



Corporate Responses to the Risk of Modern Slavery: Egyptian Cotton Supply Chains

It is estimated that 518,000 people were in situations of modern slavery in Egypt in 2018ⁱ and existing data suggests a high risk of modern slavery in Egyptian Cotton supply chains. In particular:

- Cotton sourced from Egypt has been **linked to child labour for 13 consecutive years** by the United States Department of Labour which publishes an annual list of goods that are believed to be produced using forced or child labour.ⁱⁱ
- Increased levels of migration in the MENA region have also increased the availability of low-skilled labour in Egypt. **Migrant workers are associated with higher levels of vulnerability** to exploitation.
- **Egypt is identified as a source, transit and destination country for men, women and children who are subjected to forced labour** and sex trafficking.ⁱⁱⁱ Some workers in cotton supply chains may therefore be victims of human trafficking.

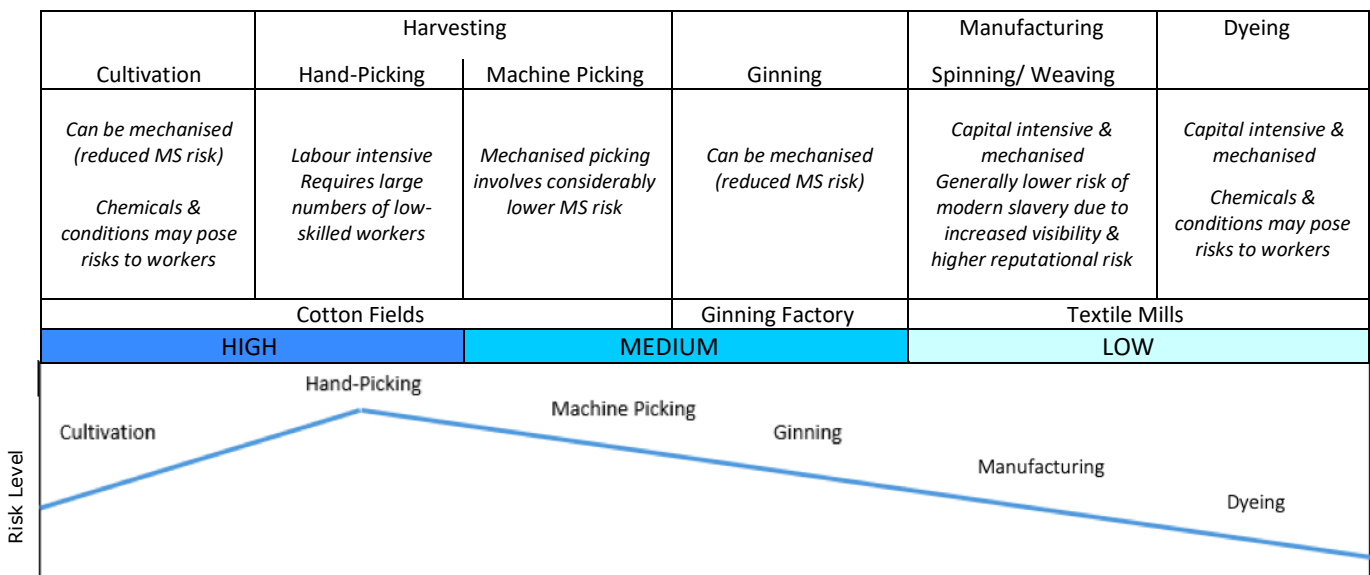
In addition, the International Labour Organisation (ILO) classifies agriculture as one of the three most hazardous sectors for workers (together with construction and mining). Companies sourcing cotton or cotton products from Egypt should therefore exercise due diligence to ensure an appropriate response that mitigates against the risk of modern slavery.^{iv}

This briefing examines the supply chain for Egyptian Cotton with particular consideration of:

- (1) the stages in the supply chain with the highest risk of modern slavery;
- (2) downstream responses to the risk of modern slavery in supply chains; and
- (3) the importance of understanding and supporting the most vulnerable workers.

