



# Modern Slavery Definitions: **FORCED LABOR**

All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

- Modern Slavery in Supply Chains Report co-authored by the Chartered Institute of Procurement & Supply and Walk Free

# “Here are the 10 countries with the **highest** prevalence of slavery per head of population.”

- Walk Free Foundation, A Human Rights Group Working to Combat Modern Slavery

Syria

has about 258,200 slaves.

Central African  
Republic

has about 52,000 slaves.

Haiti

2.3% of the population  
is enslaved.

Mauritania

4% of the population is  
estimated to be slaves.

D.R. of Congo

1.1% of the population is  
estimated to be slaves.

Sudan

1.1% of the population  
is enslaved.

Uzbekistan

3.97% of the population  
is subjected to  
modern slavery.

Pakistan

1.1% of the population  
is enslaved.

India

1.1% of the population  
is enslaved.

Qatar

2.3% of the population  
is enslaved.





United States Imported  
Products at Risk tied to  
**Modern Slavery**

# Chocolate & Cocoa Win

Overall, supply chain analysis shows that Nestlé's business model has a lot to offer all companies. Whether you're a fledgling start-up or a long-standing corporation, this Swiss conglomerate displays the true importance of market research, responsible sourcing, product diversity, and going waste-free.

After all, Nestlé didn't reach a  
**\$247 billion net worth** by accident.



Annual value of  
at-risk imported cocoa  
by source country



Côte d'Ivoire  
**\$981,623k**



Ghana  
**\$218,650k**

Source: The Global Slavery Index, Walk Free, 2018.

# Child Slave Labor Increases Exponentially

## DURING THE PANDEMIC

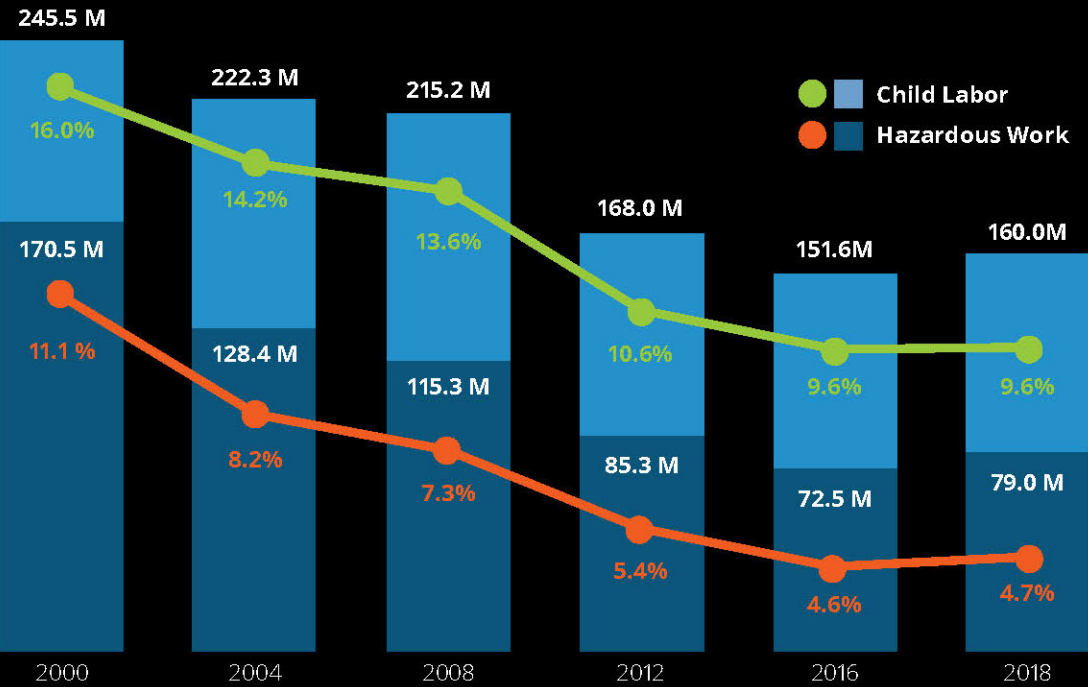
**Around 260 million children are in employment around the world,** according to the **International Labor Organization**. Of them, the ILO estimates that 170 million are engaged in child labor, defined by the UN as “work for which the child is either too young – work done below the required minimum age – or work which, because of its detrimental nature or conditions, is altogether considered unacceptable for children and is prohibited.”<sup>2</sup>

“We are losing ground in the fight against child labor, and the last year has not made that fight any easier,” stated UNICEF Executive Director Henrietta Fore. The report warns that globally, nine million additional children are at risk of being pushed into child labor by the end of 2022 because of the pandemic. A simulation model shows this number could rise to 46 million if they don’t have access to critical social protection coverage.

**Worldwide, 160 million children are engaged in child labor; 79 million of them are performing hazardous work**  
Number of children aged 5 to 17 years in child labour and hazardous work



**Global progress against child labor has stalled since 2016**  
Percentage and number of children aged 5 to 17 years in child labor and hazardous work



<sup>2</sup>Child labour in the fashion supply chain, The Guardian

# Highlight

## HONORING WORLD DAY AGAINST CHILD LABOR

What changed that brought about an increase in human trafficking and child labor this year alone. If we think about life in quarantine, and life in a box, we might just understand the place, point, and reality of slave labor. Confinement to our homes is one thing, but confinement to your economic destiny is another. Most of us go to a home, have a car, and might have a job. But for those who are enslaved in child labor or human trafficking, they do not have a place to call home, or literally a place to sit and stay. If you don’t have a place to call home, a school to attend, and it is a global pandemic, all is lost. In this situation one would do the next best thing that keeps one alive, keeps them fed and sheltered-work in poor conditions due to unfortunate circumstances. It is of the utmost importance to understand the life of an individual from a labored or trafficked perspective, since that might be the only perspective they have, that of basic primal needs -shelter, care, and food.

