

Forced and bonded labour policy



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For further information see www.global-risks.com



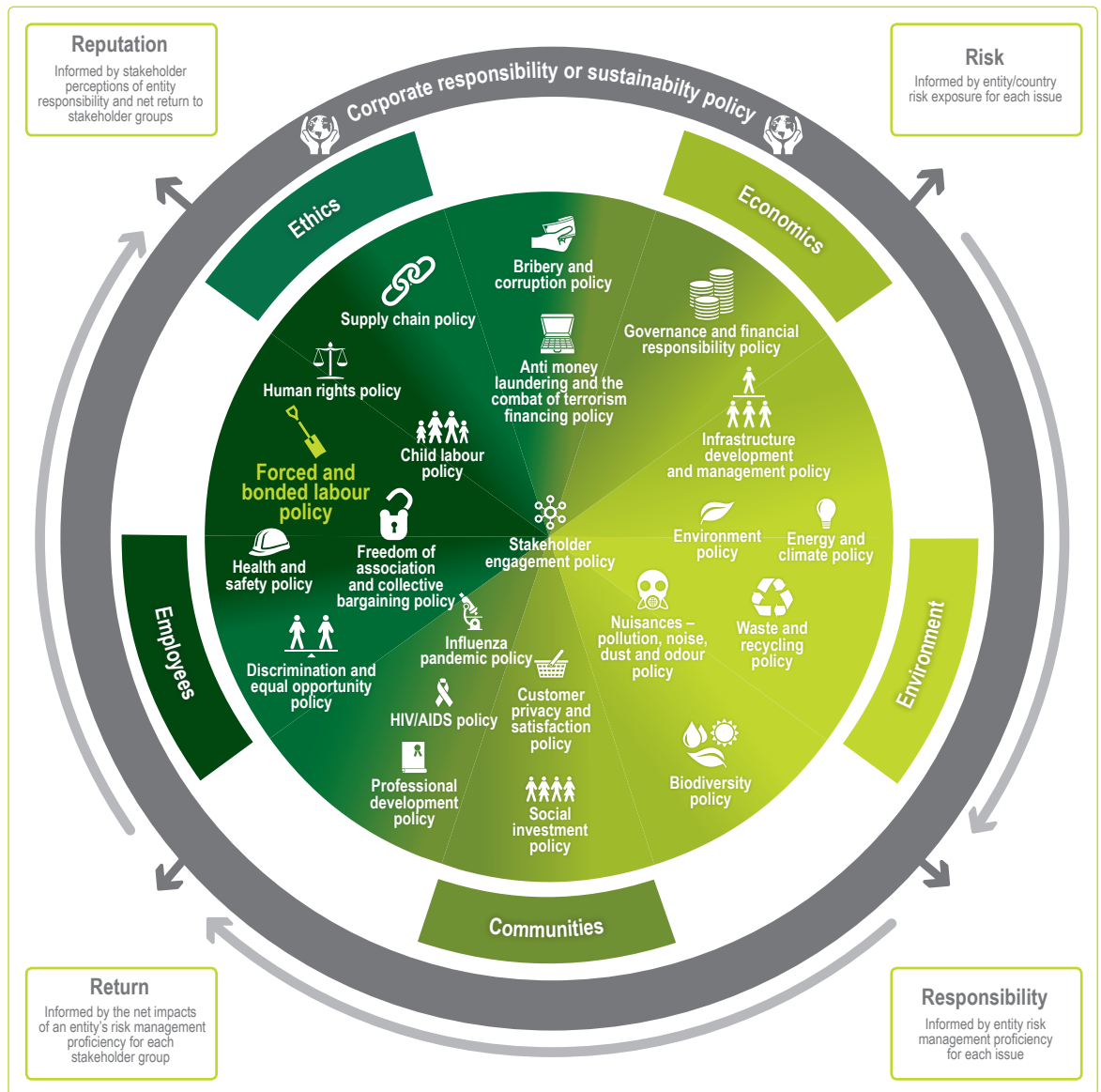
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Global Reporting Initiative
SA8000

