

# Navigating Decent Work Challenges in Multi-Tiered Supply Chains

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## LEADERSHIP BRIEF



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Global Compact



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This report has been prepared by Assent Compliance Inc. in close cooperation with the UN Global Compact. Assent is a participant in the UN Global Compact Decent Work in Global Supply Chains Action Platform. For more information, please visit [assentcompliance.com](https://assentcompliance.com).



# INTRODUCTION

The COVID-19 crisis has uncovered the huge decent work deficits that still prevail in 2020, including occupational health and safety risks, prevalent informal work, low wages and a lack of social protection coverage, to name only a few examples. The vulnerability of millions of working people to human rights violations and decent work deficits has exposed just how inherently unfair and unequal global supply chains are.

Multinational enterprises that dominate international trade operate in a highly competitive environment. This competitive pressure is passed onto the producers — often micro, small and medium-sized enterprises based in developing countries that are already enduring precarious situations. With the crisis, every link in the global supply chain is being disrupted, putting even more pressure on suppliers, which could lead to increased labour rights violations with heightening risks for workers already exploited.

There is an urgent need to reduce global supply chain vulnerabilities — all stakeholders benefit from stronger, more transparent, more resilient and more sustainable supply chains. Supply chain resilience will play a crucial role in the socioeconomic recovery ahead. This brief examines how companies can navigate complex multi-tiered supply chains and their associated challenges as part of their efforts to advance decent work in their global supply chains.



## DECENT WORK

Decent work sums up the aspirations of people in their working lives. It involves opportunities for employment that are productive and deliver a fair income; security in the workplace; social protection for families; better prospects for personal development and social integration; freedom for people to express their concerns, organize and participate in the decisions that affect their lives; and equality of opportunity and treatment for all women and men.<sup>1</sup>

The concept of decent work has implications far beyond individual workers, especially in the context of a global supply chain. It has the ability to drive sustainable development, reduce inequalities and create thriving societies. But where deficits exist, human suffering often follows.

On the other hand, when companies address decent work deficits in their supply chains, they contribute to the achievement of the Sustainable Development Goals (SDGs) as articulated in the 2030 Agenda with resultant positive impacts on individual workers, societies and companies. In particular, Goal 8: Decent Work and Economic Growth calls for the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work.

## PREVENT AND MITIGATE DECENT WORK DEFICITS IN GLOBAL SUPPLY CHAINS

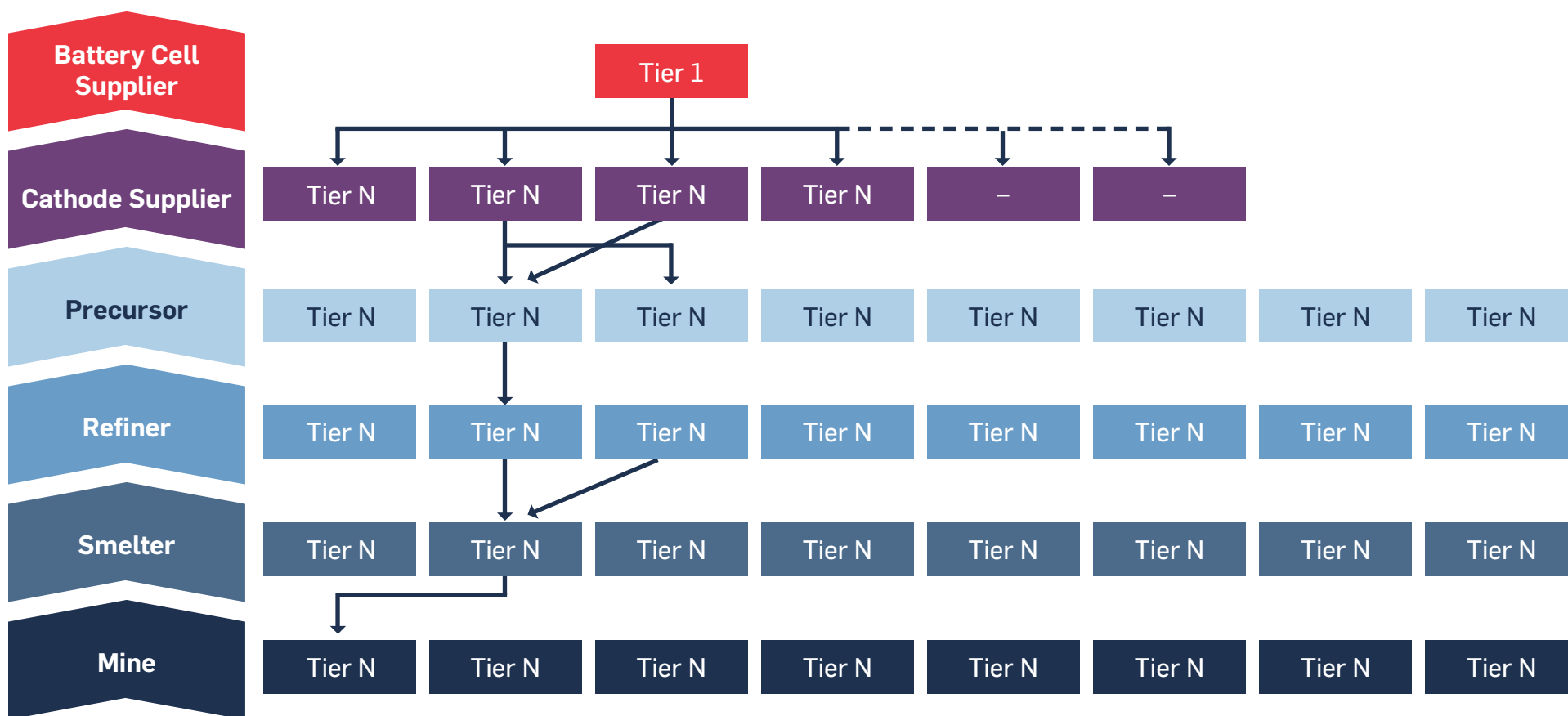
In today's supply chains, hundreds or thousands of suppliers at multiple levels may contribute to the production of a single product. Some global supply chains can have as many as nine tiers tracing back to the raw materials. In a sector like the automotive industry, for example, the supply chain of a single component in a vehicle can be several tiers deep, with complex interrelationships between tiers.

