

THE BUSINESS PLEDGE

A NEW ROADMAP FOR THE PRIVATE SECTOR TO ADDRESS
MODERN SLAVERY



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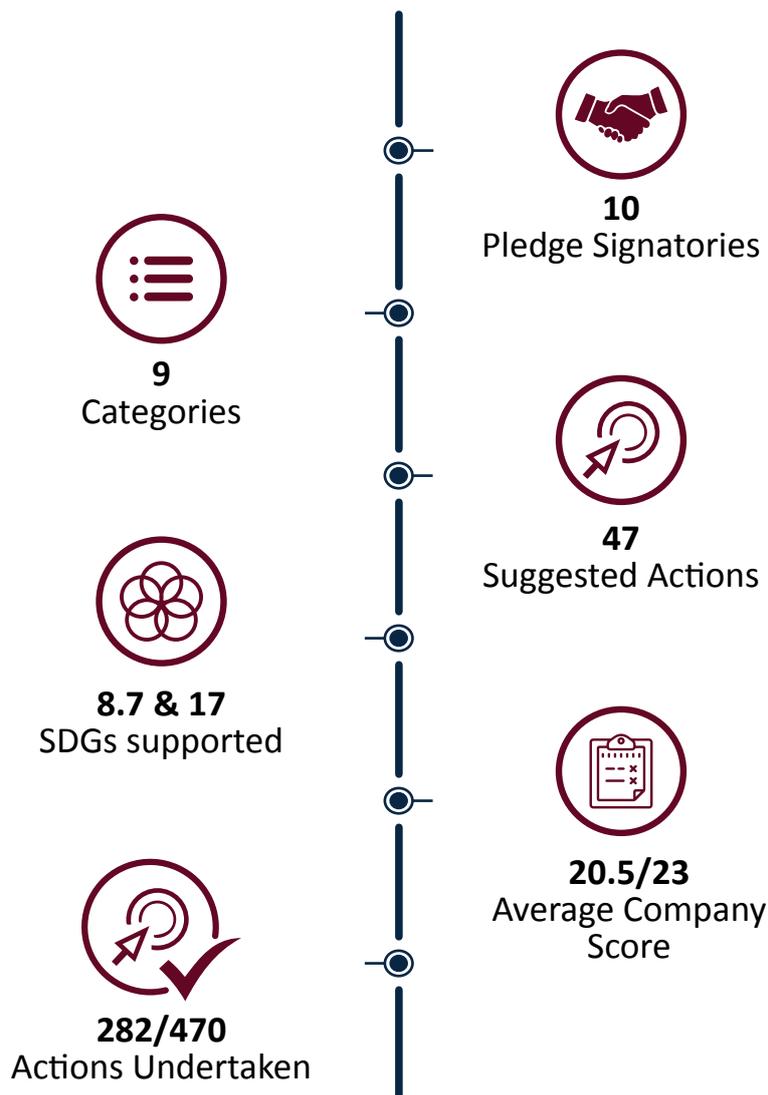
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Executive Summary

The Business Pledge against Modern Slavery is a mechanism to on-board, guide, encourage and track companies that want to step up and fight modern slavery.

While several pledges have been launched for a variety of causes in the past years, very few have mechanisms and recommendations in place for participants to understand the required action to achieve their pledged goals. Instead, the Business Pledge against Modern Slavery outlines a clear sequence of efforts and entails undertaking a series of actions that are tracked and measured on a yearly basis. This is done through a supportive, practical approach that aims at encouraging systematic change in corporations' business operations. This report, launched 18 months after the Pledge against Slavery project inception, will illustrate what process and learnings have resulted from engaging corporates in this initiative. The report introduces what "drivers of change" have resulted in an increased interest and engagement from the private sector in the modern slavery issue, and how the "Pledge against Modern Slavery" initiative was conceptualized and launched within the Mekong Club's Business Association. It then describes each of the key steps of the Pledge: commit to the initiative and sign a joint statement; fill in a self-assessment checklist and undergo a yearly review; track progress yearly; and measure efforts based on an assigned score. The report also outlines what categories of action are recommended as part of the self-assessment checklist. For each of the categories: Understanding, Commitment, Action and Leadership, and the related sub-categories, examples taken from the Pledge pilot conducted with ten companies are listed. We conclude with the envisioned next steps for this project.

Business Pledge Against Modern Slavery Summary



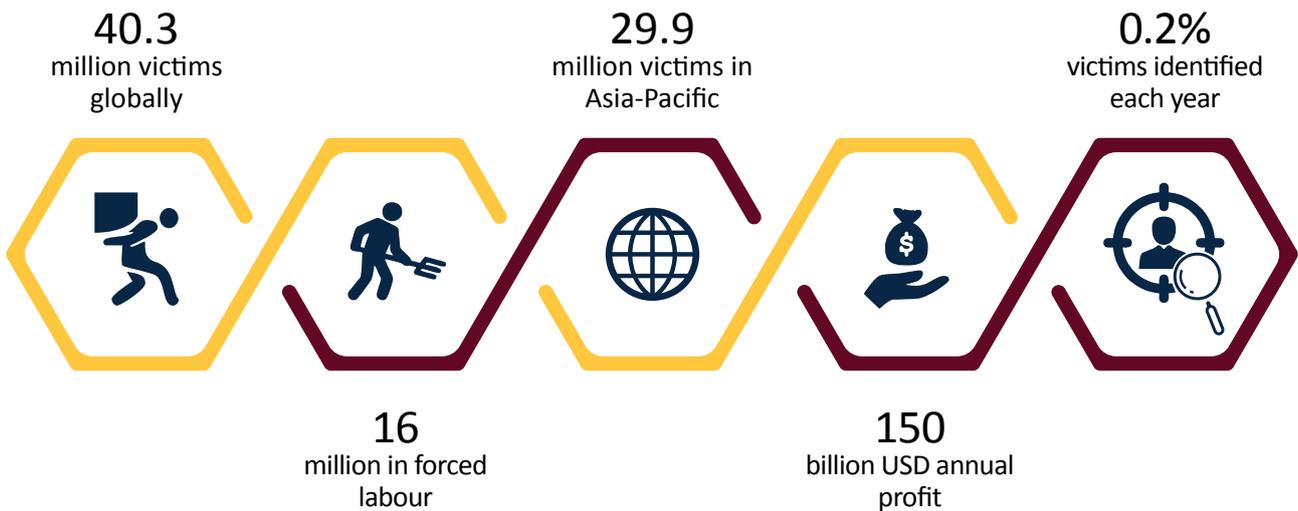
Modern Slavery and the Private Sector: Drivers of Change