ISO14001
FTSE4Good

Dow Jones Sustainability Index
Equator Principles
OHSAS18001

Figure 1: Our policy categorisation continuum



Within the policy categorisation continuum a corporate responsibility or sustainability policy forms the top-level commitment statement for an entity. Underlying this, there are issue specific policies that can be located within the categories of ethics, economics, environment, communities and employees, or as issues that cut across more than one category. Implementation of policy supports risk, responsibility, return and reputation:

- an entity's risk arises from the risk exposure of that entity and the country in which it operates to issues
- the responsibility of the entity at managing risks proficiently for stakeholder groups provides a return in the form of contribution to society
- proficiency at managing these risks is indicative of the responsibility of the entity
- the perceived responsibility of the entity and its contribution to society influences the reputation of that entity.



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Policies are statements that oblige and guide a company (entity) and its employees to behave in a particular way and that demonstrate to stakeholders the commitments the company has made. In our suite of policies, each document consists of two chapters.

The first chapter is the adoptable policy itself. This includes best practice policy elements in the following areas:

- An introduction section that outlines the scope, aims and objectives of the policy.
- An implementation section that includes:
 - » a statement of high-level company commitments relating to the subject of the policy
 - » specific content requirements to ensure complete attainment of the above high-level commitments
 - » monitoring and reporting requirements for evaluating the impact and effectiveness of the policy
 - » communication and awareness mechanisms to ensure relevant stakeholders understand the policy and the business implications of not adhering to it
 - » management requirements to ensure policy implementation, integration into business practice, auditing and policy review.
- A responsibilities section that details where responsibility for implementing the policy rests within the company, including the signature of the Chief Executive as a sign of top level commitment to the issue.

The second chapter provides guidance, background resources and insight into effective policy implementation. This includes:

- Information on how to implement the policy as part of a management system and details of other Maplecroft tools available to assist in this process.
- Policy development and adoption information.
- Resources, including links to key websites, example policies of other businesses and definitions of key terms.

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Throughout the policy, elements that reflect the requirements of recognised standards and principles are indicated using icons. A key to these icons can be found within the guidance section.



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1 Introduction

While most forms of forced and bonded labour are not typically a concern in prime contracting relationships, they more often appear at the subcontracting level, making them more difficult for companies to detect and address. "The entity" recognises its responsibility to strive to identify the use of such forms of labour and be aware of the possibilities when monitoring suppliers for acceptable labour standards.

"The entity" is firmly committed to creating strong business growth, which is not achieved at the expense of the environment, quality of life or social equity.

The aim of this policy is to ensure that "the entity" is taking appropriate steps with regards forced and bonded labour issues, enriching the communities in which we operate, thus contributing to the well being of our stakeholders and enhancing the organisation's relations and protecting reputation.

The objective of the policy is to set out the ways in which "the entity" will:

- prevent forced and bonded labour within its operations and supply chain
- approach incidences where forced and bonded labour is identified
- support programmes to reduce the incidence of forced and bonded labour.

This policy encourages the development and implementation of responsible business practice.



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2 Implementation

2.1 Commitments

Illustrating a clear commitment to reducing forced and bonded labour “the entity” will:

- Adhere to relevant legislation surrounding forced and bonded labour and may choose to sign up to and/or adhere to best practice industry initiatives and codes.
- Not use or support the use of any type of forced or bonded labour, including slavery, prison labour, labour as a punishment for expressing political views peacefully, or labour demanded of employees because of their debt. ✓ [HR7]
- Ensure that business partners are aware that they should not use forced or bonded labour.
- Not use materials or services produced through forced labour.
- Ensure that employees work voluntarily and not because they have been threatened or intimidated in any way.
- Consult stakeholders in order to gather appropriate information when working in countries where there is a known problem with forced labour.

