Garment Industry in Bangladesh

On April 24, 2013, the Rana Plaza garment factory, near Dhaka, Bangladesh, collapsed, killing more than 1,100 and injuring 3,500. That disaster followed the November 2012 fire at the Tazreen Fashions factory that killed 112 people. (See ‘Cheap Goods’ pg. 5)

Because of the force of the Rana Plaza collapse some bodies were never found. Seemingly government authorities had turned a blind eye when the owner of the factory built a 10-story structure with a five-story permit.

Workers reported that supervisors constantly shouted and rarely praised them for their labor. Work quotas were constantly the goal, and workers were forced to work ever faster and faster. On the day of the collapse, managers demanded workers return to the building even after telltale cracks in the structure had been visible the day before.

Slave Fisherman in the Thai Seafood Industry

In June 2014 The Guardian reported the story of Myint Thein, a 29-year-old Burmese fisherman who was deceived into paying a middleman to smuggle him across the border into Thailand, only to discover he had been sold and enslaved to a boat captain.

Myint Thein had been forced to work 20-hour days for two years as a slave and had endured beatings from his Thai captain. He explained, “When I realized what had happened, I told them I wanted to go back [...] But they wouldn’t let me go. When I tried to escape, they beat me and smashed all my teeth.”

The fishing boat that Myint Thein was crewing on caught inedible and infant species of fish known as ‘trash fish’ that were ground into fishmeal for Thailand’s farmed prawn industry. The supply chain connected the slave labor to the fishmeal that is used to feed prawns that are sold to U.K. and U.S. retailers, making it likely that Myint Thein’s exploitation resulted in a product that was purchased by shoppers in these destination countries.

Many of the slaves like Myint Thein told The Guardian they were
**Textiles cont. from pg. 1**

The garment sector “has become a key driver of the Bangladesh economy and the nation’s development,” the International Labor Organization (ILO) reported in November 2015.

According to the report, ready-made garment exports “totaled US$24.5 billion (2013-14) accounting for over 80% of the nation’s export earnings and employing some 4.2 million workers, 80% of whom are women.”

In a few decades Bangladesh’s ready-made garment industry has become the second-largest in the world, competing with China, India and Vietnam.

Because this industry is so vital to Bangladesh development, it is predicted that this rural country will transform into a predominantly urban country by 2047, the garment industry being a substantial player in that development. Today Dhaka has more than 15 million inhabitants with a density of 112,700 people per square mile.

Some believe that with cooperation among NGOs, government authorities, factory owners and retail clothing buyers, incremental reforms will benefit workers. The ILO reported in April 2015 that widespread inspections of export-oriented garment factories, revisions of labor laws, new safety and health measures, better inspection methods, mandatory fire alarm inspections and fire drills, and greater ease in forming trade unions have made factories safer. By October 2015 the ILO verified that 3,496 of 3,508 factories were inspected.

Even those who were rescued or had lost loved ones in the disaster still attest to the need to have the garment industry save Bangladesh.


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**Fishing cont. from pg. 1**

being fed only one plate of rice a day, and that those too ill to work were sometimes thrown overboard.

Many of these fishing ships stay out at sea for years at a time and trade slaves from one boat to another. The fishing industry supply chains link these slaves to many international supermarket chains. (FTSE Report, pg. 28) (http://www.stopthetraffik.org/uk/page/new-report-forced-labour-human-trafficking-and-the-ftse-100-)


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**Take Action on Behalf of Fishermen at Sea**

For information, go to: [http://www.usccb.org/about/anti-trafficking-program/coalition-of-catholic-organizations-against-human-trafficking.cfm](http://www.usccb.org/about/anti-trafficking-program/coalition-of-catholic-organizations-against-human-trafficking.cfm)

**Forced Labor and the World Bank**

Elena Urlaeva was drugged, beaten and detained by police when she dared to document state-sponsored slavery in the cotton fields of Uzbekistan.