It is only fitting that on this recent **World Day Against Child Labor**, that there be a declaration by governments and organizations for the fight against slave, and child slave labor, especially since child labor has risen to 160 million for the first time in two decades. The International Labor Organization and UNICEF have stated that an additional 9 million children are at risk because of the COVID-19 pandemic.<sup>3</sup> “The new estimates are a wake-up call. We cannot stand by while a new generation of children is put at risk,” stated Director-General Guy Ryder of the International Labor Organization on World Day Against Child Labor, June 12th 2021.

### The agricultural sector accounts for the largest share of child labor worldwide

Percentage distribution of children aged 5 to 17 years in child labor, by status at work

- Contributing Family Workers
- Employees
- Own-account Workers

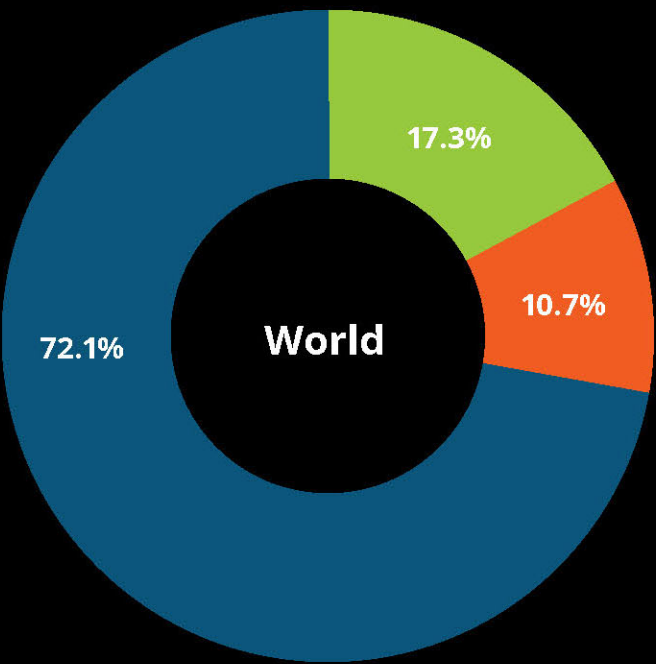
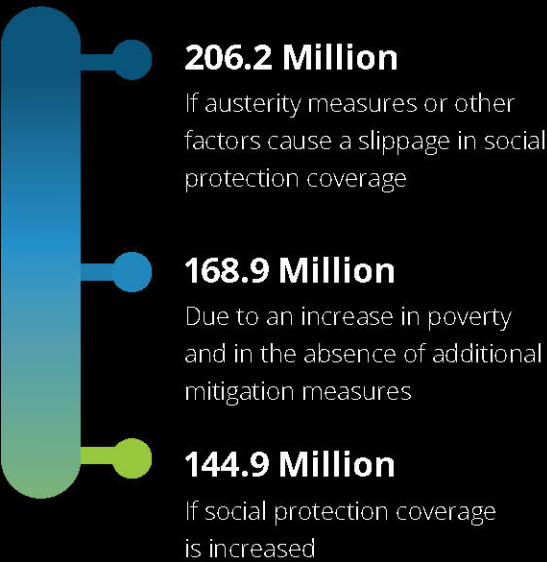
**Note:** Due to rounding, figures in percentages do not add up to 100 percent.

<sup>3</sup>Child labour rises to 160 million – first increase in two decades, International Labour Organization, June 10, 2021

### Impact of COVID-19

**Without mitigation measures, the number of children in child labor could rise from 160 million in 2020 to 168.9 million by the end of 2022**

Number of children aged 5 to 17 years in child labor, projected to the end of 2022



# Child Labour Monitoring and Remediation System

## How it works



### Step 1

The Community Liaison Person (CLP) visits the households and farms of every member of the Nestlé Cocoa Plan co-operative to gather basic information on the issue

### Step 2

A child is spotted (or self-declares) engaging in a hazardous activity

### Step 3

This information is entered into a centralised database via a mobile app

### Step 4

At the co-operative level, the Child Labour Agent (CLA) verifies the information and validates the report submitted by the CLP

### Step 5

International Cocoa Initiative (ICI) analyzes the data coming from a co-operative, identifies trends and suggests a palette of remediation activities that will be implemented by ICI with the support of the CLA and CLP

### Step 6

ICI, or one of its local partners, implements or distributes remediation support to the child and/or their parents

### Step 7

The child is monitored to ensure the process is successful, and the effectiveness of the remediation activities is critically reviewed on an on-going basis

In 2017, **51%** of children identified are no longer in child labour<sup>18</sup>

## Nestlé's Supply Chain Success Model

Through supply chain analysis, other businesses can learn from Nestlé's success, especially since the Swiss company continues to expand and evolve their products. The company has specifically modeled four main strengths in their supply chain which has led to success.

### Profiling the Consumer

To create products that appeal to consumers, Nestlé believes in a strategy they call "Brand Building the Nestlé Way (BBNW)." One of BBNW's six founding principles is focused on profiling their brand's consumers. Nestlé is very engaged with their customers, specifically over online venues. The company goes far beyond market research to reach their clientele, as they strive to see who their core demographic is and what makes them tick.