There are more slaves today than at any other time in history - 40.3 million people in 167 countries are trapped in what is known as “modern slavery.” Victims of slavery can be found in factories, on construction sites, on fishing vessels and in sex venues, being forced to work for little or no pay, deprived of their freedom, and often subjected to unimaginable suffering.

While most people think that modern slavery is primarily women and girls being forced into prostitution, according to the most recent Global Slavery Index report, this represents about 12% of total cases¹. The same source states that half of the total victims are in forced labour, either state-imposed, or related to the private economy, including manufacturing supply chains that make the products we as consumers use every day. The highest concentration of slaves, an estimated 62% or 24.9 million people, are in Asia and the Pacific, where many of the world’s products are manufactured.

The profit of forced labour-related activities amounts to a total of 150 billion USD per year, making it the third most profitable crime in the world². In other words, slavery is big business for its perpetrators. Despite the best efforts of governments, the United Nations and NGOs around the world, not even 1% of the victims are helped each year. This figure has remained unchanged for several years³.

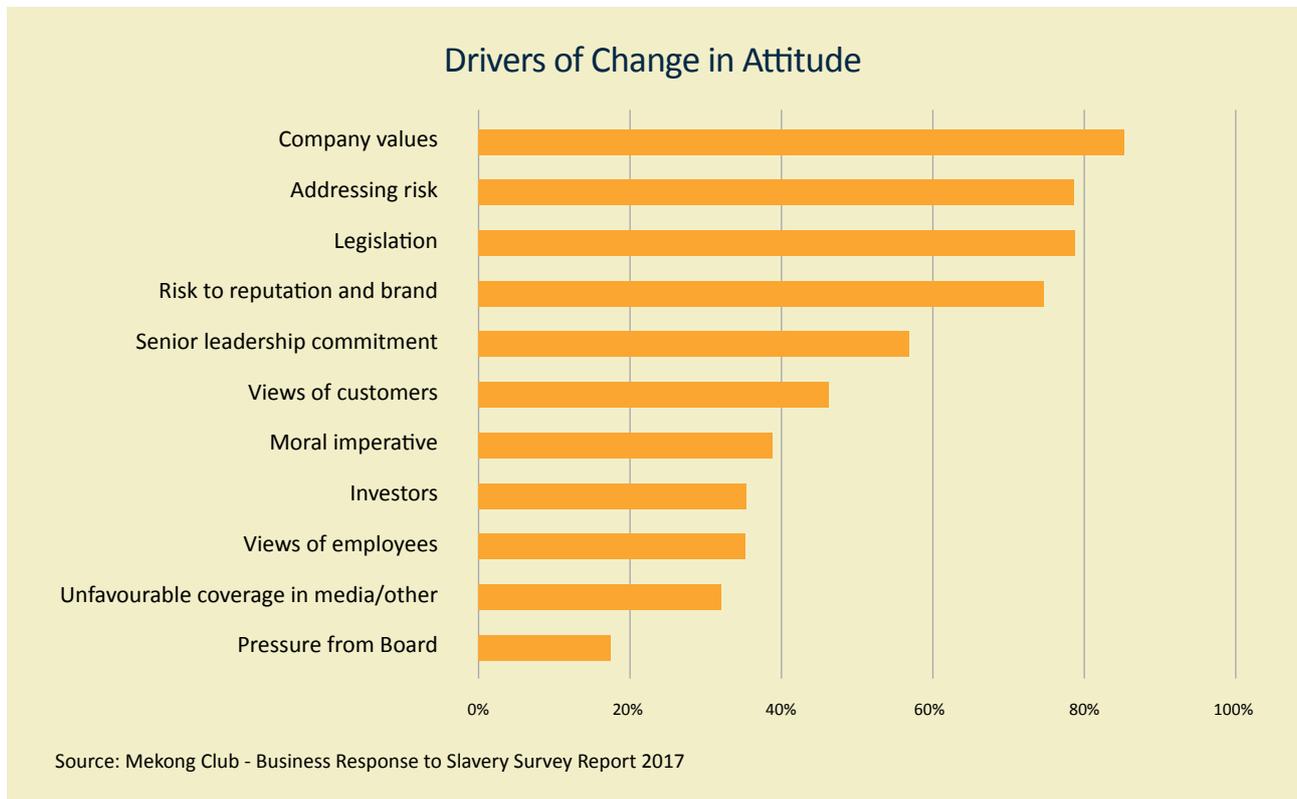
Modern Slavery and the Private Sector



With over a third of victims associated with the private economy and supply chains, it has become clear that modern slavery is not only a public sector issue, but a business one, too, and that the private sector has a duty to build capacity and invest resources to prevent, address and mitigate it. This has led to several initiatives happening in the modern slavery field related to private sector engagement, media and NGOs increasing their attention on companies’ supply chain due diligence, and new legislation calling for increased transparency and reporting.

