



BOSTON COLLEGE

CENTER FOR CORPORATE CITIZENSHIP

CARROLL SCHOOL OF MANAGEMENT

Human and Labor Rights in Global Supply Chains

Webinar

February 15, 2023

Upcoming Events & Logistics

News & Events

- **Upcoming Events and Resources:**
 - Member Meetup | Industry Networking
 - February 16th at 2pm ET
 - Webinar | Getting to Scope 3: Pathways to Disclosure
 - March 15th at 12pm ET
 - Member Meetup | Environmental Justice
 - March 30, 2023 at 2pm ET
 - International Corporate Citizenship Conference
 - April 30 – May 2 in Minneapolis, MN

To ask questions

Enter a question in the panel at the bottom of the screen

We will record today's webinar

It will be captioned and archived on our website at ccc.bc.edu/webinars

We want your feedback!

Please respond to the survey in the follow up email.

Speaker



Guy Stuart

Director, Executive Education & Advisory Services
Boston College Center for Corporate Citizenship

Content Warning

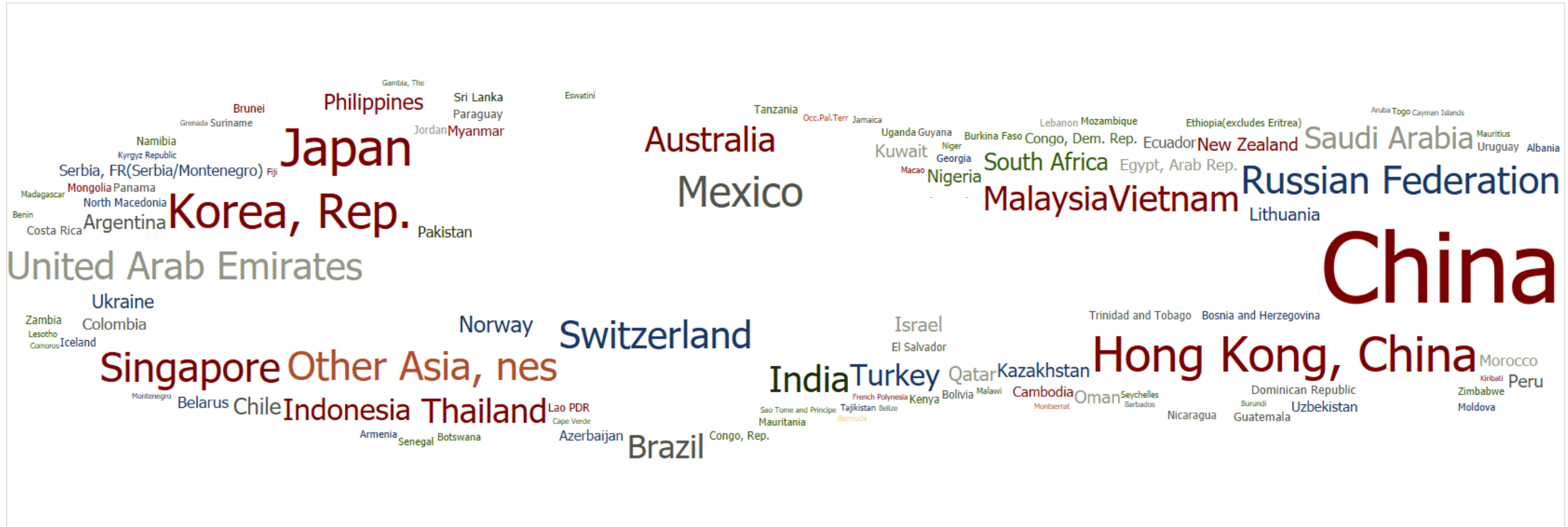
This webinar contains a *brief* discussion of gender-based violence and abuse in the context of global supply chains. There may also be questions related to this topic during the Q&A period.

Overview

- Global trade and supply chains
- International principles
- EU and US initiatives related to disclosure of human and labor rights violations in global supply chains
- Review of data collected from workers in Bangladesh
- Case Study: Better Work Program
- Steps your company can take

Trade Exports

World Export, Cloud (2020)



Source: WITS - UNSD COMTRADE <http://wits.worldbank.org>

Trade Imports

World Import, Cloud (2020)



Source: WITS - UNSD COMTRADE <http://wits.worldbank.org>

Pause for reflection...