While such multi-tier supply chains have the advantage of driving efficiency, reducing planning cycle lead times and reducing the risk of disruptions to the business, they also increase a brand's vulnerability and exposure to significant risks. Global supply chains are breeding grounds for human rights violations occasioned by decent work deficits, particularly in the lower tiers of the chain. This is exacerbated in a crisis situation such as a pandemic, where workers' rights may be compromised and income threatened as a result of order cancellations, factory shut-downs, or layoffs.

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1. Decent Work and the 2030 Agenda for Sustainable Development, ILO

## COMPLEXITY OF THE RAW MATERIAL SUPPLY CHAIN BASED ON THE EXAMPLE OF BATTERY



Source: Daimler

Even in “normal” times, violations of workers’ rights around occupational health and safety, wages, working time, gender discrimination, violence and harassment, freedom of association and collective bargaining are some of the most common decent work deficits in supply chains. More egregious practices, such as child labour, forced labour and

human trafficking are more acute in the lower segments of the chain, where migrant workers, informal and home workers make up a significant proportion of the workforce.<sup>2</sup> More than six in 10 workers operate in the informal economy, which is characterized by a high incidence of poverty and severe decent work deficits.<sup>3</sup>

2. For more information, please refer to [Sustainable Supply Chains and Decent Work: Opportunities and Challenges for G20 Members](#), ILO

3. For more information, please refer to [Women and men in the informal economy: A statistical picture. Third edition](#), ILO

Companies can significantly influence decent work conditions for supplier employees by adapting their purchasing practices. Purchasing practices that primarily focus on lower prices and shortening lead times for example run a greater risk of having a negative impact on working conditions. In times of disruptions like the COVID-19 crisis, company practices such as order cancellation, payment deferral and other measures to mitigate losses for the brand can easily translate into an increase of exploitative working conditions for suppliers' workers.

Efforts to limit financial impacts should not be made at the expense of workers' rights and welfare. Proactive measures could include:

- Ensuring social dialogue between managers and workers as a key element to jointly address the impacts of a crisis
- Sustaining minimum wage levels to protect workers in a vulnerable situation and to reduce poverty
- Paying the manufacturer for finished goods and goods in production
- Allowing flexibility in delivery and quotas to ensure business continuity, payment of workers and limit excessive working hours
- Maintaining quick and effective open lines of communication with suppliers about the status of business operations and future planning

One important note: Despite difficult contexts, companies are still expected to take effective measures to identify, prevent, mitigate and account for how they address the

risks of adverse impacts on human rights and labour rights in their operations and in their global supply chains. This is called human rights due diligence (see "The challenges in navigating multi-tiered supply chains and ways to address it" section).

