

# ADDRESSING FORCED LABOUR AND HUMAN TRAFFICKING IN UN SUPPLY CHAINS

## Guidance for UN Staff

19 September 2022  
CEB/2022/HLCM/19

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## Acknowledgment

This Guidance document was developed by the UN High Level Committee on Management Procurement Network (HLCM-PN) Task Force for the Development of a Joint Approach to Combatting Human Trafficking and Forced Labour in Supply Chains, with the support of the Danish Institute of Human Rights (DIHR) and University of Greenwich.

### **Note:**

**This Guidance and the resources contain examples of current practice and are not to be construed as an endorsement of any nature nor are they intended to modify the existing commitments, responsibilities and obligations of UN Organizations. This Guidance is designed to support UN Organizations and is not a standard for UN Organizations to be measured on.**

For the purposes of this Guidance, the term UN Organization(s) refers to all bodies in the UN system, covering i) UN Funds and Programmes, ii) UN Specialised Agencies, iii) Other Entities and Bodies, and iv) Related International and Regional Organizations.

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## Executive Summary

The elimination of forced labour and human trafficking is a central challenge for the international community. According to the International Labour Organisation (ILO) [40.3 million people are in modern slavery](#), which includes those in forced and bonded labour, child labour, victims of human trafficking and those subjected to domestic servitude and forced marriages. Forced labour and human trafficking are not confined to some countries or sectors, they are a universal issue, and occur both behind closed doors and in plain sight.

With United Nations (UN) procurement of goods and services (including works) totalling USD \$22.3 billion in 2020 from suppliers in over 200 countries and territories around the world, the UN supply chains are at risk of instances of forced labour and human trafficking. This risk is present throughout the procurement cycle and should be addressed from the level of policy through to implementation.

The [UN Security Council Resolution S/RES/2388](#) calls upon UN system organizations to enhance transparency in their procurement and supply chains and step up their efforts to strengthen protections against trafficking in persons in all UN procurement. The UN General Assembly [Resolution 76/7](#) urges the Secretary-General to ensure that UN procurement does not contain goods and services produced by trafficked persons, and ECOSOC [Resolution 2021/25](#) requests that UN agencies ensure that UN procurement is free from trafficking in persons.

In order to have an effective impact in mitigating this risk of forced labour and human trafficking in UN supply chains, UN procurement policy should reflect this responsibility throughout UN system organizations. This Guidance has been developed on the basis of the UN recognition of the need to work collaboratively with its suppliers and across all UN Organizations to effectively address the risks of forced labour and human trafficking in its supply chains. This Guidance reflects the UN's commitment to establishing a common approach applicable to all UN Organizations and any entity contracting with an Organization within the UN for the provision of goods or services to tackle the risk of forced labour and human trafficking in UN supply chains in a collaborative manner. The Guidance is relevant for procurement staff, legal staff, compliance and oversight staff, requisitioners/ contract managers, policy leads, and human trafficking and forced labour experts.

The following sections highlight main points to guide staff through their efforts to address forced labour and human trafficking in UN procurement.

### **Addressing risks of forced labour and human trafficking is integral to the role and mandate of the UN**

The UN should serve as a role model with the duty to respect international human rights standards and contribute to the protection of the rights of workers. In many contexts, UN Organizations have considerable influence in certain markets due to the scale of their procurement activities.

Through their purchasing function, UN Organizations can not only promote UN values to the market, but also support their implementation, thereby shaping business practices worldwide. By adopting forced labour and

human trafficking considerations when undertaking procurement activities, UN Organizations can contribute to developing best practices. They too have significant leverage, i.e. the ability to influence the behaviour of their suppliers and those in their supply chain. In other words, UN Organizations can and should require their suppliers to contribute to UN efforts to combat forced labour and human trafficking. Find more details in section 2 of the Guidance on Background and Concepts.

### **A process of human rights due diligence is central to addressing forced labour and human trafficking in UN procurement**

Human rights due diligence is a risk management process detailed in the [UN Guiding Principles on Business and Human Rights](#) (UNGPs). By undertaking human rights due diligence, an organization can identify, prevent, mitigate and account for human rights impacts that it may cause or contribute to through its own activities, including those which may be directly linked to its operations, products or services via its commercial relationships. Introducing measures to address the risk of forced labour and human trafficking into risk management and procurement activities is one of the essential ways UN Organizations may conduct human rights due diligence in their supply chains.

### **The risk of forced labour and human trafficking in UN procurement should be addressed across the different stages of the UN procurement cycle from policy, through to planning, tendering, and contract management**

Having policies to address the risk of forced labour and human trafficking in UN supply chains is the first step in responding to these challenges. These policies should include the identification and the assessment of these risks specifically in relation to the UN Organization's supply chain. Once this has been done, measures to require suppliers' respect for human rights can be defined, prioritised, and included in different stages of the procurement cycle to prevent these risks from becoming realities.

Although certain parts of the procurement cycle can appear as the most appropriate phase for planning or intervention, it is fundamental to consider the whole procurement cycle so that the different stakeholders can be identified and engaged during the procurement process.

It is necessary to approach this strategically, so that forced labour and human trafficking risks are managed at an early stage of sourcing and the most appropriate supplier can be selected through a competitive and rigorous selection process.

It is important to implement approaches and requirements that respond to the forced labour and human trafficking risks identified, and are appropriately weighted and communicated to the market. Furthermore, consideration is to be given to how these requirements will be monitored and managed throughout the life of the contract.

Ongoing engagement with suppliers through review meetings, progress reports, improvement programmes, key performance indicators (KPIs), and in some cases site inspections and audits, allow for forced labour and human trafficking risks to be identified at an early stage. Through monitoring, a UN

Organization can evaluate how a supplier is strengthening its own due diligence processes to address such risks.

For more information on these points as well as examples of current practices in UN Organizations, see section 3 on Addressing Forced Labour and Human Trafficking in the Procurement Cycle as well as section 4 on Crosscutting Considerations.

### **Cooperation and collaboration among UN Organizations is key to addressing the issue**

Cooperation and collaboration are necessary to increase leverage, share costs, reduce administrative burdens, realise economy of scale, and share good practice. UN Organization collaboration also means that suppliers receive the same message and fair treatment from different UN Organizations promoting common standards on forced labour and human trafficking for supply chains. Examples and guidance on this can be found throughout the Guidance.

### **Victims and survivors should be at the centre of remediation efforts**

Forced labour and human trafficking are serious human rights abuses which have profound and long-lasting effects on victims and survivors. Those who suffered harm are to be at the centre of measures to address forced labour and human trafficking, and efforts should be made to facilitate their access to effective remedy where abuses occur, in line with international standards and the applicable referral procedures in the concerned country.

Where suppliers to UN Organizations are found to have engaged in practices that may lead to forced labour and/or human trafficking, continued engagement is preferable, because it allows for the instances of abuse to be addressed and ideally would result in an improved situation for victims. However, where a serious violation by the supplier is identified and/or there is no genuine interest from the supplier to address the situation, then disengagement, contract termination and engagement with authorities on remedy may be necessary. For more information, see the Background and Concepts section 2 of the Guidance, as well as section 3 on Addressing Forced Labour and Human Trafficking in the Procurement Cycle and section 4 on Crosscutting Considerations.

### **Long lasting change relies on capacity, knowledge, engagement and collaboration**

Engagement, collaboration and capacity building and development are key to addressing the risk of forced labor and human trafficking in UN supply chains. This is relevant for all actors involved:

- UN Organizations should provide support to suppliers on how to address the issue in their own operations and with their suppliers and contractors;
- UN Organizations should provide personnel with the required knowledge and capacity to engage with suppliers and other stakeholders on forced labour and human trafficking;
- UN Organizations should share good practice and collaborate with one another, communicating this as a priority for the One UN to the market; and

- UN Organizations, as and where appropriate, should share costs and potentially reduce administrative burdens and realise economies of scale.

### **Communication and transparency are central to learning and continuous improvement**

Exercising human rights due diligence requires not only assessing and addressing human rights risks, but also communicating the actions taken. Reporting and publicly disclosing a UN Organization's actions and progress in contributing to the fight against forced labour and human trafficking is a fundamental element of human rights due diligence in supply chains. UN Organizations are encouraged to report annually on how they are implementing human rights due diligence in their own procurement activities. Guidance on reporting can be found in section 4 on Cross-cutting Considerations with the accompanying annex 2.

# 1. ABOUT THIS GUIDANCE

The elimination of forced labour and human trafficking is a central challenge for the international community. Equally, the management of supply chains and their impact on human rights is key to making progress towards the milestones established in the [2030 Agenda for Sustainable Development](#).

The [2020 Annual Statistics Report on United Nations Procurement](#) highlights that collectively the 39 UN Organizations which report procured goods and services (including works) totalling USD \$22.3 billion. The scope of goods and services purchased by UN Organizations varies widely, ranging from health and medical equipment, food and farming, transportation and storage, IT and communications equipment, to a multitude of different services. It additionally covers large scale infrastructure projects, the commissioning of niche scientific testing equipment, the buying of common goods (such as stationery, furniture, and internet services), as well as goods and services procured during emergencies.

Through its procurement, the UN can encourage and influence sustainable business practice and contribute to the prevention of forced labour and human trafficking in its supply chain. As large consumers, UN Organizations have the purchasing power to (i) set standards that encourage businesses to further respect human rights, (ii) promote accountability, and (iii) support remedy for victims. Recognising this, in 2017 the [UN Security Council](#) called upon United Nations system organizations to enhance transparency in their procurement and supply chains and step up their efforts to strengthen protections against trafficking in persons in all United Nations procurement.

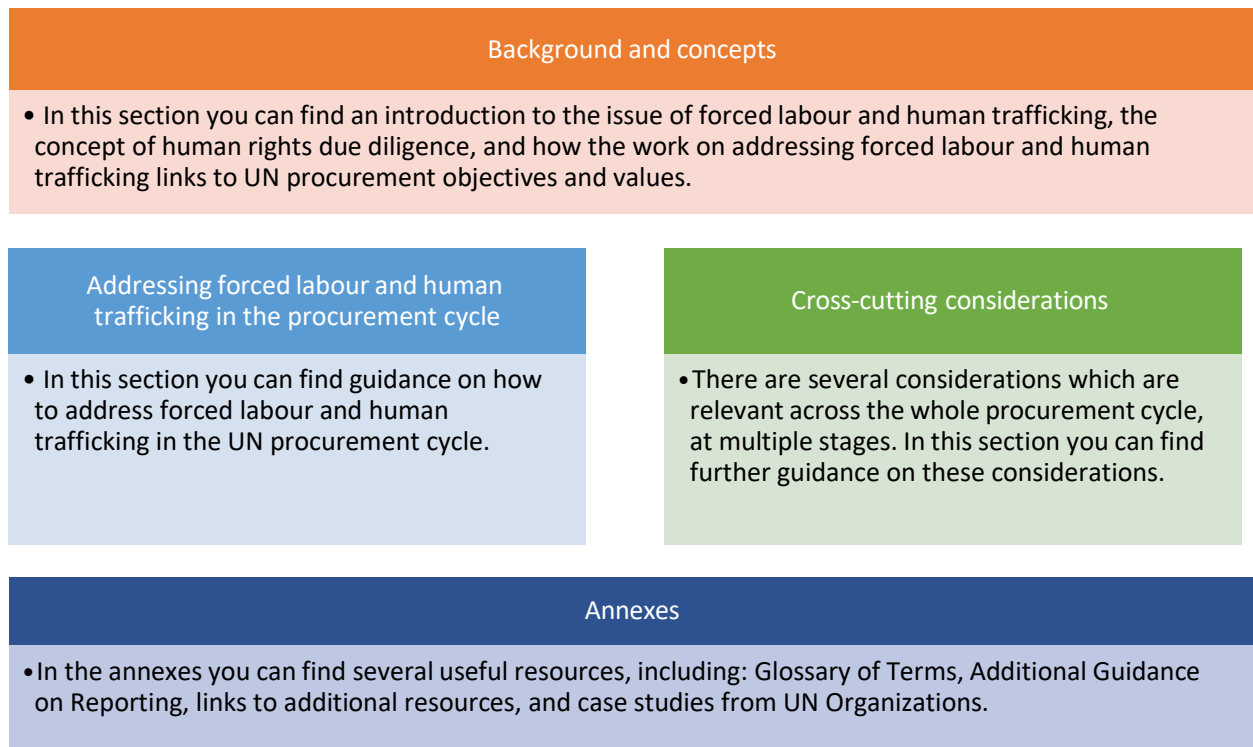
This **Guidance** identifies how the risks of forced labour and human trafficking in UN supply chains can be addressed across the different stages of the procurement cycle from policy, planning, and tendering through to contract management. It provides a practical guidance to all UN staff on how to identify and take action on forced labour and human trafficking in UN supply chains, supplemented by good practice examples of how UN Organizations and others are currently addressing these issues.

The Guidance is part of the **Policy Framework to Combat Forced Labour and Human Trafficking in UN Supply Chains**.



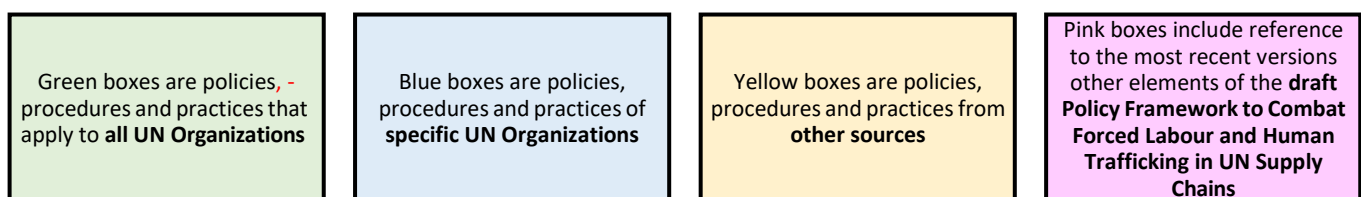
## 1.1 Structure and logic of the Guidance

This Guidance is structured as follows:



N.B. use the colors above to navigate in this Guidance. Each page of sections of the Guidance has borders that are the same colors as indicated above.

Throughout the document text boxes have been included that provide the following content:



## 1.2 Who should use this Guidance?

This Guidance can be used by UN staff in different roles across the UN system. Given the specificities of each UN Organizations' procurement needs, the Guidance outlines a general approach intended to be relevant to all.

UN Organizations may have their own institutional frameworks, policies, and/or requirements to address human trafficking and forced labour in their supply chains. The suggestions and examples outlined in this

Guidance documents are designed to be considered by Organizations when developing their own institutional frameworks.

Considering the content of the full Guidance is recommended in order to gain a comprehensive understanding of the overall issue of forced labour and human trafficking, and where steps to address forced labour and human trafficking should be taken in the procurement process. That being said, there are certain elements of the Guidance that may be of more relevance to some staff members due to their role and mandate in their respective Organizations. The following table provides an overview of how the Guidance can serve to support activities specific to these roles:

Role	How to use this Guidance	Specific sections of interest
<b>Legal and compliance staff</b> – staff with policy/legal/oversight/compliance function of the Organization as appropriate	For legal, compliance and/ or oversight staff, this Guidance can be used to understand how UN Organizations can address forced labour and human trafficking in its supply chains and how support from such staff could be relevant in contracting and following-up on performance and non-compliances.	The <b>Background and Concepts</b> section will provide insights into the normative frameworks and expectations on the UN. In addition, several parts of the section on <b>Addressing Forced Labour and Human Trafficking in the Procurement Process</b> , in particular section 3.7 on Contract Provisions and section 3.8 on Contract Management, will be relevant for legal, compliance and/ or oversight staff to consider. Finally, in the <b>Crosscutting Considerations</b> section, section 4.1 on remedy for victims and survivors of human rights abuses will also be of relevance to such staff.
<b>Procurement staff</b> – staff responsible for undertaking the procurement function	For procurement staff, this Guidance provides concrete support and examples of how to apply existing procurement processes in a way that supports efforts to combat forced labour and human trafficking. Through the examples and resources given, it can also inspire new ways of addressing the issue. Finally, the Guidance can provide arguments for the prioritisation of processes and resources to address the risks of forced labour and human trafficking in UN supply chains.	While the main source of useful guidance can be found in the <b>Addressing Forced Labour and Human Trafficking in the Procurement Process</b> and <b>Crosscutting Considerations</b> sections, the <b>Background and Concepts</b> section will also be useful to procurement staff when seeking to understand forced labour and human trafficking risks, how due diligence processes can help identify and address these risks, and how management of these risks ties into the broader sustainability commitments of the UN. This can be useful when discussing resourcing and prioritisation within the Organization.
<b>Requisitioner/contract manager</b> - staff responsible for the contract management function and/or budget holder	For the requisitioner/contract manager, this Guidance can provide insights into the risks of forced labour and human trafficking as it relates to contract implementation, and how to manage such risks in consultation with procurement staff.	The <b>Background and Concepts</b> section will provide useful information on the issue of forced labour and human trafficking, as well as how this ties into broader sustainability commitments of the UN. In the <b>Addressing Forced Labour and Human Trafficking in the Procurement Process</b> , section 3.8 on contract management will be especially relevant, however, it is important to understand that steps to address the issue of forced labour and human trafficking should be taken already in the project planning phase.
<b>Policy lead – Authority</b>	For the policy lead, this Guidance can provide policy-based arguments for	The <b>Background and Concepts</b> section will further clarify the issue of forced labour and human

responsible for establishing organizational and procurement policy	Organizations to prioritise combatting forced labour and human trafficking in their supply chains. In addition, the resources and examples provide inspiration on how to implement processes to identify, assess and address risks of forced labour and human trafficking and how these may be included in organizational and procurement policy.	trafficking, the concept of human rights due diligence, and how these tie into broader sustainability commitments of the UN. In the <a href="#">Addressing Forced labour and Human Trafficking in the Procurement Process</a> and <a href="#">Crosscutting Considerations</a> sections, the policy lead can get an insight into the more practical elements of the procurement process and how considerations on forced labour and human trafficking can be included.
<b>Human trafficking and forced labour experts</b> – topical experts within the organization in the area of forced labour and human trafficking	For human trafficking and forced labour experts, this Guidance can be used to further understand the procurement process within the UN and where their expertise can be used and integrated. This Guidance may also provide inspiration for these experts in how to support human trafficking and forced labour being incorporated into their organization's procurement activities.	The <a href="#">Background and Concepts</a> section will provide insights into the normative frameworks and expectations on the UN as it relates to procurement. In addition, several parts of the section on <a href="#">Addressing Forced Labour and Human Trafficking in the Procurement Cycle</a> , will be relevant for human trafficking and forced labour experts to increase their knowledge of the procurement process and to support them in identifying where their expertise can be applied.

## 2. BACKGROUND AND CONCEPTS

Before considering how to address forced labour and human trafficking in the context of UN procurement, it is necessary to understand the background and key concepts on the issue and the context within UN sustainable procurement and human rights due diligence. The following sections provide such an introduction.

### 2.1 Defining forced labour and human trafficking

Labour exploitation and abuses of human rights are a reality of our current global production systems and service delivery. Such situations of abuse are often referred to generally as modern slavery or contemporary forms of slavery. Modern slavery or contemporary forms of slavery as such are not legal terms, however they are used as umbrella terms to refer to situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion, deception, and/or abuse of power. According to the International Labour Organisation (ILO) [40.3 million people are in modern slavery](#), which includes those in forced and bonded labour, child labour, victims of human trafficking and those subjected to domestic servitude and forced marriages. The ILO and UNICEF's [2020 global estimate](#) on the number of children in child labour highlights that numbers have risen to 160 million worldwide – an increase of 8.4 million children in the last four years. According to the ILO, women and girls are disproportionately affected by forced labour, accounting for 99% of victims in the commercial sex industry, and 58% in other sectors. Illicit profit based on forced labour is estimated by the [ILO in 2014 at USD \\$150 billion a year](#).

Forced labour and human trafficking are not confined to isolated countries or sectors, they are universal issues. They are serious human rights abuses constituting illegal activities in most countries, and consequently abuses often occur behind closed doors. However, in some cases, especially regarding labour exploitation, the abuse may be hidden in plain sight.

This Guidance focuses specifically on forced labour and human trafficking, which are defined by a range of international instruments and authoritative intergovernmental bodies, including the ILO and regional human rights treaty bodies.

This section aims to clarify the terminology and provide definitions to be used for the purpose of the Guidance.

**Forced labour:** The [ILO Forced Labour Convention \(No. 29\)](#) defines forced labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily”. This definition consists of three elements:

- **Work or service**, which refers to all types of work occurring in any activity, industry or sector including in the informal economy.
- **Menace of any penalty**, which refers to a wide range of penalties used to compel someone to work, for example through restriction of movement, loss of job, or reduction in pay.

- **Involuntariness**, which refers to the lack of free and informed consent of a worker to take a job and their freedom to leave at any time. Involuntariness may exist, for example, when an employer or recruiter makes false promises so that a worker takes a job they would not otherwise have accepted.

Although forced labour is often found in the private sector, it can also be imposed by state authorities. The [1957 ILO Abolition of Forced Labour Convention \(No. 105\)](#) primarily addresses state-imposed forced labour.

This Convention prohibits specifically the use of forced labour:

- as punishment for the expression of political views;
- for the purposes of economic development;
- as a means of labour discipline;
- as a punishment for participation in strikes; and
- as a means of racial, religious or other discrimination.

**Human trafficking:** The [United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime](#) defines human trafficking as:

“the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs.” (see Annex 1 Glossary of Terms for the full definition)

The main elements of this definition are:

- **Act:** the recruitment, transportation, transfer, harbouring or receipt of persons
- **Means:** threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person (it should be noted that the ‘means’ element does not apply to the definition of human trafficking in children).
- **Purpose:** exploitation, which includes sexual exploitation, forced labour and practices similar to slavery and servitude, for example domestic servitude and forced marriages, and the removal of organs.

There are large number of organizations working to combat forced labour and human trafficking which have produced useful reports on key characteristics or ‘red flags’ to help identify what forced labour and human trafficking looks like in practice. These indicators are highlighted in section 3.1 on risk identification, assessment and management and in annex 3 which provides additional resources on risk assessment.

## 2.2 UN commitments to combatting forced labour and human trafficking in its supply chains

Forced labour and human trafficking are prevalent in many supply chains, including those that produce the goods and services the UN procures. The UN is a large consumer, with 39 UN Organizations collectively procuring goods and services totalling USD \$22.3 billion in 2020. According to the [2020 Annual Statistics Report on United Nations Procurement](#), in that year, the 10 largest procuring Organizations accounted for 82.7% of the \$22.3 billion procured and the 10 smallest procuring Organizations accounted for 0.4%. In real terms, UNICEF procured \$4,468m compared to the United Nations Assistance to the Khmer Rouge Trials (UNAKRT) which procured \$0.5m.

The UN has over 300,000 vendors registered on the UN Global Marketplace (UNGM) and procures goods and services from suppliers in over 200 countries and territories around the world operating in challenging geographies and sourcing from sectors at risk of forced labour and human trafficking. UN supply chains are, therefore, at risk of instances of forced labour and human trafficking.

The UN is to serve as a role model with the duty to respect international human rights standards and contribute to the protection of the rights of workers. The values enshrined in the UN Charter of respect for fundamental human rights, social justice and human dignity, and respect for the equal rights of men and women are overarching values, which should guide actions to address risks of forced labour and human trafficking in procurement. The UN commitment to enhancing transparency in UN supply chains and strengthening protections against trafficking in persons and forced labour is clearly stated in [UN Security Council Resolution 2388](#), and is reiterated in subsequent resolutions by the UN General Assembly ([Resolution 76/7](#)) and the UN Economic and Social Council ([Resolution 2021/25](#)).

