



**CREST**  
CORPORATE RESPONSIBILITY IN ELIMINATING SLAVERY AND TRAFFICKING

## The Business Case for Ethical Recruitment and Supply Chain Management

Five reasons why it makes business sense to act ethically and how it can save your company money.

### 1 Build and Protect Company Brand and Industry Reputation

Companies that invest in ethical business practices are likely to experience positive results in terms of increased customer and investor trust, which can help boost a company's market value. In contrast, being associated with allegations of human trafficking and slavery in company practices and supply chains can cause serious damage to the reputation of a company, which can take years to re-build. Similarly, an entire industry can be blacklisted by the actions of a few unscrupulous or unknowing companies.

### 2 Meet Expectations of Customers and International Buyers

Consumers are increasingly questioning where their goods come from and the conditions in which they are made. Slavery-like practices are exposed and shared quickly online. Recognising this, many big brands have developed policies and codes of conduct that require all suppliers to comply with labour and human rights standards. Companies (suppliers) that adhere to these policies and codes can benefit from long-term partnerships with responsible buyers, while companies that breach these conditions can lose contracts.

### 3 Avoid Civil and Criminal Litigation

All companies are required to comply with the laws of the country in which they operate. Failure to do so can lead to criminal and civil liability, as well as administrative penalties. A number of countries, including the UK and US, now have laws that impose greater transparency on company supply chains. With more countries likely to follow suit, and the growing trend to include labour standards as a condition in new trade deals, it is in a company's interests to be proactive on this issue so as to compete in the global market.

### 4 Increase Competitiveness

Companies that treat their workers well by complying with all labour and human rights standards tend to have more productive workplaces, in which the rates of staff turnover are low, there are fewer workplace accidents and less work stoppages. Similarly, companies that invest in better recruitment practices, and in particular adopt the 'employer pays model,' tend to have workers that are more motivated and better matched to their role. This in turn helps attract other motivated and skilled workers to the company.

### 5 Minimize Business Risk

Good global supply chain management should incorporate sustainability and utilize a risk-based approach to ensure robustness. Companies that do not map their own supply chain and monitor the performance of their suppliers and contractors in terms of recruiting practices and workers' welfare are undertaking business risks. Reliance on suppliers engaged in exploitative recruitment practices may result in supply chain disruptions when regulatory action and legal sanctions are imposed on them.

## Did you know?

Human trafficking and slavery still exist today. Over half of the world's 21 million victims of slavery are found in the Asia-Pacific region. The majority work in the formal economy – making the clothes we wear, harvesting the food we eat and producing the goods we take for granted in our everyday lives.

Many of these victims are migrant workers, who leave their homes to travel to large cities, industrial zones and across national borders in search of better employment. Along the way, they can be exploited by unscrupulous labour brokers or recruitment agencies that charge workers excessive fees, provide misleading information about the job on offer, and in some instances seek to impose control over the workers through measures such as holding onto a worker's identity documents.

While exploitation may occur outside the knowledge of the employer, it does not absolve a company from any responsibility—both socially and legally. Over the years, many brands, and their suppliers, have been damaged by allegations of human trafficking and slavery. Damage can include reputational damage, financial losses, and legal action. While companies need to protect themselves from this risk, there is also a real opportunity for companies to benefit from more ethical business practices.

## What is good practice?

Companies with good reputations for acting ethically have developed strong company policies on how to tackle slavery and trafficking within their daily operations and supply chain. In particular, they commit to raising awareness about slavery and trafficking with their employees and within their broader supply chains, regularly monitor their business practices and take action when needed, and are transparent in reporting on their achievements and challenges.

Increasingly, companies are adopting 'the employer pays model' for recruitment, in which the employer covers the cost of recruiting new workers. This not only protects vulnerable workers from unscrupulous labour brokers and recruitment agencies, but also leads to better recruitment processes in which workers are better matched to their respective positions.

## A note about terminology

IOM uses the terms *human trafficking*, *slavery* and *slavery-like practices* to capture a range of practices in which a person, or organization, exerts control over another person for the primary purpose of exploitation. This includes forced labour, debt bondage and deceptive recruiting.

## How can IOM help?

IOM's **Corporate Responsibility in Eliminating Slavery and Trafficking (CREST)** programme centres around three key pillars of work and is designed to help companies manage the risk, and maximize the benefits, of migrant labour in their supply chains.



### PILLAR 1

Training on Slavery and Trafficking



### PILLAR 2

Pre-departure and Post-arrival Orientation Training



### PILLAR 3

Supply Chain Mapping and Ethical Recruitment Support

## Who are we?

Established in 1951, the International Organization for Migration is the United Nations' Migration Agency, and works to ensure the orderly and humane management of migration. IOM has 165 member states and 8 observer states with over 480 offices worldwide.

## Good Company Policy



Commit to raising awareness about human trafficking and slavery



Develop a code of conduct for your company and all suppliers



Adopt the Employer Pays Model for all recruitment



Regularly monitor your supply chain



Take immediate action if breaches are detected



Commit to transparency

## Need more information? Please contact:

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