Resources such as the *[Decent Work Toolkit for Sustainable Procurement](#)*, developed by the UN Global Compact Decent Work in Global Supply Chains Action Platform, helps companies develop a common understanding of how to advance decent work through purchasing decisions and scaling up efforts to improve lives around the globe. Such tools are particularly useful for helping companies prioritize and integrate key social and sustainability objectives into their supply chain resilience strategies. Companies must develop procedures and measures to implement the UN Guiding Principles on Business and Human Rights, implement due diligence procedures and promote decent work in their operations and supply chains.

With regard to Governments, decent work deficits can be exacerbated by their limited capacity and resources to effectively monitor and enforce compliance with regulations. Companies could play an important advocacy role in encouraging Governments to strengthen their labour inspection system and address gaps in statutory legislation, enforcement, and access to justice that create space for non-compliance. They should also establish clear frameworks for responsible business conduct.

For the latest insights and resources on the impacts of COVID-19 on Decent Work from the UN Global Compact, please visit: [unglobalcompact.org/covid-19/decentwork](https://unglobalcompact.org/covid-19/decentwork).



# BUSINESS IMPLICATIONS FOR COMPANIES

For companies, decent work deficits in supply chains can negatively impact efforts to make supply chains sustainable and more resilient. They also have significant operational, financial, legal, and reputational consequences. For example, poor working conditions can lead to reduced productivity, labour unrest and factory shutdowns due to health and safety disasters. Working with suppliers on labour and human rights will affect how employees, customers, Governments, investors and other stakeholders perceive a brand and company.

Including decent work considerations in your buying decisions — including through cost-neutral measures like working to avoid short lead times or last-minute changes — can benefit and strengthen your business while at the same time contributing to better working conditions for the workers in your supply chain.

In particular, the risks for companies for not considering decent work in global supply chains could include:

- Poor quality or product failures
- Inconsistencies in the supply of products and services
- Poor working conditions leading to reputation impacts or increased stakeholders pressure, amongst other impacts
- More frequent and costly audits and supplier monitoring

On the flip side, providing decent working conditions are compliant with their sustainability objectives and values, secure consistent and reliable suppliers and protect and enhance the brand's image and reputation, to name just a few.

Further examples are available in the [\*Decent Work Toolkit for Sustainable Procurement\*](#).

Over and above these consequences, however, is the fact that respect for workers' human and labour rights are part of business responsibility, regardless of the existence of a business advantage. A growing number of legislative initiatives are being adopted to translate this responsibility into mandatory requirements for companies, with penalties for failure to comply.<sup>4</sup> When they do not consider human and labour rights risks and impacts in their supply chains, companies expose themselves to legal consequences under these laws, which are based on normative frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs), that clearly outlines the responsibility of companies to respect human rights in their operations and supply chains. The leadership brief [\*Business and Human rights: Navigating the legal landscape\*](#), co-developed by the UN Global Compact and Freshfields Bruckhaus Deringer, provides an overview of the legal landscape for business with regards to human rights due diligence.

## GOING BEYOND TIER 1

The direct implication of these challenges for companies is that they need to monitor their supply chains closely to ensure basic standards are met — even if they do not deal directly with the companies involved or control their actions. In other words, due diligence needs to go beyond Tier 1. This means having visibility into the supply chain down to the raw material level.

Most companies assess first-tier suppliers' performance based on public data and data collected directly from suppliers through questionnaires or on-site audits. This is a top-down approach to mapping and understanding risk. While it is a logical first step, as it is often where businesses feel that they have the greatest influence and can make the biggest impact, this approach can create blind spots, since the majority of risks (including decent work deficits) reside deeper down the supply chain.