The UN HLCM-PN has publicly committed to combatting human trafficking and forced labour in UN supply chains, as expressed in its recent Policy Statement:

*The organizations of the United Nations system state their **intention and commitment** to continue combating the risk of human trafficking and forced labour in UN supply chains, ensuring the respect of human rights and exercising due diligence with a human-centered approach.*

***Answering the call** of UN Security Council Resolution [S/RES/2388](#), UN General Assembly Resolution [76/7](#), and ECOSOC Resolution [2021/25](#), we **recognize** the need to enhance transparency in UN supply chains and strengthen protections against trafficking in persons and forced labour in all UN activities. We intend to do so by promoting due diligence and labour standards across UN supply chains, acknowledging this as fundamental to sustainable development and the overall successful execution of the UN mandate.*

*We **recognize** the importance of embedding throughout the UN system measures to combat human trafficking and forced labour in UN supply chains, while acknowledging the immense challenge of this complex issue. As such, tackling this problem effectively requires the involvement and contribution of all UN staff and departments, from policy creation through to implementation.*

We **remain** committed to addressing the root causes of these challenges, and to working together to ascertain common approaches that mitigate the risk of human trafficking and forced labour in UN supply chains.

In this regard, the Procurement Network (PN) **pledges** its commitment to promote due diligence and respect for human rights across procurement, legal, programming, and implementation operations, using a human-centered approach to ensure continual improvement of conditions in UN supply chains.

This objective will be pursued through the **adoption today** by the HLCM-PN of a system-wide Policy Framework to Combat Forced Labour and Human Trafficking in UN Supply Chains which includes a comprehensive Guidance document for UN staff engaged in policy, procurement, and project implementation with proposed methodologies and contractual clauses based on the best practices evolving within the UN system.

All United Nations entities are **encouraged to incorporate** this Guidance into their respective institutional frameworks and are encouraged to report on progress to the HLCM-PN on a regular basis to allow for further UN system wide development in this area.

The approach of the UN to the risks of forced labour and human trafficking in UN supply chains is based on internationally recognised human rights and ILO International Labour Standards, and is guided by:

- The principles set out in the [UN Guiding Principles on Business and Human Rights](#);
- The [Ten Principles of the UN Global Compact](#);
- The [2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals](#);
- The [OECD Due Diligence Guidance for Responsible Business Conduct](#);
- The [ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy](#); and
- The [ILO General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs](#).

All UN staff must adhere to the UN values as explicitly stated in the [Standards of Conduct for the International Civil Service](#). As outlined in the Standards, UN values must guide international civil servants in all their actions and include “fundamental human rights, social justice, the dignity and worth of the human person and respect for the equal rights of men and women and of nations great and small”. Therefore, UN staff are bound by these values, including when involved in and responsible for procurement and contracting activities, and should use the UN procurement function to promote these values.

Specifically, as the [UN Procurement Manual](#) states, requisitioners, procurement officials and contract managers are expected to encourage UN suppliers to adopt sustainable and socially responsible policies in accordance with the [UN Supplier Code of Conduct](#).

The [UN Supplier Code of Conduct](#) outlines the UN’s expectations of its suppliers to support and respect the protection of internationally proclaimed human rights and ensure that they are not complicit in human

rights abuses. These expectations apply to all suppliers that are registered with the UN or with whom it does business including their employees, parents, subsidiaries or affiliate entities, and subcontractors.

The Code refers to international labour standards, and addresses the payment of wages, working hours, health and safety and other working conditions. It also includes a specific clause on forced labour:

**5. *Forced or Compulsory Labour*:** The UN expects its suppliers to prohibit forced or compulsory labour in all its forms.

The Code encourages continuous improvement, and expects that suppliers encourage and work with the suppliers in their own supply chain to ensure that they also strive to meet its principles.

The Code expects, at a minimum, that suppliers have established clear goals toward meeting the standards set out in the Code. It sets out the expectation that suppliers will establish and maintain appropriate management systems related to the content of the Code, and that they actively review, monitor and modify their management processes and business operations to ensure they align with the principles set forth in the Code. These principles align with the process of human rights due diligence as set out in the UN Guiding Principles on Business and Human Rights (discussed further in the next section 2.3 on human rights due diligence and procurement). Supplier participation in the UN [Global Compact](#) is strongly encouraged to operationalise its principles and to communicate progress annually to stakeholders.

Certain provisions of the Code may be binding on a supplier in the event the supplier is awarded a contract by the UN, depending on the particular terms and conditions of the contract.

## 2.3 Human rights due diligence and procurement

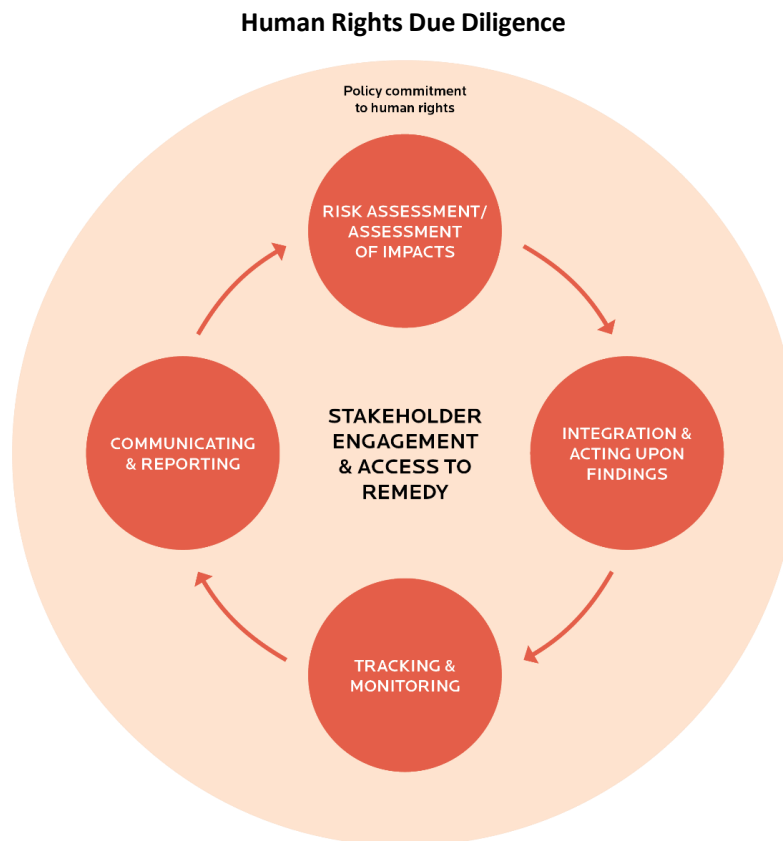
Human rights due diligence is a risk management process detailed in the [UN Guiding Principles on Business and Human Rights](#) (UNGPs) to operationalise corporate responsibility to respect human rights. It allows a business (including suppliers to UN Organizations) to identify, prevent, mitigate and account for human rights impacts that it may cause or contribute to through its own activities, including those which may be directly linked to its operations, products or services via its commercial relationships. Human rights due diligence should be supported by measures to facilitate access to an effective remedy for victims where harm has already occurred. The process of due diligence elaborated in the UNGPs has been incorporated into the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises and been further developed by the OECD into '[Due Diligence Guidance for Responsible Business Conduct](#)', which is being used by major businesses to assess and respond to their impact on human rights.

The UNGPs were endorsed by the UN Human Rights Council in June 2011 ([A/HRC/RES/17/4](#)) and are the first widely accepted international framework articulating the responsibilities of businesses in relation to human rights, drawing their authority from pre-existing international human rights laws. Currently, businesses do not generally have direct legal obligations under international human rights law. Instead, businesses have a 'responsibility to respect' human rights, that is, to avoid infringing on the human rights of others and to address adverse human rights impacts with which they are involved. The UNGPs articulate that all businesses have a responsibility to respect human rights in the context of their own activities and to seek to prevent or



mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed directly to those impacts. This means that businesses have a responsibility to take action to respect human rights including in their supply chain and other business relationships.

In order to meet their responsibility to respect human rights, businesses need to put in place the necessary policies and processes, including a human rights due diligence process. The implementation of human rights due diligence [can be the single most important contribution by businesses to the realisation of the SDGs](#).



By undertaking human rights due diligence, an organization can identify, prevent, mitigate and account for human rights impacts that it may cause or contribute to through its own activities, or which may be directly linked to its operations, products or services via business relationships. The UNGPs highlight that human rights due diligence:

- Should cover all potential and actual adverse human rights impacts;
- Will vary in complexity with the size of the business enterprise, the risk of severe human rights impacts, and the nature and context of its operations - there is not a one-size fits all solution, but there are common elements in finding a solution;
- Should be ongoing, recognizing that the human rights risks may change over time as the business enterprise's operations and operating context evolve; and

- Should consider all impacts on human rights, i.e. both impacts that the organization may cause, contribute to or be linked to through its business relationships and supply chain.

Human rights due diligence is not a tick-box exercise. It requires substantive action, without which the steps taken risk being labelled as ‘window-dressing’ or ‘green-washing’. Human rights due diligence should be integrated coherently into existing risk management processes and systems throughout an organization, with a specific emphasis on the risks to rights-holders and focused on a human-centred approach.

In annex 4 you can find case studies on how international organizations are applying human rights due diligence in their procurement activities:

- Case Study 1 – A full procurement cycle approach in practice at the OSCE
- Case Study 2 – Risk management at UNOPS
- Case Study 3 – Social audits at the UNHCR

As a part of the human rights due diligence process, organizations should identify their ability to effect positive change with regards to wrongful practices causing or contributing to a human rights abuse. One method is to identify and exercise an organization’s **leverage** over a supplier, intended as the ability to effect change in a particular context (see Annex 1 – Glossary). While leverage largely depends on the contract value, it can be enhanced through contractual terms and conditions, as well as supplier engagement, dialogue, international organization collaboration and collective action to effect change. When it comes to procurement, leverage can be applied in both the relationship between the buyer and the supplier and by the supplier towards its own supply chain.

Human rights due diligence is not only useful for business, but also for organizations which undertake procurement. Introducing forced labour and human trafficking into risk management and procurement activities is how UN Organizations can conduct human rights due diligence in their supply chains. This Guidance explains how to introduce human rights due diligence at every stage of the UN procurement cycle to address the risks of forced labour and human trafficking occurring in UN supply chains. It includes practical steps and examples of how the UN can exercise its leverage over its suppliers and its supply chain to further contribute to the elimination of forced labour and human trafficking.

## 2.4 UN procurement objectives and values

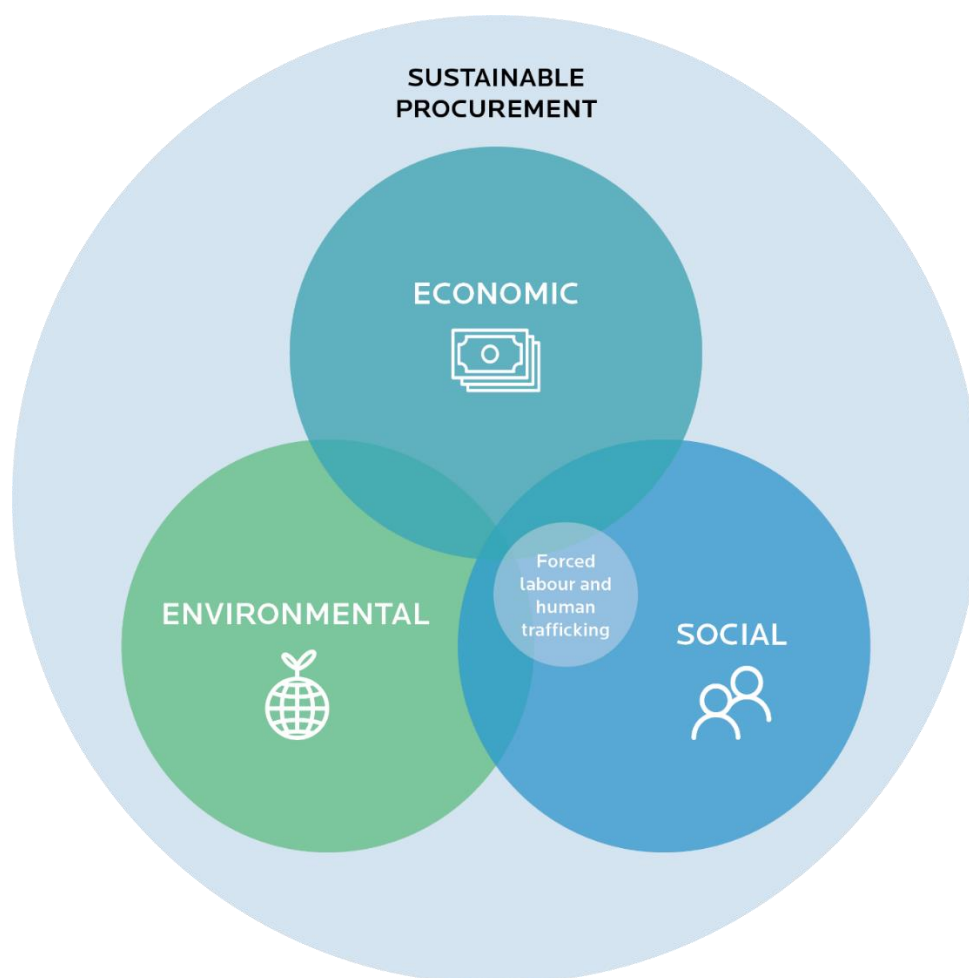
Through its procurement activities, the UN works to achieve a number of strategic objectives on sustainability, including the protection of the environment, economic and specific social issues, such as promoting gender equality and disability inclusion. Measures to address forced labour and human trafficking in UN supply chains should be coherent with sustainable procurement approaches, building from current measures, benefitting from lessons learned, and effectively adapting these approaches wherever possible.

### 2.4.1 Sustainable public procurement

In 2015, [the UN General Assembly unanimously adopted the 2030 Agenda for Sustainable Development](#) (the 2030 Agenda) as “a plan of action for people, planet and prosperity”. The potential of procurement is

highlighted in Sustainable Development Goals (SDG) 12. Target 12.7 calls on all states to “[p]romote public procurement practices that are sustainable, in accordance with national policies and priorities”. The UN High Level Committee on Management Procurement Network (HLCM-PN) [defines sustainable procurement](#) as “practices that integrate requirements, specifications and criteria that are compatible and in favour of the protection of the environment, of social progress and in support of economic development, namely by seeking resource efficiency, improving the quality of products and services, and ultimately optimizing costs”.

Sustainable procurement provides an opportunity to prioritise procurement from suppliers that respect the three dimensions of sustainable public procurement; economic, social and environmental. Addressing forced labour and human trafficking is a key step in realising the social element of sustainable procurement. Policies, tools, and guides to achieve sustainable procurement can provide many useful examples which can be reproduced, or adapted, to address these violations in UN supply chains.



Procurement exercises can place a focus on procuring from suppliers that have effective measures in place to prevent and address forced labour and human trafficking, in line with Target 12.7, but also as a means of realising Targets 8.7 and 16.2 to end child labour, forced labour, modern slavery and human trafficking.

Addressing forced labour and human trafficking in UN supply chains is also a means to realise SDG 5 on gender equality, as women and girls are disproportionately affected by forced labour.



## 2.4.2 Aligning UN procurement with UN commitments on forced labour and human trafficking

Through their procurement activities UN Organizations can not only signal their values to the market, but also support implementation, contributing to shaping business practices worldwide. By requiring their suppliers to adopt forced labour and human trafficking considerations, UN Organizations can contribute to developing best practices in this field, while at the same time respecting public procurement principles. In other words, UN Organizations can and exercise their ability to influence their suppliers and their purchasing power to contribute to the UN commitments on forced labour and human trafficking.

The procurement process of any UN Organization must respect the existing [Financial Regulation](#) 5.12. This requires giving due consideration to the four general principles of UN procurement: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interest of the UN. The introduction of considerations regarding forced labour and human trafficking within the procurement cycle not only aligns, but supports these principles, particularly the best interest of the UN. The following sections describe some of the ways they align.

- **Best value for money**

Best value for money is the overarching procurement aim, found in national, regional and international public procurement processes. The [UN Procurement Manual](#) defines it as “the optimization of the total cost of ownership and quality needed to meet the user’s requirements, while taking into consideration potential risk factors and resources available”. As such, this does not necessarily require awarding the contract to the lowest offer by a supplier, but it allows for the introduction of other parameters, including social considerations (such as the [Sustainable Procurement Indicators](#), which include addressing forced labour and human trafficking considerations in UN Supply Chains, see section 3.3 Supplier registration and the UN Global Marketplace (UNGM)).

### Best value for money in UN Organization Procurement Manuals

The principle of 'best value for money' is described in the Procurement Manuals of UN Organizations in several complementary ways. A few examples of how manuals make direct reference between best value for money and social criteria include, among others:

**ILO Procurement Manual:** 'Value for money is measured by reference to the needs and interests of the ILO' (p. 5). 'Best value for money may also be assessed by reference to inherent risk factors and any social, environmental or other strategic objectives of the Organization' (p. 13).

**UNDP Procurement Manual:** 'This definition enables the compilation of a procurement specification that includes social, economic and environmental policy objectives within the procurement process.' (p. 14).

**UNOPS Procurement Manual:** 'The purpose of public procurement is to obtain the best value for money and to do this it is important to consider, among other factors, the optimum combination of the total cost of ownership (i.e. acquisition cost, cost of maintenance and running costs, disposal cost) of a purchase and its fitness for purpose (i.e. quality and ability to meet the contracting authority's requirements). This definition enables the compilation of a procurement specification that includes social, economic and environmental policy objectives within the procurement process' (p. 14).

...

'the implementation of sustainable procurement not only does not hinder, but in fact it supports, achieving its key procurement principles: best value for money; fairness, integrity and transparency; effective competition; and best interest of UNOPS and its partners.' (p. 5)

Forced labour and human trafficking [have an important economic impact](#) as well as a devastating human cost. These abusive practices increase the revenues of transnational organised crime while there are immense costs to implement policies and services for coordination, prevention, law enforcement, health and social protection; lost economic output and revenue; and lost quality of life. What may appear as best value for money on paper may have important hidden costs, not only for a procuring organization but for the entire global economy.

- **Fairness, integrity and transparency**

Businesses taking advantage of workers to cut prices runs directly against the principle of **fairness** which guides UN procurement. By having requirements of suppliers with regards to forced labour and human trafficking, the principle of fairness is maintained for bidders competing for UN business opportunities, including that all rules be clearly defined and applied in an unbiased manner.

The **integrity** principle requires all UN staff to perform their functions consistent with the highest standards of integrity as required by the Charter of the United Nations. Integrating considerations to prevent and respond to forced labour and human trafficking in UN supply chains directly supports the adherence to ethical standards in UN operations.

By **transparency** the UN Procurement Manual means that all interested parties have access to relevant information on procurement policies, procedures, and opportunities. Imposing obligations on bidders and

suppliers regarding forced labour and human trafficking contributes to transparency by clarifying, from the start, that the UN is committed to identifying and addressing incidences of forced labour or human trafficking in its supply chains. In order to enhance transparency, this Guidance suggests that UN Organizations report on their actions to prevent and respond to forced labour and human trafficking (see section 4.6 and annex 2 for more information on reporting).

- **Effective international competition on a level playing field**

A UN wide approach to addressing forced labour and human trafficking in UN Supply chains helps to create a level playing field for suppliers that strive to respect human rights. Human rights abuses disrupt international competition. Fostering effective competition on a levelled playing field requires that suppliers to UN Organizations do not benefit from forced labour and human trafficking, for example, to provide lower prices or faster delivery conditions.

- **Best interest of the UN**

Addressing forced labour and human trafficking in UN supply chains is in the best interest of UN Organizations: it is part of the values of the Organization and protects it from reputational risks. UN Organizations should utilise procurement to require their suppliers to address the risk of human rights violations, including by supporting suppliers to identify and respond to such human rights abuses.

- **Cooperation and collaboration**

Whilst cooperation and collaboration are not listed in the UN Procurement Manual as procurement principles per se, they underpin the whole procurement process and are key for the development of procurement activities. The UN Procurement Manual clearly states that cooperation in procurement among UN Organizations can result in significant benefits due to economies of scale, reduced transaction costs, agility and improved relations with suppliers (Chapter 14). This includes cooperation with UN Organizations as well as non-UN organizations and with governments.

The [2020 Annual Statistics Report on United Nations Procurement](#) notes that 34 of the 39 UN Organizations which report engaged in collaborative procurement. Furthermore, there is a range of good practice examples of how forced labour and human trafficking are currently addressed by UN Organizations. However, there is still room for increasing cooperation. As the 2019 report by the OECD, The International Organization for Migration (IOM) and UNICEF on [Ending child labour, forced labour and human trafficking in global supply chains](#) states, “there is a need for greater international collaboration around responsible public procurement in order to share learning and best practices, and to exchange tools and information on risks related to certain products and markets and on follow-up and monitoring.”

It is important that good practice, challenges, and lessons learned are shared within and among UN Organizations to promote a coherent approach and maximise synergies where they emerge, in line with the [UN Sustainable Development Cooperation Framework](#) and the [UN SDG Business Operations Strategy](#).

## Sharing within the UN

The [High-Level Committee on Management – Procurement Network \(HLCM-PN\)](#) was established in April 2007. The Network's mandate is to promote the strategic role of Procurement and Supply Chain Management in programme and service delivery in a transparent and accountable manner. As of September 2020, representatives from 40 organizations were members of the Procurement Network. The Network is responsible for the UN Global Marketplace and works to improve the efficiency and effectiveness of the procurement function within the UN System through working groups on:

- Harmonization
- Professional Development
- Sustainable Procurement
- Strategic Vendor Management
- Cognitive Procurement

The HLCM-PN liaises with other networks in the HLCM, including the Legal Network.

The [Inter-Agency Coordination Group against Trafficking in Persons \(ICAT\)](#) is a policy forum mandated by the UN General Assembly to improve coordination among UN Organizations and other relevant international organizations to facilitate a holistic and comprehensive approach to preventing and combating trafficking in persons, including protection and support for victims of trafficking. As of December 2021, ICAT had a membership of 30 UN entities and other international and regional organizations.

The [Common Procurement Activities Group \(CPAG\)](#) is a voluntary inter-agency procurement network composed of 20 Geneva-based UN and international organizations, which the UNOG is the Secretary of. The objective of CPAG is to provide additional value and collaborative ideas to procurement activities in order to achieve best value for money, not only in the solicitation process but also in the day-to-day procurement functions, by identifying cost efficiencies and collaborative solutions to procurement challenges. More info can be found in the [2020 CPAG annual report](#).

### 3. ADDRESSING FORCED LABOUR AND HUMAN TRAFFICKING IN THE PROCUREMENT CYCLE

This section highlights measures to be taken relevant to the different stages of the procurement cycle in order to exercise human rights due diligence in UN procurement, meaning: to identify, prevent, and mitigate risks of forced labour and human trafficking in the UN supply chain. This should be read in conjunction with section 4 on Crosscutting Considerations.

The section is structured to follow the procurement cycle, but all the measures detailed should be considered already at the procurement planning stage.

Familiarity with the [UN Procurement Manual](#) and the [UN Procurement Practitioner's Handbook](#) is advised before reading further.

When addressing forced labour and human trafficking in UN supply chains (and throughout the procurement cycle), the following key actions can be taken:

1. Learn what forced labor and human trafficking risks look like and conduct relevant research when undertaking a risk assessment. Look as far down the supply chain as possible, and assess this risk based on the severity of impacts to people using a human-centred approach. For more on risk identification, assessment, and management see section 3.1 on risk identification, assessment and management.
2. Consider obtaining information (through surveys, interviews and other means) on how suppliers currently address forced labour and human trafficking in the given market to assess the level of maturity of the suppliers and the broader market. This can help identify the level of maturity of suppliers in the operating context and accordingly, what level of requirements with respect to forced labour and human trafficking should be introduced. For more on gathering information including through supplier engagement, see sections 3.2 on sourcing and 4.2 on supplier engagement and support.
3. Design requirements and evaluation criteria to address identified risks of forced labour and human trafficking, and:
  - a. Consider how to score or make mandatory these criteria, where possible
  - b. Consider how to turn requirements into performance indicators to monitor compliance

For more on designing requirements and criteria see section 3.4 on requirements definition.