In Uzbekistan, the whole country suffers because of the government’s dependence on revenue from the cotton harvest. The government operates the world’s largest state-run system of forced labor where activists like Elena are brutally repressed, pensioners are being forced to pick cotton or submit

50% of their pension, and education and health care are put off for two months every year due to the mass mobilization of teachers and doctors into the fields.

Worse yet there are international actors helping Uzbekistan keep its dirty secret, including the World Bank. The World Bank is an international institution that provides loans for developing countries. They have funded projects totaling $500 million in Uzbekistan that are documented to be using forced labor.

The World Bank has signed a contract agreeing to suspend loans if evidence of further forced labor is uncovered.

In March 2016 Walk Free, alongside the Cotton Campaign, the International Labor Rights Forum, and Anti-Slavery International, held a rally outside the World Bank Headquarters in Washington D.C. and handed in 136,109 signatures to World Bank officials. Although the World Bank formally condemned the use of forced labor upon receipt of the petition, it has yet to suspend its loans to Uzbekistan. However, this campaign was a crucial first step in the process and has helped get one step closer. Continue to stand up for the rights of the Uzbek people. ([https://www.walkfree.org/uzbek-slavery/](https://www.walkfree.org/uzbek-slavery/))

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**Areas of Labor Trafficking**

According to Europol, apart from the “invisible” sector such as domestic work and entertainment, the typical areas where victims of trafficking can be found are:

- agriculture,
- service sector,
- HORECA sector (hotel/restaurant/cafés),
- construction industry,
- textile enterprises,
- retail,
- manufacturing sector,
- logging,
- mining,
- fishing.

Red Flags for Financial Institutions

The Association of Certified Financial Crime Specialists put out a list of red flags on transactions that could point to human trafficking. These include:

• Common contact details used to open multiple accounts in different names.
• Frequent money transfers to “risk” countries, used as a flow-through account.
• Money rapidly withdrawn from account when account balance increases.
• Unusual withdrawals, wire transfers, and deposits that appear inconsistent with the account profile.
• Small amounts sent to different recipients, who are seemingly unconnected.
• Foreign customers making the same frequent transfers to the same beneficiary.
• Money Services Businesses use by migrant workers accompanied by another party transferring funds, usually salaries, to another country.
• Inconsistent documents.
• Opening accounts in the name of an unqualified minor.
• An address used by others in the same business.
• Relations with persons with a known criminal history.
• Phone numbers traceable through open source investigation to hits on personal Internet ads.
• One recipient of transfers from multiple senders, especially when the customer has no fixed address.
• The sender of large and frequent cash transfers has no documented employment in that country and no seeming relation to the person to whom they are sending the funds.
• The customer is a company with unclear beneficial ownership and no real business activity but is moving large sums of money.
• Payment of airfare, transportation services, hotel rooms for various women.
• Cash deposits just under the threshold deposited to various branches within an area.
• Credit card payments to online escort services for advertising.


‘Forced Labor, Human Trafficking and the FTSE 100’

The ‘Modern Slavery Act’ in the U.K. addressed the risk of human trafficking and forced labor being associated with companies and explicitly requires management to disclose the actions they take to mitigate these crimes within the supply chains of their companies.

A 2015 Report entitled, ‘Forced Labor, Human Trafficking and the FTSE 100,’ used a series of illustrative examples to examine risks for FTSE 100 companies and their investors, as well as show how they can play a significant role in confronting trafficking, both in the U.K. and globally.

The Financial Times Stock Exchange (FTSE) is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. It is therefore a gauge of prosperity for businesses regulated by U.K. company law. With a combined value of £1,700 billion, FTSE 100 companies represent approximately 80% of the market cap of all listed U.K. companies. Further, unit trusts, insurance companies, financial institutions and pension funds collectively hold close to 30% (£500 billion) of the assets of FTSE 100 companies. It is clear that they too have a vital role to play.