- What does your supply chain look like?
- Think of a product or service you provide—where do all the inputs into that come from?
- What are all the steps they go through before you use them or pass them on to the next step in the value chain?

International principles (selected list)

- [UN Declaration of Human Rights \(1948\)](#)
- [International Covenant on Economic, Social and Cultural Rights \(1966\)](#)
- [ILO Conventions and Recommendations \(1948 to 2006\)](#)
- [Palermo Protocol on Human Trafficking](#)
- [UN Guiding Principles on Business and Human Rights \(2011\)](#)
 - Protect, respect, remedy
- [OECD Due Diligence Guidance for Responsible Business Conduct \(2018\)](#)
- [Sustainable Development Goals \(2015\)](#)

A continuum of approaches

- Reference to international principles
 - U.S.
 - Uyghur Forced Labor Prevention Act (UFLPA) Dec. 2021
 - Prohibition against imports from the Xinjiang Uyghur Autonomous Region
 - Trafficking Victims Protection Act of 2000 (and subsequent re-authorizations)
- Reference to international principles and investor concerns
 - European Union
 - Corporate Sustainability Reporting Directive, effective Jan. 2023
 - Corporate Sustainability Due Diligence Directive, proposal released in Feb. 2022, still to be finalized
- Reference to investor concerns
 - U.S.
 - SEC Rules regarding social policy shareholder proposals and ESG funds

Overview: Corporate Sustainability Reporting Directive

Corporate Sustainability Reporting Directive (CSRD)

- [Corporate Sustainability Reporting Directive \(CSRD\)](#) went into force on January 5, 2023.
- The proposal **extends the scope to all large companies (regardless of whether they are listed)** and all companies listed on regulated markets, except micro-enterprises
- Also covers third-country companies with high turnover in EU market
- **Requires the audit (assurance) of reported information**
- Introduces more detailed reporting requirements, and a requirement to report according to mandatory EU sustainability reporting standards
 - EFRAG will issue first set of standards by June 30, 2023
- Requires companies to digitally 'tag' the reported information, so it is machine readable and feeds into the European single access point envisaged in the [capital markets union action plan](#)

EU CSRD human and labor rights concerns

- Political and personal rights
- Rights and prohibitions specific to people as workers:
 - Right to freedom of association, assembly, the rights to organise and collective bargaining
 - Right to enjoy just and favorable conditions of work, including a fair wage, a decent living, safe and healthy working conditions and reasonable limitation of working hours
 - Prohibition against child and forced labor

EU CSDD Directive (Draft)

- Requires firms to identify, prevent, mitigate and account for their adverse human rights, and environmental impacts, and have adequate governance, management systems and measures in place to this end.
 - Seen as a complement to CSRD
- Covers about 13,000 large EU companies and 4,000 third-country companies
 - Size thresholds vary depending on the sector in which a company is operating
- Dec 2022 compromise among member states to exclude financial services companies
- European parliamentary committees currently reviewing and voting on draft

U.S. Department of Labor

List of Goods At Risk of Being Produced by Child or Forced Labor

Country/Area	Good	Exploitation Type
Brazil	> Açaí Berries	Child Labor
Cambodia	Alcoholic Beverages	Child Labor
Ukraine	> Amber	Child Labor
Brazil	Artificial Flowers	
China	Artificial Flowers	Forced Labor
Dominican Republic	Baked Goods	Child Labor
El Salvador	> Baked Goods	Child Labor
Pakistan	> Baked Goods	Child Labor
Burma	> Bamboo	Child Labor, Forced Labor
Belize	Bananas	Child Labor