4. Consider how to communicate new requirements to suppliers through the tender and during contract implementation and provide supplier support in their efforts to address forced labour and human trafficking. See sections 3.8 on contract management and 4.2 on supplier engagement and support.
5. Identify, and where relevant consider establishing, a mechanism to receive complaints of forced labour and human trafficking abuses in supply chains, as well as a process to verify and address the abuses. See sections 3.10 on actions to take when a forced labour or human trafficking issue arises and section 4.1 on remedy for victims and survivors of human rights abuses.



### 3.1 Risk identification, assessment and management

Identifying and assessing risks of forced labour and human trafficking in UN supply chains is a vital first step in exercising human rights due diligence and addressing such risks. Once risks have been identified and assessed, appropriate measures to encourage supplier respect for human rights can be defined and included at different stages of the procurement cycle to try to prevent and/or mitigate risks of forced labour and human trafficking becoming realities. This section provides guidance on identifying forced labour and human trafficking risks (section 3.1.1) and assessing and mitigating such risks (section 3.1.2).

In this case, the risk focus should not be exclusive to large scale, high spend procurements, as monetary value is not directly related to the risk of forced labour and human trafficking. Risks of this nature are dependent on a multitude of factors, including industry and commodity/service type, supply chain complexity, geographical spread, and workforce composition.

Risk identification and analysis for forced labour and human trafficking should ideally be conducted for every procurement exercise or groups of similar purchases/markets, although the measures to respond to the risk will naturally vary depending on the value of the procurement and risks identified. Since UN Organizations may not have the capacity to address all risks at once, a risk assessment can also help decide what to prioritise. It should be noted that human rights risks vary with changing circumstances on the ground and the results of risk assessment processes will require periodic updating.

Several UN Organizations already undertake extensive risk management procedures related to human rights, managing risk at many levels, including outcome level, country level, and project level. Procurement does not take place in isolation and risk management at these upstream levels should lay the groundwork for procurement-level risk management.

#### **An example of UN cooperation in addressing risk management**

Existing risk management procedures can also provide guidance on how to apply human rights due diligence to relationships with external actors, including partnership and lending relationships.

For example, the [UN Implementing Partner PSEA Capacity Assessment](#) was published in September 2020 and provides a common baseline for UN funds, Agencies and programmes to have the necessary assurance of partners' organizational capacities on Protection from Sexual Exploitation and Abuse, and includes:

- (1) partner self-assessment;
- (2) UN entity review and preliminary determination of partner capacity;
- (3) documented decision including capacity-strengthening implementation plan;
- (4) appropriate monitoring and support activities; and
- (5) final determination of partner capacity.

UN Organizations can, as and where appropriate, pool their resources to undertake joint risk assessments. Where possible, UN Organizations should share and provide access to information, including risk assessments, to UN Organizations and other organizations.

### 3.1.1 IDENTIFYING FORCED LABOUR AND HUMAN TRAFFICKING RISKS

A risk assessment is only as thorough as the information gathered. Key elements to consider when identifying forced labour and human rights risk include:

- Knowing what risks to look for;
- Reliable sources of information;
- Supply chain mapping;
- Identifying related risks; and
- Adopting a life-cycle approach.

- **Knowing what risks to look for**

When identifying what forced labour and human trafficking looks like on the ground, a series of questions can help guide a risk assessment. The questions listed below are only indicative, which means that a positive answer does not equate necessarily to the existence of forced labour and human trafficking but, in combination with the other elements of this section, they provide grounds to further consider whether workers may be subject to abuse. As supply chains can cross borders, the questions below should be asked of the country where the supplier is based, the country where the activities occur, and other countries known to be in the related supply chain.

#### Country risk factors

- Has the country ratified relevant international instruments? Are there reports on the country failing to implement international instruments it has ratified (e.g. reports part of the [Universal Periodic Review Process](#); communications from [UN Treaty Bodies](#), [national human rights institutions reports](#), civil society organizations reports)?
- Are freedom of association and collective bargaining protected under national laws? Do national legal regimes outlaw peaceful strike action? Are trade unions able to operate without interference?
- Does the country operate state-orchestrated programmes involving:
  - o Forced labour of administratively detained persons, prisoners in pre-trial detention, political prisoners, persons detained for trade union activity or peaceful assembly?
  - o Mass mobilisation for large-scale national development programmes?
  - o Labour and/or vocational programmes targeted at persons belonging to minorities?
- Are there challenges conducting in-depth risk assessments in the national context, for example through threats or enforced presence of government/employers or intimidation of human rights defenders?
- Is the country on either end of a labour migration corridor?
- Is the country ranked in the lower end of relevant indices, including, for example:
  - o [Global Rights Index](#)
  - o [Fragile States Index](#)

#### Working conditions risk factors

- Are there any concerns about the treatment of workers, including fair pay and working hours?
- Do workers appear to work or live in isolation? Are worker movements restricted by their employer?
- Are there concerns regarding the health and safety of workers, due to the nature of their job? Is it possible to verify if safeguards have been implemented?
- Is there an absence of written employment contracts? Are indirect employment relationships favoured?
- Are workers subjected to intimidation and threats, physical and sexual violence, abusive working and living conditions, excessive overtime and very low pay?
- Does the workplace rely on “labour discipline” for production, i.e. an obligation to work as a sanction for violating company rules or failing to complete production quota?

#### Migration, informality or other vulnerable worker risk factors

- Is there a high proportion of migrant workers? Are they recruited through agencies? How regulated are these agencies?
- Is there a high proportion of informal workers?
- Are worker accommodations provided by the employer?
- Could employers be taking advantage of specific vulnerabilities, such as migrant worker status, asylum seeker or refugee status, irregularities in legal status, or social or personal circumstances, which restrict their ability to change employers, to move within the country or to leave the host country without permission of their employer?

#### Recruitment and debt risk factors

- Are workers getting their wages directly or are they subject to the use of irregular, delayed, deferred or non-payment of wages as a means to bind them to their employment?
- Are there restrictions on the ability of workers to freely dispose of their wages (e.g. a disproportionate portion of their wages is deducted for accommodation, uniforms, etc.)?
- Are wages being withheld in order to pay debts the worker has incurred during the recruitment process?
- Have workers been recruited with deception or other abusive or fraudulent means, including being subject to recruitment fees and associated costs?
- Have workers’ identity and/or residency documents been withheld during the recruitment process or during employment?

- **Reliable sources of information**

Many UN Organizations undertake extensive risk assessments at the country level and project level and these risk registers. In addition, a large number of UN Organizations have projects and experts working directly on forced labour and human trafficking at the country level. These colleagues can be a valuable source of information to identify risks specific to a product or service, supply chain or industry. Annex 3 lists further sources of information for risk identification and assessment, including sources from UN Organizations, member states, non-governmental organizations, and the media.

Engagement with suppliers, local communities, trade unions, and workers' groups can also provide useful information on the types of risks specific to a certain supplier or factory especially in certain countries, markets, or sectors, where it may be difficult to source relevant information on forced labour and human trafficking from a desk-based exercise to inform a risk assessment. This can be conducted through questionnaires, group interviews, conferences, or other events. Engagement with suppliers can help understand supplier maturity and help to determine what may be reasonable expectations from suppliers throughout the procurement process (see section 3.2 on sourcing and section 3.5 on supplier qualification to find more details on the use of supplier questionnaires).

#### **Utilising potential suppliers as a source of information**

In Yemen, the **UN Office for Project Services (UNOPS)** undertook a tender for waste management, an environment where there were known human rights abuses such as child labour. To get a more in-depth understanding of the local environment and associated risks, UNOPS undertook a data collection exercise with stakeholders, including potential bidders. Potential bidders were assured that these sessions were not intended to evaluate or shortlist them, but were purely a data gathering exercise. A risk register was created and categorised according to different topics including safeguarding and the environment. The register was then included in the overall UNOPS risk management system (see annex 4, case study 2 on sustainable procurement at UNOPS).

- **Supply chain mapping**

Supply chain mapping is a very useful method to identify and understand the risks that may arise or already be present in supply chains. It should aim to create a map of the different supply chain tiers, across different industries, sectors, and countries, and map relative characteristics and vulnerabilities. Understanding different parts of a supply chain, the entities involved and the countries where they are located, is vital to address risks thoroughly.

Global supply chains can be vast, complex and dynamic, and accordingly mapping the supply chain beyond Tier 1 is challenging. A mapping exercise should begin with the higher tiers, moving into lower tiers as the process is developed further. Market research (see section 3.2 on sourcing) and tendering criteria requiring suppliers to preliminarily disclose certain pieces of information can be a helpful source of information in developing a better understanding of a supply chain in a sector (see section 3.4 on requirements definition and 3.5 on supplier qualification). Suppliers will have much more visibility over their supply chains than UN Organizations. Equally, supply chains are dynamic and will change over time. Therefore, an effective mapping exercise should continue after the award of a contract, and should involve the input and collaboration of the winning bidder, which can be contractually required to cooperate on this matter.

- **Identifying related risks**

Forced labour and human trafficking abuses do not happen in isolation but are likely to occur alongside other human and labour rights abuses, fraud, corruption and environmental damage. Addressing and managing the risks of forced labour and human trafficking risks can therefore help address broader sustainability and human rights risks. At the same time, the existence of fraud, corruption and other human rights violations

can be indicators of forced labour and human trafficking. Therefore, procurement processes may address underlying and broader risks, to mitigate the specific risk of forced labour and human trafficking occurring, and vice versa. If there are control weaknesses in contract management to address the risks of forced labour and human trafficking, this could be indicative of larger risk management problems that need to be addressed as an organization.

**Fraud as a risk factor of forced labour and human trafficking**

Underpaying beneficiaries is a risk indicator of forced labour and modern slavery. A 2020 analysis of fraud cases at the ILO identified that 11% of identified cases of fraud related to support to beneficiaries, this included underpaying beneficiaries the amounts due.

- **Adopting a life cycle approach**

In order to identify as many of the potential risks of forced labour and human trafficking as possible, a life cycle approach should be adopted. This involves examining in detail the sustainability impacts associated with every component and stage of the product or services 'life' (from raw material and manufacture to use and disposal). Although this can be time consuming and expensive, a comprehensive analysis might be critical where high risks are identified, so that any management action is planned with a clear view of how it might impact risks.

**Life Cycle Impact Mapping at the African Development Bank**

In 2015, the **African Development Bank** developed Sustainable Procurement Guidelines. One of the main elements of the Guidelines is Life Cycle Impact Mapping. The stages analysed are the following:

- Impacts of obtaining raw materials;
- Impacts of manufacturing and logistics;
- Impacts during use of product/service;
- Impacts at end-of-life/disposal phase.

The results of the Life Cycle Impact Mapping are used to inform the risk identification, assessment, and design of mitigation measures.

Some UN Organizations mandate life cycle costing and highlight that upfront costs may result in reduced operational costs in the longer term. However, it is important to note that life cycle analysis is more common when considering the risks and impacts on environmental conditions and there is still little practice in applying this approach to social and human rights risks. With respect to addressing forced labour and human trafficking, costs associated with related measures should be weighed against the costs of suppliers not having such measures. These include the occurrence of human rights abuses, remediation to victims, as well as operational costs associated with delays in project delivery or re-tendering procurement exercises, for example.

### 3.1.2 ASSESSING AND MITIGATING RISKS

Once risks of forced labour and human trafficking have been identified, an assessment should follow to understand their likelihood, severity and consequences. This should be done to establish what risk

management actions to include across the procurement cycle, for example in the tendering requirements and at the contract management stage.

Typically, where higher risks are identified, protection measures should be strengthened throughout the procurement process. This is crucial to efforts to ensure that nonconformities are spotted and addressed before they escalate from risks to realities.

Risk mitigation will be explored in greater detail in the following sections at the relevant steps of the procurement cycle. However, the procurement planning stage should be used to identify the most appropriate measures to address the risks are identified, and to include all relevant information is included within tender documents, such as the means of implementing and verifying said measures (e.g. through the use of tailored KPIs, or the possibility of inspection, as discussed in the following sections). At this stage, a premortem approach can be a useful tool to identify what could go wrong by exploring various “worst case” scenarios, and what requirements could be introduced in procurement to respond to identified risks. Staff may find it useful to also develop a risk mitigation plan which includes actions taken throughout the tendering process, and actions to be implemented at the contract management stage (e.g. collaborating with suppliers).

Since it can be difficult to address all the identified risks all at once, it is crucial that UN Organizations determine priority focus areas. This can include specific procurement exercises, categories of procurement or industries, or geography, depending on capacity. Prioritisation can include several factors, but should at minimum consider the following:

- **Severity of the risk:** To prioritise UN Organizations should first consider the level of risk of negative human rights impact and how much harm such impact has on the rights of those affected. A severity analysis should be used to prioritise risks of the greatest scale, scope, and irremediability, as well as likelihood.
- **Existing leverage:** When deciding which risks to prioritise UN Organizations should also consider their current ability to affect change in the behaviour of suppliers, this is to exercise leverage over such suppliers. The leverage a UN Organizations has on the market is often related, but not limited, to the value of the procurement. Identifying how much capacity to influence behaviour down the supply chain, as well as existing leverage gaps early on (e.g. in consultations with partners/donors and at the project development stage) can allow a UN Organizations to identify measures to implement its purchasing power throughout the different procurement stages. These measures could be deployed during selection and contract management, and by collaborating with other UN Organizations, as and where possible and appropriate. UN Organizations should also consider potential ways to further build and increase leverage, including through collaboration.

#### **Prioritising risks: different approaches**

In its Sustainable Procurement Guidelines, the **African Development Bank** describes its prioritisation approach to identify areas to address in the short, medium and long term in the procurement of goods, works and services. This is a “risk- and opportunity-based approach”, which uses the following criteria:

- Level of expenditure;
- Level of risk and opportunity against each sustainability objective;
- Scope for improvement; and
- Level of market influence.

The focus on these four criteria allows the Bank to use its resources efficiently, ensuring that its actions are not only targeted towards high-risk scenarios, but that there can be a real impact.

The **ILO** has developed a detailed methodology to assist requisitioners in the identification, assessment and mitigation of risks deriving from their procurement exercises, called ‘Managing Risk in Procurement Guidelines’.

This measures risk based on likelihood of an event occurring combined with its consequence, both scored between 1 and 5 and integrated in a Risk Rating Matrix. Results are categorised as high, medium and low based on the compounded results.

This is followed by the preparation by the requisitioner of a Risk Register. This is intended to assist with the identification of the appropriate mitigation strategies. The Risk Register includes the following:

- Risk (What would prevent procurement objectives being met?);
- Consequences (What would be the impact of the risk?);
- Extent of risk(s) (Likelihood, Consequence, Risk Rating); and
- Risk treatment (Action Plan).

**The International Civil Aviation Organization (ICAO)** determines the level of risk through a cumulative analysis of likelihood and consequences, which are classified as extreme, high, moderate or low. Action plans are then required for all risks except low. Risk management strategies include:

- Transfer (to a third party, from one area to another (e.g. schedule to cost));
- Acceptance (monitor, damage control);
- Avoidance (remove the threat, acting on the cause, triggers); and
- Mitigation (reduce impact or likelihood; introduce levers for causes and/or triggers).

While this risk assessment is not specific to forced labour and human trafficking, it provides a useful and comprehensive framework with which to address the multitude of risks faced by ICAO, including those addressed by this Guidance.

## 3.2 Sourcing

Planning the sourcing stage carefully can help UN Organizations understand market maturity, whether/which specific sourcing methods are required, and inform the requirements at the next stage. Active steps should be taken to engage diverse suppliers at the sourcing stage so that all perspectives are taken into account, and to prevent the exclusion of micro, small and medium enterprises (MSMEs) by designing requirements they may not be able to meet due to their size or capacity. This section addresses:

- Market research;
- Sourcing methods; and
- Piggy-backing.

- **Market research**

Having identified potential forced labour and human trafficking risks, it is essential to determine the knowledge, understanding and management of these risks in the supplier market. Through market research, the buyer should seek to understand whether suppliers are aware of forced labour and human trafficking risks, how they are addressing them, and their capability to implement further considerations in this area. This can help in the drafting of tender documentation by supporting requisitioners in tailoring requirements to the maturity of the market while also identifying where there is potential to enhance existing practices. Further, market research can be useful in identifying practices that have been implemented by other buyers procuring similar goods or services, which can be adapted to the procurement activity at hand.

Market research should be undertaken periodically to remain relevant and up to date, as requirements for socially responsible procurement are rapidly spreading and evolving within different geographies and sectors. It can be a desk-based research activity, or it can involve engaging with suppliers more interactively through questionnaires or dialogues, and can be combined with supplier engagement and support measures (see section 4.2 on supplier engagement and support).

UN Operational Management Teams (OMTs) can be a resource for specific country or regional contexts. Information from other buyers can often be accessed by contacting them or their organization directly. Other international organizations or large NGOs who are also procuring in the same context can be a useful resource for information on the market.

A bidding process itself can be used to collect information for future tenders (see section 3.5 on supplier qualification) and can serve to inform the market of the particular Organization's forthcoming prioritisation of forced labour and human trafficking related issues as an evaluation methodology.

#### **Collecting bidder data to inform future supplier selection**

The **United Nations Development Programme** (UNDP) is implementing a phased approach to introduce Environmental, Social and Governance (ESG) aspects in its supplier sourcing strategy. As a first step, an ESG questionnaire has been developed, which is mandatory for all bidders to submit, but which does not yet affect evaluation (please contact the UNDP for more information as this questionnaire is regularly updated).

The social aspect of the questionnaire includes questions such as:

- Does your company use Risk Assessments in regards to Health and Safety?
- Does your company have Human Resource policies which inform workers of their rights and conditions of employment?
- Does the company monitor and document incidents/accidents? (e.g. near misses, number of lost days, frequency rates etc.)

Bidders can choose an answer from a drop down list and include relevant comments in a separate column. The responses are being collected to understand market maturity in addition to market research, and will inform future sourcing by setting a baseline for all suppliers to comply with.

For a detailed case study involving market research, see annex 4 case study 1 – a full procurement cycle approach in the practice at the OSCE.



- **Sourcing methods**

Different sourcing methodologies can be utilised to identify suppliers that are already taking steps to identify and address risks and impacts in their supply chains. At the same time, sourcing methodologies can be used to decide on the appropriate solicitation method and type of competition.

A request for information (RFI), for example, can be used to assess the maturity of the market and where first steps have been taken to implement human rights due diligence which can be included in a tender process. A request for expression of interest (EOI) can be used to identify potential suppliers who already have human rights due diligence measures in place. A pre-qualification requirement can be used to value and stimulate businesses to take steps to implement human rights due diligence in advance of a tender.

**Responding to risks of unpaid wages through pre-qualification requirements**

Unpaid wages is a labour rights violation and could be an indicator of forced labour. Thus, the ILO supported a pilot project of Qatar's Public Works Authority, Ashghal, which requires all bidders to present a certificate of compliance from the national Wage Protection System (WPS) (of the Ministry of Administrative Development, Labour and Social Affairs) in order to be eligible for a tender. The WPS is able to monitor compliance of all companies in the private sector as they are required to pay workers through banks, and this information is then transmitted to the Ministry.

Existing pre-qualification processes could also be adapted to address risks of forced labour and human trafficking.

**Adapting existing sourcing methods**

For some procurement activities, UNOPS conducts pre-qualification exercises. Potential bidders are asked to show interest in working with UNOPS and are classified in different tiers based on their capacity. UNOPS also informs prospective suppliers of how UNOPS operates and its tendering processes, including through a mandatory online training called '[Doing Business with UNOPS](#)'. At present, these resources do not contain specific forced labour and human trafficking content, but aspects of sustainable procurement generally. These efforts represent a valuable mechanism for supplier evaluation and engagement, which may be developed further to assess the market's capacity to address these risks, and to inform bidders of UNOPS prioritization of sustainability.

Benchmarking how other UN Organizations, national public procurement bodies, and NGOs procure in a sector or country can be a useful exercise to select an appropriate sourcing method, and may provide data to inform the requirements definition (see section 3.4 on requirements definition).

- **Piggy-backing**

Smaller UN Organizations may not have regular procurement activities and/or the resources to develop their own criteria on forced labour and human trafficking. Instead, they can participate in and/or 'piggyback' the tenders of other UN Organizations. This can minimise the risk of suppliers not answering a call for tender because they do not wish to adapt to requirements in contracts with a relatively low value.

The UNGM contains a repository of Long Term Agreements (LTAs) which can be piggy-backed by other UN Organizations.

It may be useful to check the particular contract on UNGM to see if performance monitoring and evaluation reviews for the LTAs are available, or obtain information from the other UN Organization through an HLCM-PN endorsed LTA information sheet. Where such information is unavailable with regards to addressing the risks of forced labour and human trafficking, a cost-benefit analysis should be undertaken.

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For resources on identification and assessment of risks of forced labour and human trafficking, see:

- ◆ ILO [Forced Labour Indicators](#);
- ◆ The European Commission, [Guidance for EU Businesses to Address the Risk of Forced Labour in Their Operations and Supply Chains](#);
- ◆ OSCE, [Model Guidelines on Government Measures to Prevent Trafficking for Labour Exploitation in Supply Chains](#);
- ◆ OSCE, [Combating Trafficking in Human Beings and Labour Exploitation in Supply Chains](#);
- ◆ The [UNDP Practitioner's Guide to Sustainable Procurement](#) and the [UN Procurement Practitioner's Handbook](#) provide relevant information on general risk identification;
- ◆ UNODC, Human Trafficking Indicators.

For resources on assessing and mitigating risks, please see:

- ◆ [Guidance on Due Diligence for EU businesses to address the risk of Forced Labour in their operations and supply chains](#);
- ◆ [OSCE Model Guidelines on Government Measures to Prevent Trafficking for Labour Exploitation in Supply Chain](#);
- ◆ The [UN Procurement Practitioner's Handbook](#);
- ◆ UNDP and UNEP, [Working Paper: A Sustainability-Weighted Procurement Portfolio Management \(PPM\)](#).

Further resources can be found in annex 3.





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### 3.3 Supplier registration and the UN Global Marketplace (UNGM)

UNGM is a database where suppliers can express their interest in doing business with UN Organizations and further their understanding of how the UN procures. In order to do business with the UN, the UNGM requires that suppliers 'acknowledge' the [UN Supplier Code of Conduct](#) (UNSCC) upon registration. The UNSCC includes requirements in relation to combating forced labour broader labour standards. For more details on how the UN Supplier Code of Conduct addresses forced labour and human trafficking, see section 2.2 on UN commitments to combatting forced labour and human trafficking in its supply chains.

The UNGM also screens registered entities against the sanction lists of UN Organizations, the UN Security Council Sanction Lists and the World Bank Debarred Firms and Individuals List. Businesses, organizations and individuals are screened against these lists upon registration and the entire database is reviewed periodically (for more on the UN vendor sanctions regime, see section 3.9).

In order to improve the UN wide tracking of sustainable procurement, the UNGM system allows for tenders to be identified with a sustainable procurement label to show that they have embedded UN [Sustainable Procurement Indicators within the requirements](#). Due to this functionality and the availability of the sustainable procurement indicator 'human rights and labour issues', tenders which include measures to protect against forced labour and human trafficking can be captured.