In July 2017, the Mekong Club conducted a survey with companies based in Hong Kong to understand how the business community was responding to the increased requests for action to tackle modern slavery, and what was driving such efforts⁴. 86% of respondents identified “company values” as a top 5 driver, followed by “addressing risk”, chosen by 79% of the respondents, “new anti-slavery legislation requiring supply chain transparency and reporting”, also chosen by 79% of respondents, “risk to reputation and brand” (75%) and company’s senior leadership commitment (59%).

This shows that drivers of change in attitude come from both a moral obligation and a business risk standpoint. Companies have started tackling slavery as an issue close to their core values as businesses, in particular following senior management’s commitment. These companies are trying to use their skills, expertise and comparative advantage to play their part in being a “force for good.” However, companies address modern slavery for solid business reasons, too, and primarily to minimize risk of civil society criticizing and campaigning against them, comply with anti-slavery legislation and to minimize reputation risk arising from NGO and civil society boycotts and campaigns.

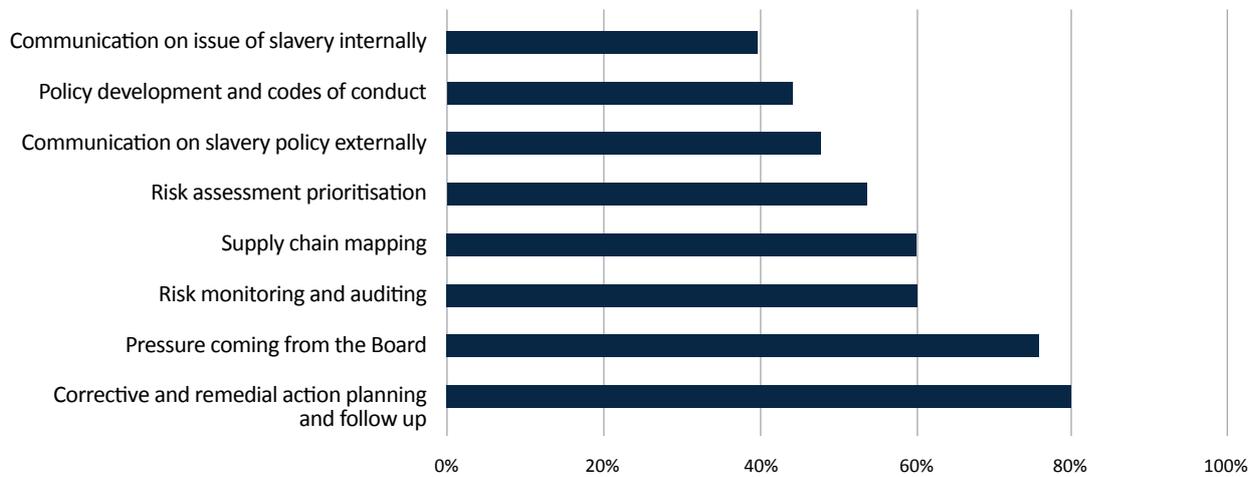


Recent anti-slavery legislation played an important role in pushing modern slavery higher in companies’ agenda, as these new laws pose a huge reputation and business risk for companies that do not comply. The first type of legislations are bills that call for increased supply chain transparency and due diligence reporting. For example, the 2018 Australian Modern Slavery Act⁵, which followed a similar act enforced in the U.K. in 2015⁶, requests companies to issue a yearly statement describing the steps they are taking to ensure that slavery is not taking place in their supply chains or businesses. The statement must be signed by a director and uploaded on an official, public repository that allows for easy access and scrutiny by civil society. Rather than being punitive, these acts aim at enabling a “race to the top,” with companies reporting on their actions to demonstrate their commitment and progress rather than for fear of punitive measures.

However, other examples of punitive legislation exist. The 2018 New South Wales Act, for example, contains penalties of up to 10,000 “penalty units”, or the equivalent of A\$1.1 million, for companies who do not comply⁷. In 2016, there were significant changes to the U.S. Tariff Act under the Trade Facilitation and Trade Enforcement Act. These amendments gave the Customs and Border Protection Authorities the power to seize goods suspected to have been produced with forced labour wholly or in part in any foreign country⁸.

In its July 2017 survey, the Mekong Club learned that for 60% of respondents, new anti-slavery legislation had caused an increase in internal communication on the issue of slavery, as well as policy development and codes of conduct, risk assessment, risk monitoring and auditing. There were no areas where respondents felt that focus had reduced following modern slavery acts, and for a quarter of the respondents, pressure from the board had also increased.

Business Focus Since the Introduction of Legislation



Source: Mekong Club - Business Response to Slavery Survey Report 2017

A Pledge for Businesses

In August 2012, the Mekong Club was set up to be one of the first not-for-profit organisations of its kind in Asia to use a “business-to-business” approach to fight modern slavery. The organisation’s founders were representatives of the private sector (from the legal, communications, financial, hospitality industries) who understood the key role companies must play in this fight. The Mekong Club started by offering awareness raising and technical support to companies of all sizes to help them understand the complexities of modern slavery, along with how to reduce their vulnerability.

In June 2015, the Mekong Club became a membership-based organisation that works with companies that want to take active steps to identify potential risk and eradicate modern slavery from their business. Member corporations are invited to join one of four industry-specific working groups (financial services, footwear & apparel, retail, and hospitality) where they receive up-to-date information and expert training on issues pertinent to the unique challenges of their industry, with other leader peers determined to impact change. The Association now counts 37 member companies that meet on a quarterly basis to share ideas and advance their common agenda during industry-specific roundtables as well as cross-sector events that bring together representatives from several sectors.