Human rights and labour rights risks increase significantly in the lower tiers of the supply chain. A BSR survey found that at Tier 2, audits identify 18 per cent more issues than at Tier 1. The issue severity also increases further down the supply chain, with Tier 3 suppliers showing the highest number of critical issues, on average.<sup>5</sup>

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4. Business and Human Rights Resource Centre: *EU Commissioner for Justice commits to legislation on mandatory due diligence for companies*

5. Giblin, C. *What is happening beyond the first tier of your supply chain?*, BSR

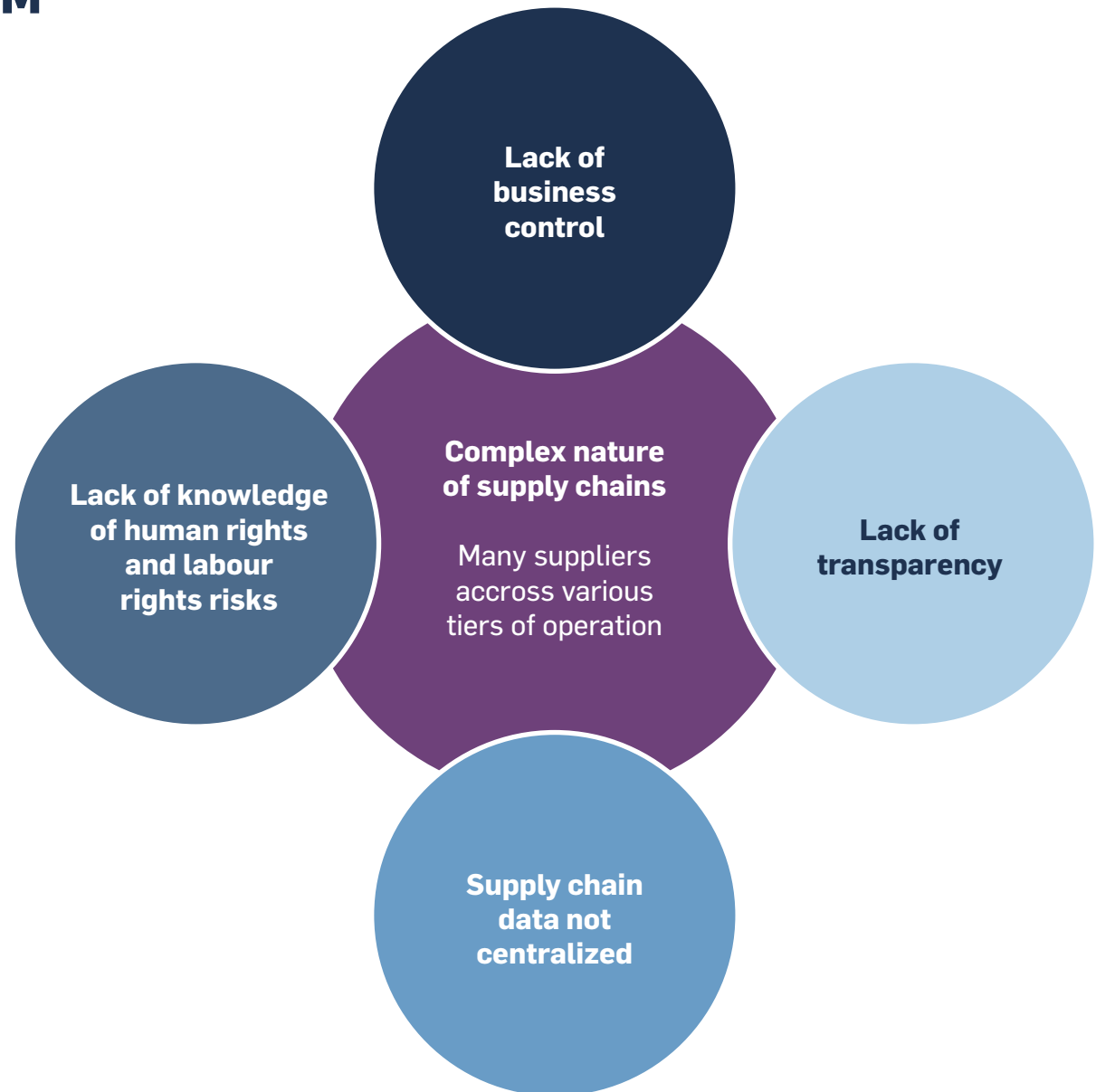




# CHALLENGES IN NAVIGATING MULTI-TIERED SUPPLY CHAINS AND WAYS TO ADDRESS THEM

Companies face significant challenges in navigating multi-tier supply chains, largely due to the complex nature of supply chains today with many suppliers across various tiers of operations. This explains the lack of transparency and business control as companies will not have a direct contractual relationship with most of the suppliers in their supply chain.