Pillar	SP Indicator	Examples of tender requirements
<b>Environment</b> 	1. Prevention of pollution to air, land and water	Environmental Management System, corporate environmental policy, waste management, policy on hazardous materials and chemicals
	2. Sustainable resource use	Eco-labels: circular design, energy-saving, recycling, bulk packaging
	3. Climate change mitigation and adaptation	Energy efficiency, renewable energy purchasing, greenhouse gas reporting, offsetting, clean transportation and logistics, resilient infrastructure
	4. Protection of the environment, biodiversity and restoration of natural habitats	Eco-labels: sustainable/organic agriculture, forestry, fishing
<b>Society</b> 	5. Human rights and labour issues	Universal Declaration of Human Rights, ILO's core conventions, freedom of association/collective bargaining, elimination of child/forced labour and discrimination at work, health and safety, fairly traded goods, inclusion of disadvantaged groups, accessibility considerations in design
	6. Inclusion of persons with disabilities	Requirements accessible for persons with disabilities, disability inclusive suppliers
	7. Gender equality and women's empowerment	Gender mainstreaming, reserved procurement for women-owned businesses
	8. Social health and well-being	Avoidance of hazardous chemicals, labelling of chemicals
<b>Economy</b> 	9. Whole life cycle cost	Total Cost of Ownership, Life Cycle Costing
	10. Local communities and SMEs	Reserved labour for local communities, local materials and services, local MSMEs
	11. Promoting sustainability throughout the supply chain	Extend sustainability requirements to tier 2 suppliers, identify and approve primary subcontractors
<b>The following two indicators only serve for informational purposes and do not factor towards the classification of a sustainable procurement tender</b>		
<b>General</b> 	11. Global compact	Considerations promoting vendors' participation in the UN Global Compact
	12. Suppliers' monitoring and auditing	Contract conditions/KPIs that stipulate verification of suppliers' environmental and social claims through "spot checks" and audit provisions

### 3.4 Requirements definition

Requirements definition involves preparing the technical specifications and terms of reference for a specific procurement exercise. Introducing considerations on forced labour and human trafficking at this stage is the first step to allow for the assessment of related risks, to inform suppliers of the related requirements. This is particularly relevant when defining technical specifications, i.e. the characteristics of the goods or services to be supplied and delivered, and the related mandatory and preferred evaluation criteria.

The [UN Procurement Manual](#) states that factoring in sustainability considerations at the requirements definition stage can provide added value by promoting resource efficiency, leveraging innovation and advancing the SDGs, while noting that requirements must be transparent, measurable and proportionate to what the market can reasonably offer and must not restrict international competition.

Defining requirements is an important stage and effort should be spent developing requirements relevant to the procurement activity, which can effectively address the risks of forced labour and human trafficking

identified. Other tenders conducted in the same context can provide inspiration and guidance for developing such requirements, but this should not be a copy and paste exercise.

Responsibility for defining requirements and subsequent contract management remains with the requisitioner or budget-holder. In its capacity as a support service, in many UN Organizations, procurement practitioners may be in a strategic position to provide guidance in identifying the most appropriate solutions, by connecting colleagues procuring and contracting in similar circumstances, and by drawing from their expertise and knowledge of the market and procurement processes. In parallel, a thorough sourcing exercise can help identify the available options and set the requirements at a level where a sufficient number of suppliers are considered eligible for the business opportunity, without affecting effective competition (also see annex 4, case study 1 - a full procurement cycle approach in practice at the OSCE).

Consideration of how the requirements will be evaluated and scored should be done in parallel with the development of each requirement. More information on evaluation criteria is included in section 3.6 on evaluation and award criteria. Consideration should also be given to how these the requirements can be integrated into performance monitoring or KPIs measured throughout contract management, as detailed in section 3.8 on contract management.

Key elements to consider when designing requirements to address the risk of forced labour and human trafficking in UN supply chains include:

- The type of specification;
- Supply chain mapping requirements;
- Financial criteria;
- Labels and certificates;
- International standards; and
- Requirements that 'do no harm'.

- **The type of specification**

While high-level descriptive specifications requiring suppliers to address forced labour and human trafficking give suppliers flexibility, the challenge they pose for buyers is that expertise on forced labour and human trafficking and capacity are required to fairly and transparently assess and compare proposals, which may articulate very different approaches to addressing risks of forced labour and human trafficking. That being said, forced labour and human trafficking elements can be introduced in performance and functional specifications. This could include, for example, a requirement that:

- Goods and/ or services do not contain forced labour and human trafficking in their supply chain;
- The supplier has an appropriate risk management strategy which encompasses risks of forced labour and human trafficking;
- The supplier has a nominated person with responsibility for sustainability, human rights, or forced labour and human trafficking;

- The supplier has an appropriate grievance mechanism (see section 4.1 on remedy for victims and survivors of human rights abuses), which can be tailored further to the context; and/or
- The supplier demonstrates that they are aware of, and have appropriate procedures to address risks of, forced labour or human trafficking, including but not limited to specific and named locations where it has occurred previously.

Some of these requirements may also be applied through other UN documents, such as the UN Supplier Code of Conduct, at other stages of the procurement process, or in contract conditions. A comprehensive approach is needed to address forced labour and human trafficking risks so that eligible bidders are aware of the importance the UN places on tackling this issue.

- **Supply chain mapping requirements**

Including a specification to require that bidders map and disclose their supply chain as part of their proposal can be a useful tool to identify potential supply chains risks in the tender at hand, and help a buyer understand supply chains in a specific sector for future tenders. In mature markets, it may be possible to request supply chain mapping beyond the first tier. It is possible to combine this requirement with evaluation criteria to give preferential points to suppliers who can map to lower tiers of their supply chain (see section 3.6 on evaluation and award criteria). This requirement can be included in tenders where it is not possible to develop detailed tailored requirements to address forced labour and human trafficking specific to the purchase.

**Requiring a supply chain map**

The **United Nations Framework Convention on Climate Change (UNFCCC) secretariat's** sustainability standard operating procedure requires that for “each solicitation exercise for goods and/or services, the technical proposal shall include the vendor’s documented sustainability policy and operations, including the vendor’s list of subcontractors and details of the supply chain for the specific requirement, where applicable.”

- **Financial criteria**

Requesting detailed life-cycle costing in the solicitation documents can help identify risk of forced labour and human trafficking. The UN Procurement Manual notes that the procurement exercise may choose to include estimates of personnel and other input required in order to reach the expected results.

Detailed financial breakdowns can help identify risk factors of forced labour and human trafficking, such as abnormally low financial offers. Where there is an abnormally low offer, or an element which is abnormally low (e.g. transportation costs or labour costs), further documentation can be requested to clarify the situation, for example, requesting a detailed breakdown including salaries/hourly rates. Where a proposal does not provide a breakdown the costs to the required specificity, a supplier can be asked to provide the clarification of a more detailed breakdown without changing the overall financial offer. It should be noted that this should be tailored to the particular context for how salaries and associated social protection benefits are structured in that market.

**Requiring information on workforce salaries**

The **African Development Bank** request bidders indicate the salary of their employees and the statutory benefits associated with the post.

- **Labels and certificates**

While environmental labels and certifications are widely used, there are much fewer which address forced labour and human trafficking. Therefore, while they can be considered a useful ‘add-on’, they should not be relied upon as the only safeguard. Instead, UN Organizations should strive to engage in more in-depth information gathering to confirm whether its supply base is committed to addressing forced labour and human trafficking risks on a long-term basis.

- **International standards**

Requirements can draw a supplier’s attention to international standards on responsible business conduct that the UN expects suppliers to meet as a minimum. Requirements can also make direct reference to international standards on forced labour and human trafficking. A list of relevant standards can be found in the [ILO’s 2014 Guide to International Labour Standards](#), and a list is available in the resource section at the end of this chapter.

**Integrating international standards**

When developing a Long Term Agreement for desktops and laptops, the **Organisation for the Prohibition of Chemical Weapons** included a section on social criteria in its technical specifications. This required compliance with international standards as protected by the ILO Conventions on

- Freedom of Association and Protection of the Right to Organise (No. 87);
- Right to Organise and Collective Bargaining (No. 98);
- Forced Labour (No. 29);
- Abolition of Forced Labour (No. 105);
- Discrimination (Employment and Occupation) (No. 111);
- Equal Remuneration (No. 100); Minimum Age (No. 138);
- and Worst Forms of Child Labour (No. 182)."

Most importantly, these requirements did not only apply to direct suppliers, but explicitly cover the OPCW’s supply chain, including Original Equipment Manufacturers (OEMs), Electronic Manufacturing Services (EMS) firms and Original Design Manufacturers (ODMs), and contracted labour (contract manufacturers) that may design, market, manufacture and/or provide goods and services that are used to manufacture and supply the final product.

- **Requirements that ‘do no harm’**

The UN should take steps to ensure its procurement activities ‘do no harm’. In the context of procurement activities, requirements such as detailing large volumes at short notice and ‘just-in-time’ orders can significantly increase the risk of abuses of workers’ human rights, via excessive hours, ‘lock-ins’ and increased workplace injuries, for example.



During the coronavirus pandemic in 2020, [the US banned the import](#) of rubber gloves from certain businesses in Malaysia after indications (which were later verified) that they were produced using forced labour during a period of heightened demand.

UN Organizations purchasing practices should not exacerbate risks of forced labour and human trafficking by exerting excessive pressure on pricing or delivery schedules, even in times of emergency. A site visit to the premises as part of a tender validation process can provide assurances that a potential supplier has the capacity to deliver on large just-in-time orders, for example (for more information on site visits see section 3.6 on evaluation and award criteria).

## 3.5 Supplier qualification

Supplier qualification criteria can be used to set the mandatory requirements every supplier will have to meet to qualify for a bid. As these aspects are scored on a pass/fail basis, mandatory criteria send a clear message to bidders regarding the minimum standards suppliers must comply with in order to work with the UN. To ensure mandatory criteria do not excessively reduce competition or limit market access, they should be based on market research.

Supplier qualification is especially important when using solicitation methods where it is not possible to use a weighted analysis for evaluation, as is often the case with invitations to bid (ITBs) (see section 3.6 on evaluation and award criteria).

In the context of forced labour and human trafficking, qualification criteria can identify the international standards suppliers must agree to abide by, and also incorporate wider human and labour rights considerations so that working conditions in the supply chain do not escalate to the level of forced labour and human trafficking. Pass/fail criteria must be objectively assessed and verifiable. Bidders can be required to provide evidence of implementation of policies or management systems. This can be used to confirm whether suppliers are in a position to report on relevant information, such as their efforts to identify and address risk in their supply chain, which can be essential during contract management.

### **Detailed qualification criteria**

**‘Region Stockholm’** in Sweden applies qualification criteria that its potential suppliers of rubber gloves must be able to report on, including:

- The traceability of the rubber gloves to the factories where they are produced;
- The methods the supplier uses to follow-up on compliance with contractual clauses relating to health and safety, working conditions, human rights and the environment at factories within its value chain;
- Whether migrant workers are present in factories within its value chain, and the percentage of migrant workers at factories producing rubber gloves supplied to Region Stockholm;
- The supplier’s policies relating to forced labour and, if migrant workers are present, policies to ensure there are no recruitment fees; and
- An action plan on how the supplier will work towards ensuring such policies are enforced, listing specific steps to be taken.



Requirements that could be mandatory qualification criteria, and which represent the minimum standards expected from all suppliers, include:

- Compliance with all laws related to wages and working hours. Workers' compensation must be guaranteed in accordance with national applicable laws and regulations.
- Compliance with local laws when establishing standardised ethical and moral conducts.
- Payment of statutory benefits on behalf of staff to relevant authorities.
- Elimination of all forms of forced or compulsory labour.
- Abolition of child labour i.e. protecting a child from performing any type of work that can interfere in his/her education or that can be hazardous to the child's health or physical, mental, spiritual, mental, spiritual, moral or social development.
- Compliance with the Occupational Health and Safety Guidelines.
- Freedom of association and right to collective bargaining without fear of harassment or any type of reprisal.
- Elimination of all forms of discrimination in respect of employment and occupation.

Similarly, to specification criteria, mandatory qualification criteria should be defined in reference to the maturity of the market as identified during market analysis, while also taking into consideration industry standards.

- **Requiring suppliers submit a completed questionnaire**

A number of UN Organizations require that bidders submit a completed supplier questionnaire to be included in the tender. These questionnaires collect information to provide an insight into how suppliers identify, manage and mitigate the risks of sustainability and human rights related issues. When analysed and used proactively they can provide useful information on the status of the given market in these areas which is relevant when assessing the tender in question and when planning for similar tenders in the future.

Questionnaire responses can also help tailor supplier support measures (e.g. training) to the needs of the market or sector. The questionnaire response from the winning bidder can form the basis for an ongoing dialogue on how they can improve.

The **UNDP** has recently developed a draft Supplier Sustainability Questionnaire and are developing tailored questionnaires for certain markets and goods/services categories focused on sustainability. The standard questionnaire contains questions on the social aspect of sustainability, including:

- Does your company participate in Corporate Social Responsibility initiatives?
- Does your company have Human Resource policies which inform workers of their rights and conditions of employment?
- Does the company monitor and document incidents/accidents? (e.g. near misses, number of lost days, frequency rates etc.)

And the following questions on the 'governance' aspect of sustainability:

- Does your company conduct regular training for employees to ensure business integrity and ethics with all employees?

- Is there formal guidance on the documentation of selection procedures for contractors/subcontractors/outourced work?
- Is there guidelines in reporting, investigating and addressing workplace harassment for your company? If so, please specify the type of harassment awareness enforced in your company (sexual, religion, power etc.).

- **Exclusion grounds**

Exclusion grounds are designed to prevent businesses with historical or ongoing problems in their operations, including forced labour and human trafficking abuses, from tendering. The aim of including requirements within procurement that suppliers respect human rights is not to exclude potential suppliers, but to encourage them to address the risk of forced labour and human trafficking occurring in their activities and supply chains. However, exclusions may be necessary and practical for those suppliers that do not meet legal requirements or refuse to address forced labour and human trafficking in their activities and supply chain.

Excluding potential suppliers from participating in procurement exercises can have serious consequences for these businesses and they may seek to challenge such exclusions. Although excluding a potential supplier might damage a relationship with them, it clearly articulates the UN Organization's standards to the market. Exclusion grounds can also be an effective way of encouraging suppliers that are working to address forced labour and human trafficking at an early stage of the procurement process.

To be effective in their aim, exclusions should include the possibility of reintegrating previously excluded suppliers in the UN market, provided they have taken the necessary measures to remedy to previous violations in a substantial and effective way, and they have put in place mechanisms to prevent further violations from occurring, a practice called 'self-cleaning'. Appropriate action will necessarily depend on the context, but can include an adaptation of pre-existing policies and procedures to identify, assess, mitigate, and monitor risk and to report and address potential violations. For a more in-depth discussion on remedy, see section 4.1.

UNGM maintains the updated UN and World Bank Sanctions lists and periodically checks the list of registered suppliers against this list (see section 3.3 on supplier registration and the UNGM). Since convictions on forced labour and human trafficking offences are rare, UN Organizations should not rely entirely on exclusions to address risks in their supply chains. Instead, they should include them in a series of applicable measures as detailed in this Guidance.

## 3.6 Evaluation and award criteria

While the requirement definitions set the minimum requirements potential suppliers must respect to qualify for a tender, the evaluation stage can be used to attribute additional weighting to aspects that exceed the lowest acceptable bar, thus encouraging supplier development in the area of sustainability. This sub-section is structured as follows:

- Solicitation method
- Evaluation criteria

- Verifying proposals

- **Solicitation method**

Within the UN system, the evaluation method depends on the solicitation method, and is typically as follows:

- Invitation to Bid (ITB) --> Lowest priced, technically compliant
- Request For Proposal (RFP) --> Cumulative weighted analysis
- Request For Quotation (RFQ) --> Lowest priced, technically acceptable
- Low Value Acquisition (LVA) --> Lowest priced, technically acceptable

The solicitation method can impact how forced labour and human trafficking related evaluation criteria can be applied. The particulars of the context (e.g. relevant legal framework, certifications, monitoring mechanisms, social protection, etc.) will have an influence on whether mandatory or preferred criteria is appropriate for specific procurement exercise.

For example, if there is robust legislation and associated licensing/certifications, the inclusion of the relevant documentation may be appropriately included as mandatory criteria.

The following section addresses how weighted scoring criteria can be used.

- **Evaluation criteria**

Like specification criteria, weighted scoring criteria at the evaluation stage should be clear and measurable, and relevant to the specific product or service being procured.

Forced labour and human trafficking can be introduced within wider sustainability considerations, which are weighted against other criteria such as quality, functionality and price. They may be used to require bidders to provide substantive information, such as:

- Evidence of risk assessment exercises and supply chain mapping;
- Existence and implementation of appropriate policies to address forced labour and human trafficking in the supplier's own operations (e.g. by identifying any risks deriving from poor worker conditions, and encouraging suppliers who have strong management systems in place to respect their workers' rights);
- Existence and implementation of appropriate policies to address forced labour and human trafficking in a supplier's own supply chain (e.g. how they confirm that subcontractors do not engage in these practices, including any verifications such as audits, or how this is implemented beyond Tier 1);
- Existence of an appropriate grievance mechanisms in place to report and address any potential violation, including whistleblower protection; and
- Production locations throughout the supply chain.

Evaluation criteria can also directly refer to the technical capability and experience of suppliers, requiring them to have previous experience in addressing forced labour and human trafficking in their supply chains.

Some UN Organizations mandate that sustainability criteria are scored in all technical evaluations.

**Mandating a minimum amount of sustainability criteria**

The **UNFCCC** mandates in their sustainability standard operating procedure that environmental and social sustainability criteria should constitute at least 10 per cent of the weighting in the technical evaluation and rating.

In addition, a minimum price threshold, tailored to the local context on national minimum wage, for example, could be used to prevent bidders from being awarded a contract by offering a very low price despite not having adequate due diligence policies.

**Monitoring implementation of relevant policies at the evaluation stage**

The **Organisation for the Prohibition of Chemical Weapons** has developed a template for Requests for Proposals which includes content on sustainability. Bidders are asked to demonstrate significant commitment to human rights and labour issues, among other areas of sustainability. To do so, they can provide a statement and, where possible, a progress report on the implementation of their policies and processes.

One of the advantages of introducing weighted scoring criteria related to forced labour and human trafficking is their flexibility, as it allows tailoring of their relative scope and weight to the supply market. While an advanced market may be able to meet more stringent requirements, a lower threshold may be considered for an emerging market, as appropriate. In such a case, suppliers may be encouraged to develop beyond a minimum requirement by introducing points for the fulfilment of additional criteria. For example, this may entail requiring the suppliers to ensure that all workers to be paid the minimum wage, but assigning additional points if a higher living wage is paid. While not being crucial to the contract award, using similar practices will indicate a UN Organization's values to the market, and prepare bidders for the progressive introduction of more advanced requirements in sustainability in the future. UN Organizations can also indicate in the tender that the criteria may be mandatory in the future, allowing the market to make the necessary adjustments and prepare for this evolution.

**Sensitising the market through evaluation criteria**

The **ILO** conducted a procurement exercise for family hygiene kits and digital infrared thermometers to be delivered to migrant farmer families in Turkey. The project was motivated to issue a sustainable tender including environmental, social, and economic aspects, however there was a concern that the relevant market was not yet developed in the area of environmental sustainability. In order to encourage this aspect and to have a better understanding of the market's development in the area of environmental sustainability, the ILO included in the requested documents a company environmental sustainability policy or similar. This was not a pass/fail element, as the market was relatively new to this concept, but it was designed to show that the ILO places importance on sustainability and to sensitise the market to further steps in the future.

**Strengthening criteria over time**

Aiming to improve supplier capacity over time, criteria can be progressively strengthened, so as to encourage continuous improvement without overburdening bidders at the outset. For example, this was

used by **UNOPS** for gender mainstreaming. Bidders were told that it would be desirable to have 20% of the workforce as women, but that after six months this would become a mandatory requirement to participate in UNOPS tenders. While this was a short timeframe, it was deemed appropriate because this was a general requirement, rather than specific to a type of position within the company. Other gender-mainstreaming requirements were given a longer timeframe of eight months to be introduced. To ensure that an increase in women workers did not result in increased risks of gender-based discrimination, UNOPS used pre-bid meetings to discuss gender-mainstreaming policies and to ensure reasonable safeguards were in place. Refresher seminars for UNOPS contractors are also provided.

Introducing evaluation criteria that are too advanced for the market may result in a reduced number of eligible offers being received or a failed tender. Such situations, as well as providing information on the maturity of the market, can highlight areas to invest in for future tendering exercises, including more in-depth market research to identify more appropriate evaluation criteria, and areas where suppliers may require support (see section 4.2 on supplier engagement and support).

#### **Criteria which were too demanding**

In 2018, a UN Organization introduced social considerations at the evaluation stage of an RFP for an LTA, worth 100 points out of a total of 400. Of the five main elements considered, one indirectly addressed forced labour and human trafficking risks by examining a bidder's labour policies, including freedom of association, working hours and grievance procedures. The UN Organization analysed similar tenders of public procurement bodies within Europe to decide on the requirements and their weighting. However, none of the RFPs received scored well on the social element and the UN Organization had to reduce the sustainability criteria for future tenders to match the maturity of the market.

- **Verifying proposals**

Some UN Organizations take steps to validate the information contained within proposals and require that bidders engage in verifications methods to submit the proposal. This can include a desk-based review of policies, procedures, and standards to confirm they are genuine and up-to-date. It may also include a site visit to confirm that the bidder can deliver in practice what they committed to on paper.

#### **Document verification**

The **Asian Development Bank** requires suppliers to submit the environmental safety conditions and policies of the company, good social management certificate, and financial stability through submission of financial documents and other related certificates to support their claim as part of the evaluation process.

In the same way as UN Organizations may not have the capacity to implement risk management measures for each procurement exercises and require prioritisation of these elements based on risk, UN Organizations may also need to prioritise verification of supplier documentation at the award stage. Such a prioritisation should take into consideration any risks identified during the planning stage.

#### **A tiered approach to verification based on strategic nature, size, and risks in a procurement**

The **African Development Bank** have established a post-qualification process of "verifying, validating and ascertaining the genuineness of the statements made and information provided by the bidder(s). The purpose of post-qualification is to protect the reputation of the Bank and minimize the risk of the bidder(s)

failure to deliver its contractual obligations.” The process “commences after technical and financial evaluation but before a decision to award the contract is approved” and always includes a Supplier Background Check.

A more in depth ‘Supplier Appraisal’ is required for strategic, large, and high-risk procurement. A supplier appraisal includes checking policies concerning employee matters, social issues, health and safety, corporate social responsibility or environmental management. This can be done by requesting certificates, while in some countries the information is available online. It also requires a site visit to check that the supplier has the capacity/ ability to meet the contractual outputs.

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#### **Background checks based on risk**

At **UNOPS**, each procurement exercise includes background checks on the bidder recommended for award. These are undertaken on a risk basis, with minimum requirements for all contracts, and advanced checks for high-risk areas. For a more detailed explanation, see annex 4, case study 2 – sustainable procurement at UNOPS.

While site visits may be a method to check general supplier capacity and technical competency, they can also be a useful tool to identify signs of forced labour and human trafficking.

#### **Site visit to verify proposal content**

As part of an **ILO** procurement process in Timor Leste, a site visit of a bidder for printing services was conducted to confirm the businesses existed and had the facilities to deliver in the quantities required during a sensitive election period. When the procurement office arrived at the address they identified the use of child labour.

### 3.7 Contractual provisions

Contractual clauses which require a contractor to identify and address risks of forced labour or human trafficking and/or adhere to specified labour standards are a useful means of encouraging suppliers’ performance on these issues.

Contractual obligations that include termination rights by UN Organizations based on non-compliance by suppliers with sustainability aspects, even if not exercised, increase the leverage of UN Organizations and provide an incentive for suppliers to engage with the UN on these issues. Contractual obligations giving the UN rights of monitoring, audit and investigation which require contractor participation and provision of requisite access can be additional means of increasing leverage and providing a mechanism to monitor compliance.

For many UN Organizations, a team of procurement staff support other UN staff (‘requesting unit’/‘clients’/‘contract owners’/‘budget-holders’). There should be ongoing dialogue between the different actors involved in drafting, negotiating, monitoring and evaluating contract performance conditions to facilitate coherence in delivering the contract in question, but also in facilitating continuous improvement.