The Mekong Club's 2017 cross-sector event, held on June 15 and titled: "Hong Kong's Corporate Response to Modern Slavery", focused on how the Hong Kong business community could address the issue of modern slavery in a unified way and what a "call to action" for the private sector could be. The agreed deliverable was a new pledge that would help declare businesses' desire to step up and advance their anti-slavery agenda¹⁰.

The Business Pledge against Modern Slavery concept was consequently developed and its checklist mechanism approved through two rounds of requests for feedback. The Pledge was officially launched on November 14, 2017 in Hong Kong.

The Business Pledge against Modern Slavery supports the United Nations Sustainable Development Goals 8 - "Decent Work and Economic Growth"¹¹ - and 17 - "Partnership for the Goals"¹².

The objective of the Pledge is to support companies in analysing, benchmarking and refining their anti-slavery efforts in a systematic and confidential way. Participating is free, and open to any company. Companies that sign up agree to commit, act, track and measure their efforts progressively. The language of the Pledge is straightforward - it identifies slavery as a business issue and calls for a unified response to this crime through collaboration and tangible action.

While several pledges have been launched for a variety of causes in the past years, very few proved to have a mechanism that helps participants understand what they are actually doing to achieve the goals they pledged to and provide opportunities for actions. This is why, within the Business Pledge Against Modern Slavery, the Mekong Club has created and inbuilt a sequence of steps (a "roadmap") that companies go through - from understanding and educating themselves on the issue to leadership and best practice sharing. The Mekong Club has worked on this roadmap.

The most critical part of this process is a checklist of indicators for companies to complete, and measure their progress against.

The Business Pledge Against Modern Slavery

As companies and members of the corporate community, we declare our unified commitment to help end modern slavery across Asia.

We work and will continue to work to collect and share relevant information to inform business decisions, promote education and training, and contribute to the development of tools to help prevent and address modern slavery.

Around the world today several million people are in slavery-like situations. Recognizing this is a business issue, we advocate a zero-tolerance approach to this problem in all its forms throughout the business community in Asia and beyond through partnerships and cooperation.

Methodology

The sequential steps within the Pledge are commit, act, track and measure:



1 - Commit: Signing Up

With pledging, companies acknowledge that modern slavery is a business issue, and that they have a key role to play in addressing it. They also agree to endeavor to take a proactive approach in combating slavery and to collaborate with the Mekong Club to track performance and progress confidentially. Committing publicly to eliminate modern slavery is also an effort to encourage other companies to follow suit. In a 2017 interview to Reuters, Grant Bowie, CEO of MGM China, shared: “We believe that by taking a public stance we may also contribute to encouraging others to join the fight¹³.”

Companies who want to pledge are asked to have a representative sign a commitment document where they agree to:

- Showcase their logo publicly on the Business Pledge against Modern Slavery website;
- Designate a key contact person to carry out the Pledge assessment;
- Undergo an internal assessment and work on their anti-slavery strategy as a result (Step 2: Act); and
- Review their anti-slavery strategy periodically with the Mekong Club (Step 3: Track).

These “terms and conditions” are agreed upon by signing a formal letter. Companies can decide if they want to sign up globally or regionally. Either way, we have observed that the decision to sign off is taken by senior management or the board, creating a great opportunity for the decision-makers to discuss and consider why modern slavery is relevant to the business and what efforts the company has to make in order to stay within the Pledge.

The Business Pledge against Modern Slavery statement is supplemented by four actionable steps that companies pledge to undertake - in a journey from first approaching the issue to eventually leading the way forward. The process is designed to be suitable for companies regardless of whether they are already involved in anti-slavery efforts or are new to the problem, and support the Business Pledge against Modern Slavery statement with tangible actions so that companies can receive guidance.

Along with the statement, a checklist of such actions was developed and is provided to signatory companies.

“

By taking a public stance we may also contribute to encouraging others to join the fight.

(MGM China)

”

2 - Act: Completing the Checklist

The Pledge checklist is comprised of four overall categories, each of them divided into nine sub-categories and 47 suggested actions that guide companies through a sequencing of efforts. Companies identify categories in which they are taking action - or not, and fill in the sheet accordingly. Out of a total of 470 actions (47 for each of the 10 participating companies), signatories have undertaken 282 actions in the first year.

Pledge Checklist Example

CATEGORY	SUBCATEGORY	SUGGESTED ACTION (EXAMPLE)
UNDERSTANDING	AWARENESS RAISING	Exposes/Trains stakeholders on modern slavery topics at least once yearly
COMMITMENT	POLICY	Has a public policy statement/ commitment on fighting modern slavery
	GOVERNANCE	Has its Code of Conduct/ modern slavery policy commitments approved and communicated at Board level
ACTION	RISK ASSESSMENT AND MITIGATION	Conducts audits to screen suppliers' background. Audits include questions on modern slavery
	RESOURCES	Ensures that resources are made available for technical assistance
	CAPACITY BUILDING	Ensures that external partners/ stakeholders exposed to to the risk of modern slavery receive advanced training and capacity building
	MONITORING	Monitors results of initiatives put in place to prevent/address/ modern slavery
LEADERSHIP	VOLUNTEERING AND DONATIONS	Fundraises for anti-slavery NGOs
	MENTORING	Publicly shares best practise

According to the participating companies, this exercise has proven useful in two ways:

First, the designated "Pledge key contact" within the companies usually has to involve other departments - such as legal, procurement and human resources, to mention a few - in order to collect some of the information needed to fill in the checklist, this way disrupting the "silo mentality" that often isolates teams within companies. Notably, the Business Pledge against Modern Slavery is not intended to be an exercise focused purely on corporate social responsibility, but it aims at creating a company-wide conversation around the topic of human rights and trafficking in particular. Committing to an assessment of the company's effort was an effective way to share this message internally. "Many times, salient issues are known and addressed by only people within the supply chain, who work directly with the suppliers on these issues" - said Kyle Bogler, Workers Rights and Safety Director at VF - "However, when a commitment like this pledge was signed at our senior leadership level, it sends a clear message that modern day slavery is important for all within the company¹⁴."

