

GUIDANCE ON MODERN SLAVERY RISKS FOR THAI BUSINESSES

คู่มือความเสี่ยงด้านการใช้แรงงานทาสสมัยใหม่
สำหรับธุรกิจไทย

Stock Exchange of Thailand, WalkFree, FAST
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KEY POINTS

1. Definition
2. Materiality of Modern Slavery to Thailand and ASEAN
3. UNGPs and Interrelated Standards on Modern Slavery
4. Good practices on Modern Slavery Risks
5. Guidance Usage (Risk assessment and indicators, policy setting, disclosure and reporting)
6. Next Steps



1. DEFINITION

Modern Slavery

Forced marriage

Forced labor

All work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily.

Human trafficking

The recruitment, transportation, transfer, harboring or receipt of persons using threats, force, or deception, for the purpose of exploitation.

The worst forms of child labor

All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labor; and, work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

Slavery and slavery-like practices

Slavery is the condition of a person over whom any or all of the powers attaching to the right of ownership are exercised. Slavery-like practices include debt bondage.

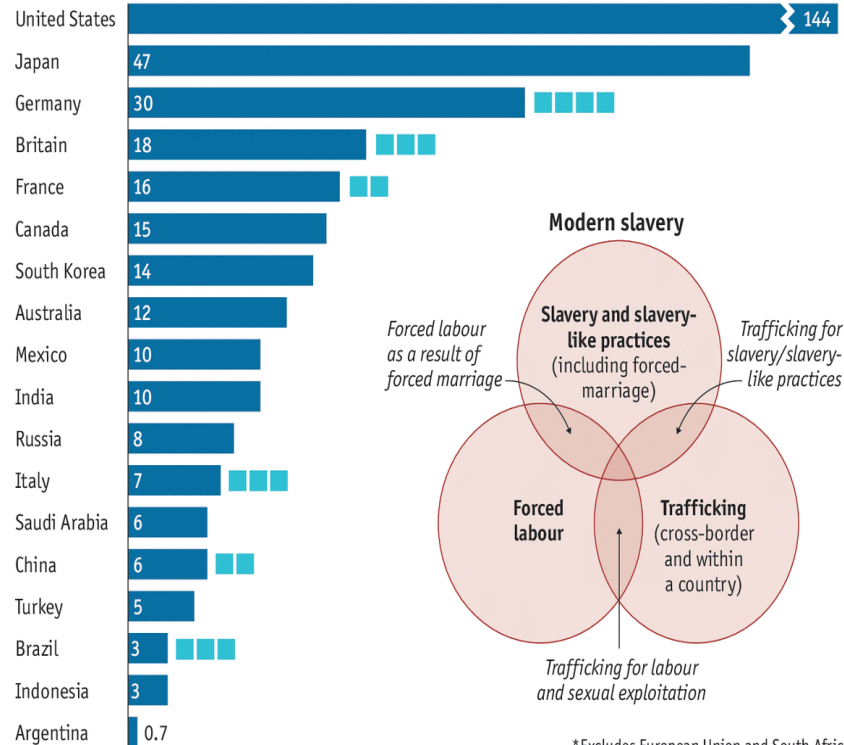
Debt bondage

A person's labor is pledged to pay off a loan or debt that is excessive, or the labor is unlimited and undefined.

Chains of misery

G20 countries*, imports of the five most "at risk" goods†
2017, \$bn

Number of government policies to prevent sourcing goods and services linked to modern slavery
US=7



Source: Global Slavery Index 2018

Economist.com

* Excludes European Union and South Africa
† Likely to have been produced by forced labour



1. DEFINITION

MODERN SLAVERY

- Worker cannot refuse or cease work because of coercion, threats or deception.
- Worker may also be deprived of personal freedom.

DANGEROUS OR SUB STANDARD WORKING CONDITIONS

- Worker can refuse or cease work but doing so may lead to detriment.
- Worker not paid fairly and does not receive some or all entitlements.
- Worker may be required to work excessive hours.
- Workplace is unsafe.