This sub-section is structured as follows:

- Approaches in UN contracts to address forced labour and human trafficking
- The UN Supply Chain

- **Approaches in UN contracts to address forced labour and human trafficking**

The existing UN General Conditions of Contract (**UNGCC**) includes essential terms requiring contractors to provide warranties or take appropriate measures to address issues such as child labour and sexual exploitation entitling the UN to terminate a contract if the supplier is in breach of these obligations. The UN Procurement Manual states that “Procurement officials should bring [UNGCC] clauses to the attention of the vendor at the time of signing the contract” (sub-paragraph 11.4.2 of General Conditions of Contract). Similar provisions concerning forced labour and human trafficking can be included in such contracts. Please refer to suggested clauses obliging contractors to exercise human rights due diligence and address forced labour and human trafficking in annex 5.

The UNGCC also includes a requirement that contractors adhere to all “laws, ordinances, rules and regulations bearing upon the performance of its obligations” under the contract as well as maintaining compliance with obligations set out in UN vendor registration procedures, which, in turn, requires that vendors acknowledge the UN Supplier Code of Conduct. See section 2.2 for further details regarding the UN Supplier Code of Conduct.

While a requirement to adhere to applicable laws will include laws prohibiting forced labour and human trafficking, complementing this obligation with clauses specifically requiring a contractor to engage with forced labour and human trafficking issues can raise awareness of the issue, demonstrate UN commitment to addressing these issues and require contractors to actively engage with these issues through implementation of human rights due diligence processes.

Some UN Organizations, such as the ILO, have developed their own provisions requiring that contractors:

- support and respect the protection of internationally proclaimed human rights;
- observe the highest ethical standards; and
- adhere to international labour standards, such as freedom of association, collective bargaining, the prohibition of forced or compulsory labour, equality of opportunity, age requirements, payment of wages, health and safety, the provision of social security benefits.

The standard [ILO Terms and Conditions](#) also prohibit “proscribed practices and proscribed conduct” in line with the UN Vendor Sanctions regime (see section 3.9 on sanctions).

Any contract clauses creating obligations on a supplier with respect to forced labour and human trafficking should be designed so that the contract owner can monitor and evaluate a supplier’s performance. Staff tasked with monitoring compliance with contractual clauses addressing forced labour and human trafficking should have a level of understanding of forced labour and human trafficking sufficient to ascertain whether measures taken by the supplier are acceptable (see section 4.4 support for UN personnel).

- **The UN supply chain**

The [2020 Annual Statistics Report on UN Procurement](#) notes that 39 UN Organizations which report have suppliers in over 200 different countries. A 2019 report by the OECD, IOM and UNICEF on [Ending child labour, forced labour and human trafficking in global supply chains](#) further states that:

“Perhaps the most important challenge relates to how governments can ensure not only that winning bidders address child labour, forced labour and human trafficking in their own operations, but also that their suppliers and subcontractors do the same. Indeed, at present, most provisions related to human and labour rights limit the bidders’ responsibilities to immediate contractors or suppliers, and do not take into account adverse human rights impacts along the entire supply chain.”

Risks of forced labour and human trafficking may be greater in lower tiers of supply chains. Visibility of a supplier’s subcontractors is critical to assessing and managing risks of this nature, as changes to sub-contractual arrangements can significantly alter human rights risks. The UN General Conditions of Contract includes a requirement for suppliers to obtain written approval from the UN before subcontracting the performance of any obligations under the contract. UN Organizations should scrutinize any request to subcontract with attention paid to any potential elevation of forced labour or human trafficking risks.

#### **Verifying sub-contractors**

The **Organisation for the Prohibition of Chemical Weapons** scrutinises sub-contractors and checks them against the UNGM ineligibility lists for high value contracts where sub-contractors are listed.

Establishing requirements that sub-contractors address forced labour and human trafficking is key to unlocking the potential of procurement to advance protection against cases of forced labour and human trafficking in UN supply chains.

#### **Responding to identified risks in a specific sector**

As part of its due diligence to protect workers, the ILO Project Office in Qatar has developed a list of labour rights requirements to be included in the procurement process for its tenders. The list, which is based on Qatari labour laws and international labour standards, has become an integral part of its tenders and resulting contracts. Among others, the list requires a Key Personnel clause within the contract where cleaning staff names and their valid residency permits must be provided. In addition, all UN Organizations in Qatar agreed to adopt this list and integrate it into the procurement process for security and cleaning services in the new United Nations common premises.

Cascading requirements concerning forced labour or human trafficking to sub-contractors can be achieved through various means. For example, tender documentation can include transparency requirements that necessitate disclosure of the tiers of the supply chain or the terms of any sub-contracting.

The UN General Conditions of Contract specifies that the terms of any subcontract shall be subject to all of the terms and conditions of the General Conditions of Contract. This means that provisions in contractual clauses or codes of conduct requiring that the supplier exercise due diligence and provide warranties that goods or services are not produced using forced labour or human trafficking, would also apply to subcontractors. Suggested clauses set out in annex 5 include cascading clauses requiring a contractor to take



reasonable measures to ensure its sub-contractors undertake due diligence and address forced labour and human trafficking risks.

#### **Cascading contractual obligations to subcontractors**

A number of clauses set out in the **ILO** standard Terms and Conditions of Contract also apply to sub-contractors. The ILO contract specifies that the terms of any subcontract are subject to and should be in conformity with the provisions of the Contract with particular attention drawn to paragraphs 4. (Performance), 9. (Intellectual Property), 10. (Data Protection), 11. (Confidentiality), and 12. (Responsible Business Practices). The Contractor will be responsible for ensuring compliance with the above terms, as for its own Personnel, and for any subcontractors and its Personnel who are performing any part of the Contractor's obligations.

Contractual obligations can also be used to require that suppliers:

- provide compliance performance information and annual certifications; and/or
- cooperate with any audit or investigation, and also that they maintain cooperation from their own suppliers.

#### **Ensuring sub-contractor cooperation**

**UNICEF** conditions of contract state:

"...The Supplier will require its sub-contractors and its agents, including, but not limited to, the Supplier's attorneys, accountants or other advisers, to provide reasonable cooperation with any inspections, post-payment audits or investigations carried out by UNICEF."

Grouping procurement exercises can increase purchasing power and the ability to influence suppliers and shape the market. This can be done internally within UN Organizations, in collaboration with other Organizations, and/or through framework agreements (including LTAs and SLAs). This can be important when dealing with a small pool of large suppliers, for example in some markets for electronic goods where the supplier default position might be to insist on using their own code of conduct. Micro, Small and Medium-sized Enterprises (MSMEs) may face difficulties in bidding for large procurement activities, so it is important to consider how they can compete. Increased leverage can increase capacity for UN Organizations to engage with suppliers on forced labour and human trafficking with a view that requirements on these issues are met.

#### **Centralising procurements**

**UNEP** is in the process of reviewing and possibly centralising certain procurement awards, for example, those that are of common interest to the wider organization such as, document translation services, website development/maintenance services, IT equipment. This will allow UNEP to increase its contractual leverage, have a UNEP-wide coordinated approach to quality control and risk management, and reduce transactional costs. The saved capacity can be allocated on enhancing strategic procurement activities, address sustainable procurement considerations and allocate more resources to programme implementation.

For information on how donors and national stakeholders can help increase leverage and support measures to address forced labour and human trafficking, see section 4.5.

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For resources on using UNGM, please see:

- ◆ The [UN Procurement Practitioner's Handbook](#)
- ◆ The [UNGM website and knowledge center](#)

For resources on requirements and evaluation and award, please see:

- ◆ The [UNOPS Procurement Manual](#);
- ◆ UNOPS Sustainable Procurement Tender Criteria List (for most up-to date list, contact the [Sustainable Procurement Team](#));
- ◆ [Ethical Trading Initiative Guide to Buying Responsibly](#);
- ◆ [Buying for a Better World. A Guide on Sustainable Procurement for the UN System.](#)

International standards on responsible business conduct and on forced labour and human trafficking includes:

- ◆ The principles set out in the [UN Guiding Principles on Business and Human Rights](#);
- ◆ The [UN Global Compact's Ten Principles](#);
- ◆ The [2030 Agenda for Sustainable Development and the 17 UN Sustainable Development Goals](#);
- ◆ The [OECD Due Diligence Guidance for Responsible Business Conduct](#);
- ◆ The [ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy](#); and
- ◆ The [ILO General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs](#).

For additional resources on supplier questionnaires, please see:

- ◆ The UNOPS DRiVE Supplier Sustainability Questionnaire (contact the [Sustainable Procurement Team](#) for more information);
- ◆ The UNDP Supplier Sustainability Questionnaire (the procurement team can share more information).

Further resources can be found in annex 3.

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## 3.8 Contract management

The contract management phase is where a relationship can be built with a supplier and the greatest change in supplier behaviour can occur. Ongoing engagement can help to identify emerging risks of forced labour and human trafficking and monitor how a supplier is strengthening their due diligence processes to address such risks. This engagement can be done through:

- review meetings;
- progress reports against agreed improvement programmes;
- KPIs and any identified issues; and
- site inspections and audits.

Where incidents of forced labour and human trafficking are found, continued engagement is preferred because it allows for a situation of forced labour and human trafficking abuse to be rectified and ideally will result in an improved situation for victims. However, where a violation is extremely serious and/or there is no genuine interest from the supplier to address the situation, then disengagement and contract termination may be necessary.

It is especially important to build trust so that suppliers feel comfortable to share any reports of forced labour and human trafficking in their supply chains, so that it can be addressed as early as possible. At the same time, ongoing engagement can be used to confirm whether suppliers are implementing their contractual commitments and responsibilities. Without clear steps to monitor compliance, contractual obligations may exist only on paper, revisited only when a serious problem arises. By this stage, damage may already have been done.

As for risk management actions at other procurement stages, prioritisation is also crucial to determine the frequency and level of engagement necessary during contract management. This will depend on the level of risks identified and the strategic importance of a particular good or service. Developing a prioritisation matrix may be helpful in streamlining a UN Organization's approach, and promoting its consistency over time.

### **A matrix to determine the contract management approach**

The 2011 guide [Buying for a Better World. A Guide on Sustainable Procurement for the UN System](#) provides a useful matrix to determine the most appropriate contract management approach depending on the value (in relation to organizational spend) and the sustainability risk of the contract.

**Figure 3: Establishing a Management Approach using an Adapted Kraljic Matrix**



Contracts can fall in four different categories, which require a different contract management approaches to address sustainability:

- Critical: “Closely manage, focus on driving value and minimising risk with the supplier but build an effective working relationship”
- Secure: “Closely manage, consider paying cost premium to manage risks associated with the purchase”. Since the leverage provided by the purchasing power may be low, the Guide highlights that it is especially important to introduce other factors to ensure successful service provision. For example, leverage may be increased through enhanced contractual conditions or supplier training.
- Cost-Driven: “Assertively manage, lever savings from suppliers and use savings to fund costs in higher risk areas “
- Acquisition: “Put most efficient measures in place to manage these areas”

This approach could be adapted to include forced labour and human trafficking risks, such as those identified in section 3.1.1 on identifying forced labour and human trafficking risks, which fall within the social aspect of sustainable procurement. For example, critical and secure categories may require suppliers to submit frequent progress reports on the implementation of their due diligence policies, and UN Organizations may closely monitor suppliers’ actions through KPIs, and require on-site inspections and third party engagement to verify the veracity of the information provided. For acquisition and cost-driven categories, yearly meetings to address a supplier’s actions to address forced labour and human trafficking in its supply chains may be sufficient.

Within the UN system, responsibility for contract management is with the requisitioners/contract owner and service users, who should be provided training to have sufficient knowledge and capacity on how to monitor the requirements in the contract. However, it is also essential that communication is maintained with the procurement function, who can help identify the most appropriate approach of contract management, and should be informed of any issues arising during the contract together with feedback on how to improve future requirements for similar tenders. For further information on training and capacity building of UN personnel, see section 4.4.

Given that contract management is primarily conducted by the contract owner, it is important that the contract owner is involved in the negotiation of the contract and is aware of the clauses related to forced labour and human trafficking and how to engage with suppliers and monitor compliance with such clauses.

This section is structured as follows:

- 3.8.1 Supplier dialogue during contract implementation
- 3.8.2 Supplier monitoring
- 3.8.3 Corrective action and disengagement

### 3.8.1 SUPPLIER DIALOGUE DURING CONTRACT IMPLEMENTATION

Onboarding and kick-off meetings allow the buyer to engage suppliers on risks and expectations, and to discuss how suppliers intend to comply with obligations concerning forced labour and human trafficking set out in contractual clauses. The contract owners can articulate how they envisage ongoing meetings and progress reviews to be undertaken and how they intend to address risks of forced labour and human trafficking. Onboarding meetings can also help gain an understanding of the supplier's maturity in working with forced labour and human trafficking, and whether the supplier meets similar requirements from other organizations. For contracts for one-off delivery, start-up meetings can be especially beneficial as they may provide the only practical opportunity for supplier engagement.

#### **Highlighting standards and expectations when onboarding suppliers**

The **Asian Development Bank** has a contract administration team which onboards its suppliers and conducts vetting as part of the onboarding process. During procurement, its sourcing team requires suppliers to commit to the 'Good Social Management' clause within the contract in an effort to ensure suppliers understand and intend to comply before and during contract implementation. Depending on the contract, quarterly, bi-annual, and annual meetings are held with the supplier to discuss performance.

Supplier feedback is an important source of information to identify issues and risks at an early stage. It allows a contract manager to check that a contract 'does no harm' in practice (see section 3.5 on requirements definition). Feedback received during the contract implementation phase, through for example specific meetings or through regular informal dialogues, should be acted upon as and where appropriate. Feedback can also be received when the contract is being closed out, although it may prove harder to address any issues identified after the contract is completed.

#### **Receiving feedback from suppliers**

The **African Development Bank** conducts 360 degree evaluations with its suppliers where the suppliers are encouraged to provide feedback, including on 'Timely payment of invoices in accordance with contract'.

Once a contract has been completed, an evaluation of the supplier's performance throughout the contract should be conducted.

#### **Importance of Supplier Performance Evaluations**

An example of Supplier Performance Evaluation (SPE) which takes into consideration sustainability can be found at **UNOPS**. The UNOPS Procurement Manual says that, at a minimum, an SPE should include: '[...]

- Demonstrated commitment to sustainability (social, environmental and economic) and/or innovation;
- Compliance with other contractual terms and conditions.'

In case of 'significant or persistent deficiencies [...] which led to early termination of the contract, application of damages or similar actions', a supplier may be suspended from doing business with UNOPS

according to its Vendor Ineligibility regime. Previous SPEs are also checked at the evaluation stage, and a bidder can be rejected on this ground if commensurate to the value and risk of the purchase.

The UN Office at Geneva (**UNOG**) requires corporate social responsibility to be considered in Vendor Performance Reports.

### 3.8.2 SUPPLIER MONITORING

Contract management should include periodic reviews of supplier performance against clearly established criteria addressing forced labour and human trafficking risks in UN supply chains. These are most often found in the form of Key Performance Indicators (KPIs).

Relevant KPIs should be designed during requirements definition by the requisitioner, aided by procurement personnel, in an effort to ensure they are the most appropriate for the type of goods or service being procured. Good KPIs are SMART (Specific, Measurable, Achievable, Relevant, Time-phased).

KPIs usually focus on a supplier's overall performance (e.g. adherence to specifications, delivery time, quality, transportation time, etc.) and communication (e.g. responsiveness to requests and complaints, and timely submission of requested documents).

Forced labour and human trafficking considerations can be integrated in tailored KPIs in several ways. KPIs can be used to confirm that suppliers comply with relevant qualification criteria and contractual requirements throughout contract implementation, rather than just at the outset. This is already done by some UN Organizations when verifying a contractor's workforce composition, for example, if parts of it are reserved for specific target groups. At the same time, KPIs should be used to check that suppliers are also engaging to address forced labour and human trafficking risks in their supply chains on an ongoing basis.

Overall, KPIs are a valuable means to identify risk factors early, and to address wider considerations needed to prevent them from occurring. For example, they could monitor:

- Supplier compliance with wages required under the contract or under applicable laws or other legal requirements.
- Supplier compliance with minimum labour standards, as required by the contract or national laws, such as working hours and statutory benefits.
- The number of incidents and complaints received by a supplier, or the UN Organization itself, concerning the supplier's workforce and/ or working conditions.
- The implementation of corrective and preventative action plans when issues with the supplier's workforce and/ or working conditions are identified (see section 3.8.3 on corrective action and disengagement).
- The implementation of the supplier's own risk management actions and human rights due diligence (e.g. supply chain mapping and engagement with lower tiers of the supply chain).

- The implementation of the supplier's own policies on addressing forced labour and human trafficking in their supply chains. However, this can only be effective if such policies and processes are adequate and should therefore include a review of their content and application, where possible. If policies are absent, KPIs can be introduced to monitor policy creation and implementation, where necessary.
- Supplier responsiveness in disclosing to UN Organizations relevant information and documentation.
- Supplier responsiveness in engaging with the UN Organization and resolving any issue which may arise.

#### **Supplier performance monitoring**

The **African Development Bank** has developed an advanced supplier performance evaluation methodology. Sustainability is also covered, with scored criteria on:

- Compliance with local laws
- Compliance with contract clauses
- Compliance with TOR/Technical specifications
- Compliance of social aspects

As the RFP and contract contain requirements related to forced labour and human trafficking, this provides the African Development Bank an opportunity to engage with the supplier on these issues during the regular performance evaluations.

#### **Monitoring supplier policies**

At **UNOPS**, KPIs can be based on the information collected through the Delivering Responsibility in Vendor Engagement (DRIVE) questionnaire. For example, they can be used to monitor compliance with the supplier's own policies and practices in managing human and labour rights risks in their supply chains. In this respect, UNOPS may also indicate desirable qualities and content of the said policies that suppliers are expected to fulfil during contract implementation.

The KPIs should be assessed periodically during contract management. However, when a UN Organization has staff available on the ground, they can also be tasked with providing information on how suppliers are performing, including on KPIs related to forced labour and human trafficking. This is valuable information that can be taken up by the contract manager to further corroborate the information provided by the supplier.

#### **Ongoing monitoring on the ground**

The **ILO's** Employment-Intensive Investment Programme (EIIP) in Lebanon monitors six main KPIs. One of them is the following:

"Social obligations: Contractor consistently adheres to LRBT [Local Resource Based Technology], gender, environmental & DW [Decent Work] principles and OSH [Occupational Safety and Health], including employment generation targets and timely payment of labour and suppliers. Mandatory comment must include information on employment generation and employment of women."

While KPIs are formally monitored on a monthly basis, the program is designed to have a very strong on-site monitoring system, to ensure requirements are complied with on an ongoing basis. This is made

possible by the presence of technical engineers and, most importantly, Social and Environmental Safeguards Officers (SSO), who are on site and can observe any-non conformance on a day-to-day basis.

One of the purposes of the Social and Environmental Safeguards Framework, implemented in all Employment-Intensive Investment Programmes (EIIP) since 2019, is to “establish mitigation practices and policies to social and environmental risks which otherwise (without mitigation) could hinder or prevent the implementation of the employment intensive projects”. At the same time, addressing these risks is also an effective means to prevent forced labour and human trafficking from materialising.

The framework is based on UN and ILO Guidelines and International Conventions. Among others, it monitors minimum wage, working hours, health, safety and security, and children’s rights.

If monitoring on the ground is not possible, UN Organizations can consider verifying the accuracy of the information received from suppliers through external third parties, or requiring suppliers themselves to work with reliable external bodies.

#### **Using third parties to ensure the information provided is accurate**

The ILO’s Employment-Intensive Investment Programme (EIIP) in Lebanon closely monitors worker wages. Contractors are contractually required to submit wage certificates, including worker details, on a recurring basis. Since 2020, to avoid receiving inaccurate or forged information, each contractor is required to pay its labourers through a financial institution such as Online Money Transfer or Western Union, which also submit statements to the ILO on the contractor’s practices.

Furthermore, collaboration with the supplier is essential to check that the monitoring of supplier performance is effective in addressing risks and improving performance over time. Establishing a relationship with a supplier and communicating the importance that the UN attaches to the management of human trafficking and forced labour risks can encourage suppliers to actively engage as a partner in combating this issue.

#### **Voluntary supplier engagement**

One of the main pillars of the DRiVE programme implemented by UNOPS involves creating corrective action plans (CAPA) for suppliers to address any issues identified. Supplier engagement is not contractually required, but takes place on a voluntary basis, which has proven successful. For more information, see annex 4, case study 2 - risk management at UNOPS.

While voluntary engagement shows that suppliers understand the importance of such engagements, in cases where securing voluntary participation is challenging, UN Organizations can increase their leverage by relying on contractual clauses, paying in instalments, or payment schedules which require certain conditions to be met.

#### **Leverage through payment**

When hiring service providers, such as cleaning security, or construction tenders, the UNHCR can decide to pay suppliers in instalments to ensure adequate implementation of the contract. This can include checks on whether social security has been paid to workers, for example. The payment for partial delivery is applicable for certain types of contracts (i.e. partial delivery of the goods or upon completion of clearly



defined milestones for services or works, provided adequate security for the advance or progress payment is established).

Payments are only released once the supplier provides the evidence required. This is mentioned to bidders at the tendering phase, but also included in the contract, which states that payments will be made at a certain frequency upon release of relevant documents. This enables UNHCR to have sufficient oversight on the supplier's compliance with social security obligations, who have an interest in collaborating if they want to be paid on time.

For service contracts requiring the hire of local personnel, the contract will refer to local standards and legislation (e.g. working conditions, minimum wage). The contract manager will develop performance measurement criteria to monitor performance in this regard. If there is observation of non-compliance in this area, the contract manager and contract administrator will apply the different available tools or remedies for corrective actions or in case of grave violation and continued non-performance, contract termination. The payment instalment modality can be part of satisfactory delivery of services, but is not the only measurement tool.

- **Social Audits**

Audits are not unique to the human rights field and exist to monitor other dimensions of compliance, for instance, compliance with financial or environmental standards which rely primarily on quantitative indicators. Human rights audits are often different in nature to these more commonly understood forms of audit, usually requiring reference to qualitative indicators which can make audits of this nature more challenging. Additionally, human rights audits are most valuable when conducted during contract implementation, rather than after contract completion, as they provide an opportunity to address some of the identified issues through contract management and periodic supplier evaluation.

Audits focused on assessing human rights issues such as the risk of incidence of forced labour or human trafficking can take several forms, including:

- Desktop-based assessment of documents shared by the supplier, for example, reviews of pay and employment conditions applied by service providers;
- On-site inspections of supplier or sub-contractor facilities;
- Risk-specific audits targeting previously identified risks, such as child labour and human trafficking;
- A checklist to compare a business' practice against a recognised standard (for example, SA8000) or an individual business, sector- or product-specific code of conduct, or a more general audit of a supplier's approach with parameters set by the public buyer.

Audits of this kind can be conducted by different parties, such as:

- Third party specialists, resulting in an outcome report which can form the basis of a dialogue between contracts managers and suppliers about how to address any issues identified in the report and require that the supplier adopts a corrective action plan;
- The internal audit function or jointly with an external auditor. This approach allows for direct dialogue between contract manager and supplier; can increase the influence over the supplier; and

can focus on strengthening the supplier's ability to prevent human rights impacts more than audits based on a third-party checklist can;

- Two or more public buyers jointly (UN Organizations and UN Organizations with external actors), which, in addition to reducing the costs of audits by sharing them, can increase leverage and hence the ability to influence positive change by the supplier.

