

# THE PRIVATE SECTOR'S RESPONSE TO MODERN SLAVERY AND LANDING A MAN ON THE MOON



## Why Does the Private Sector Need to Stop Modern Slavery?

At a recent board meeting, one of our Mekong Club directors was listing the reasons that business should be concerned with modern slavery. These included new legislation related to modern slavery, greater more stringent government procurement practices, increasing numbers of lawsuits against corporations, US government action against imports made from forced labour, and greater media and consumer attention. He concluded by saying that supply chains containing forced labour are simply not sustainable and that, for the private sector, non-engagement is no longer an option. At this point, one of our colleagues interjected: “Everything you say is true, but you forgot the most important reason – that slavery is just plain wrong.”

So I would like to start off here. Modern slavery continues to be a sensitive issue within the private sector. A lack of experience in dealing with this complex problem means that many companies don't know how to begin the process of engaging. But, just like the practices that led Wilberforce and Lincoln to stand up for what was right and just, we are talking about a blight on the world, and our bottom line has to be that, when people look back on our times, we were on the right side of history.

## Sending a Man to the Moon

So where are we now? While there are a number of initiatives being put in place within the private sector to identify and address modern slavery, many companies lack a sufficiently detailed understanding of the issue, a strategic plan, tools to detect criminal behaviour, internal incentives to respond, and resources to act. Furthermore, much of the existing work is being done in an isolated and unsystematic way, with limited information exchange with peers, and no opportunity to aggregate and analyse data such as a collective data repository. Based on these factors, I often hear people state that having the private sector address modern slavery in a meaningful way is hugely ambitious, completely unrealistic and even overly idealistic. While we could talk about each of these factors in isolation, there is limited value to that without a uniting vision.

A famous example of such a uniting vision was President Kennedy's statement that the US “should commit itself to achieving the goal, before this decade is out, of landing

a man on the Moon and returning him safely to the Earth”. This was right on the borderline between hugely ambitious and completely unrealistic, and many people said it simply couldn't be done. But despite the overwhelming obstacles, this goal provided not only a purpose but also a huge challenge that required innovation, commitment, and – just as importantly – teamwork. A wide range of people with many technical abilities, problem-solving skills and pioneering ideas were brought together to make this vision happen. There was no room for individual agendas in such a massive undertaking. A strategic plan, a united approach and an acceptance that it was possible were essential ingredients.

## How the Private Sector Can Address Modern Slavery

So, what would a similar goal be for the private sector in addressing modern slavery? Something very ambitious, but not impossible? Something that could free millions of people from exploitative labour practices, while not forcing business to choose between what is right, what is sustainable and what is profitable? I would like to suggest the following goal: “The private sector will eliminate forced labour from its supply chains by 2028 without a negative impact on profitability.” Like the man on the Moon goal, this is certainly hugely ambitious, but I believe it can be done.

**“ Our Collective Goal:  
The private sector will  
eliminate forced labour  
from its supply chains by  
2028 without a negative  
impact on profitability. ”**

Why this goal? Because it does not take as a given that there is a trade-off between worker rights and shareholder obligations, between the incentives of business to remain profitable and the need to treat all people with decency. Instead, it challenges the private sector to come up with new approaches and innovative solutions – a challenge that business knows how to meet.

## How to Minimise and Offset Costs

Of course, there are clearly additional costs in ensuring that our supply chains are free of labour violations. These may include: 1) increased compliance costs – reporting requirements, greater transparency and monitoring; 2) increased production costs, legally compliant terms and conditions, transfer of the burden of recruitment costs from workers to employers; and 3) some up-front investment in re-aligning companies towards a slave-free world.

But there are ways to minimise and offset these costs. These include:

- **Reducing compliance costs.** One example that companies have already taken on board is recognising each other's audits, reducing the burden not just on them but also on suppliers. Custom-built compliance tools for small enterprises could be another example. The Mekong Club is currently supporting a pilot in this area.
- **Reducing reporting costs.** More and more countries are implementing supply chain reporting legislation. Rather than take a passive or oppositional approach to such legislation, is there not an opportunity for businesses to gain an advantage by proactively working with governments on standardised requirements?
- **Cutting out the middleman.** Debt is the number one binding factor related to today's migrant labourers who end up in modern slavery, according to the available information. This debt mostly comes from the recruitment process, often from informal brokers operating outside the law. Can we use technology and other solutions to remove these brokers completely? One major possibility is more online recruitment – not only to eliminate the need for intermediaries but also to improve matching of workers and jobs, thereby reducing staff turnover. This could be complemented by information about employment rights and ethical recruiters/employers being accessible to workers via smartphones. The Mekong Club is also looking into the use of blockchain technologies to provide better protection for workers throughout the migration process, such as through ensuring contracts cannot be substituted.
- **Productivity gains.** Many current practices are woefully inefficient on a number of levels. Fee-charging recruiters are rewarded for high turnover or "churn", the very opposite of what is good for employers. In turn, employers paying below minimum wage and forcing workers to work unpaid overtime have little incentive to change. It is well documented that happy, healthy,

motivated workers are more productive, make fewer mistakes, are more likely to remain in place longer and are more likely to identify ways to become more efficient. Certainly, it is hard to see how a worker can efficiently perform even the most menial of tasks on the back of constant 16-hour days.