DECENT WORK

- Workers' rights respected.
- Worker free to refuse or cease work.
- Worker paid fairly (at least minimum wage).
- Workplace is safe.

Adapted from: Australian Department of Home Affairs, Modern Slavery Act 2018 - Guidance for Reporting Entities.

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2. MATERIALITY OF MODERN SLAVERY TO THAILAND AND ASEAN



2020 LIST OF GOODS PRODUCED BY CHILD LABOR OR FORCED LABOR



From Unknown to Known:
The Story Behind Our Stuff

Asking the Right Questions to
Trace Abuses in Global Supply Chains

2020 LIST OF GOODS PRODUCED BY CHILD LABOR OR FORCED LABOR

COUNTRY/AREA	CHILD LABOR	FORCED LABOR	CHILD LABOR & FORCED LABOR
Taiwan		Fish	
Tajikistan			Cotton
Tanzania	Cloves, Coffee, Gold, Nile (gems), Tea, Tobacco		
Thailand	Pornography, Sugarcane	Fish	Garments, Shrimp
Turkmenistan	Cumin, Footwear, Furniture, Garments, Hazelnuts, Peanuts, Pulses (legumes), Sugar Beets		Cotton
Uganda	Bricks, Cattle, Charcoal, Coffee, Fish, Gold, Rice, Sand, Stones, Sugarcane, Tea, Tobacco, Vanilla		
Ukraine	Amber, Coal, Pornography		
Uzbekistan		Cotton, Silk Cocoons	
Venezuela		Gold	
Vietnam	Bricks, Cashews, Coffee, Fish, Footwear, Furniture, Leather, Pepper, Rice, Rubber, Sugarcane, Tea, Textiles, Timber, Tobacco		Garments
Yemen	Fish		
Zambia	Cattle, Cotton, Gems, Stones, Tobacco		
Zimbabwe	Tobacco, Sugarcane		