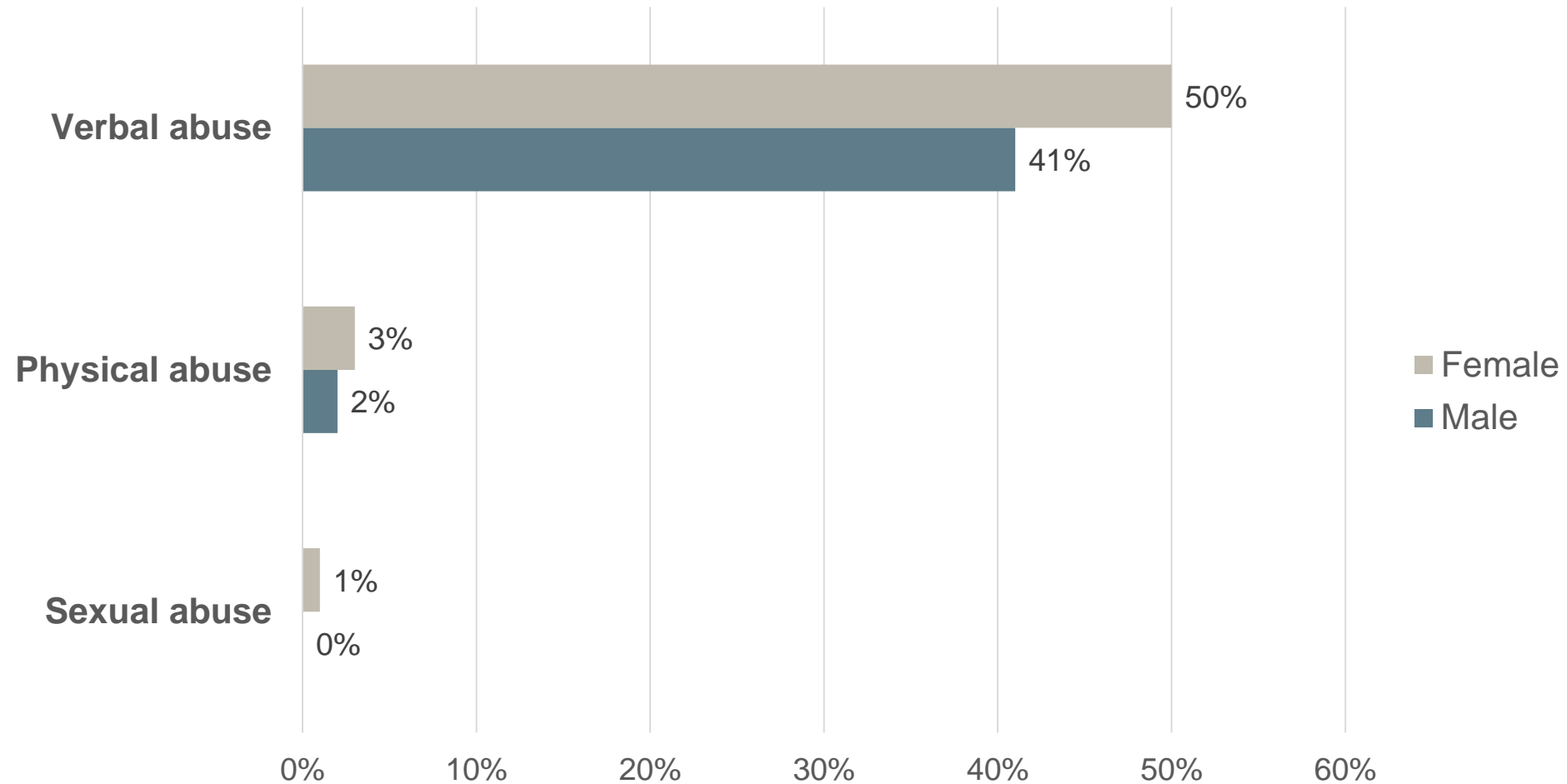
SEC Rules Changes

- [Revision of rule 14a-8\(i\)\(7\)](#), the ordinary business exception to shareholder proposals (Nov 2021)
 - Social policy need not be significant to company to allow an exception
 - Setting a goal with a timeline is not “micromanagement” if management determines how to reach the goal
- Draft rule related to ESG-focused investment advisers and funds (May 2022)
- Changes in rules (Nov. 2020) to include Human Capital Management Disclosures in 10-K reports do not seem to apply to supply chains only to own operations