Forced labor and human trafficking can occur in business operations in a variety of ways:

• Directly - by employing a trafficked or exploited person within the business or through a subcontractor or recruitment agency;
• Indirectly - through illegal subcontracting within supply chains or through use of products or materials, which have been produced by people under conditions of forced labor;
• By association - where trafficking occurs within the local area as the result of a company’s operations, or as a secondary consequence of a company’s actions.

Some companies have begun to address these risks by identifying and acknowledging them in their corporate discourse, collaborating with various stakeholders to deal with the issues in a holistic way, and by supporting initiatives that deal with root causes and address situations that arise.

The Report examined the exposure of FTSE 100 companies from two different angles, to compare and contrast responses. First, it selected a subset of companies based on the inherent and systemic risks of modern slavery, which exist within their industry, in order to examine how companies within a discrete sector are responding to essentially the same risk. Apparel and travel & leisure are two such distinct industries within the FTSE 100. Second, it studied company responses to risks posed by exposure to a significantly prominent commodity across the value chain - namely gold and seafood - incorporating different companies in different sectors.

Business cont. pg. 4
Business cont. from pg. 3

- Travel and Leisure: 8 companies, £83billion market cap, 4.9% of the FTSE 100.13 (Total coverage is approximately 30% of the FTSE 100.)

**Good Reporting and Disclosure**

It was clear that no industry or sector stood out as a ‘best practice’ leader, and the efforts of individual companies varied greatly. A small number of companies demonstrated close attention to human rights issues in their supply chains as part of their overall business practices. These companies included information such as:

- A clear statement acknowledging how the company’s supply chain and operations may be affected by forced labor and human trafficking;
- Evidence of Board accountability and a company-wide approach: the use of Key Performance Indicators (KPIs), actions and policies designed to mitigate or remedy transgressions, e.g. thorough codes of conduct, auditing practice, training for staff and worker grievance procedures;
- Evidence of collaboration with other stakeholders who are well-placed to deal with human rights issues and can inform and support companies committed to dealing effectively with the problems;
- Additional voluntary disclosure that evidences a pro-active approach to tackling risks.

**Poor Reporting and Disclosure**

- Lack of information: Some companies made no mention of either forced labor or human trafficking as a potential risk nor detailed any actions or measures that would deal with it;
- Reliance on inadequate policies and processes in reporting: Many of the companies mention human rights policies and their compliance with these policies, but often only in terms of equal opportunity or freedom of association. There was little disclosure or evaluation of human rights risks in their supply chains;
- Selective reporting: Examples of businesses reporting on one aspect of their supply chain, while remaining silent on other aspects. For instance a company may have paid close attention to just one out of a number of potentially high-risk commodities used to manufacture its products. Such instances show inconsistency and a lack of overall transparency in reporting, making it difficult to assess the credibility of their disclosure.

**Summary Findings**

A detailed analysis of key human trafficking and forced labor risks, potential outcomes, reporting weaknesses and possible actions are included in the main body of the Report.

The weaknesses found in relation to the reporting of human trafficking and forced labor risks included:

- For the textile industry, no information was provided on how they implement forced labor prohibition within Codes of Conduct;
- For companies sourcing seafood there was minimal disclosure of risks and a comprehensive lack of company information on the issues;
- For companies with gold in their supply chain, forced labor was mentioned in company policies, but there was no specific mention of human trafficking risks in policies or in banking sustainability reports;
- For companies in the travel & leisure industry, there was no mention of risks that staff may not recognize trafficking operations on company premises nor the potential for third party agencies to exploit migrant workers.

Report findings showed the need for:

- improved sharing of information;
- greater collaboration between stakeholders within sectors; and
- improved disclosure of risk mitigation activities by companies.

Many companies deal with the issue of human trafficking reactively, responding to incidents as they occur. By implementing effective policies and management systems and having a proactive approach to labor exploitation and workers’ rights in general, companies will be contributing to supply chain sustainability, mitigating risk and avoiding potential liabilities and reputational damage. Moreover, studies have shown that companies that have ‘high sustainability’ models reap financial rewards and outperform ‘traditional’ companies that have little sustainability integrated into their models.