2. MATERIALITY OF MODERN SLAVERY TO THAILAND AND ASEAN

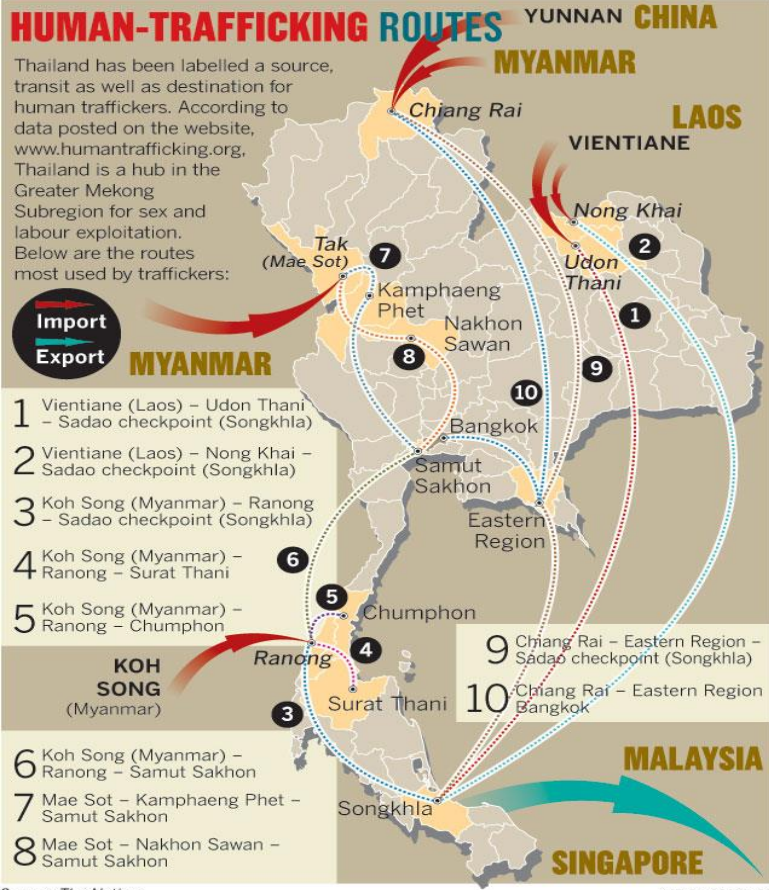
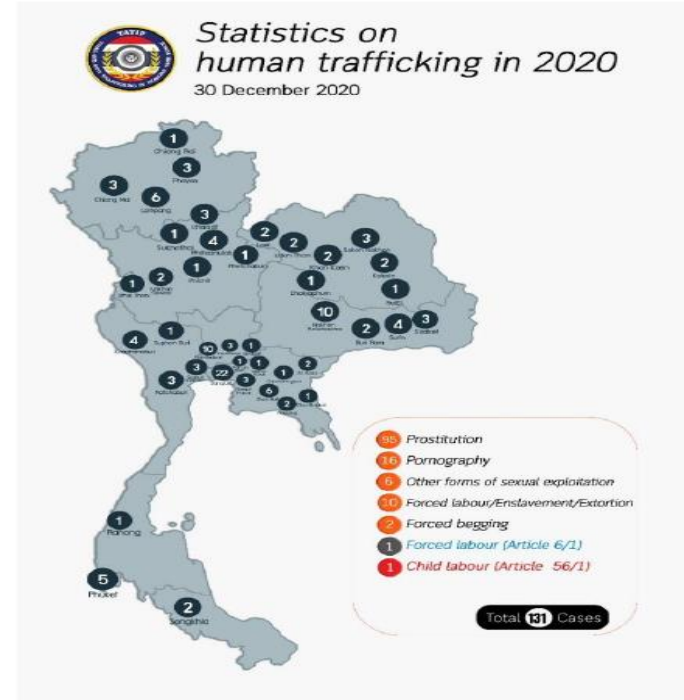
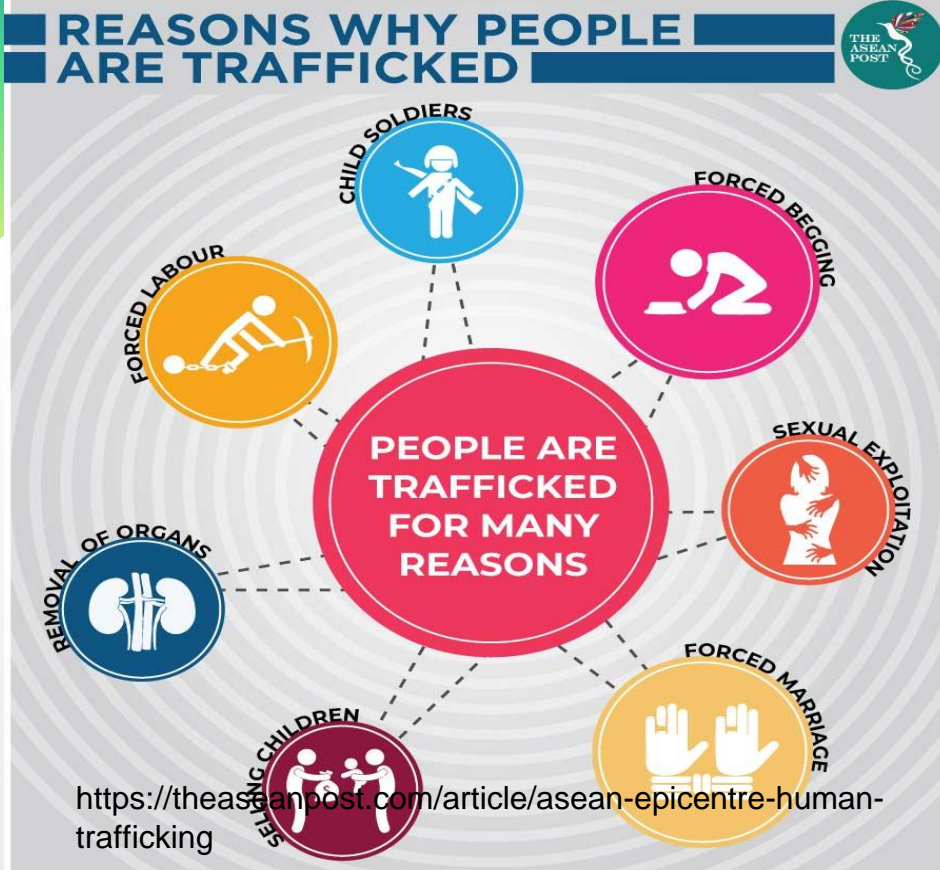