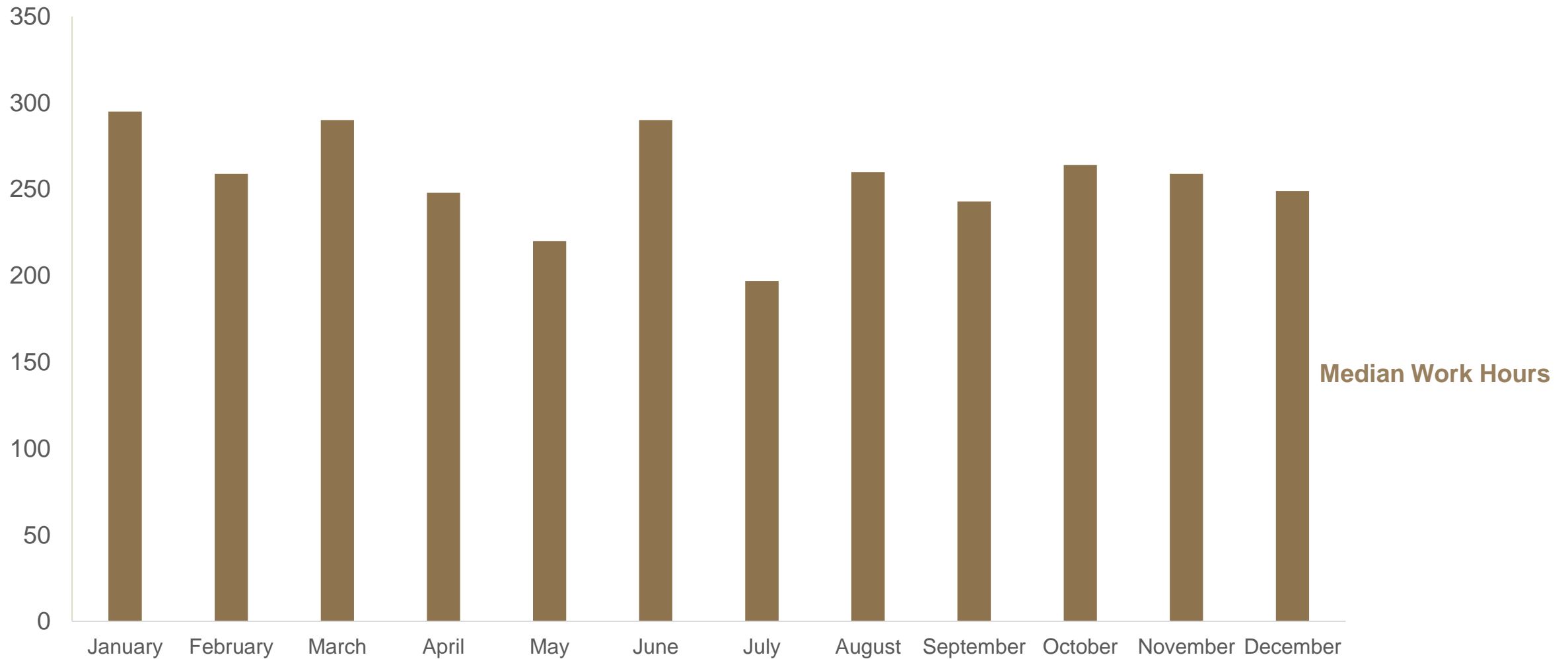
Possible Harms

- Gender-related harms
 - Gender based violence and harassment
 - Gender pay gap and other forms of discrimination
- Underpayment
- Excess work hours
- Forced labor and modern slavery
- Child labor
- Workplace safety and health
 - Physical—Occupational Safety and Health
 - Mental—preventing verbal abuse
- Failure of grievance mechanisms
- Absence of labor voice and collective bargaining agreements

