

Vision: September 2011

Verité up close:



We're tremendously proud to announce that The Schwab Foundation—organizer of the World Economic Forum in Davos—has selected Verité as a “Social Entrepreneur of the Year” for the US.

We've already benefitted from the association with Schwab through invitations to East Asia World Economic Forum in Jakarta in June, and upcoming “Summer Davos” in Dalian China in September.

Randy Newcomb, president and CEO of Humanity United, graciously shared this to be included in our [press release](#):

"Verité is a trend-setter and innovator. In their work to ensure that all people around the world work under safe, fair, and legal conditions, they have consistently shown that businesses can do well by acting responsibly and doing good. As a foundation

committed to ending all forms of modern-day slavery and human trafficking, we are proud to not only support Verité's work, but to call them partners in a shared mission. Humanity United congratulates all of Verité's hard working staff on this prestigious honor."

These awards highlight the individual at the top of the organization—so you see my smiling face peering out from [The Schwab Foundation's press release](#). But no one at the Schwab Foundation or at Verité sees this as anything less than an organizational award. It is recognition of the hard work that we all have done, and continue to do, on a daily basis, as we have in varying combinations of people for well over a decade.

As an organization, we have led the way to greater accountability on the part of companies, greater welfare for hundreds of thousands of workers, changes in policy, and process for the world's biggest and most successful companies.

We also have untapped potential—impacts yet to be achieved, companies yet to be convinced, organizational improvements yet to be implemented. For me, this award and the public validation it carries give a boost to do more, to be smarter about what we focus on, to be more publicly confident about our expectations of our clients and those who are doing anything less than delivering great working conditions.

I send my most sincere thanks to the Verité staff for the way in which they have enabled our organization to grow, to become ever more



SCHWAB FOUNDATION FOR **SOCIAL ENTREPRENEURSHIP**

THE VOICE OF SOCIAL INNOVATION

effective, and to deliver important change to vulnerable people around the world.

As ever, please let me know your thoughts,
Dan

From the Field

Defining Forced Labor

By Allison Arbib, Research Program Manager



In our work at Verité, we find many types of worker abuse and exploitation. We hear stories of workers not being paid enough to feed their families, even after working overtime; workers facing hazardous conditions, such as exposure to pesticides and harmful chemicals; workers who live in substandard housing, without access to necessities such as running water; workers who face harassment and abuse (physical and psychological) from their employers.

It might seem beyond the point to come up with a precise term which describes these conditions. Is it “modern day slavery” or “forced labor?” Are they “exploitative” or “harsh” conditions?

In fact, Verité believes that correct identification of the problem is necessary to understand and identify the on-the-ground challenges that workers face, and to shine a spotlight on these realities for brands, governments, investors, and civil society.

Forced labor vs. Modern day slavery

In the rhetoric of the labor rights field, labor that is exploitive and abusive is often referred to as “forced labor” or “modern day slavery.” However, “forced labor” retains a technical definition. The International Labor Organization (ILO) defines forced labor as “all work or service which is exacted from any person under the menace of any penalty and for which said person has not offered himself voluntarily.” (ILO C29 Forced Labor Convention, 1930.)

This means a person is in a forced labor situation if they have entered into a job against their freedom of choice and cannot leave that job without facing a penalty or a threat of penalty of any kind. The lack of consent could stem from the fact that the worker was deceived regarding the conditions of work at recruitment. Perhaps the worker is compelled to work through a situation of debt bondage. A lack of consent could also come from physical abduction. The penalty, in this case, could mean physical constraint or punishment, but it could also refer to other forms of abuse such as threats of deportation, the confiscation of passports, or the non-payment of wages that effectively binds a worker to a job or employer. For example, if a worker is indebted, the menace of penalty could be that his family is threatened with violence if he does not work to pay off his debt. Perhaps he has been told he will be blacklisted from any future employment in the area if he complains. There are many ways that a lack of consent and menace of penalty can play out in practice. However, because of the specificity of the ILO definition, it is important to note that not all *exploitative* labor is *forced* labor.

Box 1: Identifying forced labour in practice

Lack of consent to work (the "route into" forced labour)	Menace of a penalty (the means of keeping someone in forced labour)
<ul style="list-style-type: none"> • Birth/descent into "slave" or bonded status • Physical abduction or kidnapping • Sale of person into the ownership of another • Physical confinement in the work location – in prison or in private detention • Psychological compulsion, i.e. an order to work, backed up by a credible threat of a penalty for non-compliance • Induced indebtedness (by falsification of accounts, inflated prices, reduced value of goods or services produced, excessive interest charges, etc.) • Deception or false promises about types and terms of work • Withholding and non-payment of wages • Retention of identity documents or other valuable personal possessions 	<ul style="list-style-type: none"> • Physical violence against worker or family or close associates • Sexual violence • (Threat of) supernatural retaliation • Imprisonment or other physical confinement • Financial penalties • Denunciation to authorities (police, immigration, etc.) and deportation • Exclusion from future employment • Exclusion from community and social life • Removal of rights or privileges • Deprivation of food, shelter or other necessities • Shift to even worse working conditions • Loss of social status

Source: ILO, UN Global Compact. *The Labour Principles of the UN Global Compact: A Guide for Business*. 2008.

A real-life example

Consider Didier, a worker in the cocoa sector in Côte d'Ivoire. Didier has worked on his uncle's cocoa farm since he was 16. During the harvest season, he can work upwards of 12 hours a day, seven days a week. He often works in the hot sun, and handles dangerous pesticides. He lives in a small hut without electricity or running water. If this year's harvest isn't good, he will make well below what is considered a livable wage. While Didier certainly faces harsh, even exploitive, conditions, his situation does not meet the narrow, technical definition of forced labor.

