

ESG Essentials: What You Need To Know Now

Episode 5 – Preventing Modern Slavery: A Case Study in Success

Davis: Welcome to the latest episode of Fox Rothschild's podcast, “ESG Essentials: What You Need to Know Now.” Our series of short and issue-specific podcasts covers core ESG concepts and explores important issues for businesses that are concerned with developing and deploying a solid ESG profile, responding to increased scrutiny from regulators, investors and consumers, and minimizing the legal and business risks associated with ESG.

My name is Karen Davis, a partner in the firm's [Environmental](#) and [ESG](#) Practice Groups. I will be your guest host for today's episode. Today, we will be discussing modern slavery, and I am delighted to welcome Pam Wood. Pam is the Human Rights Manager at [Hewlett Packard Enterprise](#), also known as HPE.

HPE is a recognized leader in ethical business conduct and human rights. In 2021, HPE received the top honor from the Thomson Reuters Foundation for tackling the risk of forced labor in its supply chain. HPE previously shared this honor as a joint winner in 2016, the inaugural year for the [Stop Slavery Award](#).

HPE has been named one of the world's most ethical companies by the [Ethisphere Institute](#). Annually, HPE publishes on its website a Living Progress [report](#) that provides detailed information on the company's progress on implementing its environmental, social and governance programs.

Welcome Pam. We're very excited to have you.

Wood: Thanks Karen. Great to be with you today.

Davis: Pam, explain to us: Why should a business care about modern slavery?

Wood: Any company with a global supply chain should be concerned about risk of forced labor, especially those working in production of goods and services. Experts working in a space say that if you don't find any incidences of forced labor, you're not looking hard enough or deep enough in your supply chain. We recognize this, and nearly a decade ago established a leading standard called the [Foreign Migrant Workers Standard](#) and have since expanded the standard to include domestic migrants.

We think it's not enough to set strong policy and standards. It needs to be met with support and training to our suppliers in building effective management systems and, of course, engaging their workers proactively. It needs enforcement through social auditing, as well as specialized assessments that dig a bit deeper onsite to detect forced labor. Most of all, it requires commitment and resource to remedy any instances found, and to work with our suppliers to strengthen systems and prevent it from happening again.

We openly share our approach, our tools, and in many cases, findings, to support our peers and our partners as they develop more robust programs to address forced labor. Other companies have

leveraged our standards and tools. We actively engage through the [Responsible Business Alliance](#) to develop an advanced, collective approach that elevates forced labor prevention and remediation.

Davis: That's great. HPE has certainly done a lot and is a leader in this area. What advice would you have to companies that are just starting out developing a human rights program?

Wood: Step one would be to start with a commitment to respect human rights and to apply international standards such as the [International Labour Organization \(ILO\) Core Conventions](#). These core conventions, also known as the Fundamental Principles and Rights at Work, cover best practices on freedom of association, preventing and addressing forced labor, child labor and discrimination.

The next step would be to ensure this commitment is translated into an actionable policy, and to develop a robust audit program to enforce your policy and other monitoring where possible. Consider joining an industry initiative that has a predetermined standard risk assessment audit and improvement approach. This can really accelerate your learning curve as a new company in this space and also build your leverage and collaboration with others.

Finally, engage with workers. The best way to understand working conditions is to speak with workers and hear their views and experience.

Davis: That is great advice. Very practical and helpful to companies starting in this area. What would you suggest for companies that are a little further along?

Wood: Perhaps three things. One, find new ways of detecting forced labor. As I mentioned earlier, often if you're not finding anything, you're not looking hard enough. It really is a global problem that exists everywhere. Standard audits don't always catch forced labor, as they may not look closely enough into areas, such as the practices of third-party recruitment agents, which is often where we find things such as very high recruitment fees. Auditing only your tier-one suppliers may be insufficient. Develop better visibility further up your supply chain and carry out assessments with those in high-risk areas with high reliance on low-skilled workers, migrant workers or temporary workers.

Secondly, ensure you have a corporate commitment and an approach to effectively respond to any cases identified, and to respond quickly. Sometimes, speed really does matter. Be committed to provide remedy and work with an experienced third party to guide you there.

Thirdly, I would recommend focusing your attention on prevention through buyer, worker and supplier training, advocacy and engagement with recruitment agents, and worker-led monitoring.

Davis: Great. thank you. Let's talk a minute about your second Thomson Reuters Foundation Stop Slavery Award.

First, congratulations. Can you tell us a little bit about the work that HPE has done that may have contributed to its receipt of this award for the second time?

Wood: Thank you. Our initial award, I believe, was largely awarded for being transparent for having an advanced standard and for carrying out specialized assessments to really dig deep and find cases of forced labor, and not be afraid to talk about them.

Now, as we move forward, there's a lot more that we've done. First of all, we've learned a lot. We've learned from workers and through real cases of working with our suppliers who have had major nonconformances in this space. In response, we've been able to advance our standard, refine our assessment approach, trial new detection methods, such as [Verite's CUMULUS tool](#), which is an innovative approach to forced labor screening through mapping and interrogation of practices and system for managing recruitment agents.

We've also developed new tools and a critical response process for more effectively responding to incidences. This includes very a strong requirement on worker consultation at the remediation planning phase and throughout improvements. This worker-led monitoring is a high priority to us here.

Secondly, we've become more vocal. We're advocating for others to be more active, and we're engaging with government consultations to ensure better legal protections for migrant workers.

Thirdly, we've engaged in research and published information. For example, on the challenges suppliers face when trying to implement responsible recruitment in Southeast Asia. We've consulted stakeholders to continue expanding our understanding of risk to those are most vulnerable to forced labor.

Fourthly, we've engaged suppliers and reviewed how forced labor may be higher due to COVID-19. In response, we published guidelines for prioritizing worker wellbeing during the pandemic and continue to assess and provide specialized training.

Finally, we identified and engaged with non-governmental organizations (NGOs) doing meaningful work to address modern slavery and support survivors in their local communities. We created a volunteer initiative where our own staff can apply their professional skills or time to support the cause, effectively extending our modern slavery work into the communities where we live and work.

Davis: That is great. Again, congratulations. It's tremendous work that you and HPE are doing. I would like to thank you for taking time out of your schedule today to discuss this important topic with us. I think by sharing information and experiences, we can shine a light on this important issue and hopefully support other companies in their efforts to combat modern slavery.

Wood: Many thanks, Karen. My pleasure.