Second, gathering information could help companies comply as governments start to require evidence of stronger antislavery efforts. Several of the checklist items around "awareness" and "risk assessment and mitigation," for example, correspond to the requirements of anti-slavery bills passed in the United Kingdom, Australia and France in recent years. For others, signing up to the Pledge prompted a stronger urge to give back to the community. Yee Chin, Director at DTC, shared: "Committing to the Pledge has prompted us to extend outreach to the vulnerable beyond our shores."



When a commitment like this pledge was signed at our senior leadership level, it sent a clear message that modern day slavery is important for all within the company.

(VF)



3 - Track: Checklist Review

Companies' efforts in each category is discussed as part of an individual meeting with the Mekong Club and tracked once a year. Since the kick-off of this initiative, this exercise has been done with 10 companies. The reviews have taken place in person or over the phone and last an average of 90 minutes. During each review, the checklist was analysed with a company representative. Companies provided explanations for checklist items they could not tick off, and added information and details for those that the company achieved. A validation of the checklist content was carried out when possible - for example, when companies referred to internal documents (not public), a copy of such documents was confidentially

shared. The review was useful also for companies to better understand what was expected of them and to clarify certain aspects and questions within the checklist. In some cases, companies underwent a second and sometimes third round of edits before deeming their checklist as final. The Mekong Club also provided resources and technical advice to support companies to elicit the information provided and strategise with their teams for future development

Participating companies shared that this exercise was useful to compare what they were currently doing with what could be done to progress in addressing modern slavery within their business operations. With its list of potential efforts and related examples, the checklist proved to be a critical “roadmap” for strategy planning around improvement while following a logical, tested sequencing of efforts. In some instances, the information collected for the checklist’s purpose was also useful to prepare statements in compliance with bills such as the U.K. Modern Slavery act. Stuart Cranfield, Group Head of Supplier Working Conditions at Clarks International, shared: “[The Pledge] supports the expectations and requirements of much of the legislation in place and increasingly being enacted whereby companies are required to show in the form of public statements what action they are taking to tackle modern slavery and the incremental improvement on an annual basis.”

Importantly, the checklist is re-filled on a yearly basis by every signatory company, hence demonstrating whether they have improved their performance, kept the same level of engagement or not achieved their targets.



[The Pledge] supports the expectations and requirements of much of the [modern slavery] legislation in place and increasingly being enacted.

(Clarks International)



4 - Measure: Ongoing Reporting

A score is assigned to each signatory, automatically calculated while they complete the checklist. Companies score points based on whether they have undertaken actions within each of the 9 sub-categories (for a total of 23 points)¹⁵. The current average for the 10 companies participating is 20.5. Since creating an aggregated score by adding up various actions would underplay the importance of some key actions, the Pledge includes a “weighting” system on a scale of 1 to 4, where 1 is assigned to actions that are easier to implement and 4 is assigned to actions that require substantial effort. The weighting system does not aim to judge the effectiveness of such actions: we believe that each of them are crucial for an effective anti-slavery strategy. Signatories complete the checklist highlighting whether they are undertaking any of the 47 “suggested actions.” The 10 participating companies have undertaken and aggregated a total of 282 out of 470 actions in the first year of the pledge.

Pledge Subcategory Score

CATEGORY	SUBCATEGORY	WEIGHTING
UNDERSTANDING	AWARENESS RAISING	1
COMMITMENT	POLICY	3
	GOVERNANCE	4
ACTION	RISK ASSESSMENT AND MITIGATION	4
	RESOURCES	3
	CAPACITY BUILDING	3
	MONITORING	2
LEADERSHIP	VOLUNTEERING AND DONATIONS	1
	MENTORING	2

Importantly, individual company results are not shared publicly. Public benchmarks that disseminate company scores already exist with the aim of both pressuring companies to do more and share information on their performances with the broader community. However, such approaches do not establish a dialogue with companies, especially with those that do not perform well and are “named and shamed” as a consequence. This sometimes results in further disengagement.

The Mekong Club’s Business Pledge against Modern Slavery takes a different approach as it aims at encouraging voluntary participation, building a dialogue and offering technical advice. This is done by outlining a clear sequence of efforts and undertaking a series of actions that are tracked, measured and discussed but not shared. In the words of Kyle Bogler, Workers Rights and Safety Director at VF: “That’s the greatest part about the pledge in my opinion, is that [the Mekong Club] understand[s] that we’re not perfect, and they’re not punishing, they’re not trying to ‘name and shame’ companies for not being perfect. They’re saying, ‘we want to help companies that are committed to this cause.’”¹⁶

Checklist

While several pledges have been launched for a variety of causes in the past few years, very few prove to have a mechanism that helps pledgees understand what they are actually doing to support these declarations. The Pledge checklist in this sense becomes the most critical part of this initiative, and a barometer to test companies’ willingness to engage, not only to pledge. The checklist is comprised of 4 categories, 9 sub-categories and 47 recommended actions. A summary of the categories and sub-categories, including examples provided by participating companies, is outlined below.





