Training Tool: Living Wage and Working time

December 2013

Human Rights and Business Dilemmas Forum

Source: Shutterstock
The relationship between business and human rights

About living wages, working time and human rights

Suggestions for responsible business

Scenario exercise: Addressing NGO claims of inadequate wages & excessive working hours amongst agricultural suppliers
The relationship between business and human rights
In 2011, the Human Rights Council approved the UN “Protect, Respect and Remedy” Framework which set out the boundaries of human rights responsibility for businesses globally from all industries. Under the Framework:

- Companies have a responsibility to **RESPECT** human rights – i.e. by not infringing on human rights and by addressing any negative impacts on human rights in which they are involved

- Both govt.’s and companies should provide **ACCESS TO REMEDIES** – incl.:
  - For govt.’s: Appropriate/effective judicial and non-judicial mechanisms
  - For companies: Enable access to appropriate grievance mechanisms through which stakeholders can seek redress should their rights be undermined by a company’s activities
The UN Guiding Principles

The Guiding Principles for the Implementation of the UN "Protect, Respect and Remedy" Framework provide guidance on how businesses can operationalise their responsibility to respect human rights. It is based on three key elements:

- **Implement a human rights policy:** This should include embedding their responsibility to respect human rights through a corporate policy statement that is supported by guidance as to the specific actions to be taken to give this commitment meaning.

- **Apply human rights due diligence:**
  - Periodic assessment of actual and potential impacts of company activities/relationships
  - Integration of the findings from impact assessments across relevant internal functions and processes, and the taking of appropriate action
  - Tracking of human rights performance
  - Communication of human rights performance (formal reporting where impacts are significant)

- **Provide for remediation:** Where companies have caused or contributed to negative impacts, they should provide for or cooperate in their remediation.
About living wages, working time and human rights

Source: Fotolia
What is the dilemma?

“How do responsible multi-national companies (MNCs) ensure that workers in their supply chains are paid living wages and are not compelled to work excessive hours – where there are inadequate local legal protections?”

What is the relationship between living wages and working hours?

People who earn a low hourly wage are more likely to work long hours in order to provide adequately for themselves and their families.
What are the international standards for wages & benefits?

The ILO definition of the minimum wage is:

“The minimum sum payable to a worker…which may not be reduced either by individual or collective agreement, which is guaranteed by law and which may be fixed in such a way as to cover the minimum needs of the worker and his/her family, in the light of national economic and social conditions.”

The main international standards for wages and benefits are set out in:

- Articles 23, 25 of the UN Universal Declaration of Human Rights
- Article 7 of the International Covenant on Economic, Social and Cultural Rights
- Article 3 of the ILO Minimum Wage Fixing Convention (No. 131)
- Article 33 of the ILO Tripartite Declaration of Principles for MNEs (1977)

Under these instruments, wages and benefits must be:

- Just, favourable and decent for workers and their families
- Adequate for health and well-being (incl. food, clothing, housing etc.)
- Adequate to national practice and conditions (e.g. general level of wages, cost of living)
- Not less favourable than those offered by comparable employers (just for MNCs)
What are the international standards for working time?

‘Working time’ includes working hours, daily and weekly rest and annual paid holidays. In terms of working hours, the ILO maximum limit of 48 hours per week is the internationally recognised benchmark.

The main international standards for working time are set out in:

- Article 2 of the [Convention on the Hours of Work (Industry) (No.1)](http://human-rights.unglobalcompact.org/)
- Article 3 of the [Convention on Hours of Work (Commerce and Offices) (No.30)](http://human-rights.unglobalcompact.org/)
- Article 1 of the [Forty-Hour Week Convention (No.47)](http://human-rights.unglobalcompact.org/)
- Article 3 of the [Holidays with Pay (Revised) (No. 132)](http://human-rights.unglobalcompact.org/)

Ratifying states must adhere to the following standards in law/practice:

- A max. of eight working hours in a day (with limited exceptions)
- A max. of 48 working hours in the week (with limited exceptions) – with some states committing to reducing this to a max. of 40 working hours in the week ‘where possible’
- A min. of three weeks of paid annual holidays for one year of service
Challenges for businesses

Although the relevant international instruments are generally ratified and incorporated into national laws, challenges can remain in terms of:

- Official minimum wages that are set below what could be considered a ‘living wage’
- Weak enforcement – including a lack of expertise/resources amongst labour regulators
- ‘Informal’ business activity over which the public authorities have limited oversight