Diagram 1: Statistics on Human Trafficking Cases in 2020

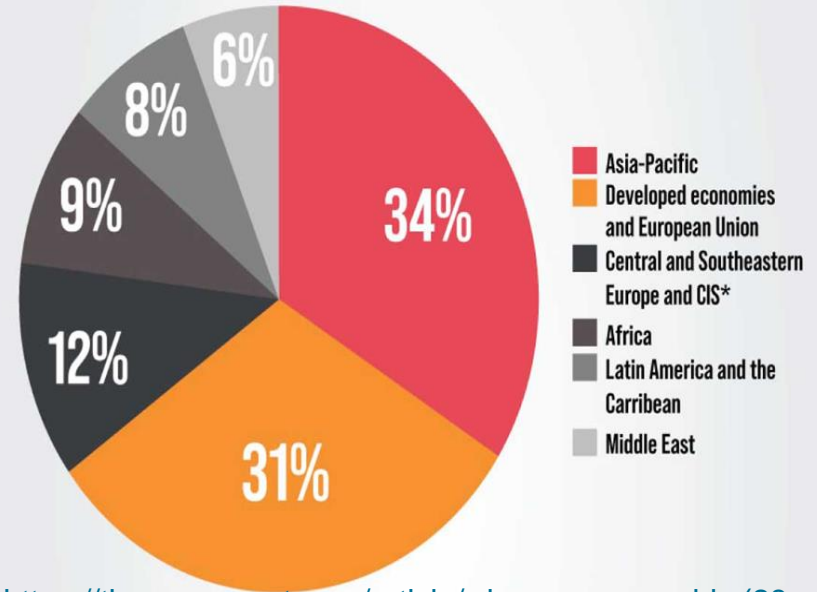


Royal Thai Government's Country Report on Anti-Human Trafficking Efforts (1 January – 31 December 2020)