Even when dealing only with Tier 1 suppliers, achieving visibility can be difficult, according to Assent Compliance, because supply chain data is spread across multiple systems, locations, and departments within the company.<sup>6</sup> Beyond the first tier, visibility becomes even more difficult. The knowledge of the identity of lower-tier suppliers is often limited, also because lower tiers have a high representation of informal enterprises and workers, or home-based and family workers. As a result, companies may be unaware of the embedded risks within their supply chain.



6. Assent Compliance.

There are no easy solutions to overcome the challenges of understanding and addressing human rights and labour rights risks in global supply chains. Companies can adopt a variety of risk mitigation strategies to manage the complexities of their multi-tier supply chains, hoping to achieve better visibility and control in the process. This includes:

- Simplifying and shortening the supply chain to reduce vulnerability to external risks and gain more leverage
- Integrating corporate responsibility criteria into supplier selection processes
- Moving beyond audits to investing in training and capacity building for suppliers on responsible business conduct
- Using technologies to obtain and manage data
- Engaging with suppliers and encourage them to adopt industry standards and global frameworks, such as the Ten Principles of the UN Global Compact
- Partnering with others and joining multi-stakeholder initiatives

Partnerships are an important way in which companies strive to reduce the complexity in their supply chains. By partnering with industry peers, experts, and local stakeholders such as civil society organizations, unions and workers' representatives, companies can better understand risks and impacts such as child labour or forced labour that may be difficult to identify through desk research or audits. To build a better relationship with suppliers, companies should aim to reduce the number of Tier 1 suppliers they work with and

building close, long-term relationships with a more manageable cohort of first-tier suppliers.

These strategies, while helpful, do not provide companies with the kind of knowledge they need to pinpoint where decent work deficits exist beyond Tier 1. Technology helps address that gap. By enabling companies to obtain data from deeper within their supply chains, technology empowers businesses to identify and tackle labour rights risks and improve working conditions globally.

Technology companies obtain this data and build supplier databases that rely on direct interactions with suppliers to derive real-time insights into such areas as working conditions and workers' rights. These insights are used to create comprehensive performance profiles of suppliers, which provide visibility and guide decision-making for companies.

The use of technology is even more relevant in a crisis situation such as a pandemic when normal due diligence methodologies like on-site audits are not possible due to travel restrictions and social distancing measures.

These actions are important and helpful, but the most important is that companies conduct human rights due diligence should comprise diligence. All companies should:

- Make a policy commitment to meet the responsibility to respect human rights and labour rights
- Address risks through conducting ongoing human rights due diligence to identify, prevent, mitigate and account for how they address their impacts on human and labour rights in their operations and global supply chains

## Policy Commitment

Companies should have a human rights/decent work policy in place which identifies its commitments in this space and governance structures, as well as its expectations for suppliers and business partners. It is crucial to communicate and make available commitments to staff, suppliers and business partners, and embed it in policies and procedures.

## Human Rights Due Diligence

Research shows that lower-tier suppliers tend not to address decent work deficits of their own volition, possibly because they may not be aware of the potential consequences to

themselves. As they are often unknown companies that do not receive pressure from the media, they tend to take action only if multinational companies or civil society organizations intervene<sup>7</sup>. The responsibility for reducing the risks posed by these suppliers, therefore, falls on companies in the upper tiers. The first step to reducing risks is by identifying what they are and where they lie. In turn, this helps companies determine their priorities and the best engagement methods for mitigating supplier risk.<sup>8</sup> In particular, companies should undertake human rights due diligence in accordance with the UN Guiding Principles for Business and Human Rights.

Human rights due diligence helps identify where the risk of adverse human rights impacts is most significant. The aim should be to conduct human rights due diligence across the entire supply chain, and supplier risk should be measured using a clearly defined set of indicators.<sup>9</sup> In conducting due diligence, companies may find that risks derive not so much from the supplier as from the geopolitical context. For example, electronics companies may find that the minerals they use are extracted from regions affected by conflict, and where human rights violations are rampant. Such companies would then need to prioritize suppliers from that region for monitoring.

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7. Villena, V.H., & Gioia, D.A. *On the riskiness of lower-tier suppliers: Managing sustainability in supply networks*. Journal of Operations Management.

8. For more information, please refer to *Supply Chain Sustainability: A Practical Guide for Continuous Improvement (Second Edition)*, UN Global Compact, BSR

9. For more information or guidance on how to conduct human rights due diligence, companies can refer to the *UN Guiding Principles for Business and Human Rights* and the *Report of the Working Group on Business and Human Rights on the issue of human rights and transnational corporations and other business enterprises*, as well as the *Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy* (ILO MNE Declaration) and the OECD *Due Diligence Guidance for Responsible Business Conduct*.