Key drivers of inadequate wages and benefits – as well as excessive working hours within MNCs’ supply chains can include a combination of:

- Lack of an official minimum wage or official limits on working time
- Strong market competition, with purchasing companies ‘squeezing’ lower prices from suppliers and applying tight delivery deadlines – with knock-on effects for workers
- Lack of worker ‘leverage’ due to local labour surpluses/lack of collective bargaining
- A minimum wage that has been set deliberately low – or that has not been increased in line with inflation – by governments seeking to create ‘competitive’ labour environments
- Lack of an agreed definition for a ‘living’ wage suitable for the local context
- Low hourly wages that effectively force low paid and vulnerable workers to work excessive hours to provide for themselves and their families
Maplecroft’s Working Conditions Index assesses the payment of wages that are below living wage and unreasonably long working hours, among others.
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<thead>
<tr>
<th>Right</th>
<th>Reference</th>
<th>Description</th>
<th>Examples</th>
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<tbody>
<tr>
<td>Right to just and favourable remuneration to ensure health and well-being</td>
<td>UDHR, Articles 23, 25</td>
<td>Failure to pay just and favourable remuneration puts at risk an existence worthy of human dignity for workers and their families</td>
<td>Workers in the supply chain on very low wages are unlikely to afford adequate healthcare for themselves and their families (in the absence of public provision)</td>
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<td>Right to a decent living</td>
<td>ICESCR, Article 7</td>
<td>Lack of fair and adequate remuneration is likely to result in inadequate nutrition, clothing and housing for workers and their families</td>
<td>The ‘working poor’ – which makes up a significant proportion of the population in many developing countries – often experience very poor living conditions</td>
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<td>Rights of protection for the child</td>
<td>ICCPR, Article 24</td>
<td>Children in working families with inadequate wages are at risk of losing out in terms of food, education, healthcare and housing</td>
<td>Very poor workers are unlikely to be able to provide for their children’s basic needs (in the absence of public child welfare provision)</td>
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<td>Right to a decent living, reasonable limitations of working hours, paid holidays</td>
<td>UDHR, Articles 23.1, 24</td>
<td>Workers who work excessive hours are at risk of violation of their right to rest, leisure and recuperation, and periodic paid holidays</td>
<td>Employees may be required to regularly work through weekends – allowing for little mental or physical recovery from multiple and lengthy working weeks</td>
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<td>Right to health</td>
<td>ICESCR, Article 12</td>
<td>Employees who work unreasonably long hours over extended periods of time, often face long-term risks to their health and safety</td>
<td>Persistently excessive working hours can result in higher levels of cardiovascular disease amongst workers</td>
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<tr>
<td>Right to a family life</td>
<td>ICESCR, Article 10</td>
<td>Working long hours disrupts family life and activities, especially for mothers and couples</td>
<td>Long working hours result in workers shifting childcare responsibilities to grandparents who remain in labour-sourcing areas</td>
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<tr>
<td>Right to a safe working environment</td>
<td>ICESCR, Article 7</td>
<td>Employees who work long hours are more likely to lose concentration and cause occupational health and safety incidents</td>
<td>An over-tired employee working excessive hours falls asleep at the wheel of a moving vehicle resulting in an accident</td>
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Risks posed to business

Responsible MNCs are likely to consider it a moral imperative to address inadequate wages and excessive working time in their supply chains. These issues can also leave MNCs open to a range of risks including, for example:

- **Perceptions of complicity** in (or even ‘solicitation’ of) abuses carried out by suppliers
- **Reputational damage** – with particularly severe impacts for consumer-facing, brand-reliant companies in (for example) the apparel, footwear and general retail sectors
- **Consumer boycotts**, with consumer-facing companies again facing particular risks in relation to NGO campaigns and consumer
- **Investor divestment**, with socially responsible investment funds (amongst others) likely to eschew companies that do not effectively and responsibly manage this issue

Suppliers also face risks in terms of:

- **Legal risks**, incl. potential civil/criminal sanctions for the violation of labour laws
- **Loss of supply contracts** with responsible MNCs
- **Operational risks**, incl. disruption to production and/or strikes by disgruntled workers
- **Reduced productivity**, incl. low motivation, low product quality and high turnover
Apple: Addressing labour conditions at supplier Foxconn (China)

The Foxconn factory in Shenzhen, which manufactures products for Apple, experienced a spate of worker suicides in 2009 and 2010 that were allegedly linked to oppressive working conditions. A 2011 explosion at a Foxconn factory in Chengdu further increased concerns about labour rights at the supplier. As a result, Apple faced accusations of complicity in the exploitation of Chinese workers. In 2012, Apple executives met with leaders at Foxconn to improve working conditions and recruited the Fair Labour Association to conduct independent audits at the supplier. In 2012, China Labour Watch reported an improvement from an average of 120 hours per month of overtime to 80 hours. However, this was still in excess of the Chinese legal limit of 36 hours per month.

