How can I manage the risk of modern slavery in my supply chain? GFEMS highlights three promising forced labor risk detection tools.

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The COVID-19 pandemic has increased workers' vulnerability to modern slavery across global apparel and manufacturing supply chains[1]. In addition to exacerbating risks to workers, the pandemic has increased consumers' visibility on where and how the goods they purchase are produced. As economies recover and global production rapidly resumes, we see heightened consumer demand for ethical sourcing[2].

Governments have joined these consumers in calling on businesses to build back better and eliminate forced labor from their supply chains[3]. Brands and buyers are increasingly challenged to understand and address risks of modern slavery at all levels of their supply chain operations. While companies can ensure that clear policies and supplier codes of conduct are in place, these policies have limited power in a highly opaque supply chain.

The Global Fund to End Modern Slavery invests in developing a range of tools to help brands, buyers, and suppliers prevent, detect, and remediate forced labor in their operations. Supply chains are lengthy and complex, relying on a wide range of actors over many distinct steps. The act of producing a single product presents many opportunities for forced labor. To effectively tackle exploitation, brands and buyers must address the unique risks at each stage of production. This approach requires a range of tools that assess the risk of forced labor, identify high-risk producers in the supply chain, and provide tangible solutions to remediate violations.

Three promising tools to manage forced labor risk in my supply chain.

LEVEL 1 — Embed modern slavery policies into procurement activities

How can I embed regulations that address forced labor in my company's procurement activities?

How can I ensure that suppliers are legally bound to transparency in their operations, including monitoring and remediation of labor, health, and safety risks?

How can I facilitate collaboration across my company's responsible sourcing and quality assurance teams for monitoring suppliers?

Supplier Codes of Conduct should ensure suppliers are legally bound to:

- share details on employment and recruitment practices,
- provide evidence of routine monitoring and risk management activities,
- collaborate on action plans to remedy issues,
- allow appropriate access for audits by buyers or third party auditors,
- ensure all subcontractors are approved and contractually bound by the same terms.

The levels represented in this brief are informed by the phases outlined in Impactt UK's 2021 report "Tackling modern slavery in PPE supply chains: A practical guide for PPE suppliers."

LEVEL 2 — Promote ethical sourcing and procurement of suppliers

How can I quickly identify the highest-risk firms in my industry or supply chain?

How can I identify suppliers with the capacity to produce my orders and the least risk of resorting to risky practices associated with forced labor?

How can I identify suppliers with a demonstrated commitment to transparency and compliance?

LEVEL 3 — Identify and remediate forced labor risks

How can I identify which of my existing suppliers are most at risk of forced labor violations in their operations?

How can I cost-effectively collect metrics to identify risks of unauthorized outsourcing?

How can I incentivize my suppliers to promote transparency and establish a collaborative approach to remediation of workplace violations?

LEVEL 2
Tools that promote ethical sourcing and procurement

TOOL: Supplier Capacity Platform to **promote transparency among buyers and suppliers on production capacity in the global apparel industry**, developed by Social Accountability International (SAI) with GFEMS support.

WHO SHOULD USE IT: Brands, buyers, and suppliers

HOW IT WORKS: Suppliers will be able to more accurately predict their production capacity, and be able to better negotiate more realistic targets with onboarded buyers. **Buyers will be equipped to address practices that impact suppliers' ability to deliver on targets**.

USE IT TO:
- Brands and buyers use the platform to provide production capacity insights for sourcing; as a forecasting tool; to discover reliable, vetted suppliers; and to understand supplier compliance.
- Suppliers use the platform to get accurate estimations of their production capacity; to demonstrate compliance to interested buyers; to gain more brand exposure; to acquire and communicate with customers; and to access trainings and resources to optimize operations.
- For unregulated suppliers, the platform can also provide a pathway to formalization.

SUCCESSES: The platform will provide buyers and suppliers with tools to gain a more comprehensive understanding of the factors affecting supplier production capacity and gain visibility on the true costs of production. Along with the validated Capacity Calculator, the platform includes a Cost-Benefit Analysis Tool, Workflow Mapping Processes, a Mutual Buyer-Supplier Code of Conduct, Responsible Subcontracting Guidelines, and Buyer-Supplier Incentives.

AVAILABILITY: SAI is currently piloting the platform with interested buyers and suppliers. For more information, contact Stephanie Wilson (swilson@sa-intl.org) and Hannah Crane (hcrane@sa-intl.org).