The due diligence steps they take will help companies to effectively integrate responsible business practices into their supply chain management processes which, according to the World Business Council for Sustainable Development (WBCSD),<sup>10</sup> leads to more resilient supply chains. In particular, human rights due the following steps:

**1. Map the supply chain:** which helps identify who is in their supply chains and where they are located. This traceability exercise will require time and resources and may present challenges, as some suppliers will be reluctant to share data. However, mapping supply chains is the only way for companies to understand where and how the inputs, raw materials, and products and services they buy flow around the world, and therefore where risks lie.

Supply chain mapping is also a critical step in any effort to build a more resilient supply chain. Companies that map their supply chains can quickly identify which suppliers or raw materials are impacted in a crisis and thus formulate a faster response.

- 2. Assess human rights impacts:** which can be integrated within broader enterprise risk-management systems. The scope of any such assessment can vary, but they are often deployed when a business considers a particular supplier, supply chain, product or business line to be high risk from a human rights perspective and wants to gain a deeper understanding of the specific actual or potential adverse impacts.
- 3. Integrate and act on findings:** which will ensure functions or colleagues are responsible for prevention and mitigation efforts and ensure that effective measures to address such risk or impact on human rights and/or decent work are taken.
- 4. Tracking and reporting:** entails measuring and tracking performance, and being transparent on what the human rights impacts and/or decent work deficits are and the measures to mitigate them and address them.

The UN Guiding Principles require that companies provide remediation when they have caused or contributed to adverse human rights impacts.

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10. Building Resilience in Global Supply Chains, World Business Council for Sustainable Development

# 1. ADDRESSING DECENT WORK IN THE FOOD INDUSTRY

## Standard Restaurant Supply Chain



# Grupo Restaurantero Gigante

As a company operating in the food and beverage sector, and a participant in the UN Global Compact Decent Work in Global Supply Chains Action Platform, Grupo Restaurantero Gigante understands that decent work deficits within supply chains are often a direct result of the socioeconomic conditions of producers' countries. In many developing countries, the rural economy is widely characterized by severe decent work deficits and poverty, hosting nearly 80 per cent of the world's poor. Rural areas are characterized by governance gaps, informality, gender inequality and vulnerable workers. Underemployment is widespread, incomes are generally low, access to social protection is extremely limited and in many places, rural workers are not fully covered by national labour law, and their rights more broadly are often not recognized or enforced. Poor working conditions are common among agricultural workers, composed mainly of informal labourers. Informal economies are typically characterized by a high incidence of poverty and severe decent work deficits.

For producers, the situation can be equally dire. With no access to regular markets, small producers are forced to sell their products at a low price. Insufficient incomes from sales mean they cannot afford to hire workers, which results in them taking their children out of school to help on the farms. For both employed farm workers and small producers, the situation is exacerbated by middlemen and local companies that take advantage of the lack of law enforcement to entrench poor working conditions.

To avoid decent work deficits in its supply chain, Grupo Restaurantero Gigante focuses on traceability and accountability all the way to the source, ensuring that it assesses its supply chain beyond Tier 1. This is of critical importance, according to the company, as wrongful behaviour in one part of the value chain taints the rest of the chain. This matters to customers, who are more enlightened today and have specific expectations around sustainable and ethical sourcing.

In its coffee supply chain, for example, Grupo Restaurantero Gigante' traceability project in Chiapas, Mexico, has enabled the company to track up to Tier 9, and in the process, has identified and eliminated middlemen between small producers and the company.

- [Video of coffee project](#) (in Spanish)
- [Video of strawberry marmalade](#) project (in Spanish)

Eliminating tiers, according to Grupo Restaurantero Gigante, is one of the most important things a company can do. By going straight to the source, a company can eliminate multiple tiers and introduce more linearity to the supply chain. With only one tier of suppliers, monitoring and working with them becomes a lot easier, and smaller producers who otherwise have no access to the market can develop a formal business. Being uneducated, these producers also receive help to learn the money side of the business, implement health and safety standards, and follow a methodology that improves their lives and those of their families.



For supply chains that cannot be flattened, rigid mindsets remain the single biggest challenge to addressing working deficits and other social issues, according to Grupo Restaurantero Gigante. Unable to see the correlation between improved working conditions for their workers and their bottom line, producers resist efforts to engage them.