As a company, Nestlé excels at interacting with real-life consumers on social media. For instance, their 850 Facebook pages for various brands carry a total of 210 million fans. It's an inspiring way to quickly and efficiently gather customer responses. To receive a high response level, the company posts around 1,500 new items per day across their online platforms. When it comes to supply chain analysis, having an intimate knowledge of what your customers want from your products is imperative in running a successful operation.

### Focusing on Responsible Sourcing

Looking at Nestlé's supply chain, it's immediately clear that responsible sourcing is a huge concern for the company. With 700,000 farmers working for Nestlé, the Swiss company puts a strong emphasis on acting respectfully toward the many families and agricultural communities who are dependent upon them. Consequently, Nestlé goes to great lengths to track their food product's origins, thus ensuring that they're complying with ethical practices. This attitude gains Nestlé loyalty from both their suppliers and their consumers.

# Americas Region Highlights

1,950,000

Estimated people in  
Modern Slavery

60%

Forced Labour Percentage

34%

Forced Marriage  
Percentage

5%

Regional Proportion  
of Global Estimate

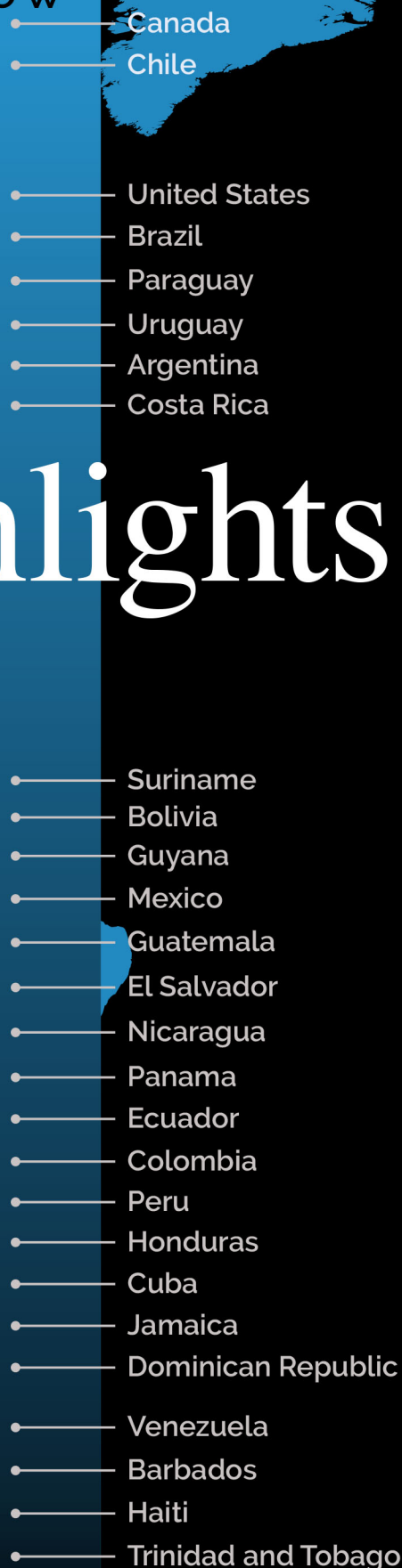
41/100

Average  
Vulnerability  
Score

AAA AA A BBB BB **B** CCC CC C D

Average Government Response Score

LOW

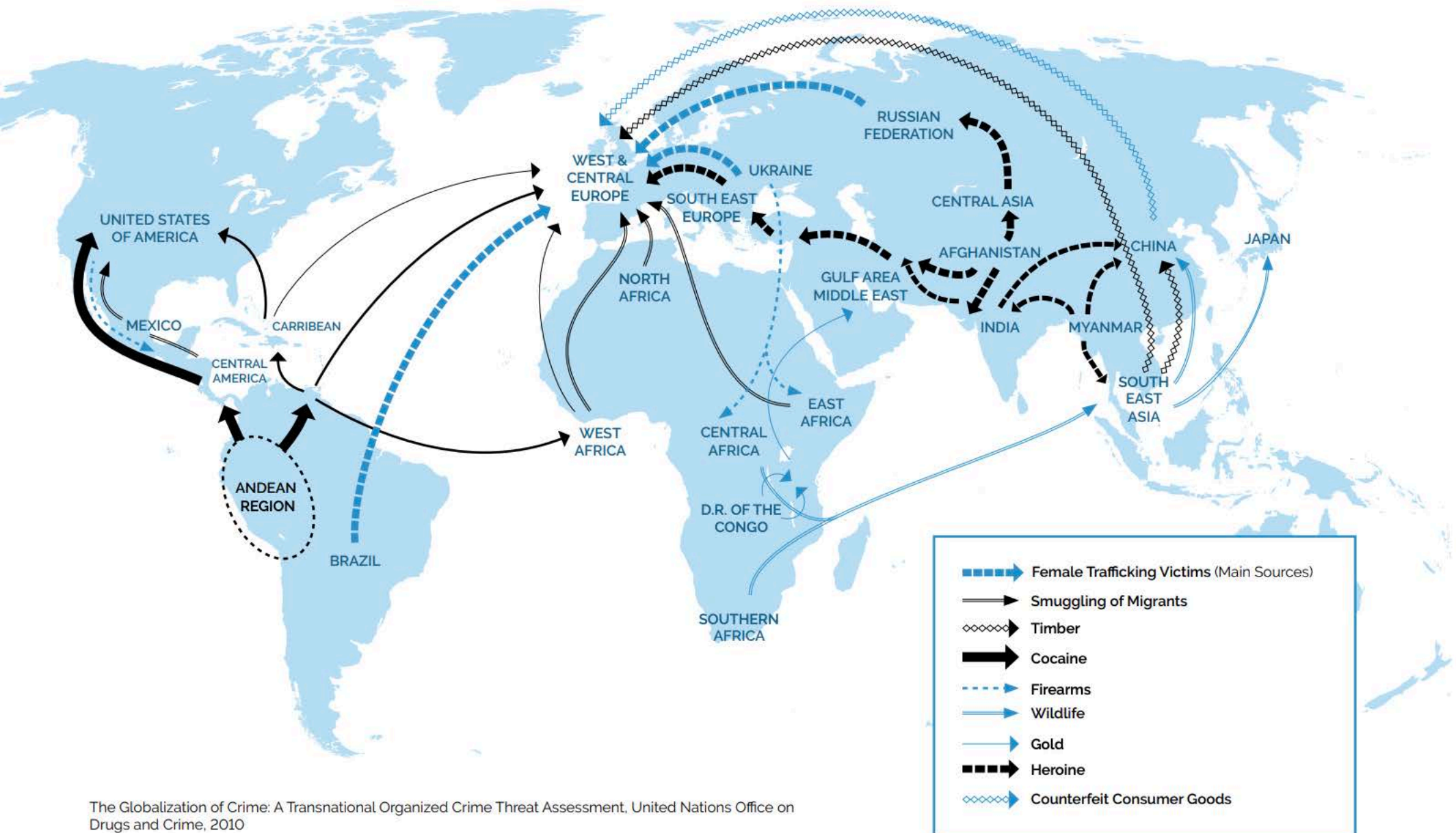


HIGH

# Q&A

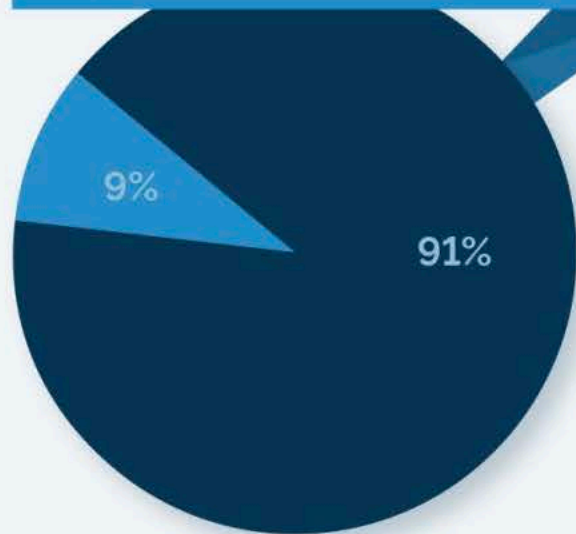
## WITH SECURITY SPECIALIST **GARY SEIDEMAN**