2.2 Employee freedom of movement

Ensuring that their operations do not result in forced or bonded labour practices “the entity” will:

- Identify operations having a significant risk for incidents of forced and bonded labour. [HR7]
- Select and recruit employees in line with industry-wide standards and ensure that recruitment fees are reasonable and do not become bonds that are the equivalent of forced labour. ✓
- Ensure that employees are free to leave “the entity” after giving the proper notice, that they understand the rules about leaving and that the entity will return any relevant documents and provide other relevant help needed.
- Not use security guards in a manner that keeps people at work against their will. ✓
- Not unreasonably and/or unnecessarily restrict employee movements.
- Ensure employees are free to leave their place of work at the end of a shift. ✓
- Not retain any important document or other items belonging to the workers while they are employed or as part of the recruitment process (for example, passport, driving licence, identity papers or sums of money). ✓

2.3 Monitoring and reporting

Continually evaluating our performance and progress the entity” will:

- Identify key performance indicators to measure progress with forced and bonded labour issues.
- Report on progress with forced and bonded labour issues including measures taken to contribute to the elimination of such labour and progress with key performance indicators through an annual publicly available report. [HR7]

2.4 Communication

Supporting stakeholder collaboration as part of successful implementation “the entity” will:

- Effectively communicate the policy and associated guidance and procedures to personnel and other interested parties. ✓
- Provide all new employees with a copy of the policy, and provide formal training on the policy, either as part of the employee induction process or as part of an apprenticeship scheme. ✓ [HR7]
- Provide employees with regular training and awareness building covering the issues in this policy in order to foster an awareness of shared responsibility and accountability. ✓ [HR7]
- Seek to make existing employees aware of the issues covered in this policy. ✓ [HR7]
- State clearly how this policy relates to other policies in “the entity”. ✓
- Display the policy publicly and prominently. [SO1]
- Have a programme in place to identify and engage with community stakeholders. ✓ [SO1]
- Engage and work with local communities, NGOs, governments and other stakeholders in order to understand forced and bonded labour issues and develop shared responses. [SO1]



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2.5 Management

Managing the provisions of this policy to work towards successful implementation “the entity” will:

- View this policy and associated guidance as ‘living documents’ to be reviewed by the Board on an annual basis, drawing from ongoing stakeholder consultation. ✓
- Ensure all elements of this policy are managed as integral parts of its business and planning. This will include ensuring that estimates of the costs of present and expected actions are included in the preparation of investment plans, risk reviews and annual accounts. ✚
- Maintain a management system that aims to integrate forced and bonded labour issues into its decision-making and risks review processes. ✓
- Develop procedures and guidelines to facilitate policy implementation and empower management to ensure policy aims are met. ✓✚[HR7]
- Put in place a monitoring system to gauge performance against the implementation requirements of this policy and conduct regular audits to evaluate compliance with and the effectiveness of this policy. ✓
- Have in place a procedure for responding to cases in which the policy has not been followed or has been breached. ✓
- Report the outcomes of audits, including details of corrective action plans annually to its supervisory board or governing body to promote continuous improvement. ✓
- Where relevant, attain external verification of the audit process against SA8000 as the foundation from which to improve. ✓

3 Responsibilities

- A senior member of “the entity” will be responsible for the effective implementation of this policy across all operations owned or managed by “the entity”. The senior member will also be responsible for reporting to the Board and external stakeholders about performance with respect to policy implementation. ✓✚✚
- All employees have an important role in assisting “the entity” in successful implementation of the principles of this policy.

Chief Executive’s Signature _____



Guidance

Policy development and adoption

This generic adoptable policy is rooted in international and national law and the best practice policies of global companies. Throughout the policy, elements that reflect the requirements

of recognised standards, instruments and international best practice principles are indicated using the following icons:

Key



The **Global Reporting Initiative** (GRI – G3 indicators version 3) are marked with a star '★' and identified with the relevant indicator numbers of the Sustainability Reporting Guidelines. They will therefore help entities prepare for reporting in conformance with GRI.



The **SA8000** Social Accountability standard are marked with a tick '✓'. These policy elements are reflective of those one would expect a professionally trained SA8000 auditor to inquire into during the audit/certification process. They will therefore help entities prepare for conformance with SA8000.



The **ISO14001** Environmental Management System (EMS) standard are marked with a club '♣'. These policy elements are reflective of those one would expect a professionally trained ISO14001 auditor to inquire into during the audit/certification process. They will therefore help entities prepare for conformance with ISO14001.