Commodity specific risks

The highest risk of modern slavery in cotton production and manufacturing occurs at the **harvesting** stage. While cotton harvesting can be carried out by machine-picking or hand-picking, hand-picking is associated with the highest risk of modern slavery. This is due to the labour intensive nature of the work which requires high numbers of short-term, seasonal labourers. Studies show that children are particularly vulnerable to forced labour in agricultural work in Egypt.^v



Devising an appropriate business response

All companies regardless of where they operate have a responsibility to respect human rights and to provide a remedy where it has caused or contributed to adverse human rights impacts.^{vi}

To meet this responsibility, best practice dictates that companies should identify the risk, take appropriate actions to prevent or mitigate it, monitor the effectiveness of their action and communicate about the steps taken. The last step corresponds with the reporting requirement for large companies under the UK Modern Slavery Act.^{vii}

Effective action to reduce the risk of modern slavery in supply chains involves a combination of steps taken internally, within a company's value chain and through external or collective engagement. The following sections focus on critical action that can be taken (a) in supplier relationships generally (b) to protect high-risk workers.

INDICATORS OF FORCED LABOUR

- Abuse of vulnerability
- Deception
- Restriction of movement
- Isolation
- Physical and sexual violence
- Intimidation and threats
- Retention of identity documents
- Withholding wages
- Debt bondage
- Abusive working and living conditions
- Excessive overtime

International Labour Organisation (ILO)

Supplier Relationships

To reduce the risk of modern slavery in Egyptian cotton supply chains, corporate actors should prioritise:

(1) Decent wages

All supply chain workers should be paid no less than the legal minimum wage. An increase in the minimum wage in Egypt will take effect in June 2019 and local suppliers should ensure that they promptly implement this change. Further, remuneration arrangements should avoid deductions to cover expenses that should be borne by employers.

Corporate antislavery leadership: implement and support a living wage for workers.

(2) 'Employer Pays' Principle

This provides that the cost of recruitment should be borne by the employer and no worker should pay for a job. Companies should support implementation of the Employer Pays Principle in their supply chains. This may be achieved by cascading the principle down the chain – that is, asking suppliers to adopt the approach and share updates. Recruitment fees are often inflated by agencies and middle-men, leading to situations of debt bondage for workers. Migrant and seasonal workers, a key part of the workforce on cotton fields, are especially vulnerable.

Corporate antislavery leadership: support implementation in value chain through training and capacity building.

(3) Collective bargaining and worker voice

Although freedom of association is protected under the Egyptian Constitution in accordance with its international obligations^{viii} and workers have the right to join trade unions under Egyptian law,^{ix} in practice, these rights are severely restricted. In such contexts, employers can explore alternative ways to support collective bargaining initiatives and establish an effective grievance mechanism to afford workers some protection and redress.

Corporate antislavery leadership: direct and indirect support for workers' rights including active policy engagement to support freedom of association and assembly through industry collaborations or multi-stakeholder initiatives.

High Risk Workers

Children and migrant workers are the most vulnerable groups of workers in Egyptian Cotton supply chains.

| Children | Migrant/ Seasonal Workers |
|--|--|
| <p>The use of child labour in cotton supply chains in Egypt is a well-documented and endemic problem that has persisted for several years.</p> <ul style="list-style-type: none"> • The most significant risk of child labour occurs at the cultivation and harvesting stages of production. • However, children can be involved at every stage with potentially detrimental effects on their health, wellbeing and development. | <p>The risk of modern slavery is highest at the harvesting stage where cotton is handpicked.</p> <ul style="list-style-type: none"> • Reports indicate that abuse of migrant workers is institutionalised and is not addressed by public authorities.^x • Reported abuses include excessive recruitment fees, removal of passports and restrictions on workers' freedom of movement. |

^{xi} Forced child labour among Syrian refugees in Egypt was reported in 2018.

Addressing Child Labour in Supply Chains

Globally, the use of child labour in agriculture is widespread. The ILO estimates that of the 152 million children in child labour in 2016, 70% worked in agriculture.