**The Role of Investors**

In light of new legislation, which focuses on ‘modern slavery’, companies are now at risk not only from reduced consumer confidence but also legal challenges, both of which could have significant financial implications.

- Investors can encourage companies to be aware of the growing issue of human trafficking, how it is likely to affect companies, and how to put in place adequate measures that will mitigate risk;
- Investors probing specific mitigation processes that companies have (or do not have) in place can be very effective in determining commitment to anti-trafficking activities and in bringing positive changes to company operations. (Report, pgs. 8-10) (http://www.stopthetraffik.org/uk/page/new-report-forced-labour-human-trafficking-and-the-ftse-100-)

“Financing is the lifeblood of these trafficking organizations, essential for sustaining themselves globally. If you turn off that spigot, the organization will crumble from the inside.”

Jack Williams, Georgia State Univ. law professor.
Charity Alone Will Not Solve Slavery

Annually more than $120 million is donated to address slavery, but estimated profit from slavery is $150 billion a year.

Criminals who profit from slavery are committed to protecting their investments and are constantly innovating. How can we then find effective ways to disrupt these illicit slavery markets?

The marketplace itself can help defeat slavery. Over $88 trillion is spent every year on the procurement of goods, services, and commodities. Consumer power must play a role. So too must this challenge become a priority at the highest levels of business and government. (http://www.madeinafreeworld.com/slavery/)

Made In a Free World has that as its mission, addressing both demand for goods and services and the supply chain that meets the demand, through a three-pronged effort:

**Movement Building:**
- Consumer Education
- Mass Media Awareness
- Marketplace Demand

**Field Programs:**
- Establish systemic freedom
- Disrupt illicit markets

**Business Solutions:**
- Assess supply chain risk
- Corporate engagement
- Engage risky suppliers
  (https://madeinafreeworld.com/mission)

The Downside of Cheap Goods

China Labor Watch’s (CLW) report on China’s toy industry is a seasonal reminder of how American families’ appetite for cheap toys is fed by not-so-fun factory jobs, in which workers struggle to sustain their own families on pennies an hour. The advocacy group reports the true price of toys is measured in the everyday suffering of workers in Chinese cities, who might spend all-day shifts contorting their bodies to mold doll heads or inhaling toxic toy paint fumes. For a toy that costs $30 on Amazon a factory worker, toiling nonstop and sacrificing health, may earn only 1/2000 the value of the toy she produces.

Another area where consumer awareness is a key blind spot is the fashion sector. The International Labor Rights Forum (ILRF) is campaigning on the third anniversary of the Tazreen factory fire, which killed more than 100 garment workers in a Bangladesh “death trap” plant linked to Walmart and other Western brands. Public pressure has already spurred image-polishing corporate social responsibility campaigns, with brands funneling aid to the victims and recently establishing a new charity, the Tazreen Trust Fund, to issue payouts to workers’ families. So far, Walmart has donated $250,000, equivalent to a sliver of 1% of Walmart’s profits in 2015. But the real debt owed by Walmart stems from the impunity with which the company has managed to evade liability. Walmart claimed the factory was not an “authorized” supplier, shifting the blame to shady subcontractors lower on the production chain. Walmart stated that it was committed to helping its suppliers make factories safer for all and preventing tragedies like Tazreen. But advocates nonetheless condemn Walmart for failing to protect safety for all workers in its manufacturing network.

“Had Walmart put into place fire safety renovations after its inspections to remediate the high risk violations that it uncovered, it could have saved 112 lives,” said an ILRF spokesperson. “Instead, they took no meaningful action to protect workers…and then distanced itself as much as it could after the horrific fire.”