*The Influence of Transnational Organized Crime on Supply Chains*

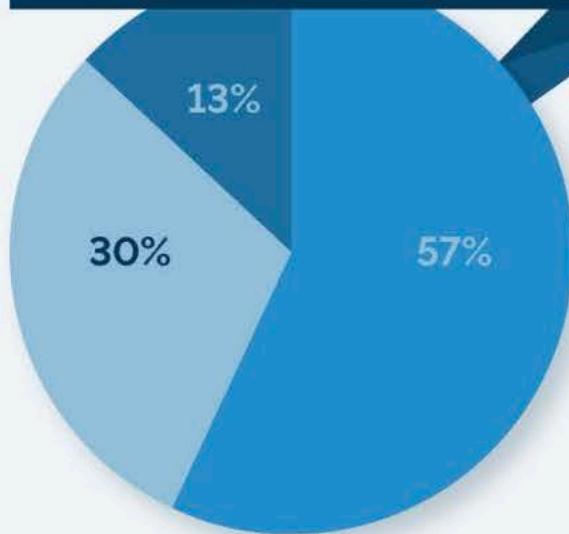


# ASYLUM SEEKERS

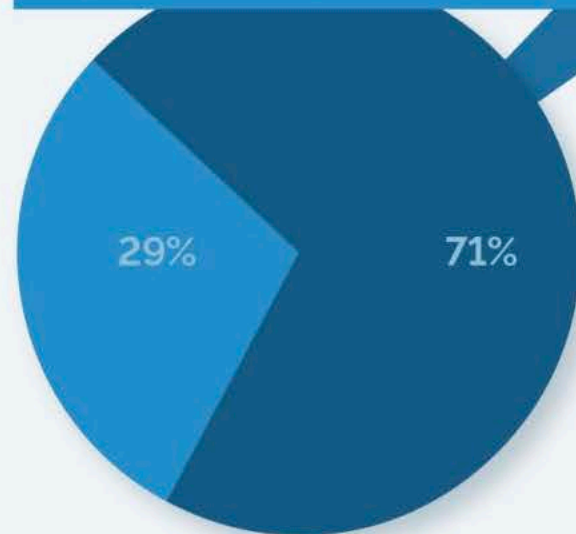
91% MALE UNACCOMPANIED  
9% FEMALE UNACCOMPANIED



57% 16-17YO    30% 14-15YO  
13% <14YO UNACCOMPANIED



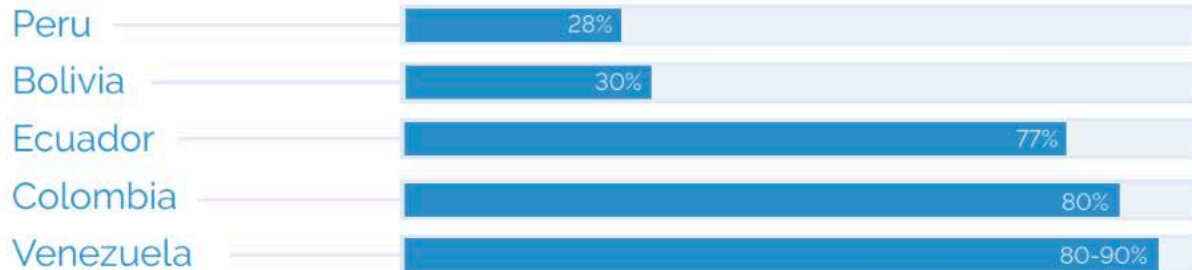
71% ADULT ASYLUM SEEKERS  
29% MINOR ASYLUM SEEKERS



# ILLEGAL GOLD MINING

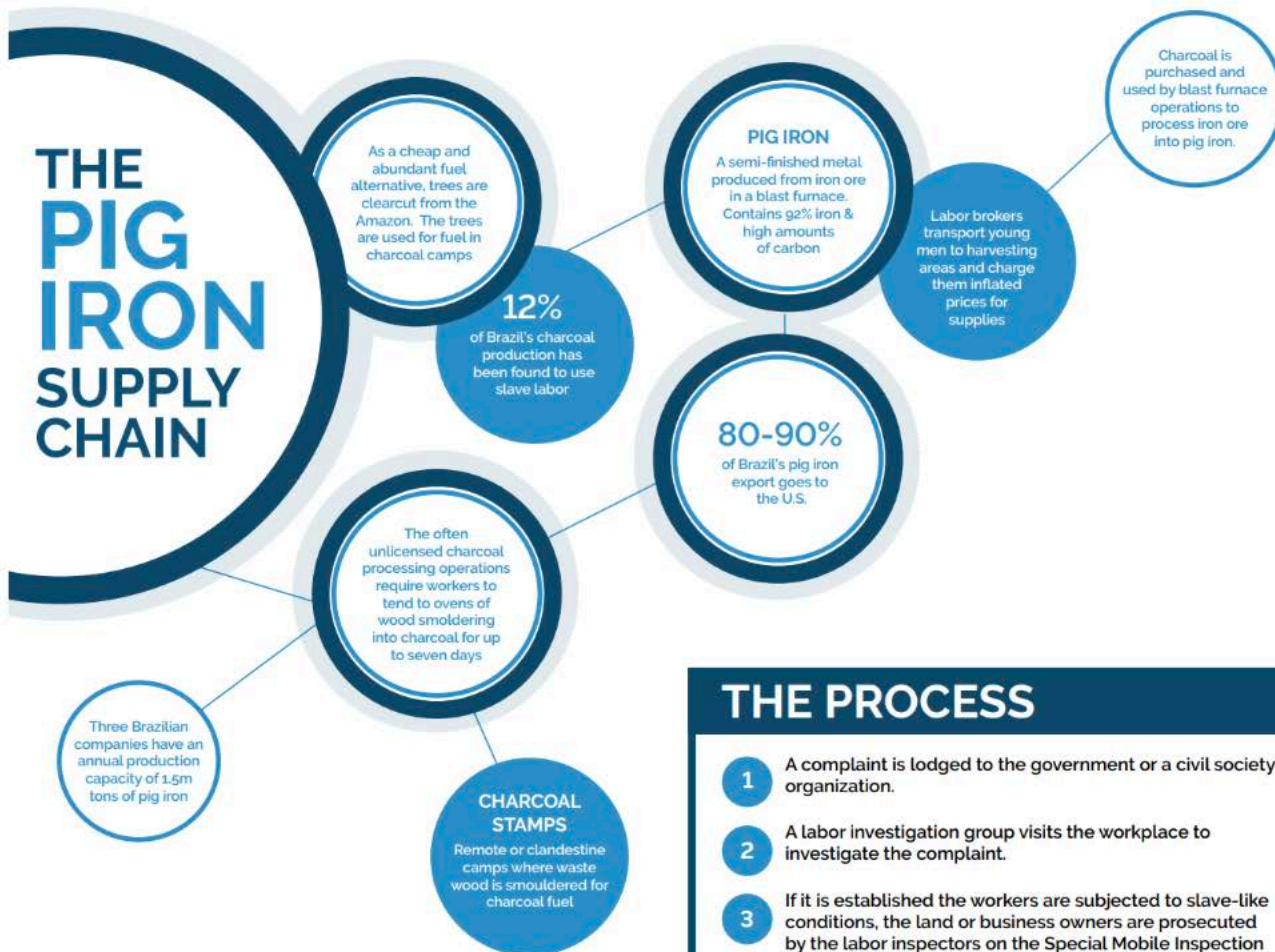
## in Latin America

The region is not unique in the high percentage of gold that is mined illegally; about 28% of gold mined in Peru, 30% of gold mined in Bolivia, 77% of gold mined in Ecuador, 80% of gold mined in Colombia and 80-90% of Venezuelan gold is produced illegally. Illegal gold mining employs hundreds of thousands of workers across Latin America, many of whom are extremely vulnerable to labor exploitation and human trafficking.



# SLAVERY IN YOUR STEEL

In the investigations report by Greenpeace, *Driving Destruction in the Amazon*, it is discovered Brazil's pig iron supply chain is rife with labor conditions analogous to slavery.