2. MATERIALITY OF MODERN SLAVERY TO THAILAND AND ASEAN



ESTIMATED ANNUAL PROFITS FROM TRAFFICKED FORCED LABOURERS



<https://theaseanpost.com/article/where-are-our-girls> (28

Feb 2020 **PERCENTAGE OF GLOBAL PROFITS**

* CIS: Commonwealth of Independent States

3. UNGPS & INTERRELATED STANDARDS ON MODERN SLAVERY

GUIDING PRINCIPLES ON BUSINESS AND HUMAN RIGHTS

Implementing the United Nations "Protect, Respect and Remedy" Framework

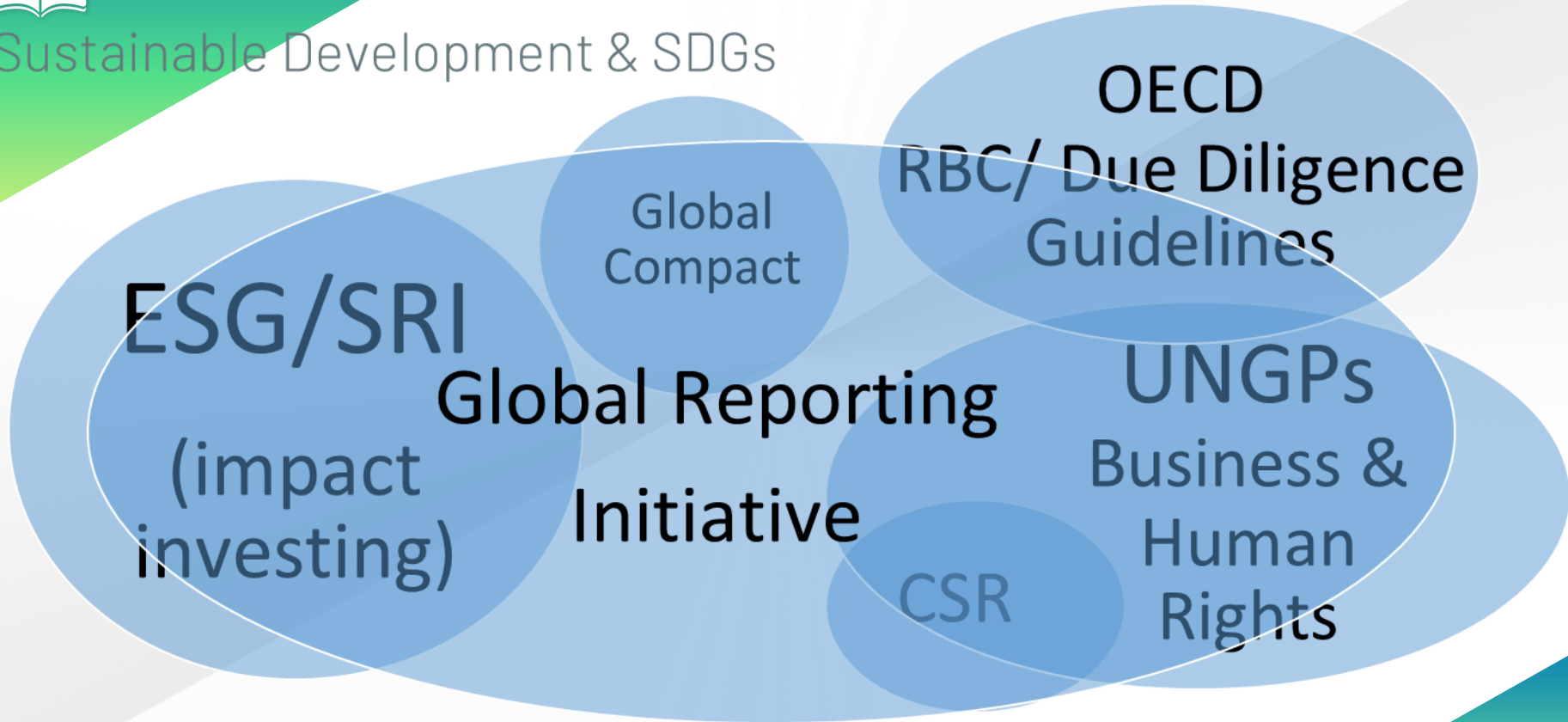
UNITED NATIONS HUMAN RIGHTS OFFICE OF THE HIGH COMMISSIONER

Pillar	State	Business	Victim
Need	Protect	Respect	Remedy
Actors	Protect against human rights abuses by actors including businesses	Respect human rights throughout the value chain	Greater access to remedies in the case of human rights abuses
Action	<ul style="list-style-type: none"> • Policies • Legislation • Regulation • Adjudication 	<ul style="list-style-type: none"> • Acting with due diligence • Addressing adverse impacts 	<ul style="list-style-type: none"> • Judicial remedies • Non-judicial remedies



3. UNGPS & INTERRELATED STANDARDS ON MODERN SLAVERY

Sustainable Development & SDGs





3. UNGPS & INTERRELATED STANDARDS ON MODERN SLAVERY



8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms





3. UNGPS & INTERRELATED STANDARDS ON MODERN SLAVERY

Figure 1: SDGs Mapped Against Environmental, Social, and Governance Categories



- ESG and SDGs share the same objective: global sustainability and human dignity. Thus when companies implement and achieve ESG policies and goals, they directly contribute to SDGs.
- Conversely, since ESG lens is holistic, involvement of any company in modern slavery not only results in violation of social commitments but also represents a failure of the governance system of that company.