#### **Different types of auditing at UNOPS**

**UNOPS** has two different approaches to auditing, depending on the context:

- Some UNOPS projects include a requirement to have third party monitoring (TPM), funded by the donor via the available budget for the project. UNOPS can contract a TPM consultant and require they have in-country presence so they can conduct un-announced spot checks of suppliers. If deemed necessary, the supplier is made aware of the contractual provision which covers TPM checks and this is highlighted again while onboarding the supplier. The TPM reports are shared with UNOPS and the donor. The donor wishes to see that UNOPS acts on the TPM reports.
- In-person verification of suppliers' responses to the DRiVE Supplier Sustainability Questionnaire are done by UNOPS staff.

It is important to promote coherence between auditing requirements and consider grouping different kinds of audits together to reduce auditing costs, overlapping requirements and supplier audit 'fatigue'.

#### **Site visits and social audits**

Several UN Organizations are already engaged in site visits and audits, which could be expanded to include forced labour and human trafficking risk management.

The **United Nations Population Fund (UNFPA)** LTA clauses allow UNFPA staff of representatives to visit the factory and verify all the information and documentation submitted during the tender. This is used to conduct pre-shipment inspections and testing.

The **ILO** encourages site visits to hotels which are to be engaged and have developed a standard operating procedure for these visits including a checklist which focuses on a) rooms, b) conferences rooms, c) restaurant(s), d) security system, and e) additional elements (e.g. labour conditions, recruitment policy confirmation, and accessibility).

UN Organizations can adopt joint approaches to auditing, pooling resources and engaging with a third party auditor collectively.

#### **Joint approaches to audits**

Some UN organizations conduct auditing on suppliers with support from third party auditors.

**UNICEF** have an [Office of Internal Audit and Investigations](#) (OIAI) is responsible for assessing and conducting investigations as it deems appropriate into possible misconduct or wrongdoing within and associated with UNICEF. This includes allegations of fraud, corruption and other forms of misconduct or wrongdoing involving UNICEF staff and non-staff personnel, institutional contractors, implementing partners and other third parties. Information and contacts details of the OIAI is available [online](#).

**UNHCR** has developed a detailed methodology to conduct social audits, which also cover forced labour and human trafficking risks. Audits are conducted by UNHCR staff, supported by an auditing service provider. During the COVID-19 pandemic, UNHCR staff was not able to travel, but the joint approach enabled continued auditing through the contracted third party. For more information, see annex 4, case study 3 – social audits at the UNHCR.

Assessments of suppliers undertaking human rights due diligence should not be based on audits alone. Silencing of workers is widespread and represents a significant challenge for audits, which, without worker collaboration, ‘invisible’ violations such as retention of passports may not be identifiable. An increasingly significant supplement to audit is worker-driven monitoring. Bottom-up approaches empowering workers often succeed in identifying issues that are missed by third-party social audits.

Although there are [limitations to social audits](#), not least the fact that they only provide a ‘snapshot’ examination which fail to reveal human rights abuses even in worksites audited with on-site inspections, it currently remains a primary vehicle for monitoring corporate human rights performance.

### 3.8.3 CORRECTIVE ACTION AND DISENGAGEMENT

For forced labour and human trafficking considerations to be enforceable and effective, contract managers need to have a range of actions available to pursue in the event of supplier non-compliance. The response should depend on a multitude of factors, including the seriousness of the violation and its location in the supply chain (i.e. the controllability of the risk). However, there are broadly two approaches available, which can form a series of escalating actions:

- Continued engagement with actions agreed for the supplier to address the identified issue, and potentially providing support in supplier compliance; or
- Disengagement (i.e. contract termination) with the supplier, activities, or subcontractor(s) where the forced labour and human trafficking occur.

Continued engagement is preferred, because it allows for a situation that may lead to forced labour and human trafficking to be rectified, and ideally will result in an improved situation for victims. Immediate disengagement with a supplier could leave potential victims unsupported and potentially jobless. However, where a violation is extremely serious and/or there is no genuine interest from the supplier to address the situation, then disengagement, contract termination and engagement with authorities may be necessary.

Example clauses can be found in annex 5 (Suggested clauses on forced labour and human trafficking).

This sub-section is structured as follows:

- Identifying forced labour and human trafficking
- Continued engagement with corrective measures
- Disengagement and contract termination

- **Identifying forced labour and human trafficking**

It is important for senior management and staff working with suppliers to consider as early as possible:

- How a breach would come to light (e.g. during performance monitoring, media, or via NGO reports);
- What channels exist to receive information on an alleged contract breach (e.g. a grievance mechanism (see section 4.1 for information on grievance mechanisms) or supplier performance meetings);
- Who is most likely to identify a breach (e.g. contract manager or procurement staff), and
- Whether there are clear processes on how to respond.

Often it may be the contract manager who identifies an issue, and subsequently procurement and/or legal staff determine whether a breach has occurred and what should be the response. Therefore, clear channels or processes should be in place and be made known to relevant colleagues (e.g. contract owners) to facilitate a coherent and standardised approach is taken to dealing with alleged abuses of forced labour and human trafficking (see section 4.1 on remedy for victims and survivors of human rights abuses).

At the same time, it is important not to discourage suppliers from self-reporting risks or instances of forced labour and human trafficking in their activities. Instead, open communication and transparency should be encouraged. This is especially important when looking to address violations which take place in lower tiers of the supply chain.

**Supplier support in identifying issues**

In certain locations, the **African Development Bank** contracts out facilities management to a provider. Meetings are held with the facility managers on a regular basis (often every 2 weeks). The facility managers often have a good overview of, and dialogue with, other suppliers, sub-suppliers and their staff. Consequently, facilities managers have identified where sub-suppliers were not being paid by suppliers and have highlighted this to the African Development Bank, who contacted the supplier to ensure the situation was rectified.

- **Continued engagement with corrective measures**

If non-compliance is identified, there are several measures that the contract manager should consider before resorting to contract termination.

Firstly, the supplier in question should be contacted, to verify the information provided. When considering any contractual remedy, having appropriate and documented communication with the contractor is especially important. The contractor should be given a reasonable opportunity to respond to the allegation, and a reasonable opportunity to inform the UN Organization regarding remediation plans it may be in the process of implementing.

**Reaching out to suppliers to verify actions**

When preparing a tender to procure coffee, the **OSCE** came across media reports about child labour in the supply chains of an international company, from which they were already procuring through a low value contract with a local provider. The OSCE contacted the provider to understand the actions the company was taking to address this, which was important to ascertain whether they would be able to continue the current contract and consider the supplier for a forthcoming tender. The provider made OSCE aware of a long-term remediation program in place, which was deemed satisfactory to continue engagement.

Contractually mandated steps following identification of a violation can include an investigation and, if human rights abuses are found, a requirement that the contractor undertakes a formal process to remedy human rights abuses to the reasonable satisfaction of the contracting UN Organizations and prevent reoccurrence. This may include the development of a corrective and preventative action report (CAPA report) with monitoring requirements to confirm whether it is effective.

#### **Working with suppliers to resolve issues**

The **African Development Bank** has followed up on contractual requirements related to minimum wage by asking suppliers' employees if they are willing to share their pay slips. Where breaches come to light (including through engagement with the supplier employees) the African Development Bank follows-up to ensure that the correct salary is paid. AfDB's first step is raising the problem with the suppliers through ongoing and informal engagement channels, where the majority will make the necessary amendments and provide the correct pay to their employees. If no action is taken, then the African Development Bank takes corrective action and/or disengagement (see section 3.8.3).

#### **Implementing a Corrective Action and Preventive Action Plan**

In 2019, a major supplier of condoms to the **United Nations Population Fund (UNFPA)** and other international organizations faced allegations of forced labour in international media. The Ethics Office at UNFPA coordinated with other international organizations to reach out to the supplier regarding these allegations. The supplier engaged their own consultant to investigate the allegations which was shared with their customers. UNFPA and another international organization engaged an independent consultant to undertake a separate investigation to interview workers and inspect facilities. These investigations were aligned, identifying many migrant workers in the workforce with incidents of recruitment fees, debt bondage, passports retained by the employer, poor accommodation provided by the employer which are all signs of forced labour, alongside health and safety concerns in the workplace.

UNFPA suspended the contract and developed a Corrective Action and Preventive Action (CAPA) report with the supplier. Actions included repaying recruitment fees, providing lockers for workers to store personal items including their passports, and providing documentation of new contracts and suitability of accommodation.

The supplier engaged in the CAPA implementation, and provided necessary documentation. The UNFPA and another international organization conducted a 2<sup>nd</sup> inspection with UNFPA staff joining the consultant in the onsite visits. The contract was resumed once the urgent actions in the CAPA plan were implemented and the remaining actions were in the process of being implemented.

Where the UN Organization is a small part of a suppliers' overall business, there may be a lack of market influence for a supplier to take action. However, other UN Organizations may also buy from the same supplier and it may be possible to work together to increase influence to motivate suppliers in taking actions to combat forced labour and human trafficking.

#### **Collective action to address violations**

The **OSCE** was approached by Electronics Watch regarding the discovery of human rights violations in the supply chain of a well-known multinational electronics company. While the OSCE did not procure the specific products, it supported demand for an investigation into the allegation by sending a letter drafted by Electronics Watch to its distributors. The message, sent by several Electronics Watch affiliates, eventually reached the multinational and spurred action. The OSCE received an official answer from its CSR department and was asked to participate in a debriefing. This demonstrates that, although a public body on its own may not have sufficient leverage to require substantive action, collaborative action increases the chances of success.

If a supplier refuses to engage in remediation, introducing measures such as suspending a contract or withholding payments, in line with the contract and applicable law, can provide the necessary leverage to incentivise suppliers to implement the CAPA while at the same time protecting workers' rights.

Stopping work and suspending the contract should be considered carefully, as it may jeopardise the supplier's business and cause greater harm to workers. Moreover, it may be appropriate to suspend the contract only if the supplier itself is the source of the contractual violation. Otherwise, if violations are identified in the lower tiers of the supply chain, this may not be an appropriate course of action.

UN Organizations can also consider including clauses on withholding final payment or payment rates, whereby part of the contract sum is subject to the fulfilment of certain requirements, or penalties for not providing documentation or addressing a default. However, this should be done carefully, because withholding payment may have the opposite effect of further endangering workers, rather than encouraging remediation.

#### **Withholding payment without damaging workers**

In its Employment-Intensive Investment Programme (EIIP) in Lebanon, the **ILO** undertakes measures to ensure its contractors' workers are paid. For example, its contract conditions include the right to deduct payment from contractors and use this to pay workers directly. This ensures that workers are not affected by withheld payments, and provides an incentive for suppliers to adhere to the contract.

In an effort to ensure any future violation is addressed in a timely and appropriate way by suppliers, enforcement and escalation clauses may need to be amended or further developed in consultation with legal staff. This is especially valuable if issues have already been identified in the sector, industry or local context.

#### **Shortened termination period**

As part of the **ILO's** procurement of cleaning services in Qatar, the standard 60-day period for termination was shortened to 5-days with a contractual clause. Suppliers were required respect labour rights, for example paying workers according to their contracts, providing valid Qatari IDs, and not keep passports.

This clause was never exercised, but was designed to complement the escalation clause and indicate to suppliers the importance of ensuring workers' rights. This tendering process also included a bidders' conference where the importance of respect for labour rights was emphasised.

- **Disengagement and contract termination**

Where no other options are viable, the contract managers can action provisions regarding termination of the contract. Grounds for termination might include:

- A supplier's non-compliance with requirements of the contract including, but not limited to, the supplier's unwillingness to implement corrective actions for identified violations;
- When severe human rights abuses are found, which would constitute grounds for exclusion had they been known prior to awarding the contract;
- Repeated and/or ongoing violations of the terms of the contract.

Immediate grounds for termination could be considered when non-compliance involves documented evidence of suppliers knowingly using forced labour and human trafficking, actively facilitating forced labour and human trafficking, or where forced labour and human trafficking occurs on a large scale. Continued engagement can also be challenging or impossible, for example, when forced labour is state-sponsored or occurring at lower tiers of the supply chain where it is not possible to utilise contractual obligations or leverage.

Forced labour and human trafficking are criminalised activities in most jurisdictions. Should allegations or evidence be provided to the UN Organization, it is prudent and highly encouraged to consult legal staff on reporting such allegations or evidence to relevant local authorities, including the police.

### 3.9 Sanctions

In 2011 the basic components of a model policy framework (MPF) for Agencies of the UN system to consider for vendor sanction procedures within their respective governance frameworks and mandates was approved by the UN's [High Level Committee on Management Procurement Network](#) (HLCM-PN). As of September 2021, a total of 13 UN Agencies have developed their own Vendor Sanctions Procedures in line with the MPF.

The UN Agencies with Vendor Sanctions Procedures can place sanctions on a vendor where there is conclusive evidence of proscribed practices including:

- Corruption
- Fraud
- Coercion
- Collusion
- Unethical conduct
- Obstruction

Forced labour and human trafficking are currently included under unethical conduct.

Sanctions which can be imposed include censure and ineligibility/debarment, and others appropriate sanctions such as suspensions, reimbursement or subjecting future contracts to special conditions.

These sanction(s) will be recorded in the UN Ineligibility List, which is maintained by the UNGM. This contains three ineligibility lists: a) the UN Ineligibility List (established in accordance with the provisions of the MPF), b) the Consolidated United Nations Security Council Sanctions List (CUNSCSL) and c) the World Bank's Listing of Ineligible Firms & Individuals. These lists are distinct and separate from each other.

Suppliers are not automatically excluded through the platform for performance issues. A note on the reason for the sanction and contact information for clarification is included. This allows UN Organizations to make an assessment of whether they will exceptionally engage based on various reasons, including where the supplier is the sole source.

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For additional resources on contract management, see:

- ◆ The [UN Procurement Practitioner's Handbook](#);
- ◆ [Buying for a Better World. A Guide on Sustainable Procurement for the UN System](#);
- ◆ UNDP & UNEP, Working Paper: A Sustainability-Weighted Procurement Portfolio Model (PPM) 2021;
- ◆ OSCE, [Combating Trafficking in Human Beings and Labour Exploitation in Supply Chains](#) OSCE.

For additional resources on social audits, see:

- ◆ Electronics Watch's [worker-driven monitoring methodology](#);
- ◆ Issara Institute's [Inclusive Labour Monitoring](#);
- ◆ Workers' Rights Consortium, [information on auditing](#).

Further resources can be found in annex 3

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## 3.10 Actions to take when a forced labour or human trafficking issue arises

In the event that a forced labour or human trafficking issue arises, immediate action should be undertaken to document the incident and report to the relevant internal stakeholders to ensure that the UN Organization remains in compliance with reporting requirements to relevant authorities in the particular context. In addition, the following steps can be taken to identify the issue and assess what further action should be taken to address it:

1. **Reviewing contractual rights:** Reviewing what contractual rights may be exercised should be an early step to guide action taken to address an issue of forced labour or human trafficking. An instance of a forced labour and human trafficking abuse is likely to give rise to a breach of contract and buyers should identify what contract suspension and/or termination rights, or payment withholding rights, if any, exist under the terms of the contract signed by the supplier. Even if not exercised, the existence of a robust suspension, termination and/or withholding rights can increase leverage, encourage suppliers to engage in dialogue and incentivise them to take corrective action. Other relevant rights may include rights to conduct audits or investigations, contractual obligations on a supplier to cooperate or participate in any such audit or investigation. Furthermore, the general conditions of contract require that suppliers observe all laws, ordinances, rules, and regulations bearing upon the performance of its obligations, which may include local laws related to forced labour and human trafficking. For guidance on using contractual rights, see section 3.8. For guidance on disengagement, see section 3.8.3.
2. **Dialogue with the supplier:** Entering into dialogue with the supplier can help clarify an allegation of forced labour or human trafficking and identify what actions can be taken to address the issue. Dialogue should be undertaken in the spirit of continuous improvement, aiming to act cooperatively with a supplier wherever possible. For guidance on engaging in dialogue with the supplier, see section 4.2. For guidance on supplier engagement in the context of corrective action, see section 3.8.3.
3. **Audits and investigations:** Audits and investigations can be conducted to clarify an allegation of forced labour and human trafficking and establish root causes and identify what action should be taken to address the issue. As noted above, UN Organizations may have contractual rights to undertake such audits or investigations. For guidance on using audits and investigations, see section 3.8.2. For an example of using audits and investigations to address social issues including forced labour and human trafficking, see Case Study 3.
4. **Collective action with other UN Organizations:** Acting collectively with other UN Organizations can be a means of increasing leverage in circumstances where an individual UN Organization may not have sufficient market influence alone to effect change. In certain circumstances, it may be possible to work together to increase influence to motivate suppliers in taking actions to combat forced labour and human trafficking, including by adopting joint approaches to auditing. For examples of collective action in this context, see section 3.8.3.

5. **Corrective and Preventative Action Reports:** Wherever possible, where forced labour and human trafficking issues arise, UN Organizations should aim to prevent reoccurrence, including through the supplier's development of a corrective and preventative action report. For guidance on corrective and preventative action plans, see section 3.8.3.
  6. **Remedy:** Victims should be at the centre of measures to address forced labour and human trafficking and should have access to effective remedy where abuses occur. Corrective action and disengagement measures should be supplemented with a victim-focused approach, must not jeopardize victims' safety and protection, and more broadly do no harm to victims and potential victims. Consideration should be given to alerting relevant authorities to situations of forced labour and human trafficking, as appropriate. UN Organizations should aim to facilitate remedy to victims where an allegation is proven. For guidance on remedy for victims and survivors of human rights abuses, see section 4.1.
  7. **Sanctions:** In the event that an issue of forced labour or human trafficking arises, it may be appropriate to apply vendor sanctions in accordance with the Model Policy Framework on vendor sanctions. This can include censure, ineligibility or debarment, and others appropriate sanctions such as suspensions, reimbursement or subjecting future contracts to special conditions. For guidance on sanctions and the Model Policy Framework, see section 3.9.
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## 4. CROSS-CUTTING CONSIDERATIONS

There are number of considerations which are relevant across the whole procurement cycle, at multiple stages, including:

- 4.1 Remedy for victims and survivors of human rights abuses
- 4.2 Supplier engagement and support
- 4.3 Emergency procurement
- 4.4 Support for UN personnel
- 4.5 Role of donors and national stakeholders
- 4.6 Reporting

This section provides further guidance on such cross-cutting considerations.

### 4.1 Remedy for victims and survivors of human rights abuses

Forced labour and human trafficking are serious human rights abuses which have profound and long-lasting effects on victims and survivors. States have an obligation to ensure effective remedy for human rights abuses which occur within their territory/jurisdiction. Buyers and suppliers can complement state-based processes by providing access to grievance mechanisms to those impacted by human rights abuses in their supply chains. Most importantly, those who suffered harm should be at the centre of measures to address these abuses and have access to effective remedy where abuses occur.

An allegation of forced labour and human trafficking abuses may constitute a breach of contract, which would require engagement with the elements outlined in the above section 3.8.3 on corrective action and disengagement. However, corrective action and disengagement is focused on the supplier and might not result in a remedy for a victim or victims. Accordingly, corrective action and disengagement measures should be supplemented with a victim-focused approach. In practical terms, this means that victims should be able to access remedy and receive reparations where an allegation is proven. Remedy can take a variety of forms, including:

- Cessation of any on-going abuse or violation;
- Restoration;
- Compensation;
- Disciplinary actions or punishment against those responsible;
- Access to relevant information;
- Public disclosure of the truth;
- Guarantees of non-repetition;
- Rehabilitation; and/or
- Symbolic reparations, such as an apology or public acknowledgment of their harm.

A holistic approach to remedy requires that systems and processes are established covering all procurement activities in advance of allegations of forced labour and human trafficking arising. As such, this type of comprehensive organizational approach requires senior management support. However, even without such a

cross-organizational approach, there are steps that staff working with procurement and with suppliers can take to support victims in accessing effective remedy which are detailed below. These steps should be considered at the procurement planning stage.

- **How can management establish a holistic approach to remedy?**

A grievance mechanism is an important risk management tool that may allow a UN Organization to become aware of and address human rights abuses at an early stage, prevent ongoing abuses, prevent abuses from re-occurring, and provide remedy to victims and survivors.

UN Organizations can consider establishing their own grievance mechanisms and/or processes to receive allegations of forced labour and human trafficking abuses in their supply chains, undertake investigations, report crimes to the relevant authorities and provide remedy to victims in a structured manner. The [UNGPs' effectiveness criteria \(Principle 31\)](#) should be considered when designing a grievance mechanism or requiring suppliers to provide access to an effective grievance mechanism. These criteria establish that a grievance mechanism should be: legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue.

#### **Grievance Redressal Mechanism**

**UNOPS** establishes a Grievance Redressal Mechanism (GRM) for all projects with a social element, or hubs overseeing numerous social projects. A focal point, as well as a nominated email address and hotline number, are identified. This information is displayed on relevant websites and on a billboard to be placed on project site. Anonymous information can be submitted by anyone in relation to the project or procurements conducted by UNOPS. UNOPS will investigate allegations and where breaches are identified, engage with suppliers to remedy these, including requiring a supplier to remedy victims directly.

- **Focused and practical measures staff can take to facilitate remedy**

A grievance or complaint mechanism does not have to be particular to a UN Organization. Overarching complaint mechanisms focused on labour abuses, including forced labour and human trafficking are also available and can be made accessible to UN suppliers and their employees.

#### **Complaints mechanism for violation of ILO Conventions**

The **ILO** has a complaints [procedure](#) if there is a suspected violation of ILO Conventions, including those related to forced labour and human trafficking. Worker representatives of victims of forced labour and human trafficking in UN supply chains can make a complaint about the supplier and/or sub-suppliers. UN Organizations can highlight that this complaint route is open for victims of forced labour and human trafficking abuses in UN supply chains.

A way to provide feedback or complaints safely, such as a hotline or dedicated email address accessible to suppliers, sub-suppliers, workers and other relevant stakeholders has been established by a number of UN Organizations to allow for allegations to be received and processed.

#### **Channels to receive information**

All activities falling within the [ILO Employment-Intensive Investment Programme \(EIIP\) in Lebanon](#) have a general hotline, which can be used to report complaints. This is shared with contractors, who are under the obligation to share it on site so that their workers are aware of it, and also with the municipalities and villages where the projects take place. The complaints received are channelled to the Chief Technical Advisor, who is then able to refer them to the appropriate staff.

A UN Organization can demand that the supplier responsible for the abuse provides remedy to the victim. However, this can be difficult in practice if there is no contractual obligation for suppliers to engage with such a process (see Annex 5 - Suggested Clauses). Further, forced labour and human trafficking may occur at lower tiers of the supply chain. In such cases, leverage can be used to encourage suppliers to engage with remedy processes. Where a UN Organization cannot influence suppliers to establish, or engage with, a remedy processes in a particular context, UN Organizations themselves can consider providing remedy for forced labour and human trafficking abuses that occurred in their supply chains.

#### **Remedying risks factors directly**

In one of its member countries, the **African Development Bank** realised that a contractor was paying salary to workers that, while within the national minimum wage, was not sufficient to sustain the employees and their dependents to a standard of living in line with African Development Bank values. As a result, the contractor's employees had to work multiple jobs. The African Development Bank decided to cover the amount necessary to raise their salary to not only ensure that the contractor's staff were paid a living wage, but that they were also able to more effectively perform their job. To establish the top up amount, the African Development Bank examined the pay in previous contracts, similar organizations and the industry standard.

Remedy can take many forms and does not have to be in the form of financial compensation. Effective remedy could involve all the measures listed above, including apologies, restitution, rehabilitation, non-financial compensation, and punitive sanctions as well as the prevention of harm through injunctions or guarantees of non-repetition. The UN can support victims in ways appropriate to the particular context of the procurement.

#### **Termination without harming the victims/supplier personnel**

The **ILO** terminated a contract of a supplier providing cleaning services based on a wide range of issues, including failure to provide a cleaner with contractually mandated social benefits and failure to rectify the situation. The ILO contracted a new supplier and requested that the same cleaner was hired by them. Given the flexibility in the cleaning sector and the country context, this was easily achievable and allowed the ILO to disengage with a non-performing supplier while supporting the victim.