Understanding

The section “Understanding” covers high-level education that companies provide to staff and stakeholders. Many companies start out not knowing anything about the issue of modern slavery. Evolving factors that pose a potential business and reputational risk usually prompt a company to begin seeking information. For the purpose of the Pledge, “understanding” modern slavery includes the following category:

Awareness raising

Goal: Raising awareness of modern slavery within the company

Examples of actions collected through the Pledge include:

- Internal awareness-raising training;
- Distributing awareness-raising materials to manufacturing sites;
- Arranging induction training on slavery for any new employee as part of their orientation;
- Deploying an e-learning course to company’s employees, or key departments and suppliers - in certain cases making it mandatory;
- Sharing a company’s modern slavery agenda internally;
- Sharing a company’s anti-slavery statement or Code of Conduct internally;
- Translating a company’s Code of Conduct in various languages to reach a wider audience;
- Watching educational videos as part of monthly/quarterly CSR meetings;
- Inviting NGO experts to present on the topic;
- Hosting workshops on the topic;
- Using a company’s blogs and intranet to disseminate information on the topic;
- Participating in initiatives targeting the local community and aimed at raising awareness.



Case study: Raising awareness through gamification

As the result of their Pledge commitment, three companies acquired the Mekong Club’s e-learning materials on modern slavery and rolled them out internally through various channels.



Case Study: Engaging the local community in Turkey

A company partnered with the Turkish Ministry of Youth and Sports and financed a summer school project, enabling thousands of children to focus on sports, thereby reducing the risk of them being employed in cotton fields or in other forms of illegal employment.



Commitment

Once information on modern slavery has been collected and digested, many companies decide to move forward to establish an internal governance system to assign responsibilities to take action. Employees responsible for implementing an anti-slavery strategy often work in legal, communications, corporate social responsibility (CSR), procurement, or compliance and risk assessment departments. Once this process has been completed, the initial steps include reviewing internal and external policies, codes of conduct, and contract language with partners/suppliers to ensure the organisation is in line with prevailing trends and legal obligations - drawing from standards set by international law, United Nations agencies such as the International Labour Organization (ILO) and frameworks established by platforms such as the Ethical Trading Initiative (ETI) and the Business Social Compliance Initiative (BSCI). Many companies also escalate the topic to be discussed at the C-suite and board level.

For the purpose of the Pledge, “committing” to combat modern slavery includes the following categories:

Policy

Goal: To ensure that the topic of modern slavery is covered within company policies and codes of conduct, that these include suppliers, partners and other stakeholders, and that they are comprehensive and up-to-date.

Examples of actions collected through the Pledge include:

- Publishing statements in compliance with the U.K. Modern Slavery Act and the California Transparency in Supply Chains Act;
- Publishing a modern slavery public statement;
- Reviewing a company’s code of conduct or code of business ethics by adding references to modern slavery (for example, by adding language regulating recruitment fees or labour violation remediation policies);
- Reviewing and broadening a company’s public modern slavery policy;
- Reviewing policies targeting suppliers such as supplier terms of engagement, factory guidelines, global compliance principles and workplace standards;
- Reviewing corporate purchasing contracts by adding references to modern slavery;
- Reviewing human rights policy by adding references to modern slavery;
- Launching dedicated policies to specific sensitive issues, for example ethical migrant recruitment.

Governance

Goal: To ensure that the company’s modern slavery strategy is managed with clear accountability.

Examples of actions collected through the Pledge include:

- Appointing a dedicated human resource or team to the company’s anti-slavery strategy implementation, for example an ethical trading/global sustainability team;
- Establishing a “modern slavery task force” to bring company members across different sectors and locations together in a collaborative effort;
- Assigning specific responsibility to key company departments, such as Internal Audit, Factory Compliance, Responsible Sourcing, etc.;

- Updating and escalating modern slavery strategy-related decisions to the company’s top level such as the executive management team, the CEO or the board. For example, both the Business Pledge and the companies’ published Modern Slavery Act statement have been signed by senior management;
- Creating a responsible committee at the board level, such as a Committee on Corporate Compliance & Responsibility Committee, or establishing a dedicated CSR board where members from our board of directors are represented.



Case study: Engaging senior management

A company could not meet the criteria under “governance” as they did not involve senior management in addressing modern slavery. After discussion with the Mekong Club, the company reviewed their current CSR priorities and has now planned a workshop for senior management to become more familiar with business modern slavery risks and gather insight to expand their anti-slavery commitment.



Action

Having committed to an action plan, many companies carry out internal risk assessments to identify any vulnerability within their businesses. This usually includes looking deeper within business operations and supply chains to ensure that there are no exploitative labour practices, addressing situations where risk is found and remediating violations. Capacity building, use of resources and constant monitoring are other critical parts of this phase.

For the purpose of the Pledge, “acting” to address modern slavery includes the following categories:

Risk assessment and mitigation

Goal: To plan risk assessment practices that are appropriate and cover all relevant areas as well as for remediation of identified issues.

Examples of actions collected through the Pledge include:

- Screening prospective suppliers through self-assessment checklists and/or physical premises inspection, and categorizing them into various risk levels for follow-up when necessary;
- Mapping existing suppliers - mostly those operating in Tier 1 but in certain cases companies have successfully tracked vendors in selected parts of their supply chain’s second and third tiers, based on commodity and country risk level;
- Conducting announced, semi-announced and unannounced audits through both in-house teams and third parties;
- Setting up and/or refining worker voice channels such as whistleblowing hotlines, helplines, suggestion boxes, smartphone apps, in-person communication channels, confidential e-mail addresses, run either by the company or by an independent third party;
- Seeking expert advice from NGOs or consultants to help with the elaboration of remediation plans.



Case study: Supply chain mapping beyond Tier 1

A company completed a risk-based assessment and mapped its extended supply chain. This mapping included Tier 2 packaging and key material suppliers, and Tier 3 raw material sources. Moreover, the company has publicly disclosed a summary of their modern slavery risk assessment, goals and targets.

Resources

Goal: To earmark and use resources to improve existing processes and procedures.