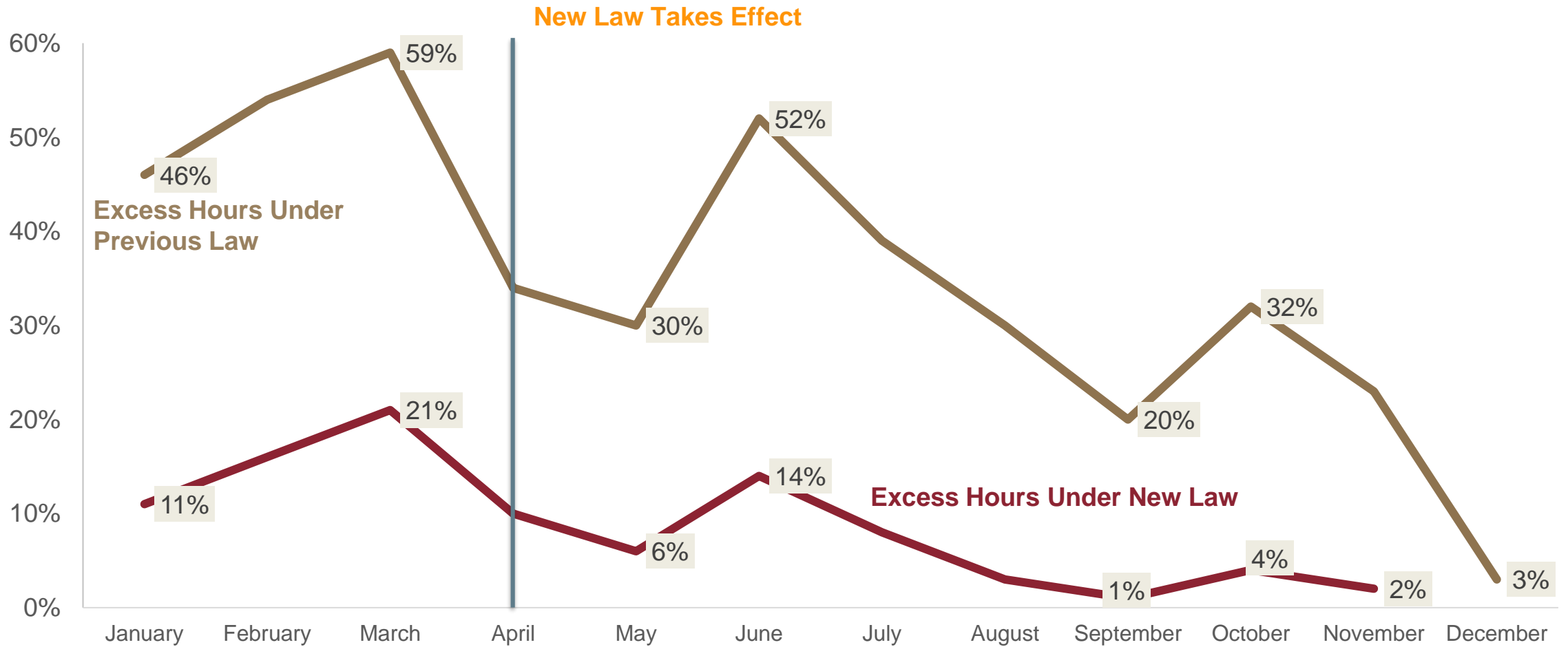
Share of Bangladeshi Garment Workers Experiencing Abuse in the Workplace, Dec 2022