Reuters / Ricardo Moraes

While reducing and offsetting costs, there are other steps that businesses can consider in partnership with others. Examples might include:

- **Sending out the right messages.** Most consumers can be ambivalent to exploitative practice when not directly confronted with the reality. Are there ways that business can not only make their products clean, but also promote demand for these, as happened with dolphin-free tuna? If businesses can go 90% of the way, can we ask consumers to go the other 10%?
- **Levelling the playing field.** Goods or services produced by slave labour are products of criminal activity. Going forward, it is inevitable that proceeds of crime legislation, originally targeted at guns, drugs and money laundering, will come more to the fore in the response to slavery. Nobody wants to see businesses that are making a genuine attempt to clean up their supply chains dragged before the courts. At the same time, those knowingly and callously profiting from slavery must be held to account. From increased checks by financial institutions, to advocacy for use of legislation, to pro bono assistance to those seeking justice, there is a range of methods to help businesses block those who refuse to operate on a legal and fair basis.

There are no doubt many more areas in which gains can be made.

## NASA Got to the Moon by Focusing on What Was Essential

I suggest an important underlying question related to achieving the goal is as follows: “What are the essential elements needed to end slavery in supply chains?” Answering this question will help to ensure that arbitrary and unnecessary choices are not made that add to the cost of the response.

Again, there are lessons to be drawn from the Moon project. When the Apollo project was first initiated, there were countless technological challenges that needed to be overcome. Every detail had to be discussed in order to come up with viable solutions. These challenges ranged from designing the rocket and lander vehicle, to simple questions of how to feed the astronauts in a zero-gravity environment. To meet these goals, the Apollo team prioritised what were the essential elements, and then they focused on these. There were three other factors that allowed this project to succeed: 1) a collective acceptance that the goal was achievable; 2) a united vision to make it happen, and 3) the understanding that developing a sense of community and teamwork were essential to succeed.

Going back to some of the earlier examples, we already see how the concept can be applied: several companies auditing the same supplier – non-essential; governments requiring companies to report on the same issue in ten different ways – non-essential; village-level informal and unscrupulous brokers – non-essential; usurious money lenders – non-essential. And we can ask more questions: Is there audit data that is not essential? Are certification programmes with high administrative costs essential? Are there alternatives?

## Outlining a Plan: How Can the Private Sector Achieve This Goal?

So where do we go from here? Based on the lessons learned, below are a set of descriptors that can be used as a framework for a coordinated and effective private sector response to modern slavery. The premise is simple: if these elements are in place, the chances of reaching the goal are increased.



- **Unified Strategic Plan:** A strategic operational plan is in place to articulate the overall goals, objectives and activities of a comprehensive modern slavery response among a range of private sector communities, including finance, manufacturing, retail, hospitality, and construction. This plan offers a clear, well-defined blueprint that the private sector can rally behind and implement together.
- **Education and Capacity Building:** Detailed, standardised information related to the issue of modern slavery is systematically shared within private sector communities at all levels. Education and capacity building resources include comprehensive operational guides, training, conference presentations, and e-learning formats in relevant languages that go beyond general awareness.
- **Multi-Stakeholder Communities with Focal Persons:** Private companies regularly come together within multi-stakeholder working groups to discuss the issue of modern slavery, identify viable tools and approaches to reduce business vulnerability, and coordinate a united front. Ideally, within each company, there is a 'focal person' to coordinate the issue both internally and externally among the partners, to act as a well-informed ambassador for all anti-slavery activities in-house.
- **Uniform Tools and Techniques:** A range of standardised tools and techniques are developed, tested and routinely used within private sector communities to detect potential modern slavery vulnerability and active cases. Based on actual use, these tools are regularly refined and updated. Examples include refined social auditing techniques, worker-based hotlines/IT applications, artificial intelligence filters for big data, improved forensic accounting protocols, application of blockchain procedures, and 'negative news' assessments of prospective clients.
- **Standardised Reporting and Legal Response:** Standardised systems and procedures are operationalised to report situations in which there are reasonable grounds to suspect that modern slavery is taking place. For the retail and manufacturing sectors, remediation procedures are followed to anticipate, prevent and address modern slavery violations. Protocols are developed to report modern slavery offences to law enforcement networks. For the finance sector, this includes refined and improved Suspicious Transaction Reports related to all suspicious activity – not just money laundering.
- **Consistent Data Consolidation and Use:** A secure system is in place to collect, integrate and analyse a range of modern slavery data sets from multiple sources into a single destination to be shared as intelligence. This data is monitored and translated into meaningful information that will enable more effective strategic decision making and planning to guide the anti-slavery business community's ongoing risk assessment and response efforts. It will also help to blacklist known offenders. Examples include detailed case-based typologies (banking), supplier audits data (manufacturers), and inventories of vulnerable products by geographical location (retailers).
- **Collaboration between NGO, Legal and Private Sector:** Collaboration between private companies, NGOs, law enforcement and government agencies is standardised and formalised. This results in more effective problem solving when the combined resources in talent, experience, finances and infrastructure are brought together with a common objective – to reduce modern slavery. This collaboration allows the private sector to reduce redundancies and improve efficiency.

The combination of these descriptors offers a vision of how we can respond to the issue of modern slavery in a united and cost-effective way. So what if the talented people in the private sector could work together to eliminate forced labour from supply chains by 2028? Would this not be a great achievement? To reach this goal, we need to focus on the essential elements and then work under a unified strategic plan. This was how we took man to the Moon for the first time and I believe we can banish slavery to the history books in the same way.