Marks & Spencer (M&S): Sub-living wages in supply chains (Sri Lanka)

In 2010, UK food and clothing retailer M&S was accused by UK newspaper The Times of complicity in the payment of inadequate wages to factory workers in Sri Lanka, who were paid “as low as 25p (US$0.38) an hour” to produce clothes for M&S. M&S reportedly admitted that the basic wages were insufficient to live on – whilst noting the salaries were dictated by strong market competition. M&S also noted that its suppliers paid their workers 25% above the Sri Lankan minimum wage.
Suggestions for responsible business
Suggestions for responsible business

I. Company policies and procedures

Responsible companies should consider developing and implementing a clear company policy committing to local law or internationally recognised standards (whichever provides the highest protection). This might include, for example:

- International Covenant on Economic Social and Cultural Rights
- ILO Convention No.131, on Minimum Wage Fixing
- ILO Convention No.1, on Hours of Work (Industry)
- ILO Convention No.30, on Hours of Work (Commerce and Offices)
- ILO Convention No.47, on Forty-Hour Week
- ILO Convention No.132, on Holidays with Pay (Revised)

Companies should also consider:

- Committing themselves to relevant ethical supply initiatives such as the Ethical Trade Initiative’s Base Code
- Implementing procedures to ensure its policies are given full effect (incl., for example, implementation, auditing and reporting mechanisms).
- Cascade relevant policy provisions into the supply chain through, for example, a supplier code of conduct or the inclusion of contractual provisions into supply contracts
Suggestions for responsible business (continued)

II. Impact assessment

Responsible companies should consider conducting a full impact assessment at national-, sector- and supplier- levels. By doing so, they can assess the potential and actual impacts on working time and living wages posed by their operating environments, activities and relationships – and avoid or mitigate them accordingly. The types of issues a company may wish assess include:

- **Minimum wage regulation**, i.e. whether legal minimum wage levels are in place, what levels they are set at and whether they are enforced
- **Working time regulation**, i.e. whether working time regulation is in place, what levels they are set at and whether they are enforced in practice
- **Levels of average wages/working hours**, i.e. to assess the average wages/working hours within the country and/or sector
- **Employment contracts patterns**, i.e. to assess the typical types of contracts used by supply chains/sectors and the reasons behind them (e.g. casual, short-term, seasonal)
- **Living wage**, i.e. to assess what workers need to earn to provide an adequate standard of living (e.g. incl. an assessment of the typical ‘basket of goods’ that an employee and their family would need)
- **Unionisation**, to assess the degree to which freedom of association and collective bargaining is exercised amongst supplier sectors
III. Monitoring and auditing

Companies should consider establishing monitoring and auditing systems to verify (using a risk-based approach – see Slide 18) supplier compliance with relevant supplier codes of conduct and/or contractual provisions. This might include, for example:

- **Self-assessment**, including the dissemination of tailored questionnaires for completion by suppliers – designed to assess the degree to which their management systems, practices and performance are in line with living wage and working time best practice.

- **Scheduled/unscheduled site inspections** by company managers to verify compliance with company requirements – incl. the inspection of timekeeping and salary/benefit records, private interviews with employees and contract reviews.

- **Full, third-party auditing** by independent labour standards experts – to carry out a more in-depth assessment of working conditions in supplier operations.

- **Accessible grievance mechanisms** to allow supply chain workers to raise concerns about working time, wages and other issues directly with the company (ideally on a confidential and/or anonymous basis – e.g. via telephone, SMS or email).