The minimum age for employment in Egypt is 15 years. This adheres to the international standard set out in the ILO's Minimum Age Convention to which Egypt is a party. Although children (persons below the age of 18) may be legally employed, child labour is prohibited under international and domestic law.

A targeted, long-term response is required from companies in order to be prevent and mitigate against the risk of child labour in their supply chains.

This should include:

(1) Developing and implementing an effective child labour policy to

- Affirm company intolerance of child labour;
- Confirm 15 as the minimum age for employment in Egypt;
- Provide appropriate levels of protection for workers below the age of 18. Notably, workers under 18 should not be engaged in hazardous work;
- Set out a process for responding to incidents of child labour when they occur which involves the intervention of a competent organisation (local NGO);
- Provide sustainable solutions to incidents of child labour that reduce the risk that the child will engage in (hazardous) work elsewhere;
- Communicate to suppliers what they should expect in the event of repeated violations or a failure to effectively remedy a breach; and
- Provide for regular and unannounced site visits.

'CHILD LABOUR'

Refers to work that by virtue of *its nature or the circumstances in which it is carried out, is likely to*

- **jeopardise the health, safety or morals** of young persons
- and
- **Interfere with their schooling** by
 - depriving them of the opportunity to attend school;
 - obliging them to leave school prematurely; or
 - requiring them to attempt combining school with excessively long/ heavy work.

International Labour Organisation (ILO)

(2) Engaging with industry partners to improve standards amongst local suppliers

- Through industry collaboration, downstream companies can adhere to agreed standards for local suppliers that prohibit the use of child labour and ensure respect for workers' rights.
- Awareness raising and interventions at the buyer level will support the implementation of higher standards.
- Working together increases companies' leverage in demanding higher standards from suppliers.

(3) Sourcing from certified suppliers that adhere to internationally recognised social (and environmental) sustainability standards

- Industry collaboration to support an agreed standard will allow for uniform application and may facilitate faster uptake by upstream actors.

ⁱ ILO and Walk Free Foundation, *Global Slavery Index 2018. Country Data, Egypt*. Available at: <https://www.globallslaveryindex.org/2018/data/country-data/egypt/>

ⁱⁱ United States Department of Labour, *List of Goods Produced by Child Labor or Forced Labor*. Available at: <https://www.dol.gov/agencies/ilab/our-work/child-forced-labor-trafficking>

ⁱⁱⁱ United States State Department, *Trafficking in Persons Report 2018*, p. 175. Available at: <https://www.state.gov/wp-content/uploads/2019/01/282798.pdf>

^{iv} 'Modern slavery' is used to refer to slavery, servitude, forced labour and human trafficking in accordance with sections 1-4 of the UK Modern Slavery Act (2015).

^v United States State Department, *Trafficking in Persons Report 2018*, p. 175. Available at: <https://www.state.gov/wp-content/uploads/2019/01/282798.pdf>

^{vi} UN Guiding Principles on Business and Human Rights, Guiding Principles 12 and 14. Available at:

https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf

^{vii} Under section 54 of the UK Modern Slavery Act, companies with a global annual turnover of over £36m that carry on business in the UK are required to publish a modern slavery statement.

^{viii} Egypt is a party to the International Covenant on Civil and Political Rights (ICCPR) which protects rights to freedom of association and freedom of assembly including the right to join a trade union. Egypt is also a party to the International Covenant on Economic Social and Cultural Rights (ICESCR) which protects the right to strike and the right to form and join a trade union.

^{ix} Trade Union Law, Egypt (2017)

^x ILO and Walk Free Foundation, *Global Slavery Index 2018. Country Data, Egypt*. Available at: <https://www.globallslaveryindex.org/2018/data/country-data/egypt/>

^{xi} United States State Department, *Trafficking in Persons Report 2018*, p. 175. Available at: <https://www.state.gov/wp-content/uploads/2019/01/282798.pdf>