## BRAZIL'S DIRTY LIST:

The "lista suja" or "dirty list" of slave labor was established in 2004 by Brazil's Ministry of Labor and Employment (MTE) with Decree No. 540/2004 as a risk management tool for the Brazilian economy. Brazil's much touted "dirty list" was suspended in December 2014 after a request by the very powerful Brazilian Association of Real Estate Developers (Abrainc). In the glow of the upcoming Olympic games this summer and under considerable international pressure, Brazil has reinforced the dirty list as an effective and creative tool against human trafficking in the supply chain. In the most recent "dirty list" published in February 2016, 340 companies from both rural and urban areas were found exploiting workers through sweatshops, farms, cattle ranches, and construction.

## THE PROCESS

- 1 A complaint is lodged to the government or a civil society organization.
- 2 A labor investigation group visits the workplace to investigate the complaint.
- 3 If it is established the workers are subjected to slave-like conditions, the land or business owners are prosecuted by the labor inspectors on the Special Mobile Inspection Group (GEFM) team.
- 4 The charges are sent to the Ministry of Labor and Employment and undergo an administrative process.
- 5 The employer may be required to pay a fine. (Criminal convictions or jail time is rare.)
- 6 Employers found guilty will have their names (or the name of their enterprise), included on the dirty list."
- 7 Once listed on the dirty list, the employer will be monitored for two years. If there are no recurring offenses and all fines are paid, the name may be removed from the list. "

"Public and private financial institutions may block companies from directly receiving government loans, receiving bank loans as well as choosing to place restrictions on product sales. In addition, violators cannot participate in state government auctions or receive tax benefits from the state.

"In Maranhão, Brazil the penalties have a duration of five years from the inclusion of the employer.

# Types of **BRIBES** COMMON *in* **BUSINESS**



*Undisclosed Commissions*



*Change in Legal Outcome of Cases*



*Government Benefits*



*Political Contributions*



*Waived Fees*



*Lower Taxes*



*Kickbacks*



*Large Gifts*



*Sponsorship Backing*



*Lucrative Contracts*



*Holding a Fundraiser*



*Job Offers or Promotions*



*Stock Options*

## ***Generally Acceptable Gifts***

- Gifts of nominal value bearing the company logo
- Meals where giving & receiving representatives are both present
- Perishable gifts
- Gifts that fall under applicable legal and company gift limits
- Gifts approved by a supervisor

## ***Generally Unacceptable Gifts***

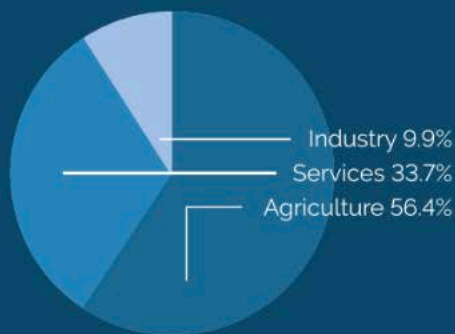
- Gifts to government officials
- Multiple gifts
- Requests for charitable donations
- Gifts of more than nominal value

## ***Blatantly Unacceptable Gifts***

- Lavish gifts
- Gifts of high value (grossly exceeding company threshold)
- Gifts intended to influence business decisions
- Gifts to government officials for expedited service
- Gifts that may be considered bribes
- Solicited gifts
- Sexual favors

# SLAVERY IN THE BRAZILIAN SUPPLY CHAIN:

## CHILD LABOR IN BRAZIL BY SECTOR



## CHILD LABOR (Ages 5 - 14),

while legal if the child attends school, is found both legally and illegally in the production of these goods:

Beef	Garments
Bricks	Manioc/Cassava
Cashews	Pineapples
Cattle	Rice
Ceramics	Sisal Sugarcane
Charcoal	Timber
Cotton	Tobacco
Footwear	

Heavy labor migration occurs into Brazil from neighboring Paraguay, Bolivia & Argentina and as far away as Haiti and South Korea

## U.S. TOP 10 IMPORT GOODS FROM

# BRAZIL

2014

Mineral fuels, oils, distillation products	\$6.6 B
Iron & Steel	\$3.8 B
Commodities	\$2.8 B
Aircraft/Spacecraft parts	\$2.3 B
Machinery	\$2.0 B
Coffee, tea, spices	\$1.5 B
Wood by-products	\$1.1 B
Stone, plaster, cement, etc...	\$951 M
Organic Chemicals	\$925 M
Wood & Products	\$891 M