Depending on the nature of identified risks/abuses, companies should work with suppliers to remedy the situation – or consider other options, such as contract termination.
IV. Constructive engagement with suppliers

Supplier engagement initiatives can help minimise the risk of excessive working hours and inadequate wages within the supply chain. Potential angles of engagement might include, for example:

- **Awareness-raising** with respect to international standards on working time and minimum/living wages

- **Improvement of supplier productivity** (e.g. via enhanced technology or operational procedures) to reduce drivers behind excessive working hours and low wages

- **A review of price negotiations** to ensure they are not undermining the payment of a living wage by suppliers. For example, this might include the ‘separating out’ of the wage component – fixed in line with a ‘living wage’ from broader price negotiations

- **A review of purchasing practices** to ensure ‘just in time’ scheduling, inadequate coordination, or other issues are driving excessive working hours amongst suppliers

- **Potential ‘off-setting’ of supplier costs** as they implement better wages and working hours – including through well-defined, direct payments to finance improvements

- **Preferential procurement** from suppliers who can demonstrate progress in achieving – or who have already achieved – the living wages and adequate working time
Suggestions for responsible business (continued)

V. Engagement with peer companies

There is considerable scope for companies (particularly those operating in the same sector) to work together to promote a living wage and reasonable working time within their collective supply chains. Areas of cooperation might include:

- **Calculating methodologies:** In the absence of an official living wage benchmark, companies can work together with industry groups and employees to establish a common formula to calculate living wages in their countries of operation.

- **Information sharing:** Subject to relevant anti-competition regulations, peer companies can potentially share information via appropriate multi-stakeholder platforms such as Sedex – including monitoring and auditing data on common suppliers.

- **Sharing of best practice:** Companies can share their experiences of promoting living wages and reasonable working time within their supply chains – for example through initiatives such as the Ethical Trade Initiative – facilitating similar efforts by their peers.

- **Coordination of initiatives:** Competition between buyers means companies are unlikely to want to put themselves at a disadvantage by promoting higher wages/better working time arrangements within their supply chains. Even where they are willing, their efforts may be undermined by the practices of other buyers using the same factory. As a result, peer companies may – subject to anti-competition regulation, want to coordinate their efforts so as to maximise their collective impact – and maintain a ‘level playing field’.
VI: Implement training programmes for company personnel and suppliers

Both company personnel and suppliers can benefit from ongoing training with respect to (amongst other things):

- **Identifying** situations where workers in the supply chain may not be receiving a living wage or may face working time violations
- **Developing** appropriate provisions in supplier codes of conduct and supply contracts to address these challenges
- **Improving** purchasing practices to minimise negative impacts on the ability of suppliers’ workers from achieving a living wage – or to work reasonable hours (e.g. improved planning and coordination, price negotiation frameworks, etc.)
- **Defining** a ‘living wage’ to help both company managers and suppliers established a clear, locally-appropriate benchmark
- **Introducing** more progressive working arrangements such as ‘flexitime’ to help match peaks/troughs in labour demand during the production process
- **Achieving** higher-levels of operational efficiency amongst suppliers so as to (with appropriate controls) reduce pressure on workers’ wages and working time
Suggestions for responsible business

VII. Promotion of freedom of association and collective bargaining

Freedom of association and collective bargaining are enabling rights that, if undertaken effectively and without unjustified restriction, will help involve workers in negotiating adequate wage levels and reasonable working times.

Where freedom of association and collective bargaining are not restricted in law, a company can work with suppliers to ensure these rights are not restricted in practice. Relevant efforts (that should ideally be carried out following consultation with suppliers and workers) might include:

- **The inclusion of obligations on suppliers** to respect workers’ rights to freedom of association and collective bargaining (for example in supplier codes of conduct and supply contracts)

- **Facilitation of the establishment of trade unions** in supplier factories and/or membership in existing union organisations

- **The provision of training and/or resources** for worker representatives to enhance their ability to participate in bargaining skills

- **The provision of help to suppliers** (in the case of unjustified restrictions in law/practice) trying to establish alternative mechanisms (e.g. employment councils etc.)
Scenario exercise:
Addressing NGO claims of inadequate wages and excessive working hours amongst agricultural suppliers

Source: Shutterstock
Responding to concerns about excessive hours and inadequate wages amongst disempowered agricultural workers on seasonal contracts in the supply chain

- **Location:** East Africa

- **Context:** You are a new compliance manager for a well-regarded EU food retailer that prides itself on its ethical reputation. You are concerned about some of your major agricultural suppliers in the country of Kenzambia. According to your preliminary assessment, the non-unionised agricultural workers are hired by your suppliers on temporary hour-based contracts to deal with intense periods of planting and harvesting. A number of international NGOs have alleged that many of these workers (1) earn below the minimum wage (itself well below what would be considered a living wage); and (2) work more than 12 hours per day as a norm. The NGOs have told you they intend to run a campaign on this issue.

- **Further concerns:** Having looked further into this issue you have found:
  1. Most of the workers on these contracts are migrant labourers who are unaware of the rights that they should enjoy under local law.
  2. The workers are reluctant to challenge their working conditions due to their fear of being fired and a severe lack of alternative job opportunities.
  3. Labour-related rules and regulations are rarely enforced by the authorities due to a lack of capacity – as well as high levels of corruption.