Grupo Restaurantero Gigante counters this mindset with education and capacity-building, helping these producers realize that upholding ethical standards is in everyone's best interest. The preferred approach is to work with these suppliers to improve labour conditions. However, where there is no desire or effort to bring about change, then the company may need to end its relationship with the producer.



## 2. ADDRESSING DECENT WORK IN THE CHEMICALS INDUSTRY

### Chemical Supply Chain



The chemicals industry is one of the world's most interactive industries, delivering materials and substances to sectors such as agriculture, automotive, construction and nutrition.<sup>11</sup> As with other sectors, it faces significant decent work deficits within its supply chain that are closely related to country-specific risks. The production and extraction of raw materials have major labour force concerns, for instance, as does the distribution process where drivers are often forced to work excessively long hours. Concerning country risks, in industrialized and emerging countries, the most common decent work deficits relate to excessive working time (with associated health and safety risks), work-life-balance, and short-term contracting as opposed to permanent positions.

In less developed countries like the Democratic Republic of the Congo (DRC), however, risks include gross human rights violations such as child labour and forced labour. But even in developed countries, vulnerable populations such as migrant workers can face severe human rights violations, including human trafficking and modern slavery or lack of access to public services such as health care.

Chemicals giant BASF relies on rigorous human rights due diligence process to identify and address these risks<sup>12</sup>. With a complex supply chain that is several tiers deep, the company understands the challenges associated with overseeing and navigating a multi-tiered supply chain. For one, transparency is difficult to achieve, as there are business secrecy and antitrust factors involved. And when it comes to the human

rights due diligence process, many companies find that comprehensive human rights tools are lacking.

In the minerals supply chain, for example, existing tools are limited in scope and do not cover the full range of human rights issues that companies may encounter in their supply chains. This makes it a challenge to address risks.

Despite these challenges, BASF recognizes that risk assessments must go beyond Tier 1 and should include all human rights risk. This means following the chain of custody down to the source of the raw materials to provide visibility, a thorough understanding of complex supply nets, and how products are interrelated. With limited tools available, BASF prioritizes partnerships as a good practice to help reduce risk, recognizing that such partnerships are key to responsible sourcing throughout the value chain.

One such partnership, established by BASF and other fabricators after the Marikana tragedy in South Africa, sees [members](#) of the International Platinum Group Metals Association (IPA) undertake sustainability initiatives that focus on improving living and working conditions of peoples in communities around mine operations. The initiative provides IPA members with opportunities to exchange on success factors and best practices in addressing challenges.

Website: [BASF Marikana Initiative](#)

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11. [Supply chain management in the chemicals industry](#), Deloitte.

12. Participant in the United Nations Global Compact (UN Global Compact) Decent Work in Global Supply Chains Action Platform (2017–19).



### 3. ADDRESSING DECENT WORK IN THE AUTOMOTIVE INDUSTRY

#### Standard Automotive Supply Chain



# Daimler

Automotive supply chains are some of the most complex in the world. On average, the typical vehicle comprises over 20,000 parts sourced from thousands of different suppliers at multiple tiers. This complexity raises challenges for efforts to monitor working conditions, especially because many parts of that vast supply chain are invisible.

This challenge is not lost on Daimler, whose products require raw materials that have to be rigorously monitored because of the potential human rights risks associated with their supply chain<sup>13</sup>. Among these are cobalt, which has increased in demand in step with the growing ubiquity of electric vehicles, as well as mica, rubber, steel, aluminum, and precious metals. The human rights violations and decent work deficits associated with these materials are well documented.

As part of its efforts to maintain visibility into its supply chain and minimize these risks, Daimler uses a supplier selection process that includes screening questionnaires based on the five-step framework of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas. These questionnaires help identify and document the sustainability performance not only of potential Tier 1 suppliers, but also the tiers below them.

Daimler's approach to navigating a multi-tier supply chain that could be tainted with human rights violations such as child labour and forced labour is anchored on thorough due diligence. Its in-house human rights due diligence approach — the Human Rights Respect System (HRRS) — focuses on ensuring that human rights are respected by direct suppliers (Tier 1) and at risk-relevant points of the supply chain beyond Tier 1. Early identification and avoidance of systemic risks are integral to this approach.