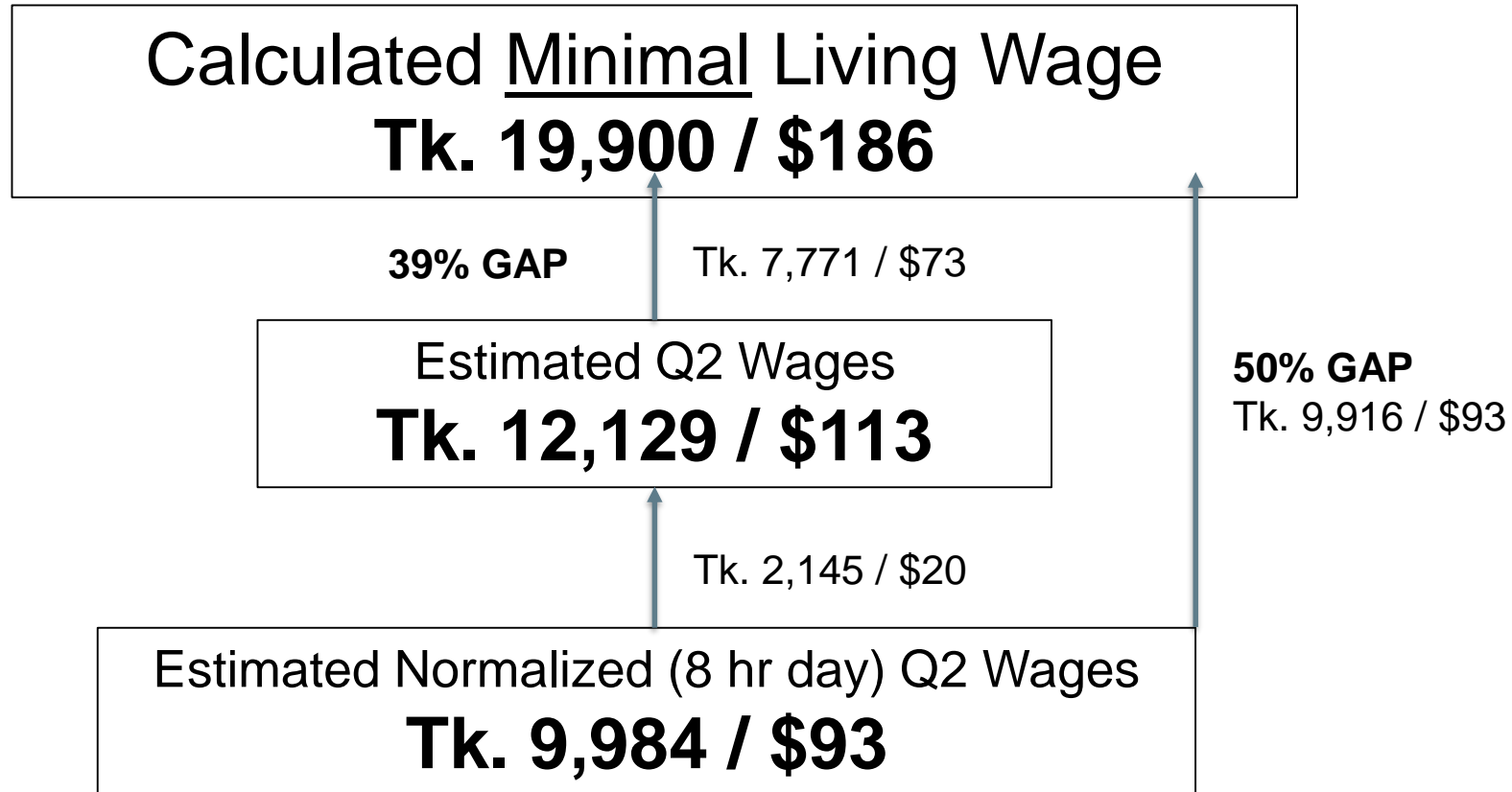
Median Work Hours for Bangladesh Garment Workers, 2022