## MINIMUM WAGE

# 880 = \$219

Real / month

44 hrs / wk

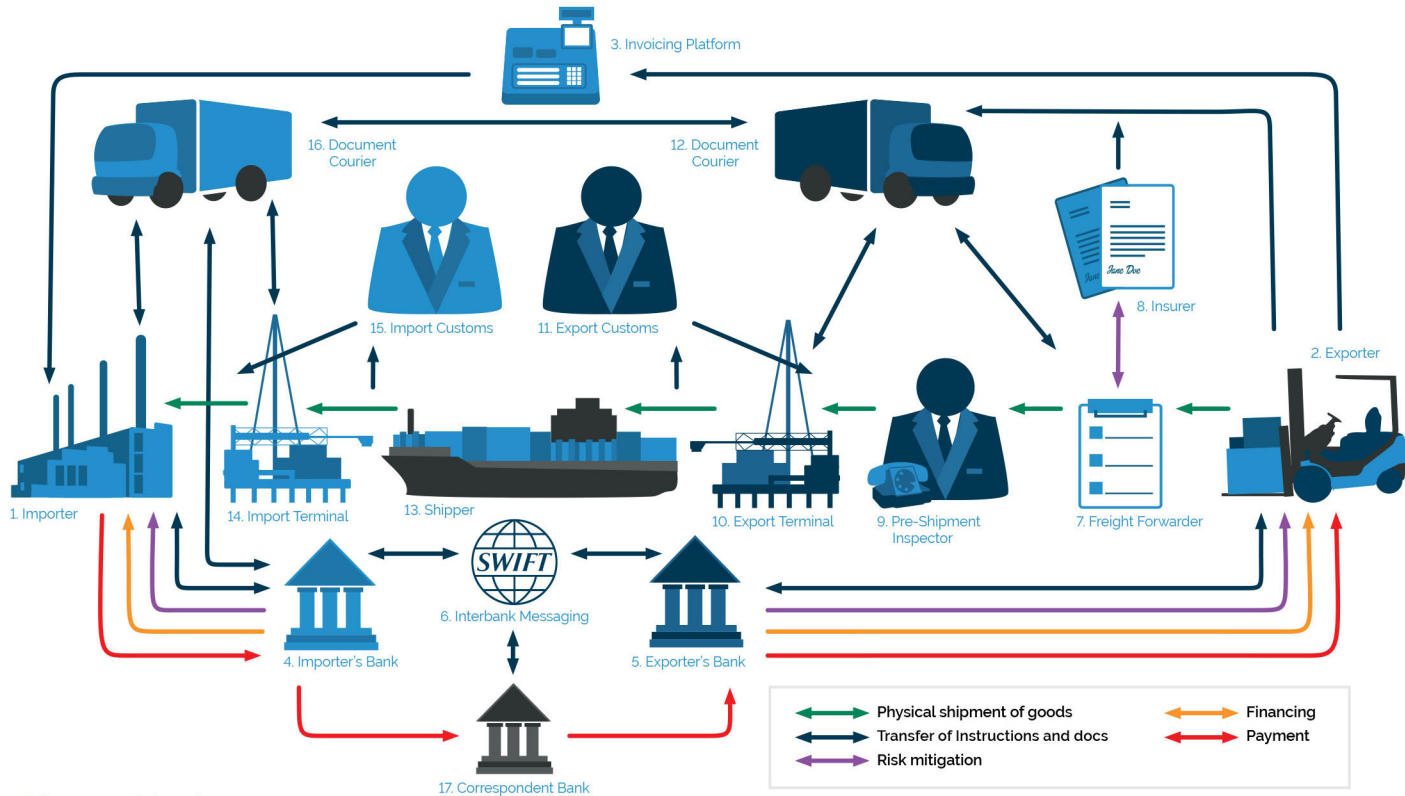
3.8% living on \$1.25 day

# 21.4%

 Living below the poverty line

Brazilian law defines "trabalho escravo", or slave labor, as forced labor or labor performed during exhausting work days, or degrading work conditions or limited freedom of movement.