The system relies heavily on supplier surveys, auditing, and engagement. The use of supplier surveys has helped increase transparency concerning the sourcing of steel, aluminum, and precious metals, as well as rubber and mica. When the HRRS identifies a material as critical, the company's supply chain undergoes periodic audits, including an examination of the systems used to prevent practices like child labour and forced labour. These audits provide the company with comprehensive supply chain mapping, which in turn forms the basis for greater transparency and better monitoring and influencing of the supply chain. As a result of supply chain mapping, Daimler is also able to more extensively address capacity-building at supplier companies. In one instance, when audits resulted in a Tier 1 supplier removing a sub-supplier from the paint supply chain, Daimler continued to engage that Tier 1 supplier to continuously improve its sustainability practices.

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13. Daimler is a participant in the UN Global Compact Decent Work in Global Supply Chains Action Platform.



## **ABOUT THE DECENT WORK IN GLOBAL SUPPLY CHAINS ACTION PLATFORM**

The United Nations Global Compact launched the [Action Platform on Decent Work in Global Supply Chains](#) in 2017 to build an alliance of companies and partner organizations that are committed to respecting human rights and labour rights by leveraging their supply chains and taking collective action to address decent work deficits. This platform builds the case for improving decent work in global supply chains and

demonstrates how labour rights and human rights are critical for achieving the Sustainable Development Goals. The focus lies on fostering leadership, learning and sharing across sectors, establishing good practice, identifying and incubating innovative solutions and accelerating actions to address human rights and labour rights in global supply chains.

## RELATED RESOURCES

1. The UN Global Compact Decent Work in Global Supply Chains Action Platform has developed the [\*Decent Work Toolkit for Sustainable Procurement\*](#) to enable companies, procurement professionals and suppliers to develop a common understanding on how to advance decent work through purchasing decisions and scaling up efforts to improve lives around the globe.
2. The [\*Interactive Map for Business of Anti-Human Trafficking Organizations\*](#) includes information on the organisations that work with the business sector to combat modern slavery
3. [\*Supply Chain Sustainability: A Practical Guide for Continuous Improvement, \(Second Edition\)\*](#), developed by the UN Global Compact and BSR, illustrates how companies can implement the Ten Principles of the UN Global Compact throughout their supply chains and integrate sustainability into procurement strategies.
4. DRIVE Sustainability, Responsible Minerals Initiative & Dragonfly Initiative, [\*Material Change. A study of risks and opportunities for collective action in the materials supply chains of the automotive and electronics industries.\*](#)
5. The U.S. Department of Labor's [\*List of Goods Produced by Child and Forced Labor, Comply Chain tool, Sweat and Toil app\*](#) and the U.S. Department of State's [\*Trafficking in Persons Report\*](#).
6. [\*The Slavery and Trafficking Risk Template \(STRT\)\*](#) is a free online resource for supplier mapping and screening questionnaire.
7. The [\*Business and Human Rights Resource Centre\*](#) can be used to search for risks in different countries and sectors. Allegations against specific companies can also be found.
8. Verité's [\*Commodity Atlas\*](#) identifies high-risk sectors and countries associated with sourcing 43 different commodities.
9. [\*The Responsible Sourcing Tool\*](#) allows for risks to be identified at a country and sector level.
10. International Trade Union Confederation's (ITUC) [\*Global Rights Index\*](#) ranks risks to workers' rights being violated in different countries and can help identify high-risk countries.
11. IFC has developed a Global Map for Environmental and Social Risks (GMAP tool) focused on agro-commodity production [\*GMAP tool\*](#), which flags E&S risks by commodity and country including labour related risks.
12. Shift's [\*Respecting Human Rights Through Global Supply Chains\*](#) provides guidance for companies on implementing the UN Guiding Principles, including how to identify risks by mapping and prioritizing within the supply chain.
13. The OECD has developed a number of due diligence guidance focusing on the [\*extractive sector\*](#), [\*garment and footwear\*](#), [\*agriculture\*](#), [\*minerals\*](#) and [\*child labour\*](#).



# THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT



## HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.



## LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.



## ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.



## ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.



**United Nations**  
Global Compact

## ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the UN Secretary-General, the United Nations Global Compact is a call to companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the UN Global Compact guides and supports the global business community in advancing UN goals and values through responsible corporate practices. With more than 10,000 companies and 3,000 non-business signatories based in more than 160 countries, and more than 68 Local Networks, it is the world's largest corporate sustainability initiative.

For more information, follow [@globalcompact](#) on social media and visit our website at [unglobalcompact.org](https://unglobalcompact.org)