You are worried that the situation in Kenzambia is undermining the rights of these workers – and poses a serious risk to the hard-won reputation of your company, which enjoys a brand advantage due to its ethical approach to food. You have decided to take action.
Before any action is taken, you should consider some immediate questions with respect to what should guide you in this situation and who you should inform about it. Questions to consider include the following:

- What are my immediate priorities in this situation?
- What internal guidance should I apply in this situation?
- Who are the external stakeholders I should consider contacting about this?
- Who are the internal stakeholders I should contact about this?

Note: Suggestions on next slide
Initial steps to consider (continued)

Potential immediate priorities

- Investigation of the NGO’s allegations to establish their veracity
- Establishment of a thorough understanding of (a) Kenzambican legal requirements; and (b) the degree to which they are aligned with international legal standards
- Active engagement with the NGOs to manage any damage their campaign is likely to cause your company
- Establishment of an Action Plan to address the issues identified by the NGOs in a way that is compliant with local and international laws and the company’s policies/values – without unduly affecting continuity of supply or product prices

Potential internal guidance

- Company policies/values
- Company Human Rights Policy and Supplier Code of Conduct

Any other priorities?
Any other guidance?
Potential internal stakeholders to contact

- In-country procurement team
- Heads of department (e.g. Human resources, Corporate social responsibility, Marketing and brands)

Potential external stakeholders to contact

- Your Kenzambican vegetable suppliers (plus their employees)
- Peer companies that have operations in/supply vegetables from Kenzambica
- Local NGOs and human rights groups
- Government agencies (e.g. Ministry of Labour and Social Welfare, Migration Office)
- International experts (e.g. the ILO Advice Help Desk, the International Trade Union Confederation, local UN Mission etc.)
Potential stakeholders

In addition, when framing your decision-making you need to take into account the different stakeholders in the situation. Questions to consider include the following:

- Who are the key stakeholders in this situation?
- What are the priorities of each of these stakeholders in this situation?
- What risks do each of these stakeholders pose in this situation?

Note: Suggestions on next slide
## Potential stakeholders (continued)

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<tr>
<th>Stakeholders</th>
<th>Stakeholder priorities</th>
<th>Associated risks</th>
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<tr>
<td><strong>Company management</strong></td>
<td>❑ Legal compliance&lt;br/&gt;  ❑ Brand protection&lt;br/&gt;  ❑ Continuity of supply&lt;br/&gt;  ❑ Maintenance of low product costs&lt;br/&gt;  ❑ Policy compliance</td>
<td>❑ Over-focus on legal compliance may leave company at odds with intl. std.’s&lt;br/&gt;  ❑ Over-focus on low costs may be at odds with company values (and brand)&lt;br/&gt;  ❑ Actions to protect the brand may require supply disruption and/or higher costs</td>
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<td><strong>Kenzambican suppliers</strong></td>
<td>❑ Maintenance of low product costs&lt;br/&gt;  ❑ Continued supply contracts with your company</td>
<td>❑ Significant new labour requirements imposed by your company are likely to result in higher prices – putting commercial relations into question&lt;br/&gt;  ❑ Even where suppliers do apply new labour requirements, they may claim compliance without this actually being the case (i.e. to maintain profit margins)</td>
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<td><strong>Seasonal migrant workers</strong></td>
<td>❑ Continued employment&lt;br/&gt;  ❑ A ‘living’ wage&lt;br/&gt;  ❑ Working hours not compromising health, family life, etc.</td>
<td>❑ If no action taken, company may be complicit in the abuse of their rights&lt;br/&gt;  ❑ If cut commercial relations with suppliers – or compromise their profit margins – this is likely to destroy jobs</td>
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<tr>
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<tr>
<td>Government agencies</td>
<td>- Compliance of all parties with national laws</td>
<td>- Risk of being in violation of local law enforcement</td>
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<td>- Promotion of foreign direct investment</td>
<td>- Government may wish to ‘turn a blind eye’ to low wages to maintain national competitiveness</td>
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<td>National and international human rights NGOs</td>
<td>- Respect for all internationally recognised human rights</td>
<td>- Likely to exercise leverage over your company by threatening maximum reputational damage if no action is taken to rectify the situation</td>
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<td>- Even if you take action, may be more interested in maximising attention on the sector-wide issue anyway</td>
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<td>Trade unions</td>
<td>- Ensure protection of the workers rights</td>
<td>- Active unions in supplier workforces likely to be opposed by suppliers and result in higher costs</td>
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<td>- Maximisation of membership</td>
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Anyone else?