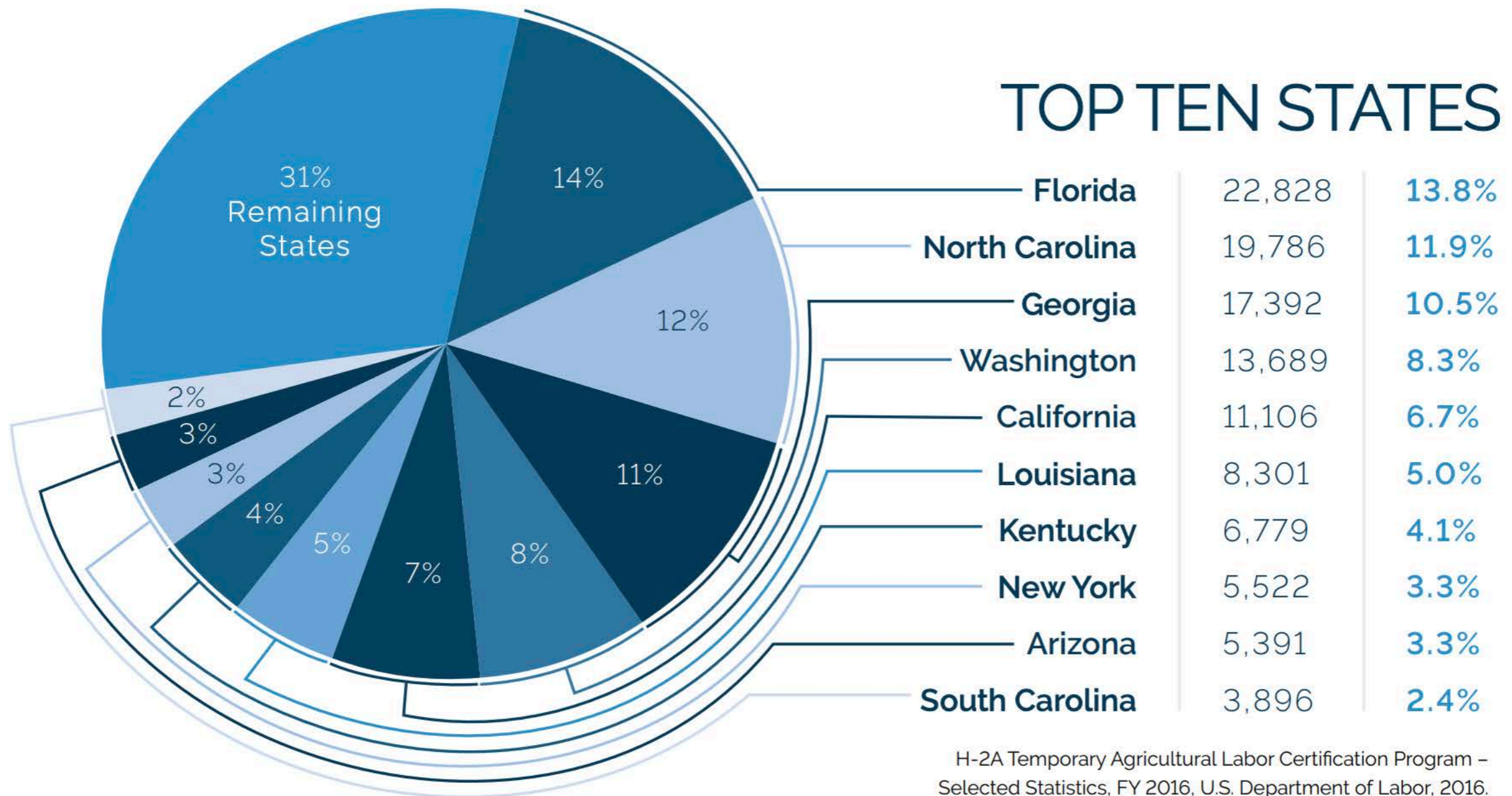
# SHARED LEDGERS FOR SUPPLY CHAINS



## Shared ledger

Shared ledgers come in two types of trust models: public and private. Both models allow companies and businesses to work together more streamlined than in the past. Private shared ledgers employ a less trusting model thus sacrificing decentralization but offering an increased consistency and enterprise scale. Public shared ledgers offer a combination