- **Can suppliers be required to have a grievance mechanism?**

The UNGPs highlight that business enterprises have a responsibility to facilitate access to effective grievance mechanisms. Suppliers can establish their own grievance mechanisms or join already established grievance mechanisms. There are a range of industry and sector-based grievance mechanisms which suppliers can sign

up to which can provide effective access to remedy. Examples of industry and sector-based grievance mechanisms include:

- [Fair Wear Foundation](#)
- [Bangladesh Accord Complaint Mechanism](#)
- [Aluminium Stewardship Initiative](#)

Including measures to encourage and/or compel suppliers to have, establish, or join effective grievance mechanisms to facilitate victims access effective remedy should be considered in advanced markets. Requirements for suppliers to establish or demonstrate effective operational-level grievance mechanisms need to be highlighted to suppliers at an early stage and communicated in tender documents. Such requirements can be included in selection criteria, contract award criteria or conditions for performance of contract, as long as the specific conditions of each method are adhered to.

For additional resources on remedy and grievance mechanisms, see:

- ◆ The [UN Guiding Principles on Business and Human Rights](#) (on remedy generally and on grievance mechanisms in Principle 31);
- ◆ The Office of the United Nations High Commissioner for Human Rights, [Accountability and Remedy Project: Improving accountability and access to remedy in cases of business involvement in human rights abuses](#);
- ◆ CSR Europe, [Assessing the effectiveness of company grievance mechanisms](#);
- ◆ The Institute for Human Rights and Business, [Remediation and Operational-Level Grievance Mechanisms](#).

## 4.2 Supplier engagement and support

UN Organizations should support suppliers in their due diligence efforts. For structured and coherent supplier engagement and support, it is important that senior management is involved.

The forms of supplier engagement should be considered as early as possible in the planning stage. This can take a variety of forms including:

- Utilising market testing/requests for information to support the introduction of forced labour and human trafficking requirements;
- Utilising regular supplier engagement to highlight risks of forced labour and human trafficking;
- Briefing potential bidders on specific forced labour and human trafficking requirements in a tender;
- Supporting suppliers with training on forced labour and human trafficking;
- Ongoing support and training tailored to support individual suppliers.

Supplier engagement and support for suppliers during contract implementation is included at relevant points in the procurement cycle and in section 3.8.1 on supplier dialogue during contract implementation. The forms of engagement and support detailed in this section are broader (i.e. not tied to a specific procurement exercise) and are for group engagements relevant to multiple stages in the procurement cycle.

There is a large degree of crossover between these different forms of engagement and support. The approach should be tailored to the particular context and specific attention is to be paid to ensuring that suppliers are treated equally and receive the same information.

- **Utilising market testing/requests for information to support the introduction of forced labour and human trafficking requirements**

Market testing and requests for information allow a buyer to inform and test the market on the UN's priorities and targets as they relate to forced labour and human trafficking. This is also an opportunity to inform the market of what this will mean in practical terms for upcoming tenders. They give a buyer an opportunity to hear suppliers' reactions, gain an understanding of the maturity of the market, and identify where progress can be achieved immediately and where it will take more time. Questions to be addressed through market testing and engagement include:

- Is the market ready and capable to deliver what is required while still adhering to the UN's requirements on forced labour and human trafficking? Do potential suppliers have sufficient technical and management capacity to deliver on relevant requirements?
- How many suppliers could meet the proposed terms and requirements; will the procurement be sufficiently competitive? How can the terms and requirements be adjusted to the local context while still adhering to the UN's requirements on forced labour and human trafficking? It is important that requirements do not implicitly single out one supplier, or unfairly impact specific suppliers or groups of suppliers (MSMEs, for example);

- Could the proposed approach encourage the progressive realisation of human rights, adherence to the UN's requirements on forced labour and human trafficking and development of the supplier base? Even if the market is not yet ready to meet the requirements, is it possible to create awareness and incentivise suppliers by including human rights considerations and minimum prohibitions on the use of forced labour or human trafficking as award criteria?
- What support would be required or desirable, to help suppliers meet human rights requirements and prohibitions on forced labour and human trafficking? What form should support take? Should support should focus, for example, on micro, small, and medium enterprises (MSMEs), or other categories of suppliers?

If buyers set requirements that are too demanding, no or few suppliers may answer a call for tender – or suppliers may commit to terms that they cannot deliver. On the other hand, if requirements are set too low, risks of forced labour and human trafficking may not be adequately addressed, and it may also fail to create a level playing field. Market testing is especially important when a procurement involves new requirements, when requirements which may entail significant changes to suppliers' business operations, or when suppliers may be uncertain how to comply with the requirements.

- **Utilising regular supplier engagement to highlight risks of forced labour and human trafficking**

When introducing considerations across all, or a range of tenders, UN Organizations can consider organising meetings with a market and or sector to explain its approach to managing risks of forced labour or human trafficking. It is important to remember that some markets are better able than others to manage these risks.

#### **Continuous supplier development outreach**

The **African Development Bank** engages in continuous supplier development outreach. As part of this, in July 2018 the African Development Bank held a meeting for suppliers that the Bank has on-going contracts with for provision of various services from hospitality, maintenance and HR consultancy. The meeting was aimed at raising awareness on new policies that the African Development Bank is keen on implementing and reminding suppliers of existing policies and highlighting how the African Development Bank can continue to collaborate with them for effective contract management. The interactive session was attended by more than 20 suppliers, from 13 different companies. The meeting involved going through the Performance Evaluation, 360 Degrees feedback, Sustainable procurement and Post-Qualification assessment (Due Diligence). The African Development Bank procurement team invited colleagues from the security and finance departments to highlight the African Development Bank's expectations in regard to security and payment.

Regular supplier engagement (and market testing) can be particularly relevant when procuring in a new country, market, or sector.

Supplier engagement meetings provide a good opportunity to include an agenda point on specific topics, such as forced labour and human trafficking.



**Agenda points in regular business seminars**

The **UN Secretariat** regularly organises business seminars for vendors and participates in business seminars held in cooperation with member states. These seminars are used as an opportunity to inform the business community about the UN principles and values in procurement.

The **ILO** participates in regular meetings with commercial attachés of various missions to the UN in Geneva. During these meetings, general information on how to do business with ILO/UN is provided, with particular emphasis on the zero-tolerance policy on fraud and corruption.

UN Organizations can utilise their websites to inform suppliers of their general expectations for suppliers regarding forced labour and human trafficking.

**Websites with information for suppliers**

The **International Maritime Organization (IMO)** [procurement page](#) features 'Important tips for vendors' where the prohibition against sexual exploitation and abuse features prominently.

**UNICEF** has a page on its website to highlight [relevant procurement policies](#) to suppliers. The page also includes a link to UNICEF's the [Children's Rights and Business Principles](#) which sets out what suppliers should do to respect children's rights, including as it relates to human trafficking and forced labour, in their activities and supply chains.

- **Briefing potential bidders on particular forced labour and human trafficking requirements in a tender**

Once a buyer has designed a tender with forced labour and human trafficking requirements, it can be useful to present the tender in a bidder conference to explain these requirements to interested bidders. Pre-bid conferences are not typically mandatory, but give an advantage to those who attend as they are better informed of what the buyer is looking for. These meetings help both the buyer and the potential bidders establish the same understanding of the tender documents and can be a useful forum to explain the UN's expectations of suppliers with respect to forced labour and human trafficking. These expectations can be communicated by reference to the UN Statement of Forced Labour and Human Trafficking, the UN Supplier Code of Conduct and contractual expectations set out in the UN General Conditions of Contract (UNGCC), as well as any specific requirements in the tender documentation.

**Pre-bid meeting conferences**

The **African Development Bank** conduct pre-bid meeting conferences. As part of these conferences, sustainable procurement considerations are highlighted. As part of the social element, the African Development Bank highlights statutory benefits for a potential supplier's employees, minimum wage requirements, and how to include 'disadvantaged' persons within the company.

- **Supporting suppliers with training on forced labour and human trafficking**

Introducing forced labour and human trafficking protections into procurement is designed to motivate the market to address the issue. It is not intended to exclude or limit supplier access to UN procurement contracts unnecessarily or permanently. To ensure that suppliers can improve and meet forced labour and human trafficking requirements, UN Organizations should provide support in the form of training and/or guidance to assist suppliers so that supplier can effectively undertake human rights due diligence and address risks of forced labour and human trafficking in their activities and their supply chains. Such support can be tailored to meet the differing maturity and needs of suppliers in a country context or market.

#### **Online supplier courses**

[Doing Business with UNOPS](#) is an online course with the aim of improving the knowledge of current and potential suppliers on how to do business with UNOPS, including UNOPS expectations on sustainability and ethics, and information on vendor sanctions. This is supplemented with the [UNOPS Possibilities Toolbox](#) which is a self-assessment tool for all suppliers to help determine readiness to become a UNOPS supplier.

It is possible to mandate that suppliers complete training as a pre-qualification requirement to be eligible to compete in a tender (See section 3.5 on supplier qualification for more information).

#### **Mandatory training**

Since 2017, the ILO has been involved in '[The Employment Intensive Infrastructure Programme in Lebanon](#)' to create employment opportunities for Lebanese living in host communities and displaced Syrians through infrastructure works. All new bidders are required to undertake the Local Resource Based Technology training, which includes a module on decent work, occupational health and safety, strategies to involve women and persons with disabilities, and employment monitoring. The training is conducted for every procurement exercise, and bidders receive a certificate for its completion, which is mandatory to qualify for the tender. Bidders who have previously completed the same training are exempt, however all contract kick-off meetings include a training refresher.

A helpdesk providing support for suppliers is a good way to engage and support supplies in an ongoing manner.

#### **Helpdesk**

The [ILO Helpdesk for Business on International Labour Standards](#) is a one-stop shop for company managers and workers on how to better align business operations with international labour standards and build good industrial relations.

- **Ongoing support and training tailored to support individual suppliers**

Ongoing support and dialogue over the duration of the contract is one of the most effective ways to improve suppliers' due diligence on forced labour and human trafficking. Section 3.8 on contract management explains in detail how this can be done over the life of a contract.

#### **Continuous supplier improvement**

UNOPS' DRiVE programme is founded in the belief that a transparent and well informed dialogue with the private sector is critical to achieving the changes and improvements needed for sustainable, inclusive and resilient development. The programme revolves around the concept of continuous improvement, and

provides the opportunity to work with vendors by increasing their awareness of internationally recognised standards and developing their capacity to respect them.

Under the DRiVE program, UNOPS has engaged with suppliers in relation to labour policies, focusing on service sectors such as cleaning and security. If a supplier did not have a policy covering labour rights, UNOPS asked more information on employment and worker contracts, and provided feedback highlighting the importance of having a policy. Suppliers then notified UNOPS once they had developed a tailored policy, sharing it with them.

UNOPS has also provided ongoing support as part of thematic reviews in particular contexts as part of DRiVE. For example, as part of a recent review on sexual abuse and exploitation in Jordan, UNOPS engaged with 21 awarded suppliers and provided recommendations on how to create or amend policies and processes. 16 suppliers decided to voluntarily collaborate with UNOPS and are in the process of revisiting their codes of conduct and policies.

- **Support for Micro, Small and Medium-sized Enterprises (MSMEs)**

The responsibility for businesses to respect human rights applies to all business enterprises, regardless of their size, sector, location, ownership and structure. However, measures to meet this responsibility vary based on a business's capacities and resources. More advanced measures to address forced labour and human trafficking risks will be expected of a multi-national enterprise (MNE) than of a micro, small, and medium-sized enterprise (MSME).

MSMEs can face challenges when asked to demonstrate their commitments to sustainability, human rights, the environment, gender equality, or addressing forced labour and human trafficking. As such, MSMEs may require support to meet enhanced measures and requirements introduced to address forced labour and human trafficking.

**A checklist for MSMEs**

**UNOPS** have a customized checklist for MSMEs to bring their attention to what they should be aware of when trying to participate in tenders.

There are a number of resources on human rights due diligence for MSMEs. These can be used in the engagement with MSMEs to help build their capacity and to also provide inspiration on expectations on MSMEs regarding their performance in relation to human trafficking and forced labour risks:

- European Commission Guidance - [My Business and Human Rights - A guide to human rights for small and medium-sized enterprises](#)
- [OECD Due Diligence Guidance for Responsible Business Conduct](#)

In order for MSMEs to not be inadvertently excluded from tendering processes that have specific requirements with regards to combating forced labour and human trafficking in supply chains, it is important to give MSMEs the opportunity to demonstrate their respect for these principles through other means. This could include, for example, adopting sufficient time-periods to allow MSMEs to submit tenders as they may not have the same experience and capacity as larger businesses, or providing an unsuccessful bidder with

feedback on the forced labour and human trafficking elements within their proposal in order to emphasise the importance of this element to the UN Organization and encourage the bidder to develop further in this area and bid again.

## 4.3 Emergency procurement

According to the [UN Procurement Practitioners Handbook](#), emergency procurement allows an Organization to “simplify its procurement process ... to facilitate rapid response during an emergency situation, without compromising compliance with applicable procurement principles.” Shortening and simplifying procurement processes can help UN Organizations act in time-critical situations to help protect the human rights of individuals and protect against risks to UN personnel. However, post-conflict and post-crisis areas where emergency procurement is conducted [generally have increased risks of forced labour and human trafficking](#). Ultimately, a balance should be reached between the need for time-critical procurement activities to address broader human rights risks in emergencies and to include procurement measures to address the increased risks of forced labour and human trafficking.

### **The COVID-19 pandemic & procurement**

The COVID-19 pandemic, and the associated economic impacts, has had a large impact on forced labour and human trafficking. A global report by the **UNODC** notes that since the start of the COVID-19 pandemic, trafficking in persons has gone further underground, making any reliable estimates of the scale of trafficking in persons more difficult. That said, the UNODC also estimates that in some regions and countries, reporting on domestic trafficking has increased, especially local recruitment and exploitation. In addition, loss of livelihoods and restrictions on movement have led to traffickers recruiting victims in their local areas.

See further UNODC, [The Effects of the COVID 19 Pandemic on Trafficking in Persons and Responses to the Challenge](#).

While health has always been a significant procurement category for the UN, this has been further increased during the COVID-19 pandemic. In 2020 the rubber sector, which produced rubber for use in rubber-gloves, has long been known as a sector of risk of poor working conditions as well as forced labour practices.

Many UN Organizations have their own procurement procedures for emergencies in place, due to the varied roles Organizations play when operating in post-conflict and post-crisis areas. Striking the right balance between the simplification of procurement procedures and effective due diligence becomes increasingly important where emergency procedures are applied to procurement activities for an extended period of time.

The following considerations can help guide a decision on whether to streamline, maintain, or increase measures to address protections against forced labour and human trafficking in emergency procurement:

- **Does procurement have to be conducted within the emergency context?**

It may be possible to conduct procurement activities outside the identified emergency or fragile context, which can mitigate some of the risks of procuring in emergency contexts. However, some risks may never be addressed in this way (e.g. post-distribution corruption) and some emergencies may require different responses (e.g. bringing in food aid can depress local agriculture).

**Supplier assessment during an emergency**

During the COVID-19 pandemic, the **UNDP** Procurement Services Unit in Malaysia developed a Due Diligence and Qualification Assessment for health product suppliers. This was part of supplier prequalification and aimed to protect the UNDP from scams and fraudulent offers, including those vendors that practice unethical procurement. The assessment is divided in different sections, of which one is dedicated to criteria that 'expose' UNDP. Screening is conducted through online research, guided by the following questions, among others:

- Is there any report, indication available that the bidder has been involved in child labour?
- Is there any report, indication available that the bidder does not adhere to Worker Rights?
- Forced Labor - (slavery, servitude, trafficking, forced, bonded labor, compulsory labor)

While not a detailed guidance, this allowed the UNDP to consider potential human rights risks even in an emergency situation and enabled it to assess over 66 COVID related health products in three months.

- **Will including protections against forced labour and human trafficking lengthen and complicate the procedure and/or significantly reduce competition in practice?**

If the market is developed, and suppliers have measures in place to protect against forced labour and human trafficking in supply chains, then including requirements which align with the market should not reduce competition nor impact on time-critical procurements. If UN personnel have worked on the issues of forced labour and human trafficking in procurement previously and can adapt previous approaches to the emergency context, then including protections against these issues may not present an additional time or resource burden.

**Requirements are not mandatory but 'preferred'**

When **UNOPS** declares an emergency for a project for a set period of time, emergency procurement measures are engaged. UNOPS have included a specific focus on emergency procurement in their procurement manual. UNOPS guidance specifies that Sustainable procurement requirements are not mandatory for emergency procurement, however they are still preferred and should be included where possible.

- **Are there reports of forced labour and human trafficking in the emergency area? Will the emergency situation heighten the risks of forced labour and human trafficking occurring?**

If there are reports of forced labour and human trafficking in the context of the emergency, then measures to address these violations should be considered. If the emergency situation impacts on ongoing programmes and projects to address forced labour and human trafficking, measures should almost certainly be included. Measures that suppliers and UN personnel are familiar with and can be easily and effectively implemented to address the identified risks should be prioritised. An emergency procurement may not generally be the easiest time to introduce new or more advanced measures. However, if there is a significant risk of forced labour and human trafficking and a spotlight on the emergency and the emergency response, then they may be necessary. This could include, for example, making sure that there are inspectors to identify and respond to reports of forced labour and human trafficking. Procurement in such contexts could be aligned with broader relief or development efforts, including increasing coordination with government or NGO actors, building institutional capacity and engaging in social dialogue.

- **Could there be any risks of heightening the risks of forced labour and human trafficking through an expedited procurement and/or through the implementation of emergency contracts?**

The UN should endeavour to ‘do no harm’ in conducting activities, including procurement. Orders for large volumes at short notice and ‘just-in-time’ orders can directly lead to abuses of workers’ human rights, via excessive hours, ‘lock-ins’ and increased workplace injuries. UN personnel should be cognisant of such risks and respond to them utilising measures identified throughout this Guidance, including through the inspection of premises as part of a tender validation process to confirm that a potential supplier has the capacity to deliver, (see section 3.5 on supplier qualification) and through supplier feedback to check that the contract is fit for purpose and does not itself exacerbate risks of forced labour and human trafficking (see section 3.1 on risk identification, assessment and management for more information).

- **Are there measures to help prepare for emergencies while continuing protections against forced labour and human trafficking in UN supply chains?**

Although many emergencies are unforeseen, UN Organizations which have already have measures in place to address forced labour and human trafficking in their supply chains can benefit from these during emergency procurements. Having a capacitated supplier base to call on can be crucial to moving quickly without reducing protections.

#### **Pre-trained suppliers**

The **ILO** Employment-Intensive Investment Programme (EIIP) in Lebanon requires that all bidders undertake the Local Resource Based Technology training, which includes decent work, occupational health and safety, employment of women workers and persons with disabilities, sexual exploitation and abuse. When the Beirut explosion occurred in August 2020 and emergency procurements was needed to aid in the rubble clearing efforts, the ILO had a pool of potential suppliers already trained in addressing certain human rights risks who they could call on to engage in a closed tender.

Being able to utilise framework agreements (including LTAs) with vetted suppliers with relevant contractual clauses and KPIs already in place is invaluable during an emergency to allow a buyer to move quickly without reducing protections.

#### **Utilising existing suppliers and framework agreements**

The **African Development Bank** has developed framework agreements in most procurement categories. This minimises the risk posed by introducing a completely new entity to rely on in an emergency situation, and allows the Bank to source from suppliers that have already been evaluated.

The **OSCE** also takes a similar approach for the emergency procurement in locations where they already have a presence, using the infrastructure and supply network already there, and for which due diligence has already been conducted. For those areas where the OSCE does not already have a presence, the usual terms of contract would still apply, however in terms of tendering process OSCE would in practice prioritize supply assurance over the inclusion of human rights tender evaluation criteria.

- **Is it possible to identify and respond to risks emerging during contract implementation?**

It may not be possible to identify and address all risks of forced labour and human trafficking at an early stage in an expedited emergency procurement. However, these risks may become apparent during the contract implementation stage. It is important to consider how a contract and/or monitoring mechanisms could be developed to respond to risks identified during contract implementation.

**Ongoing risk management**

**UNOPS** declared an emergency situation in Yemen and completed a USD \$10m procurement for power rental within 2 weeks through an LTA. A risk register was completed covering the electrical elements, mobilisation and de-mobilisation and human rights. During contract implementation, further risks were identified and as such a contract amendment was negotiated to address these risks and provide for the extra costs the supplier so incurred to address them.



## 4.4 Support for UN personnel

To effectively address forced labour and human trafficking in UN supply chains UN personnel require support. A large range of staff are engaged in procurements and the nature and type of support they require will differ. This includes support on forced labour and human trafficking for procurement personnel, and support on procurement for forced labour and human trafficking personnel.

**Training staff** on procurement and sustainable procurement is an important element of a support package.

### Training for procurement staff

[UNDP/CIPS training](#) is available to UN procurement staff and is mandatory requirement for certain positions. All UNDP/CIPS procurement certification course content at Introductory (Level 2), Advanced (Level 3), and Diploma (Level 4) levels is tailored to reflect common United Nations and public procurement rules, policies and procedures. Further courses are available including, for example, Introduction to Sustainable Public Procurement and Risk Management in Contracting for Constructions Services.

### Internal training on procurement

UNOPS has developed Procurement Operations Training (POT) which is designed to provide UNOPS procurement practitioners with a comprehensive training on all operational aspects of UNOPS procurement policies and procedures. There are specific modules focused on sustainable procurement, covering:

- How sustainable procurement is key to achieving the Agenda 2030 and UNOPS strategic plan
- How to practically source sustainable goods, services and works from sustainable suppliers
- How to integrate sustainability considerations throughout the procurement process, in line with the UNOPS new Sustainable Procurement Framework.

**Internal workshops** on forced labour and human trafficking can be effective way of first introducing the topic to a broad range of staff who may have not worked with this previously.

### Internal workshops

The **Comprehensive Nuclear-Test-Ban Treaty Organization (CTBTO)** conducts internal workshops on ethics, anti-corruption, gender equality, social bias, HR issues which are mandatory for all CTBTO staff. CTBTO procurement staff offer contract management training to non-procurement colleagues (a customised course provided by the UNDP) as well as procurement training offered internally on specifics, such as Terms of Reference writing, Evaluation of bids (evaluation criteria establishment, etc.), general procurement principles, and other.

A large number of UN Organizations have experts working on addressing forced labour and human trafficking around the world. **Utilising internal expertise** to provide training and provide ongoing support can be one of the most effective means in delivering a holistic support package.

### Utilising forced labour and human trafficking expertise

In 2021, the **International Organization for Migration (IOM)** experts on forced labour and human trafficking delivered training for over 100 members of procurement staff from offices around the world on forced labour and human trafficking in supply chains. The training provided:

- An overview of forced labour and human trafficking
- IOM counter-trafficking programming, including on prevention, protection, and prosecution The human rights due diligence framework and other relevant frameworks for UN Organizations on forced labour and human trafficking (UN SC res s/res/2388 (2017) and 2331 (2016))
- Sustainable public procurement
  - Mapping and risk identification
  - Managing risk and exercising leverage
  - Managing contracts, supplier engagement and monitoring
  - Ensuring transparency and continuous monitoring
  - Taking actions when violations are found

**Technical working groups** can allow for a two-way flow of information and support the adoption of coherent approaches. These can be organised between UN Organizations and/or other actors, although it is important that these are safe-spaces if sensitive information is to be discussed.

#### **Sharing good practice between technical staff**

The **UNHCR** participates in a *Quality, Social and Environmental Group* alongside the ICRC, IFRC, IOM, UNICEF and MSF. This group is technically oriented and focuses on topics related to quality management, product development, laboratory testing and factory audits. This includes agenda points on i) inspection of facilities (infrastructure) ii) Quality Management Systems iii) Corporate and Social Responsibility iv) Environmental Systems. The agenda is based on the needs raised by the members. The attendees are personnel who have responsibility(ies) related to QM/Product Development. The group meets twice a year physically or through online quarterly meetings when this is not possible.

