

Fair Labor in the Global Supply Chain and the Connection to ASU

Presentation Script

Slide 1: Intro

This presentation was created by the Fair Labor Solutions team, which is made up of six Master's of Sustainability Solutions students. Today we are going to be looking at Arizona State University's procurement processes and how they connect to fair labor practices in the global supply chain.

Slide 2: Definitions

To create a strong foundation and common language for the presentation, let's first define forced and fair labor. Forced labor is defined as work that is involuntary, subject to penalty and is a subset of modern slavery. The United Nations Global Compact, a voluntary initiative specific to global corporations instilled by the United Nations, states that forced labor can take many forms such as slavery, debt bondage, child labor, and unfortunately the list goes on. Fair labor, on the other hand is voluntary, requires fair compensation, and is free from penalty.

Slide 3: United Nations Sustainable Development Goals

The United Nation has developed 17 sustainable development goals (SDGs), also referred to as global goals. All 17 goals embody aspects of sustainability and are interconnected. However goals 1, 8, 10, 12, and 16 are highly relevant to this topic. The goal of SDG 1 is to end poverty in all its forms, globally. The Covid-19 pandemic "has led to the first rise in extreme poverty in a generation," which means this SDG is even more important than ever. SDG 8 focuses on promoting "sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work. SDG 10 is about reducing inequality within and among countries. Goal 12 focuses on being mindful and shifting consumption patterns, which is important because "the global 'material footprint' increased by 70% between 2000 and 2017." Finally, SDG 16 works towards peace, justice, and strong institutions, addressing the reality that "conflict, insecurity, weak institutions and limited access to justice remain a great threat to sustainable development."

Slide 4: Problem Identification

How did this issue of labor come to be? There is both a global and local landscape which can be explored to find some clarity to this complex issue. Because ASU is a global institution with large purchasing power, it is important to highlight how our purchases connect to the global supply chain. ASU proudly markets its ranking as "number one in innovation," but its success can be amplified even more by prioritizing fair labor in the supply chain.

Slide 5: Global Landscape

The lack of effective fair labor standards and enforcement is a sustainability problem which includes social, environmental, and economic impacts that span continents and have intergenerational repercussions. In 2016, the International Labor Organization estimated that 25 million people were victims of forced labor. Women and girls are disproportionately affected, as they make up 58% of forced laborers. This issue falls largely into the social category when looking at these three pillars, but forced labor and negative environmental impacts are linked. In many instances, poor global standards across industries perpetuate the existence not only of forced labor, but of environmental damage as well. When it comes to the economic aspect, when workers are not paid a living wage, they do not experience economic opportunity. Forced labor is a complex problem that affects all aspects of sustainability.

Slide 6: Complex Causes

This visual helps simply illustrate the root categories that perpetuate unfair labor.

- “Substandard working conditions are often related to poverty, inequality and discrimination.” Global poverty, inequality, and discrimination represent upstream drivers that effect the opportunities workers are presented with and the decisions they make. If a person is experiencing poverty, they may agree to work a job that they otherwise would not, because they feel they have no other choice. Businesses, such as textile manufacturing factories, can recognize this and operate in a way that takes advantage of workers.
- Improving workplaces for victims of forced labor must go far beyond standard legal compliance. Increasing supply chain transparency and pushing companies to adopt labor standards across their entire operations and value chain must be encouraged. Competition due to capitalism results in suppliers wanting to provide products as efficiently and cost effectively as possible. But, outsourcing to third parties creates even less certainty in terms of fair labor compliance, as it is very difficult to visit and understand what is happening at every supplier. Because ASU currently purchases from hundreds of vendors, there is a high likelihood that not all suppliers adhere to fair labor standards.
- Purchasing demand at ASU has led to contracts with thousands of suppliers, thus a lack of fair labor is likely present. Although it may be possible to hold primary suppliers accountable for fair labor practices, those further down the supply chain tend to lack transparency and monitoring becomes more difficult.

Slide 7: Negatively Affected Stakeholders

Who is currently negatively affected by forced labor? In 2012, the International Labour Organization (ILO) performed a study on the global estimates of forced labor and found that the largest number of forced labor victims, 11.7 million, were in the Asia-Pacific region. This is over half (56 %), of the estimated total. The second largest region was in Africa with 3.7 million (18%) laborers, followed by Latin America and the Caribbean with 1.8 million victims (9%).

The negative effects that forced labor victims are subject to include poor working and living conditions, harassment, debt bondage, fear of physical punishment and ultimately, being unable to leave the situation.

Slide 8: Benefits & Benefiting Stakeholders

Who are the benefiting stakeholders? In another study by the ILO on profits from forced labor, it was found that the total annual profit worldwide amounts to an estimated \$150 U.S. billion dollars. A majority of the profits, \$99 billion, came from commercial sexual exploitation, \$34 billion from construction, manufacturing and mining, \$9 billion from agriculture, and the remaining \$8 billion from private households that underpay or do not pay domestic workers.

A majority of the profits were generated in the Asia-Pacific region generating \$51.8 million. The U.S, Canada, and EU made the second most profits, an estimated \$46.9 billion dollars, followed by the central and south eastern EU, Africa, South america, and the middle east. This study highlights the benefiting countries, however, the benefits are not distributed equally throughout these regions. The suppliers that practice forced labor and the consumers of these businesses are the true benefiting stakeholders. Although the most prevalent benefit of forced labor is profit, cheap labor, cheap products, and convenience are other important benefits.

Slide 9: Big Picture Recap

There are three main points to recap from this presentation so far.

1. Forced labor is a complex global issue. There are social, environmental, and economic determinants to forced labor activities that span across the world.
2. The root drivers of forced labor are multidimensional. This begins with poverty, inequality, and discrimination. Later, legal requirements, operation norms, and market competition perpetuates the issue. Finally, ASU's purchasing demand, driven by mass consumption.
3. There are stakeholders that are negatively affected and those that benefit from forced labor.

Slide 10: ASU Connectedness

ASU is a huge university that makes purchases from all around the globe. This connects us and our choices to the global environment. For example, the map here shows all the countries where Adidas, one of our largest suppliers, manufacturers. ASU's purchasing structure is very decentralized and is broken down by amount spent. Every purchase impacts ASU, but there are very few guidelines in place to ensure that fair labor practices are adhered to throughout our vast supply chain.

Slide 11: Areas of Opportunity

The Fair Labor Solutions team has identified three areas of opportunities that ASU can expand upon to adhere to fair labor practices. These are in purchasing, awareness and collaboration, and staff:

In purchasing:

Before making a purchase, refer to the approved vendors list for suppliers already verified by the FLA. Specifically for “swag” items commonly used as giveaway prizes, refer to ASU’s sustainable purchasing guidelines. It is important to purchase intentionally.

In awareness and collaboration:

Continue to educate yourself and begin to educate your peers on fair labor within the supply chain. Listening to this presentation is a good place to start but doing your own research, raising awareness, and forming a network of fair labor peers is highly encouraged.

In staff:

Encourage the university to create a dedicated team focused on ethical and sustainable purchasing in ASU’s supply chain. This team should collaborate with other university groups and help build capacities.

Further detailed opportunity actions can be found in the final report.

Slide 12: Questions

Thank you for listening. Below are additional resources to learn more about labor in the global supply chain. We will take any questions you have at this time.

References

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