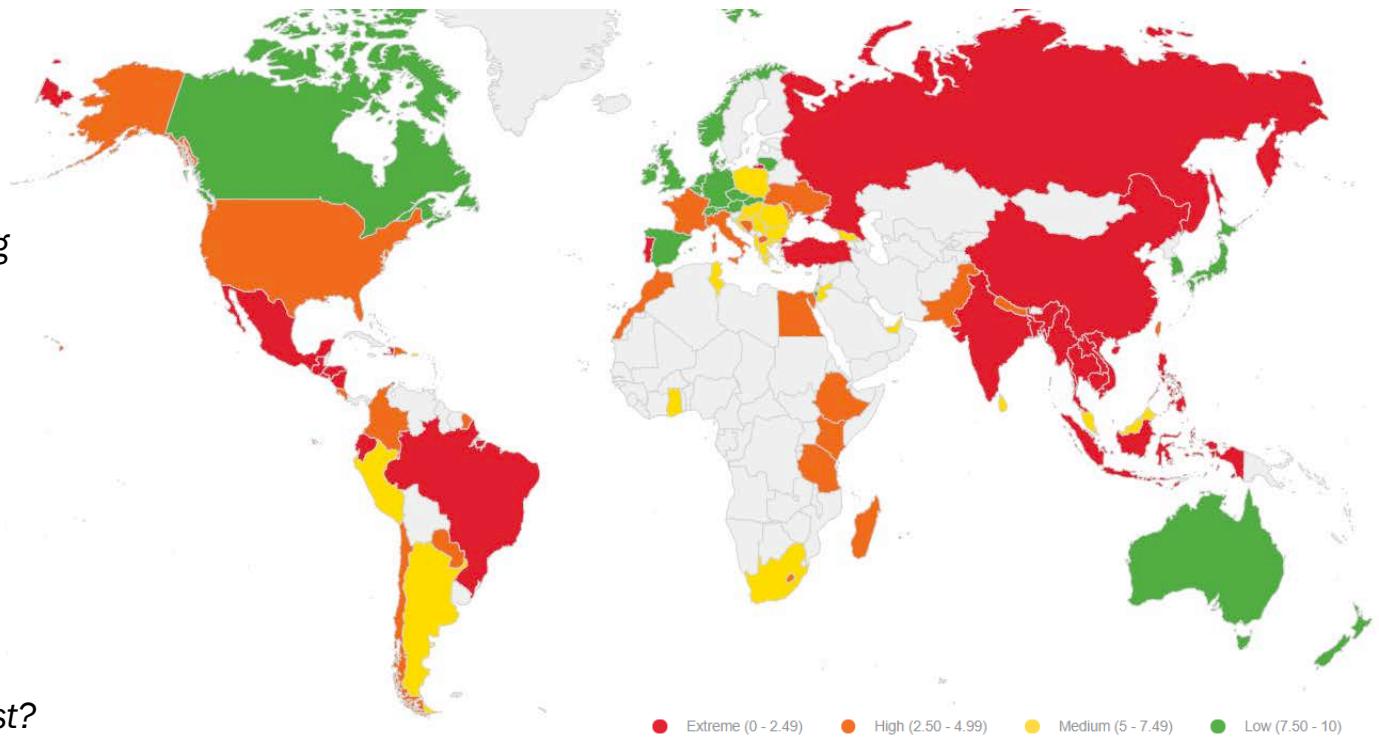
3. MISSING OR DEFICIENT PERMITS

Business Integrity Index



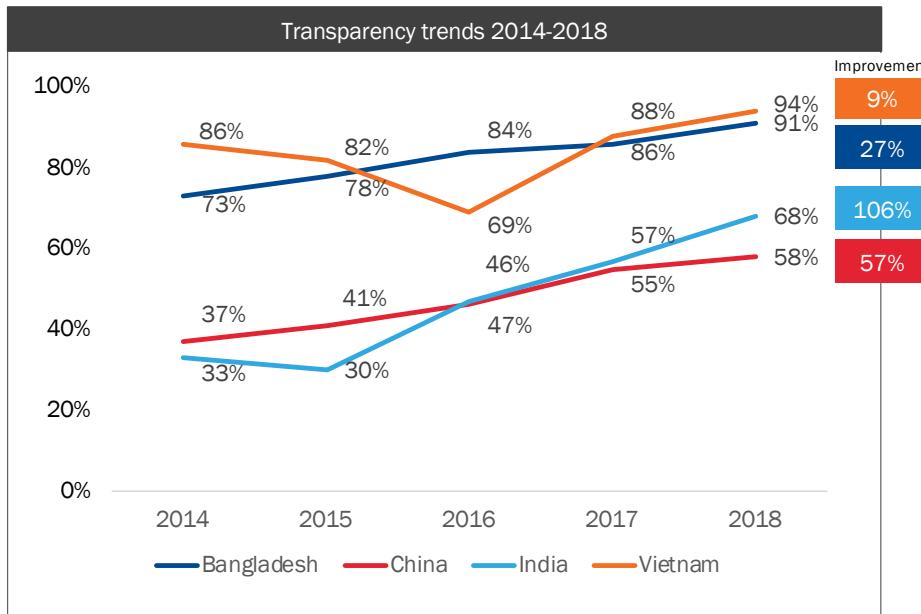
Considerations:

- Are *legal requirements* being met comprehensively?
- Are *business operations* credible / supported by effective management systems?
- Are *employees and workers* protected?
- How do *missing or deficient* relates to transparency/ trust?



4. DENIAL OF ACCESS TO FACILITY, WORKERS, OR FILES

Case study: ELEVATE data shows more than 40% of audits in China still reveal inconsistent findings and record keeping...



Source: EIQ, February 2019

- Transparency reflects the extent to which factories are open and reveal accurate wage, working hour and related data in an audit
- Positive trends in transparency rates in key manufacturing countries since 2014 e.g. China (57%) and India (106%)
- Apparel and footwear factories show transparency rates slightly higher than country averages due to (a) more mature partnership-oriented programs (b) rigorous audit regimes
- Transparency improvement in China has plateaued in 2019 at the time of the trade wars, uncertainty and assoc. pressures
- Lower levels of transparency reduce our ability to:
 - Access real insight into risks / root causes
 - Support to factories to drive better performance



BUSINESS PRACTICES THAT INCREASE HUMAN RIGHTS RISKS

Q&A - Participant Discussion

- How can corruption / bribery skew information that needs to be verified?
- How does unauthorized subcontracting put workers at higher risk?
- Why does missing or deficient permits cause concern?
- Is transparency critical for trust...?



CONCLUSION

NEXT STEPS

We've covered a lot of ground!

Next up: *Module 2 - How a Company is Expected to Manage Human Rights*

Tomorrow's agenda:

- + Welcome & Recap Module 1
- + Overview of the Corporate Responsibility to Respect human rights & applicability for the Social Fairness requirements
- + Deep Dive on Risk Assessment
- + Overview of Social Fairness Toolkit (key tools for Assessors)



 ELEVATE