Examples collected through the Pledge include:

- Using resources to incentivize and reward good practice from suppliers and employees;
- Earmarking annual budget support training rollout;
- Covering cost of auditing;
- Becoming members of multi-stakeholder initiatives to access best practice sharing, such as the Mekong Club, BSCI and Sedex;
- Approving budget to attend conferences and seminars.

Capacity building

Goal: To ensure that key staff are trained and competent to detect issues and take remediation actions.

Examples collected through the Pledge include:

- Capacity building targeting internal employees such as commercial, factory compliance, human resources, audit and responsible sourcing;
- Capacity building targeting first and occasionally second-tier suppliers, such as first-line manufacturing managers;
- Using support from consultancies, U.N. agencies such as IOM and the ILO and NGOs such as the Mekong Club to roll out capacity building;
- Using a variety of methods such as workshops, e-learning (including the Mekong Club's "Modern Slavery: Watch and Learn" course) and simulations.



Case Study: Building capacity through simulations

One company partnered with an NGO to create a simulation demonstrating good living and working conditions in the workplace, including clean food and drinking water, appropriate rest, dining and leisure areas, first-aid kit, and toilet facilities with proper sanitation standards. The company has used this simulated setting to provide training and allows other interested organisations to use it for their own capacity building activities.

Monitoring

Goal: To ensure that progress is monitored and impact is measured.

Examples collected through the Pledge include:

- Using key performance indicators (KPIs) to monitor team and suppliers' performances;
- Using country-level risk data and/or third-party risk assessment tools to tailor supplier forced labour monitoring;
- Arranging follow-up audits to verify effectiveness and progress of corrective actions plans (CAPs);
- Progress monitoring and sharing via modern slavery statement where applicable, and/or through multi-stakeholder platforms and sustainability reports;
- Approving budget to attend conferences and seminars.



Leadership

After implementing the actions listed above, some companies go one step further and begin looking for ways to move beyond business risk concerns to actually offer proactive support to help address the problem. Actions related to this step might include employees seeking to volunteer their time to help respond to the problem, mentoring within a company or across other companies, or focusing on philanthropy and donations to support ending slavery.

For the purpose of the Pledge, "leadership" in the field of modern slavery includes the following categories:

Volunteering and donations

Goal: To ensure that companies offer support to groups and initiatives tackling the issues to those working on the issue.

Examples collected through the Pledge include:

- Supporting former victims of modern slavery by helping to fund services such as counseling, legal aid, and medical care;
- Supporting local and international NGOs through monetary donations;
- Supporting local and international NGOs through in-kind donations, such as providing free venues for meetings and events;
- Providing expertise and coordination support to working groups focused on the issue;
- Donating and taking part in community initiatives such as the 24Hour race and the Stop Slavery Award;
- Donating in-kind to disadvantaged members of the community, offering items such as beauty products, footwear and technological devices.



Case Study - Helping Children in Need

Committing to the Pledge prompted a company to organise a fund-raising campaign for "Children-in-Crises", helping children who are trapped in slavery.

Mentoring

Goal: To disclose best practices and lead other organisations in their anti-slavery journey.

Examples collected through the Pledge include:

- Disclosing best practices and lessons learned through a variety of written channels, including transparency in supply chains compliance legislation statements (where applicable) or voluntary statements, annual sustainability reports, industry publications, company and third-party websites;
- Disclosing best practices and lessons learned by representing the company at events such as workshops, summits, conferences, government meetings;
- Active participation in a number of sectorial and cross-sector multi-stakeholder initiatives, such as the British Retail Consortium Protocol on Modern Slavery, the Social Labour Convergence Project, the Consumer's Goods Forum, the Bali Process, the Seafood Task Force, the Mekong Club;
- Disclosing the company's supplier list - including Tier 1 and in some cases Tier 2 suppliers;
- Disclosing examples of audit findings and remediation plan implementation through industry-specific collaborative initiatives and reports.

Next Steps

The Pledge's approach helps companies start a constructive process to assess and improve their anti-slavery agenda. This validation is supported by testimonies and feedback received by participants from the ten companies we signed up and piloted this project with. Moreover, we learned that the checklist exercise was well received irrespective of whether companies had tackled slavery before: the goals proposed within each Business Pledge against Modern Slavery category grow together with the company's involvement in the cause.

The Pledge gives companies tools and resources to establish, assess and refine an effective anti-slavery agenda, while gathering information on these processes and procedures in a consistent way. Initial assessments conducted as part of the Pledge initiative rollout in Phase 2 (2019 onward) demonstrates that companies are progressing their strategies and making changes to their policies, processes and procedures.

The Mekong Club has supported the project's research, development and implementation since its inception. We will continue to build upon this foundation so that more companies can become familiar with the Business Pledge against Modern Slavery initiative, sign up, benchmark and refine their anti-slavery efforts. Our goals for Phase 2 of the project will be to increase the number of signatory companies, retain at least 90% of companies to continue their engagement in this project, conduct a second round of assessments with all the retained companies and measure their progress. Sébastien Pivet, Quality Assurance Director - Health & Beauty & Group CSR Director, A.S. Watson, shared: "More companies should take the Pledge, because it is the first step of awareness in their journey to fight against modern slavery; and by collaborating with other like-minded companies, together our positive impact will be greater."

Other reasons companies should join the Pledge, shared by our signatories, include:

- If a company has never addressed this issue, the Pledge and its checklist represent a confidential and effective way to take the first step.
- The Pledge can help understand what a company is already doing well and areas where it can take further action.
- Committing to the Pledge is a way to influence companies' staff and business partners.
- Combatting modern slavery is becoming a priority goal and the way forward for companies to do business.

- More and more anti-slavery regulations will be approved in the coming years. The Pledge helps companies comply with such laws.
- The Pledge is part of a company's efforts to help achieve Sustainable Development Goals 8 and 17.
- The Pledge offers a platform to learn about efforts in the field of anti-slavery, which is and should be treated as a non-competitive space.
- The Pledge offers the opportunity to create a sense of community and bring together businesses that care about this issue.