Transnational supply chains trade on the political and social distance between the Global North and South to extract maximum profits. But the global economic forces girding Walmart’s commercial empire also help globalize messages of economic injustice and social unrest. American consumers must leverage their purchasing power. Smart, ethical shoppers will link Western brands to the exploitation underwriting those cheap prices. (http://www.thenation.com/article/the-other-side-of-black-friday-price-tags/)
Financial Tools to Help Trace Human Traffickers

Human trafficking is a highly lucrative, low risk crime that involves vast sums of money moving through the financial system. By tracking that money movement, financial institutions can help curtail traffickers. It seems however that most of the financial services community is so focused on stopping other financial crimes, such as tax evasion, fraud, bribery, drug trafficking, etc., that looking for funds related to human trafficking falls to the bottom of a very long list of activities and transactions they monitor.

With nearly $40 billion dollars related to human trafficking currently moving through global financial systems annually, it is time for financial institutions to act and begin addressing the best ways to track these funds. The good news is that anti-money laundering (AML) technology and tools available today can also enable financial organizations to root out these traffickers.

How do AML tools work to uncover criminals? With Suspicious Activity Monitoring (SAM) and Customer Due Diligence (CDD) software, various rules and analytics enable banking financial investigators to begin monitoring and reporting on accounts that might potentially be connected to human trafficking or smuggling within their bank.

NICE Actimize’s anti-money laundering technology addresses a vast majority of typologies and red flags that can often create a trail leading to a trafficked individual’s location.

NICE Actimize is investing significant resources to build new and better analytics and rules that will help enable quicker and easier identification of activity related to human trafficking and smuggling. (http://www.niceactimize.com/blog/Fight-Human-Trafficking-Now--With-AML-Technology--483)

Financial Forensics Reveal Human Trafficking

A detailed investigation of common human trafficking-related financial transactions can be found in a manual entitled, ‘Suspicious Financial Activity and Human Trafficking,’ created by the NGO ‘Finance Against Trafficking.’ FAT acts to support companies in ethical compliance with a focus on the elimination of modern slavery within their business and supply chains. FAT does this by:

• Offering consultancy and raising awareness of trafficking and forced labor within businesses and supply chains
• Targeting companies at board level to provide strategic direction on policies and management systems which incorporate anti-trafficking and anti-exploitation into their business models in an effective sustainable way
• Providing in-depth training workshops to front line staff to identify the signs of trafficking in supply chain and operations
• Providing the latest information of legal frameworks and current Corporate Social Responsibility initiatives relevant to the elimination of modern slavery within business. (http://www.financeagainsttrafficking.org/)
Alternative Approach to Counter Trafficking

In the US, human trafficking is a “specified unlawful activity” under the nation’s primary money laundering law (US Code Title 18 Section 1956). Transactions conducted with proceeds earned from trafficking humans, or used to further trafficking operations, can therefore be prosecuted as money laundering offenses.

U.S. institutions, as well as those in the U.K. and many other nations, already report suspected illicit activity connected to human trafficking under existing anti-money laundering regulatory regimes.

Only in recent years, however, has trafficking received attention as a financial crime and compliance issue. Professionals in the financial industry and advocates for human trafficking victims are taking up the cause in an emerging movement to attack the crime through its money trail.

Monitoring Supply Chains: Action Mandate

 Trafficking is deemed the most terrible act that humans commit against each other for commercial profit. Businesses can help in the fight against trafficking through transparency of their practices.

The Business Supply Chain Transparency on Trafficking and Slavery Act of 2015 creates legislation that would: (1) provide consumers with information on products that are free of child labor, forced labor, slavery, and human trafficking; and (2) assist businesses and consumers avoid, by means of publicly available disclosures, inadvertently promoting or sanctioning these crimes through production and purchase of raw materials, goods, and finished products that have been tainted in the supply chains.

The bill amends the Securities Exchange Act of 1934 to direct the Securities and Exchange Commission (SEC) to promulgate regulations requiring companies that have annual worldwide global receipts in excess of $100 million to include in their mandatory annual reports a disclosure of whether they have taken any measures during the year to identify and address conditions of forced labor, slavery, human trafficking, and the worst forms of child labor within their supply chains.