4. GOOD PRACTICES ON MODERN SLAVERY RISKS

Businesses (TU, CPF, ADVANC)

- Clear policy commitments/ Tone at the top
- Derisking migrant worker hiring → Bypass agents for migrant workers/ Conduct own application/ interviews
- Adoption and application of Code of Conduct (on employment policies) throughout value chain
- 'Sea Change': In fishery business, sea-going vessels are equipped with GPS and communication device to allow contact between workers and families and others
- During COVID-19 pandemic, retain and provide workers with vaccines and personal protection equipment
- Adoption of robust reporting and disclosure system

Government (Ministry of Justice)

- Coherent policy framework through development of National Action Plan on Business and Human Rights 2019 (1st in Asia)
- Introduction of new laws, eg forced labour & protection of fishing labour.
- Creation of Human Rights Awards for companies that successfully integrate UNGPs

Securities & Exchange Commission

- Introduction of new 'One Report' disclosure system

Institutional Investors (Government Pension Fund)

- Integration of ESG framework into investment policy
- Due diligence on investment destination and continuous monitoring
- ESG engagement with invested companies



5. GUIDANCE USAGE: AWARENESS RAISING & POLICY SETTING

GUIDANCE ON **MODERN SLAVERY RISKS FOR THAI BUSINESSES**



คู่มือความเสี่ยงด้าน **การใช้แรงงานทาสยุคใหม่ สำหรับธุรกิจไทย**

(Guidance on Modern Slavery Risks for Thai Businesses)





5. GUIDANCE USAGE: DUE DILIGENCE & RISK IDENTIFICATION

Business Value Chain



Inbound Logistics

- Consider geographic, industry and product risks when sourcing goods and raw materials.
- Map supply chain tiers to understand where risks lie by level or input.
- Examine the transportation and importation of business inputs.



Operations

Examine features of workforce – contract types, work locations, onsite accommodation, working conditions (wages, hours, housing, breaks, leave), worker vulnerability (nationality, immigration status), and union representation.



Outbound Logistics

Look at the packaging, transportation and distribution of extracted, harvested, manufactured or processed products.