We will also expand the Pledge's scope in two ways: first, by developing two additional checklists that can be adopted by companies whose business focuses on procuring and provisioning services rather than goods. In this regard, a checklist tailored for the financial services and legal sectors are being developed, respectively.

Second, the set of indicators developed within each of these checklists will inform the Mekong Club's work on Environmental, Social and Governance (ESG) reporting in an effort to expand and strengthen the scope of the "Social" heading, which we identify as lacking proper definition and quantification. ESG investment strategy is a fast-growing investment philosophy that seeks both financial and social returns by assessing the environmental, social and governance activities and policies of a company. It is a set of declared standards, policies and goals for a company's operations that socially conscious investors can use to screen potential investments. As a first step toward introducing the issue of forced labour into the strategy of ESG investment, and drawing from the Pledge checklist, the Mekong Club is working on a set of evidence-based quantitative indicators that asset managers can use to carefully assess the risk of forced labour within target companies. The Pledge indicators will serve as a starting point for further elaboration and refinements based on input from stakeholders such as asset managers and companies. This agreed set of indicators will enable the investment community to make a tangible impact upon supply-chain slavery through better-informed investment decisions - in turn motivating companies seeking investment to improve their ESG practices.

“

More companies should take the Pledge. Together, our impact will be greater.

(A.S. Watson)

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**Join the Pledge against Modern Slavery! Contact us at pledge@themekongclub.org
For more information, please visit www.themekongclub.org/pledge**

About the Mekong Club

The Mekong Club is an anti-slavery nonprofit with a focus on business engagement. The vision of the Mekong Club is to harness the power of the private sector to change business practices in a way that will significantly reduce modern slavery. To ensure this result, we work confidentially and collaboratively with companies from a broad range of industries with a positive, trustworthy approach.

The Mekong Club is one of the few not-for-profit organisations of its kind in Asia to use a business-to-business approach to fight modern slavery. Its founders and current board members are representatives of the private sector who understand the key role companies can play in this fight. The Mekong Club association is now a 36-member strong platform that brings industry-specific working groups together. This model encourages like-minded companies to share their experiences and work together in a confidential environment. We have worked exclusively on modern slavery-focused projects since our inception in 2012.

Our major objectives are to increase understanding and awareness of modern slavery throughout the international business community and to identify practical ways to address it. We work towards this goal through four strategic pillars:

- Business association, comprised of four working groups: Banking and Finance; Apparel and Footwear; Hospitality; and Retail, where member companies meet on a regular basis to exchange best practices and work towards industry-specific deliverables (which we call tools).
- Development of tools: In an effort to bring real value to the participating companies, Mekong Club develops specific projects aimed at addressing a complex issue in the most practical way possible. Our innovative tools include training courses, an online news hub, a multi-language e-learning curriculum, smartphone apps for victim identification, and interactive maps for risk assessment, and more. To date, the Mekong Club has delivered 17 tools (complete list here: <https://themekongclub.org/our-tools/>).
- Leadership: Using ambassadors from the business world, we aim to increase the influence of the private sector in stepping up and taking a leadership role in the fight against modern slavery.
- Awareness raising and advocacy: We offer presentations and training to organisations, chambers of commerce, corporates, and the wider community in Hong Kong, Asia and beyond.

Appendix 1 - Pledge Signatories



A.S. Watson Group



C & J CLARK



Coop



adidas



MGM China Holdings Limited



Morrisons



Thai Union



VF



Youngone



DTC World Corporation Pte Ltd

Endnotes

1. Walk Free Foundation, [Global Slavery Index](#) 2018
2. International Labour Organisation (ILO) 2014
3. U.S. State Department - [Trafficking in Persons Report](#) 2018, p. 43
4. The Mekong Club, [Business Response to Slavery Survey Report](#), 2017
5. Australia [Modern Slavery Act](#) 2018
6. U.K. [Modern Slavery Act](#) 2015
7. New South Wales [Modern Slavery Act](#) 2018
8. On February 11, 2016, the Senate passed an amendment (H.R. 644) to close a loophole in Section 307 of the Tariff Act of 1930, which bars products made by convict, forced or indentured labour. Until 2016, the law had exempted goods derived from slavery if American domestic production could not meet demand.
9. Through stakeholder individual meetings, facilitated quarterly sessions and one annual conference on June 15, 2017
10. On June 15, 2017, the Mekong Club hosted a half-day event to replace its quarterly industry-specific session and to bring together its members from the four working groups. The event focused on getting general consensus on a proposed "Corporate Mission Statement to Help End Modern Slavery" – which became the "Pledge" statement, and to brainstorm ideas on tangible deliverables to put the agreed statement into action. The event was attended by representatives from ABN AMRO; AS WATSON; Baker McKenzie; Bank of America; Clarks; Commonwealth Bank; EY; Fleishman Hillard; HSBC; Li & Fung; Lidl; Macquarie; MGM Macau; Standard Chartered; Sedgwick-Richardson; VF and Winston & Strawn.
11. <https://sustainabledevelopment.un.org/sdg8>
12. <https://sustainabledevelopment.un.org/sdg17>
13. www.casino.org, "[MGM China joins fight against modern slavery](#)", 2017
14. Where no source is specified, quotes have been gathered through in-person interviews and private correspondence.
15. The category score is calculated based on sub-categories: e.g. there are several suggested actions within the category "awareness raising", and the score assigned for this category is 1. If a company undertakes one, two, or four actions aimed at raising awareness, the score remains the same (in this case, 1).
16. www.devex.com, "[A new roadmap for the private sector's fight against modern slavery](#)", 2018

MM



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