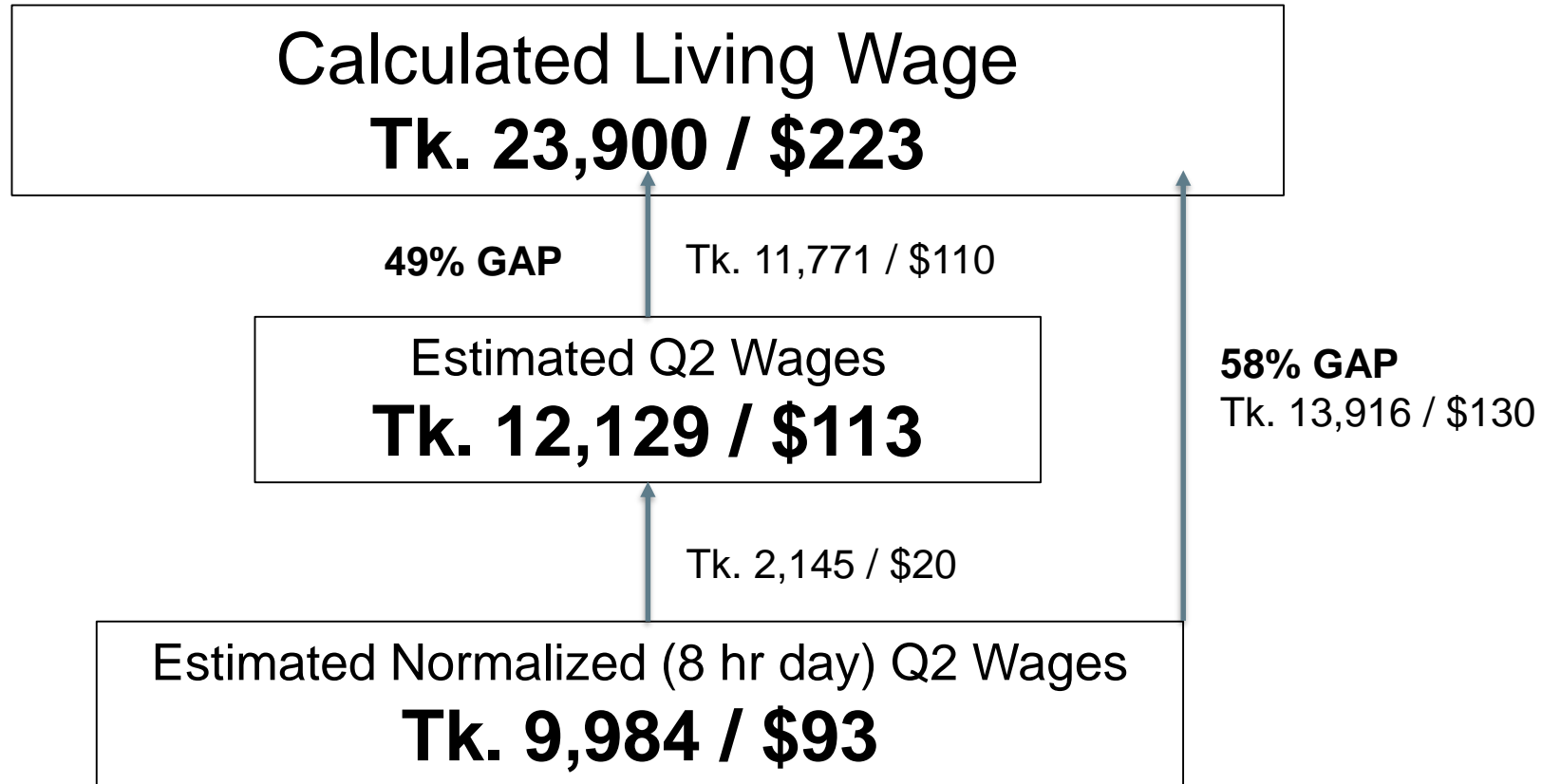
Share of Bangladeshi Garment Workers Working Excess Hours, 2022



Living Wage Minimal Housing



Living Wage Decent Housing



Social Audit Quality

- [Cornell University Study \(2021\)](#)
 - Almost half (45.2%) of over 40,000 audits conducted over a 7-year period in 13 countries across 14 industries by one audit firm deemed unreliable because of the data provided by the firm being audited
 - Audit reliability improved over time from 52% unreliable in 2011 to 34% unreliable in 2017
 - Unreliable data exaggerated compliance, for example, in Bangladesh reliable audits showed workers working 68 hours per week, while unreliable audits showed them working 59 hours per week
- Leeds Beckett University Study (2019)
 - Workers and management in a Tier 1 garment factory in Vietnam collaborate to hide non-compliance practices from auditors
 - But, separately, workers pressure managers about pay and hours worked

Case Study: ILO-IFC Better Work Program

- Partnership of International Labor Organization and International Finance Corporation
 - Collaborate with governments, global brands, factory owners, and workers and unions
- Purpose: Improve working conditions and business competitiveness in the global garment industry
 - 12 countries, over 1,900 factories, 3 million workers
- Mix of in-factory services—advice, unannounced compliance assessments, and training—and work with international brands to adopt responsible business practices
- [Tufts University Study \(2016\)](#) suggested that
 - Better working conditions lead to higher worker productivity
 - Participation in Better Work leads to an increase in profitability
 - Training female supervisors increases line productivity
 - Order sizes increase as firms join and commit to Better Work

Steps your company can take

- Map your supply chain to identify risks and opportunities
- Review/institute procurement practices and supplier code of conduct
- Review/institute a robust monitoring and evaluation system for programs that address or mitigate the risk of human and labor rights violations
- Leverage “near-shoring” of and other changes in supply chains to establish robust procurement practices
- Talk directly to workers through a trusted, independent channel of communication
- Treat workers as agents of change

Thank You!

A recording of today's webinar will be available for members to access on the CCC website: www.ccc.bc.edu