Marketing and Sales

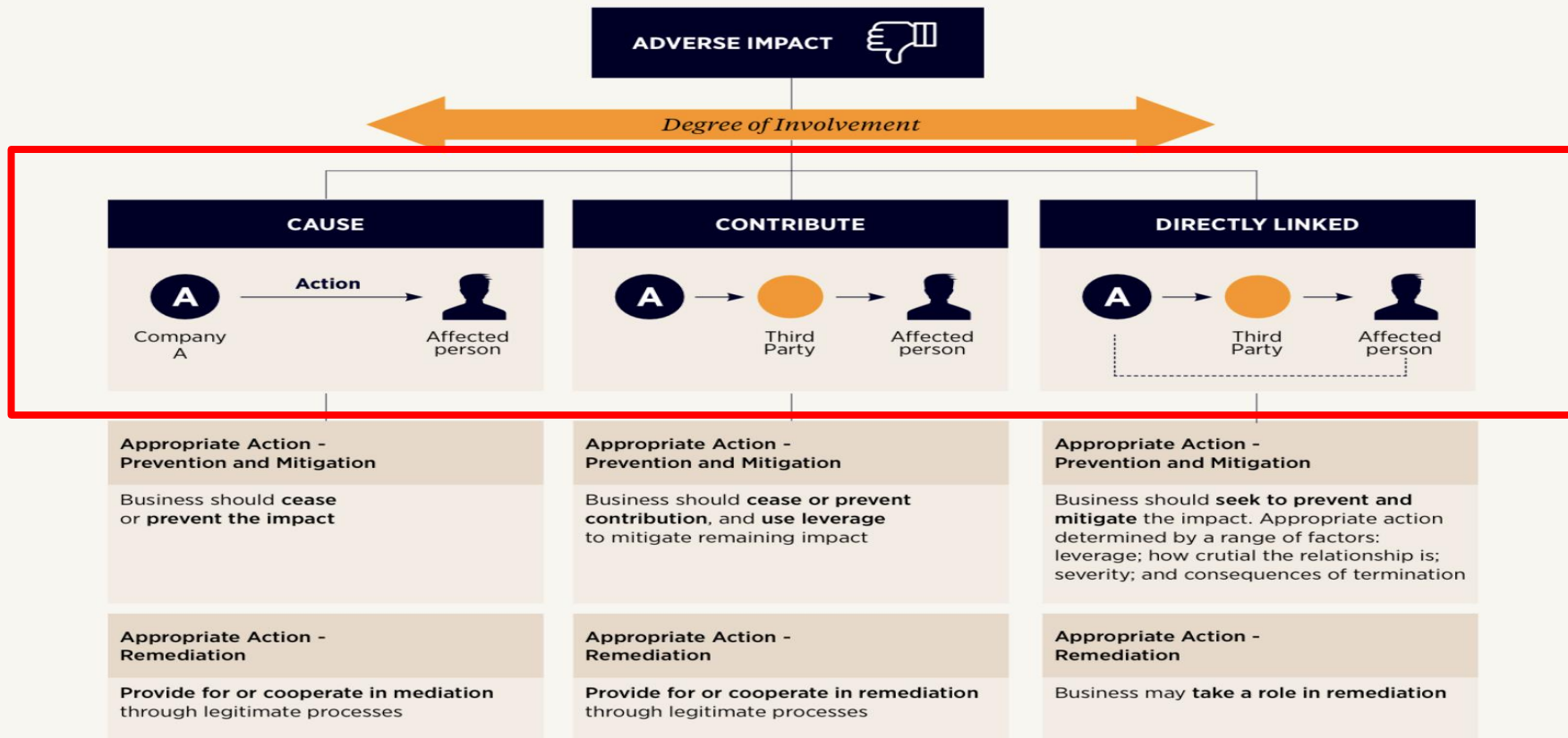
Determine if products are marketed ethically and sold for fair purchase prices that allow workers in each business activity in the value chain to be paid a living wage.²



After-sales Service

Check if customer service employees are treated and compensated fairly and do not involve any forms of modern slavery.

5. GUIDANCE USAGE: DEGREE OF INVOLVEMENT / WRONGDOING



Adapted from Global Compact Network Australia's *Effective Modern Slavery Grievance Mechanisms: A Case Study Publication for Business*.



5. GUIDANCE USAGE: KPIS & REPORTING

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
<p>Reporting</p> <p>1. Ensure there is a process for reporting modern slavery risks and incidents internally to the executive and Board. This should include information regarding:</p> <ul style="list-style-type: none"> - number of critical breaches of your policies relating to modern slavery; - number of modern slavery incidents or grievances; - responses and remedies proposed or provided in relation to breaches and incidents; and, - analysis of breaches and incidents, and lessons learned for preventing or mitigating them. <p>2. Establish how the business will report publicly on any modern slavery risks and incidents, including complying with legal reporting obligations</p>	<p>Reporting</p> <p>Do we report internally to the executive and Board on any breaches of our policies, including modern slavery risks/incidents and our response?</p> <p>Do we report on this publicly in our sustainability or other reports?</p>	<p>Reporting</p> <p>Description of internal reporting process on breaches of policy framework and cases of modern slavery or related exploitation and company's response.</p> <p>Report on modern slavery risks, incidents, responses and remedies, including:</p> <ul style="list-style-type: none"> - Policy & Governance - Risk Assessment & Due Diligence - Grievance Mechanisms, Response & Remediation <p>Example KPIs to report on:</p> <ul style="list-style-type: none"> - % suppliers assessed - No. site visits/social audits - No. of workers engaged - No. of complaints received - No. of policy or procedure breaches identified - Description of risks mitigated or prevented (e.g. through a corrective action plan) - No. of incidents of modern slavery or related exploitation identified - No. of incidents of modern slavery or related exploitation remediated - No. of civil society organizations engaged