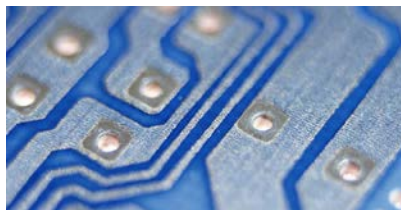
Some might say that how we categorize this sort of labor is academic; what counts is the remediation of hazardous conditions and root causes. Didier is facing harsh conditions, and there are clear, pragmatic opportunities for improving his working conditions and, thereby, his life. Livelihood initiatives by the global companies his uncle's beans are sold into could increase Didier's pay and, thus, allow him more opportunity. His access to water could be improved,

improving the health of all workers in the village. He could be trained on safe pesticide usage to protect his health.

Labeling Didier's work as "slave-like" can obscure our ability to understand the actual realities he faces and put in place the right solutions. We strengthen our ability to respond to problems when we define the problem in the right way.

What We're Talking About

[GE Citizenship: Conflict Minerals And The Democratic Republic Of Congo: Expanding Supply Chain Efforts](#)



In this [blog post](#), General Electric (GE) writes about the problems of tracing conflict minerals -- tantalum, tungsten, titanium, and gold that emerge from the Democratic Republic of the Congo. Awful violations of human rights have accompanied exploitation of these minerals. The post gives a good summary of the approaches that a range of institutions have taken to get a handle on the problem. This effort is led by [PACT](#) and the [Enough](#)

[Project](#), both of which have done an admirable job putting these problems firmly on the agendas of multinationals that use these minerals.

This post illustrates the central problem that we who do supply chain human rights work face: how much is good enough?

The conflict minerals challenge is massive, and the problem in the Democratic Republic of Congo (DRC) will not be solved by companies through their supply chains. This problem has many facets, complex causes, and no simple solutions. Indeed some Congolese have begun to oppose US government rules that require reporting of mineral sourcing by companies here. In part due to this complexity, achievements are partial at best. GE uses tentative language in this report which illustrates limits: the company is "in the relatively early stages," "working to apply," and "working to support." GE does not point to concrete impacts or achievements, rather focusing on admitting its challenges.

As we've written [elsewhere](#), supply chains are complex, victories are partial, and stakeholders must be realistic about what can be achieved. But still: If a company the size, scale and excellence of GE can't trace its minerals--whose mining so dramatically disadvantages poor people and at the same time puts the company's reputation at risk... We have to ask: are they trying hard enough? How does this--or any--company decide how many resources to put towards solving human rights problems in its supply chains?

It's unfair to pick on GE. To the company's credit, it has admitted the problem, disclosed its challenges, identified its actions, and partnered with others. These are indications of best practice, rather than poor social performance. The problems in the DRC will not be solved overnight, whether or not GE or its industry colleagues do all they can. And there is real progress being made toward clarifying and illuminating the recesses of the mineral supply chain. But it

remains to us to ask the next question: Why aren't companies devoting more time and resources to this and other human rights problems?

Latest News

Protest at Hershey's Packager

Verité issued the following statement about the foreign student protests over working conditions at a Hershey's packager—and what companies can do to avoid “hiring traps”:

FOREIGN STUDENT PROTESTS AT HERSHEY'S PACKAGER ARE WAKE-UP CALL FOR COMPANIES TO ADOPT FAIR HIRING PRACTICES

Verité, Global Labor Rights Specialist, Launched Fair Hiring Toolkit for Companies to Avoid Hiring Traps



Amherst, MA, August 24, 2011 – In light of protests by temporary workers at a Hershey's packager, Verité, the global NGO that works with the biggest corporations in the world, calls on companies to take responsibility for hiring, in their own facilities and those of suppliers—especially when they are employing migrant workers. Recent protests at Hershey's; complaints of ill treatment of migrant workers at an electronics factory in Malaysia supplying major mobile phone companies; and reports of slave-like conditions at a Brazilian supplier to the fashion chain Zara show a clear pattern—where companies outsource the recruitment and hiring of workers, the risks of exploitation and even modern-day slavery are present. To resolve this persistent problem, Verité recently launched a free online Fair Hiring Toolkit that specifically helps companies avoid the ‘hiring traps’ that come from the presence of labor brokers in the recruitment and hiring process. This multi-faceted Fair Hiring Toolkit speaks to the needs of brands, investors, governments and advocacy organizations. It is available at www.verite.org/helpwanted

“Any company that uses migrant workers, and particularly foreign workers, in any part of its supply chain is at risk of what is happening in Hershey right now,” said Dan Viederman, CEO of Verité. “Workers’ desire—even desperation—to escape poverty leads them to jobs that offer terrible conditions, where workers are even enslaved. The most important thing is that these problems are preventable. Our Toolkit was designed to help companies avoid needless embarrassment and reputational damage, and to ensure that workers receive the wages and protections they deserve” he added.

The Fair Hiring Toolkit initiative is the first NGO effort to offer practical, publicly-available tools for companies by which they can dramatically improve their supply chains by eradicating hiring traps, trafficking ploys and labor abuses across sectors, in manufacturing, services and agriculture. Adopting Fair Hiring practices can help companies comply with the California Transparency in Supply Chains Act, and remove the biggest risk of modern-day slavery that exists among their suppliers.

INSIGHT

At a printing factory in Singapore, all foreign contract workers from China borrowed an additional RMB 19,000 to 32,000 to pay the labor brokers upfront even though they were already charged the legally allowed fee of RMB 12,885.

[\[more\]](#)

IMPACT

9/4/11: Over 40,000 dollars (US) - The estimated total repayment of illegally underpaid wages to over 400 workers at a manufacturing facility in the Philippines last month due to Verité's consultation and assessment.