The regulations mandate that the required information be disclosed on the company’s Internet website through a conspicuous and easily understandable link to the relevant information labeled “Global Supply Chain Transparency.”

The SEC must also make available to the public in a searchable format on its website: (1) a list of companies required to disclose such information, and (2) a compilation of the information disclosed.

Similar bills are active in both houses of the U. S. Congress (HR 3226 - introduced by C. B. Maloney [D-NY] and C. Smith [R-NJ] and cosponsored by 12 other U.S. Representatives & S 1968 - introduced by R. Blumenthal [D-CT] with three cosponsors).

See important actions on pg. 8.

There are a number of beneficial outcomes for businesses that commit to confronting human trafficking and forced labor risks within their sphere of operations, which include:

1. Reputation and brand value: Action against trafficking and forced labor can enhance brand value and company reputation amongst key stakeholders: customers, investors, partners, suppliers and employees;

2. Strong investor relations: Responsible investors will be more supportive if a company is seen to be taking a clear stance on pertinent human rights issues such as human trafficking;

3. Compliance with emerging regulations and obligations: Companies will be upholding their responsibilities in line with the Modern Slavery Act (MSA) and responsibilities such as those set out within the United Nations Guiding Principles (UNGPs), mitigating possible legal and reputational risks in the future;

4. Engagement with communities can yield great benefits: Lack of business engagement with communities affected by a company’s operations can come at a cost. Dealing with human trafficking and forced labor means working with multiple stakeholders including the community in a way that creates a ‘preferred-employer’ status. Greater trust creates stability, which is a long term investment;

5. Strengthening the company’s organization: Creating a stable, skilled and motivated work-force (as well as supplier base) by addressing human trafficking and labor issues ensures sustainability through strong human capital;

6. Supply chain resilience: Disruption in the supply chain can delay production or delivery of products, which can derail sales and deflate profit. The company that expertly manages risks in the supply chain will avoid some disruptions all together and can bounce back quickly from others that are inevitable.

“Good business and good profits must never be at the cost of the sale and exploitation of a human being.”

(http://wwwfinanceagainsttrafficking.org/)
Tell Purdue to Put Nike on Notice

Purdue United Students Against Sweatshops Local #765 IN has put a petition on the Change.org website because Nike is refusing to allow the Worker Rights Consortium (WRC) to have access to, or inspect any of its factories. The WRC is the only independent labor rights watchdog organization in the apparel industry.

“As an affiliate of the WRC, Purdue requires all brands that produce ‘Boilermaker’ apparel to disclose where its factories are so we may understand the conditions under which workers are manufacturing our college logo apparel. Nike should not be an exception.

“By refusing the WRC access to their factories, Nike is undermining workers’ ability to communicate with Purdue’s designated monitoring organization when workers’ basic workplace rights may be violated. Nike’s refusal to allow access to independent monitors undermines the entire structure that universities have worked to build for almost two decades to protect the integrity of their licensing programs.

“We know Nike has a long track record of labor violations and, like any other brand we contract with, Nike cannot be trusted to voluntarily monitor themselves with any credibility. Without WRC inspections, we have no way of confirming that Purdue apparel produced by Nike is being manufactured under conditions where workers’ basic rights are respected. This has huge implications for the rights and safety of garment workers around the world.

“We are asking that Purdue immediately insist that Nike comply with our school’s code of conduct by allowing the WRC to inspect its factories. If Nike fails to remediate its violation of our code, we expect that Nike be held accountable by having its contract terminated, for brazen non-compliance with such basic anti-sweatshop monitoring standards.

“The signed letter will go to Purdue President Mitch Daniels; Vice President of Public Affairs Julie Griffith; and Senior Director of Marketing Operations Mary King.”

Please sign in support. Go to: https://www.change.org/p/mitch-daniels-tell-purdue-to-put-nike-on-notice