What are their priorities and what risks do they represent?

Analysis of potential reactions

Next, you need to consider the opportunities and risks with respect to each of the following courses of action:

- **Option 1**: Require suppliers to be compliant with Kenzambican law on wages and working hours (and carry out monitoring/auditing)

- **Option 2**: Work with suppliers to improve their competitiveness (e.g. training / technology, etc.) – as a means of addressing excessive working hours / inadequate wages

- **Option 3**: Require suppliers to adhere to a Supplier Code of Conduct based on international labour standards (with the active assistance of your company, including training) if they wish to have their contracts renewed

- **Option 4**: Immediately cut all links with suppliers found to be paying ‘sub-living’ wages and forcing workers to work excessive hours – and find alternative sources of supply
## Analysis of potential reactions (continued)

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<tr>
<th>Option</th>
<th>Implications</th>
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| 1: Require suppliers to be compliant with Kenzambican law on wages and working hours (and carry out monitoring/auditing) | **Opp.:** Will help ensure local legal compliance at a minimum, is unlikely to involve significant extra costs and helps address (through your own auditing activities) poor local regulatory enforcement  
**Risk:** Likely to provide only very limited protection from reputational damage resulting from the NGO campaign – given the already very inadequate nature of the local minimum wage. May result in slightly higher supply costs |
| 2: Work with suppliers to improve competitiveness (e.g. via training / technology, etc.) | **Opp.:** Likely to be enthusiastically taken up by suppliers due to the obvious benefits – and could (over time) reduce the need for suppliers to apply such low wages and excessive working hours – without impacting on your own supply costs  
**Risk:** Relatively expensive for your own company – and there is no guarantee that the benefits of improved operational efficiency amongst suppliers will be passed on to their workers (i.e. it may just result in greater supplier profits). Even if the benefits were passed on, it would take some time to have a positive impact for workers – meaning it would do little to protect your reputation in the short-term |
### Analysis of potential reactions (continued)

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<th>Implications</th>
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<tr>
<td><strong>3:</strong> Adherence to a Supplier Code of Conduct by suppliers based on international standards (with the support of company) if they wish to have their contracts renewed</td>
<td>Opp.: Would provide for the application of international standards with respect to working hours and a living wage – above and beyond local law. This would provide a relatively high degree of protection from criticism linked to the NGO campaign – and give suppliers some time to adjust. <strong>Risk:</strong> Likely to increase supplier costs – which might result in a) job losses; and b) higher input costs for the company. May be challenging for key suppliers to apply these higher standards within a reasonable timeframe – meaning you are forced (against your will) to cut links with them.</td>
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<tr>
<td><strong>4:</strong> Immediately cut all links with suppliers with sub-‘living wages’ and excessive working hours – and find alternative supply sources</td>
<td>Opp.: (Ostensibly) offers the maximum degree of protection from allegations of complicity – due to the highly visible, concrete and immediate nature of the action. <strong>Risk:</strong> May not be commercially or operationally viable, would be likely to result in immediate job losses amongst vulnerable workers in Kenzambica and would be unlikely to address the underlying problems.</td>
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**Any other options?**

**What are the risks/opportunities?**

What precautions could have been taken before this situation arose to ensure that you were not placed in this dilemma in the first place?
Suggestions for responsible business (continued)

Potential retrospective good practice might include:

- Carry out an impact assessment prior to establishing supplier relations in Kenzambica:
  - **For:** This would provide the kind of ‘early warning’ needed to either a) decide to use suppliers in a different location; or b) proactively apply mitigating measures (incl. relevant codes, min. standards, etc.) to avoid being targeted by national and international NGOs.
  - **Against:** Any decision to not invest would have a net negative impact on vulnerable local workers – whilst any decision to continue and invest in Kenzambica would still require the kinds of actions set out in the slides above.

- Establish an accessible and anonymous whistleblowing mechanism:
  - **For:** Would let the company know about – and responsibly/proactively address – complaints about working time/wages in the Kenzambican supply chain before they became significant or systematic enough to draw NGO attention.
  - **Against:** Still an essentially ‘reactive’ approach that will not proactively prevent abuses from taking place in the first place.

Any other options? What are their respective strengths and weaknesses?

Continue the discussion at:
http://human-rights.unglobalcompact.org/