5. GUIDANCE USAGE: GRIEVANCE MECHANISMS

Overview	Checklist questions	56-1 One Report / Form 69-1 / SD reporting / Sustainability disclosures
GRIEVANCE MECHANISMS, RESPONSE & REMEDIATION		
<p>Grievance Mechanisms</p> <ol style="list-style-type: none"> 1. Ensure there is an effective and safe way for management and workers to raise grievances. All stakeholders who may be affected by the activities of the business, such as direct workers, contractors, value chain workers, and impacted communities, should have access to a grievance mechanism that meets the following standards: <ul style="list-style-type: none"> - It can be used to receive, resolve and remedy labor exploitation and modern slavery-related complaints; and, - It is effective; i.e., it is accessible, predictable, fair, rights-based, transparent, confidential or anonymous, and it bans retaliation or reprisal. Consider whether parties know the mechanisms exists, can access it in their own language and can raise grievances anonymously. 2. Consider involving external stakeholders in its design and communication such as suppliers, workers and civil society organizations. 3. Ask your suppliers if they have a grievance mechanism and determine how you will work with them to receive regular reports and ensure workers in your value chain are able to raise grievances with you/them. 	<p>Grievance Mechanisms</p> <p>Does our grievance mechanism allow our employees, workers in our supply chain, suppliers and communities affected by our business activities to raise complaints/ grievances safely?</p> <p>Do our key suppliers have grievance mechanisms and share details of grievances relating to our business?</p>	<p>Grievance Mechanisms</p> <p>Description of grievance mechanism including applicability to modern slavery complaints, accessibility for internal and external stakeholders, and involvement of external stakeholders in development.</p> <p>No. of complaints made and how they were received, resolved and remedied.</p> <p>No. of complainants that were satisfied with the remedy.</p> <p>Lessons learned from communicating and using grievance mechanism and changes made to improve it.</p>



KEY TAKEAWAYS

- Modern slavery impacts all industries and value chains.
- All companies should understand both the general and industry-specific risks that apply to their workforce and value chain. It is critical that companies understand these risks in order to take action to prevent or mitigate them.
- Companies should consider the specific vulnerabilities of their workforce and workers throughout their supply chain, including risks relating to migrant workers, temporary and seasonal workers, women and children, and informal workers.
- In Thailand, all industries rely on migrant workforces in their value chain. These workers are particularly vulnerable to debt bondage, deceptive recruitment and other exploitative labor practices.
- Companies should also consider risks connected to the raw materials used to produce their products and services, specifically the labor risks involved in the production or extraction of those materials.



6. NEXT STEPS/ SUMMARY

- 2022 will be a milestone for integration of ESG and disclosure of social risks and data, including those pertaining to modern slavery.
- Smart, sustainable and resilient companies will align their policies and practices with the ESG compass. Board members and CEOs will play critical roles in setting the 'tone at the top', adopting clear policies on modern slavery risks. Awareness raising and capacity building for employees, especially C-suite and head of divisions, will also be a key success factor.
- The Guideline should be propagated further through training and capacity building programmes of listed companies and those in their value chain.
- As the capital market platform for everyone, the Stock Exchange of Thailand will continue to strengthen its ESG mandate and function. Apart from the development of the ESG dashboard, the SET will deepen the ESG knowledge base and introduce new ESG metrics.
- The partnership with WalkFree and FAST represent the start of a robust alliance of the SET and stakeholders to create a network of influencers to introduce guidance or manuals for its members.