of all three features varying by model. Essentially, shared ledgers provide end to end business processing and record keeping for corporations.

# REVIEW OF H2-A POSITIONS CERTIFIED FY (% of total certified FY 2016) **2016**

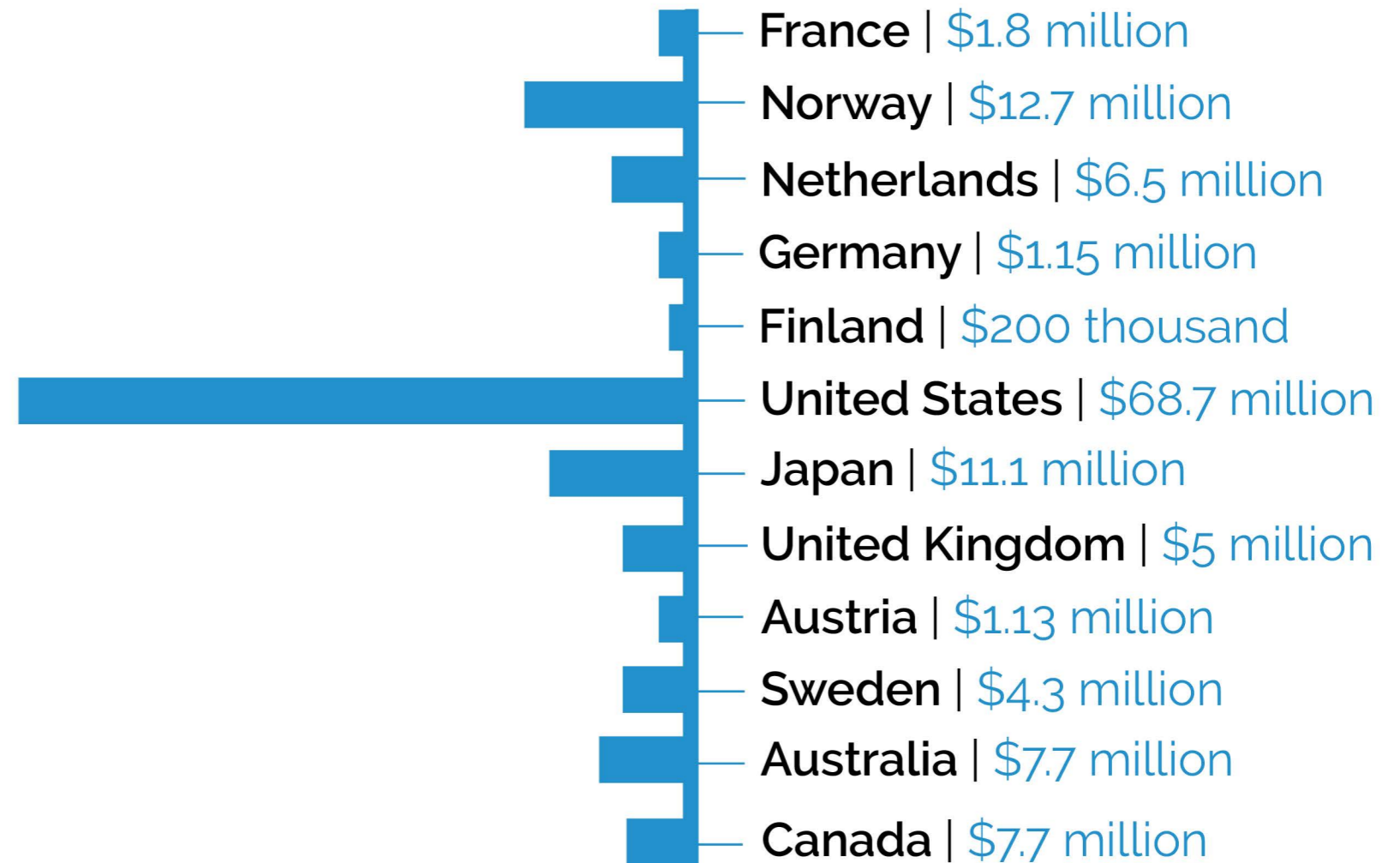






**AVERAGE SPENT TO FIGHT  
MODERN SLAVERY  
BY 12 OECD COUNTRIES,  
2003-2012**

- Walk Free Foundation



\* OECD, Organisation for Economic Co-operation and Development