The **FTSE4Good** Index Series inclusion criteria are marked with a diamond '◇'. Addressing and capturing data against these issues will help entities prepare the EIRIS questionnaire and further chances of inclusion in the FTSE4Good Index.



The **Dow Jones Sustainability Index** criteria (DJSI World) are marked with a ring '◉'. Addressing and capturing data against these issues will help entities prepare for completion of the SAM questionnaire and further chances of inclusion in the DJSI.



The **Equator Principles** are marked with a half moon '☾'. Working in conformance with these issues will assist entities in complying with the environmental and social project finance conditions of banks that have signed up to the Equator Principles.



The **OHSAS18001** Occupational Health and Safety Management System standard are marked with a '●'. These policy elements are reflective of those one would expect a professionally trained OHSAS18001 auditor to inquire into during the audit/certification process. They will therefore help entities prepare for conformance with OHSAS18001.

Sector specific supplements to this policy are available that will take into account sector best practice standards. Any entity wishing to adopt this policy should review the immediate relevance of policy content to the entity, its core business and impacts. The entity may wish to omit certain clauses as being less relevant. The entity should also refer to its own management framework, business processes and approach to splitting management functions in order to ensure integration of the policy with its own strategy and culture.



Guidance

Best practice

American Convention on Human Rights (ACHR, 1969) (accessed 2009). Article 6. <http://www1.umn.edu>

European Convention on Human Rights (ECHR, 1950) (accessed 2009). Article 4. <http://conventions.coe.int>

ILO Convention 105 on Abolition of Forced Labour (1957) (accessed 2009). <http://www1.umn.edu>

ILO Convention 29 on Forced or Compulsory Labour (1930) (accessed 2009). <http://www1.umn.edu>

International Covenant on Civil and Political Rights (ICCPR, 1966) (accessed 2009). Article 8. <http://www.hrweb.org>

International Covenant on Economic, Social and Cultural Rights (ICESCR, 1966) (accessed 2009). <http://www.unhchr.ch>

Slavery Convention (1929) (accessed 2009). <http://www1.umn.edu>

Universal Declaration of Human Rights (UDHR, 1948) (accessed 2009). Article 4. <http://www.un.org>

UN Global Compact. Ten Principles (2004) (accessed 2009). Principle 4. <http://www.unglobalcompact.org>

Example policies

Aviva (accessed 2009). Human Rights Policy. <http://www.aviva.com>

BP (accessed 2009). Code of Conduct. <http://www.bp.com>

Dupont (accessed 2009). Principles on Child and Forced Labour. <http://www2.dupont.com>

Kraft Foods (accessed 2009). Child and Forced Labour Policy. <http://www.kraftfoodscompany.com>

Mattel (accessed 2009). Global Manufacturing Principles. <http://www.mattel.com>

National Grid (accessed 2009). Human Rights Policies. <http://www.nationalgrid.com>

Tesco (accessed 2009). Suppliers and ethical trading. <http://www.tescopl.com>

Key terms

Forced labour

Forced labour is any work or service that a worker performs involuntarily or under threat of penalty. Forced labour takes a variety of forms, including prison labour, in which imprisoned persons are forced to work as a requirement of sentence and without compensation; indentured labour, whereby an employer forbids a worker to leave employment at the worker's discretion; and bonded labour, in which a person, often a child, works not for compensation, but to pay off a debt incurred by another in exchange for the worker's labour.

Bonded labour

Bonded labour, also known as debt bonding, is one of the oldest forms of slavery and, despite being illegal almost everywhere, still affects millions of adults and children and migrant workers. The Universal Declaration of Human Rights states 'no one shall be held in slavery or servitude; slavery and the slave trade shall be prohibited in all their forms'. Bonded labour is outlawed by the United Nations Article 1(b) of the Supplementary Convention on the Abolition of Slavery, the Slave Trade and Institutions and Practices Similar to Slavery. It is also taken by the ILO as one of the practices to be eradicated under Convention No.29 on Forced Labour.