USE CASE SCENARIO: Suppliers can use the platform to measure their production capacity, helping them plan and therefore reducing the probability that they will experience production delays or resort to subcontracting or excessive overtime to meet unrealistic order deadlines. Producing validated capacity figures also gives suppliers more legitimacy and leverage in their negotiations with buyers over timeline and pricing. And if they drop a buyer's order, they can advertise their exact availability immediately to other buyers with last-minute orders.

Three promising tools to manage forced labor risk in my supply chain.

LEVEL 2
Tools that promote ethical sourcing and procurement

TOOL: Forced Labor Automated Risk Estimator (FLARE), a scalable tool that uses readily available and accessible data to estimate forced labor risk with 80% accuracy at the firm level, developed in-house at GFEMS.

WHO SHOULD USE IT: Procurement professionals, regulators, ESG rating professionals

HOW IT WORKS: The FLARE tool uses machine learning to extrapolate how operational characteristics like supply chain complexity, location, and borrowing behaviors can affect a firm's forced labor risk profile. It was trained using firms that were either convicted of using forced labor at a labor tribunal or have been independently found to have used forced labor twice within the previous five years.

USE IT TO: Prioritize audits or get a baseline understanding of your company's risk on a large scale, support your procurement decisions.

SUCCESSES: The initial proof of concept prototype has an **accuracy of about 80%**, operating on data from the Indian garment industry. FLARE won the 2020 Society for International Development - Washington DC Chapter's Innovation Award and was shortlisted for a 2021 Stop Slavery Award in the Innovation category.

AVAILABILITY: The prototype tool is available under an open-source MIT License on GitHub. Contact GFEMS for further discussion.

USE-CASE SCENARIO: The tool uses open-source or third-party data such as location, trade records, business intelligence data, and company registry data to identify risk in firms at scale. It can process data from tens or hundreds of thousands of firms, so **users can get a risk score for each firm in an industry where that data is available**, making it potentially useful for procurement, regulatory targeting, or ESG risk rating.

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LEVEL 3
Tools for improved detection and remediation of forced labor risks

TOOL: Unauthorized Subcontracting (UAS) Risk Model, developed by ELEVATE Global with GFEMS support

WHO SHOULD USE IT: Brands, buyers

HOW IT WORKS: This tool uses social compliance data and buyers' information to identify high-risk suppliers, **helping buyers gain visibility over who made their clothes. The tool assesses the risk of their products being manufactured by unauthorized suppliers.** Four key factors inform the risk assessment: audit results; buyer-supplier relationship; type of product; and the supplier's production capacities.

USE IT TO: Identify which Tier 1 suppliers in the supply chain are at highest risk for unauthorized subcontracting. Then, implement ELEVATE's remediation work plan to build a strategic and effective approach to improve working conditions among high-risk worksites, such as informal suppliers and homeworking settings.

SUCCESSES: An initial assessment of the model in its prototype phase recorded 70% accuracy in the prediction of unauthorized subcontracting at the supplier level. ELEVATE continues to enhance its accuracy through ongoing training of the model and incorporation of more qualitative information from buyers.

AVAILABILITY: The tool can be used to identify unauthorized subcontracting in the apparel supply chain in India. For more information or to schedule a consultation, contact Filippo Sebastio, filippo.sebastio@elevatelimited.com.

USE CASE SCENARIO: During standard social audits, auditors often do not have the time or resources necessary to verify the presence of unauthorized subcontracting (UAS). As a result, this high-risk activity is underreported and buyers do not know where their products are being made. **ELEVATE's model enables buyers to focus on where to conduct in-depth investigations, making it easier to identify high risk producers.** The tool leverages standard audit data - supplier metrics such as overtime, wages paid, and health and safety non compliance - and buyer information to identify Tier 1 suppliers at highest risk of unauthorized subcontracting. Equipped with a clear understanding of where there is potential risk of UAS, buyers can direct their resources to targeted production verification or UAS assessments among their highest-risk suppliers, ultimately gaining better visibility over their supply chain.

1. Kysia, K., et al (December 2020). Ripped at the Seams: RMG Sector Workers during a Global Pandemic. NORC at the University of Chicago.
   Spector, H. (March 2021). Understanding the Effect of the COVID-19 Pandemic on Informal Apparel Workers in Bangladesh. Global Fund to End Modern Slavery.

2. Accenture (August 2020). How will COVID-19 change the consumer?

3. Uyghur Forced Labor Prevention Act. U.S.C. § 65 (2021). https://www.congress.gov/bill/117th-congress/senate-bill/65
   Fact Sheet: G7 to Announce Joint Actions on Forced Labor in Global Supply Chains, Anticorruption, and Ransomware. (June 2021). The White House.

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