**Internal communication systems** can allow for the easy flow of information and peer-to-peer support.

#### **Facilitating internal communication**

**UNOPS** have implemented an iPass system to allow staff working at regional hubs or in national level projects to communicate directly with teams working at headquarters. There are specific iPass channels for matters related to legal issues, gender, and sustainability. This system can be used, for example, to request support on identifying and tailoring a procurement to effectively address forced labour and human trafficking. All interactions are recorded and archived to serve as sources of information themselves.

Integrating forced labour and human trafficking into **procurement systems**, like Enterprise Resource Planning (ERP) systems, e-procurement systems, and other systems used for procurement, places forced labour and human trafficking as an integral part of procurement rather than an add-on.

#### **Supporting staff through online tools**

**UNOPS** have established a SP Framework Guidance & Resource Tool which allows staff to easily navigate and implement the mandatory sustainable procurement requirements, share supplier information and access resources. This tool allows UNOPS procurement officials or internal users to identify risks for specific geographies and markets and access a list of tailored criteria to respond to these risks.

In addition, it is important to provide practical guidance to personnel. The UNGM contains a [Knowledge Centre](#) with a range of procurement and sustainable procurement tools and guides. Annex 3 includes relevant guidance produced by UN Organizations and other relevant actors.

## 4.5 The role of donors and national stakeholders

UN Organizations often implement projects with countries, donors, and local stakeholders. The needs and requirements of these stakeholders regarding forced labour and human trafficking can be taken into account.

- **How can donors support increased forced labour and human trafficking protections?**

Certain donors may require that their contracts are used, or that their standards are reflected in agreements and contracts. They may also have their own standards and expectations on how an Organization conducts procurements spending donor funds (see above section 3.7 on contractual provisions).

Where donors have higher standards, they can be engaged to provide support in implementing these standards, especially where there is an obligation for these terms to be used by the Organization in any sub-contracting. Where donors require higher standards and are engaged early in planning, they may be willing to provide additional funding to develop an approach to following up on contractual clauses and KPIs with audits, factory visits, and dedicated project staff.

### **Donor support**

As part of the **ILO** programme in Lebanon to upskill the construction sector, the ILO ensures that every worksite had monitoring through a social and environmental safeguard officer. Monitoring was integrated into the project budget from the outset and the donor, the German Development Bank (KfW), welcomed this element.

Where donors have less stringent standards or standards which do not refer to forced labour and human trafficking considerations, the UN Organization should advocate for donor support of the higher standard being implemented.

### **Donor oversight and accountability**

**UNOPS** social projects funded by the **World Bank** include third party monitoring (TPM) reports and an overview of information gathered through a grievance mechanism. The World Bank require access to this information, with the TPM sent directly to them by the consultants conducting them. The World Bank analyses reports and expects the UNOPS to explain how they are responding to the reports and overview at regular check-in meetings. The World Bank also requires that UNOPS use certain training materials when onboarding TPM consultants to ensure they understand the role of the donor, the donor's expectations and provide direct contact information. The World Bank may also set up their own meeting with the TPM consultants to brief them further.

- **How can national stakeholders be engaged to support forced labour and human trafficking protections?**

Projects conducted at the national level should include a stakeholder engagement step at the outset to ensure that the projects respond to the needs of local stakeholders and end-users. This stage can be utilised to gather information on risks related to forced labour and human trafficking. It can also be an opportunity to inform the participants of the mechanisms which will be established to report problems related to the project and its associated procurements.

**Mandating a supplier engages in ongoing and interactive dialogue with the local community**

A **UNDP** construction project on a remote island country to support local communities against rising sea levels needed to get community buy-in and support for the project that aims to improve economic, social and environmental aspects of islands inhabitants. The project was presented to the local community for feedback, with specific attention paid to community input related to risks, including of foreign construction workers in the local community. When planning the procurement, the UNDP recognised a risk to the project if there was no community buy-in, and the value of community buy-in to identify and respond to other risks during the construction, and included an obligation for the supplier to engage in an ongoing and interactive dialogue with the local community as part of the contract.

Where forced labour and human trafficking is identified as a large risk at this stage, further measures to address it can be incorporated into the project and procurement activities to respond to the needs of the local communities so that the UN Organization maintains its 'social licence to operate'.

**Ensuring a social licence to operate**

The **CTBTO** are cognisant that some civil works, infrastructure and other decisions during the construction and maintenance of an International Monitoring System Station should be undertaken in a manner to maintain the interest and long-term support of local stakeholders. When the CTBTO are considering a project, for example establishing a monitoring station for nuclear detection on a remote island, they must consider that the local authorities of the island will require that the construction does not pollute or destroy the local fauna and does not hurt animals. Batteries should be repatriated for proper recycling, all debris should be removed after construction, and the land should be returned to the original "green condition" in the surrounding area once the lifespan of the station has been reached. In rare cases in desert areas, the CTBTO may require that suppliers drill a water well and install a water pipe for the well-being of the local community (which would be very costly for the local community, but a small addition to the overall cost of the project for the CTBTO) to ensure the CTBTO and the supplier a social licence to operate.

## 4.6 Reporting

Exercising human rights due diligence requires not only assessing and addressing human rights risks, but also communicating on these actions. Reporting and publicly disclosing organizations' actions and progress in complying with their commitment to fight forced labour and human trafficking is a fundamental element of human rights due diligence in supply chains. UN Organizations are encouraged to report periodically on how they are implementing their commitments in their own procurement.

Reporting is also essential to encourage transparency among different actors, acknowledging that risks exist in every supply chain, and that these can only be successfully addressed if everyone plays their part. The UN holds considerable normative power and, by committing to publicly reporting on its efforts to address forced labour and human trafficking, it sends a powerful message to the international community, encouraging others to do the same.

Periodic reporting is an opportunity for UN Organizations to showcase their progress in preventing forced labour and human trafficking from materialising in their supply chains, demonstrating to stakeholders that the Organization in question takes its commitments seriously, and that it values transparency and accountability.

The substance of reporting will necessarily depend on the specific actions taken to address forced labour and human trafficking risks in the UN supply chains. Since this will vary depending on the capabilities and resources of each UN Organizations, it is recommended that each Organization develops its own procedures for communicating the implementation of UN-wide commitments. At the same time, a periodic report at the UN level is also recommended, to inform on overall actions and highlight best practice.

For recommendations on how and what to report on see annex 2.

## ANNEX 1 - GLOSSARY OF TERMS

**Abusive labour recruitment:** Refers to recruitment practices, including fraudulent and abusive practices that may lead to forced labour practices, human trafficking and other forms of exploitation. In contrast, fair labour recruitment is recruitment which takes place in a way that respects, protects and fulfils internationally recognized human rights, including those expressed in international labour standards, and in particular the right to freedom of association and collective bargaining, and the prevention and elimination of forced labour, child labour and discrimination in respect of employment and occupation.

**Forced or compulsory labour:** Refers to work or service that is exacted from any person under the menace of any penalty and for which the person has not offered him/her self voluntarily as defined by article 2 of the ILO's Forced Labour Convention, 1930 (No. 29).

**Global supply chains:** is the cross-border organization of the activities required to produce goods and services, and bring them to consumers through various phases of development, production and delivery.

**Human rights due diligence in the supply chain:** Activities and procedures which organizations, public and private, undertake to identify, prevent, and mitigate human trafficking, labour exploitation and abuse of human rights related to their commercial activities and their business partnerships and along the supply chain, including procurement. Human rights due diligence should be supported by measures to facilitate access to an effective remedy for victims where harm has already occurred. The term human rights due diligence is defined by the [UN Guiding Principles on Business and Human Rights](#) and elaborated upon by the [OECD in its for Due Diligence Guidance for Responsible Business Conduct](#).

**Leverage:** Leverage is the ability of one party on a commercial relationship to effect change in the wrongful practices of another party which is causing or contributing to a human rights abuse. In the context of procurement, leverage can be exerted by a public buyer over its actual and potential suppliers, and likewise by a supplier with regard to its suppliers and sub-contractors as part of its due diligence process.

**Micro, small, and medium-sized enterprise:** Different definitions of what constitutes a micro, small, and medium-sized enterprise (MSME) exist tailored to local contexts. A [2019 ILO publication](#) notes that:

- Self-employed (1 person)
- Micro- enterprises (2-9 persons)
- Small enterprises (10-49 persons)
- Medium and large enterprises (50-249 persons)
- Large enterprises (250+)

**Servitude:** is the obligation to provide services that are imposed by the use of coercion and includes the obligation for a 'serf' to live on another person's property and the impossibility of changing his or her condition. Domestic servitude is still common in some countries.

**Severity:** The principle of severity is introduced in the UNGPs as a means to help business entities prioritise their efforts to address risks of adverse human rights impacts. Severity of the impact is judged by assessing the scale, scope and remediability of the impact. Scale refers to the gravity of the impact on human rights. Scope refers to the number of individuals that are or could be affected. Remediability refers to the ease with which those whose rights are impacted can be remediated.

**Supply chain:** is the network of commercial entities that cooperate to transform raw materials into finished goods and services for consumers. Through this network flow material that are processed, transported, and otherwise transformed by such organizations into higher value products.

**Supply chain Tiers:** Global supply chains are organised in “Tiers” and referred to as multi-Tiers supply chains. Tier 1 supplier is used to refer to the main commercial relationship is with the primary supplier. Most Tier 1 suppliers will source their components from another company, or the Tier 2 supplier, and successively down the commercial chain until the last supplier. The suppliers of raw material are very low down the chain and are referred to as lower-Tier suppliers. Whilst there might be risks to human rights in all Tiers, it is at the bottom of the supply chain where workers are much less visible to the purchaser, who will most likely not know who the suppliers are or where and how they operate.

**Trafficking in human beings (also “trafficking in persons”, “human trafficking” or THB):** Trafficking in Human Beings is legally defined in Article 3 of the UN Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the UN Convention against Transnational Organized Crime, 2000 (the “Palermo Protocol”):

(a) “the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs;

(b) The consent of a victim of trafficking in persons to the intended exploitation set forth in subparagraph (a) of this article shall be irrelevant where any of the means set forth in subparagraph (a) have been used;

(c) The recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered “trafficking in persons” even if this does not involve any of the means set forth in subparagraph (a) of this article;

(d) “Child” shall mean any person under eighteen years of age”.

**Trafficking for labour exploitation:** is part of human trafficking and is generally used in a wide sense, to both refer to the trafficking in human beings for purposes referred to as forced labour or services, slavery or practices similar to slavery, and servitude, as well as other forms of economic exploitation that may be indicators of or lead to such practices.

**UN Organization:** This includes all bodies in the [UN system](#), covering i) UN Funds and Programmes, ii) UN Specialised Agencies, iii) Other Entities and Bodies, and iv) Related International and Regional Organizations.

**UN Supply Chains:** Means subcontractors and suppliers through all tiers of the upstream value chain that are engaged by the UN Organizations, as well as the sourcing of the materials, goods, and services and works provided to the UN Organizations.



## ANNEX 2 - REPORTING

This annex provides a series of recommendations based on best practice which UN Organizations can use to guide their reporting efforts and provides insights on why it is important to be transparent with regard those specific issues, as well as what to consider when collecting and publishing information regarding actions taken to combat forced labour and human trafficking in the supply chain of the products and services procured. They are not exhaustive, and they are not intended to be used as a template. They should be tailored to the circumstances and actions taken by a particular UN Organization.

What to report on	Why	What to consider
The nature and structure of the supply chain of the products and services the UN Organization procures	<p>Awareness of an Organization's supply chains structure, from its direct suppliers to where the products originate, is essential to understand what risks may be prevalent in the chain.</p> <p>While no Organization is expected to have successfully completed this process, reporting can be used to document efforts and highlight progress throughout the different reporting cycles.</p>	Mapping supply chains is a time-intensive activity, and should be undertaken on an ongoing basis and as such reported on periodically, because supply chains themselves are not static, and may change over time.
Due diligence policies and processes developed and implemented by the UN Organization for its specific supply chain	Due diligence should be exercised to identify, prevent, mitigate and remedy human rights violations in supply chains. It is not an ad hoc process, policies and processes need to be formalised.	<p>Potential topics to mention include the following:</p> <ul style="list-style-type: none"> <li>Any internal procurement policies which may have been adapted to integrate relevant forced labour and human trafficking considerations, and who within the organization may be responsible for them (e.g. procurement officials, requisitioners, clients etc.);</li> <li>Any risk assessment and management policies which may have been developed to address forced labour and human trafficking in UN supply chains, and the progress in implementing them;</li> <li>Any potential risks identified;</li> <li>Any action taken to address potential or actual risk, including the rationale for prioritizing some above others and the result of such actions and corrective measures;</li> <li>Any meaningful collaboration within the UN system or with</li> </ul>

		other organizations and suppliers to manage risks.
Effectiveness of measures taken	It is not enough to have policies and commit to implement them. It is essential to monitor the effect of these policies and procedures, understanding whether they work or need to be reviewed and what lessons should be learnt from the Organization and the UN system as a whole. This way an Organization can ensure that its actions remain relevant and appropriate in addressing forced labour and human trafficking risks in its supply chains.	A good way to measure effectiveness and report on progress is defining KPIs, which should be Organization-specific. KPIs should be used to review aims and goals and planning future steps for the short, medium and long term.
Future actions and goals	While periodic reports should reflect on the actions taken in the reporting period and their impact, they should also highlight key actions for the future.	Future actions should be specific, measurable, attainable, realistic, and time-bound (SMART). Action can also be accompanied by indicators to facilitate greater accountability.
Training available to staff	Staff training is essential to raise awareness about the importance of identifying and addressing forced labour and human trafficking risks in UN Organizations' supply chains, and to facilitate relevant policy circulation among all staff, rather than just within the procurement department. It should ideally take place on a recurrent basis rather than just as part of induction processes and be updated based on emerging good practice.	Reporting could include the types of training available and their frequency, and highlight who it is aimed at, and whether they are mandatory.
Responsibility for policies and procedures	It is important that the Organization takes ownership of the due diligence process and clearly establishes who is responsible for which actions	Reports should be signed at the highest level of governance of the Organization
Accessibility	Knowing what information is available, where to find it and finding it in a format which is comprehensible and easy to process is key for transparency	Information should be provided in sufficient detail to allow readers to understand the substantive actions undertaken by a UN Organization, but technical details may be omitted to aid readability and accessibility. Reports should be disseminated and easily accessible from an Organization's website, to encourage transparency.

Importantly, practice has shown that organizations should avoid stating that their supply chains are free from forced labour and human trafficking. Because of the complexity and opaqueness of supply chain, no organization or buyer can realistically claim this. This underlines the need for cooperation between UN Organizations and their suppliers.

## ANNEX 3 – ADDITIONAL RESOURCES

### A. Sources of information for risk identification and assessment

Sources from within the UN include:

- The UN [Special Rapporteur on contemporary forms of slavery, including its causes and consequences](#). Their reports provide valuable information on risks related to certain countries, regions, or in specific circumstances;
- International Labour Organisation, [recommendations to the state on different issue areas \(e.g. child labour, forced labour, wages, collective bargaining\)](#);
- The ILO's [Committee of Experts on the Application of Conventions and Recommendations](#) which produce annual reports on how the implementation of ILO Conventions, including those related to forced labour and human trafficking which are a good source of information on risks;
- The ILO's [NORMLEX database](#) can be a good source of information on International Labour Standards (such as ratification information, reporting requirements, comments of the ILO's supervisory bodies, etc.);
- The UNODC's [SHERLOC database](#) which contains information on regarding the implementation of the United Nations Convention against Transnational Organized Crime;
- UNODC, [Module on Risk Assessment in Trafficking in Persons Investigations](#)
- World Bank – [reports](#) – especially on institutional controls over corruption and fraud;
- UNDP – search [regular publications](#);
- UNICEF's [Multiple Indicator Cluster Survey \(MICS\)](#), the largest source of statistically sound and internationally comparable data on children and women worldwide, with data on 118 countries;
- Joint reports of UN Organizations, such as '[Ending child labour, forced labour and human trafficking in global supply chains](#)' (2019);
- The [UNGM website and knowledge center](#).

External tools and resources which can help procurement professionals identify and assess risks include:

- The Norwegian Agency for Public and Financial Management (DFØ) [High Risk List](#) contains information on so called high risk products;
- The CSR [Risk Check](#) tool contains information on risks throughout the value chain;
- The Children's Rights and Business [Atlas](#) provides country-by-country data on children's rights related to the workplace;
- [European Institute for Crime Prevention and Control \(HEUNI\), Labour Exploitation and Public Procurement: Guide for risk management in national supply chains](#);
- The [Responsible Sourcing Tool](#) helps identify human trafficking in the value chain;
- [Human Rights and Business Dilemmas Forum](#) provides case studies on how to address human rights risks;

- [The Business and Human Rights Resource Centre](#) publishes a wide variety of information which can help inform risk assessments;
- The Swedish National Agency for Public Procurement's [sustainable procurement criteria library](#) provides examples of social requirements;
- US Department of State, [Trafficking in Persons Report](#);
- US Department of Labor, [International Child Labor & Forced Labor Reports](#).

Other relevant sources of information to search for risks:

- [The Global Slavery Index](#);
- [Transparency international](#);
- [Gan Integrity](#);
- [CIA world fact book](#);
- [ILO website: Forced labour, modern slavery and human trafficking](#);
- The [Thomson Reuters Foundation News](#);
- [The Global Organised Crime Index](#).

## **B. Resources highlighted throughout this Guidance**

UN resources on procurement:

- The [UN Procurement Manual](#);
- The [UN Procurement Practitioner's Handbook](#);
- The [UNOPS Procurement Manual](#);
- The [UNDP Practitioner's Guide to Sustainable Procurement](#);
- [Doing Business with UNOPS](#);
- [UNOPS Possibilities Toolbox](#);
- [UNDP/CIPS training](#).

Resources on forced labour and human trafficking:

- [UN Security Council Resolution 2388](#);
- ILO [Forced Labour Indicators](#);
- UNODC [Human Trafficking Indicators](#);
- European Commission [Guidance for EU Businesses to Address the Risk of Forced Labour in Their Operations and Supply Chains](#);
- The Inter-Agency Coordination Group against Trafficking in Persons, [Issue Brief 10 - Preventing Trafficking in Persons: the Role of Public Procurement](#)
- OSCE, [Model Guidelines on Government Measures to Prevent Trafficking for Labour Exploitation in Supply Chains](#);
- OSCE, [Combating Trafficking in Human Beings and Labour Exploitation in Supply Chains](#)';

- [Guidance on Due Diligence for EU businesses to address the risk of Forced Labour in their operations and supply chains;](#)
- ITUC and Business & Human Rights Resource Centre, [Modern Slavery in Company Operation and Supply Chains;](#)
- IOE, [Combatting forced labour: A handbook for employers and business.](#)

Resources on responsible business conduct and labour standards:

- The principles set out in the [UN Guiding Principles on Business and Human Rights;](#)
- The [UN Global Compact's Ten Principles;](#)
- The [2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals;](#)
- The [OECD Due Diligence Guidance for Responsible Business Conduct;](#)
- The [ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy;](#)
- The [ILO General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs;](#)
- The [ILO's 2014 Guide to International Labour Standards;](#)

Resources on responsible procurement:

- [Ethical Trading Initiative Guide to Buying Responsibly;](#)
- [UN Security Council Resolution 2388](#)
- Report by the OECD, IOM and UNICEF on [Ending child labour, forced labour and human trafficking in global supply chains \(2019\);](#)
- UNODC, [The Effects of the COVID 19 Pandemic on Trafficking in Persons and Responses to the Challenge;](#)
- UNDP & UNEP, Working Paper: A Sustainability-Weighted Procurement Portfolio Model (PPM) (2021);
- Electronics Watch's [worker-driven monitoring methodology;](#)
- Issara Institute's [Inclusive Labour Monitoring;](#)
- [Workers' Rights Consortium;](#)
- UN Women, [Gender-responsive procurement;](#)
- the [Children's Rights and Business Principles.](#)

Resources on access to remedy and grievance mechanisms:

- UN OHCHR [Accountability and Remedy Project: Improving accountability and access to remedy in cases of business involvement in human rights abuses;](#)
- CSR Europe, [Assessing the effectiveness of company grievance mechanisms;](#)
- IHRB, [Remediation and Operational-Level Grievance Mechanisms.](#)

Other resources:

- UN [financial regulations;](#)

- The [UN Implementing Partner PSEA Capacity Assessment](#);
- The UN [2020 Annual Statistics Report on United Nations Procurement](#);
- The [Standards of Conduct for the International Civil Service](#);
- European Commission Guidance - [My Business and Human Rights - A guide to human rights for small and medium-sized enterprises](#).

### C. Further useful resources

Clean Clothes Campaign et al, [Follow the Thread, The Need for Supply Chain Transparency in the Garment and Footwear Industry](#), April 2017;

Danish Institute for Human Rights, [Driving change through public procurement, A toolkit on human rights for policy makers and public buyers](#) (2020);

European Commission, "[Study on the economic, social and human costs of trafficking in human beings within the EU](#)" (2020);

Global Electronics Council, [Purchasers Guide for Addressing Labor & Human Rights Impacts in Technology Procurements](#) (2021);

Olga Martin-Ortega and Andy Davies (2017), [Protecting Human Rights in the Supply Chain. A Guide for Public Procurement Practitioners](#), CIPS, LUPC-APUC-BHRE Guidance, CIPS Knowledge;

Axel Marx, Public procurement and human rights: current role and potential of voluntary sustainability standards, Ch.8 in O. Martin-Ortega and C. Methven O'Brien, *Public procurement and human rights: Opportunities, risks and dilemmas for the state as buyer* (Cheltenham: Edward Elgar, 2019);

Claire Methven O'Brien and Olga Martin-Ortega, "The SDGs, human rights and procurement: An urgent need for policy coherence", UNOPS, Thematic Supplement to the 2016 Annual Statistical Report on United Nations Procurement: Procurement and the 2030 Agenda (2017);

UNODC, [Trafficking in Persons in the context of armed conflict](#), 2018;

Worker-Driven Social Responsibility Network, [Comparison of Critical Elements of WSR vs. CSR and MSIs](#) (2019).

## ANNEX 4 – CASE STUDIES

### Case Study 1 – A full procurement cycle approach in practice at the OSCE

In 2021, the OSCE Secretariat Procurement and Contracting Unit ran a **pilot project** to introduce new human trafficking and labour exploitation considerations in its procurement exercises. It did so with a tender for Apple iOS devices, including repair, maintenance and recycling services, for an expected contract duration of 5 years. The contract sought was not directly with Apple, but with regional authorised suppliers.

- **Market research**

Although the OSCE was already aware of the fact that instances of human trafficking and labour exploitation in electronics supply chains are widespread, the first step in this pilot project was to undertake further comprehensive research on the topic. While the media was used to get a first indication of where risks may lie, the team emphasised the importance of not relying on this exclusively for risk identification, to avoid potential bias. Instead, multiple sources of information were sought, including from NGOs working in the field. The OSCE is affiliated with [Electronics Watch](#), which is an independent monitoring organization providing support and leverage to public buyers and civil society organizations in electronics production regions. Electronics Watch's reports and case studies were a valuable source of information as they described the criteria used in the procurement exercises, the issues faced and any resulting actions taken with suppliers. The research enabled the procurement officer to understand the nature of the abuses in IT supply chains, and the range of measures available to address and manage risks from a buyer's perspective.

- **Market analysis**

Market analysis was conducted to understand the capabilities of the market, the leverage that the OSCE had with its supplier base and to inform the development of the tender. This involved researching relevant policy and documents available on suppliers' websites, to understand what they had in place to address human and labour rights in their supply chains. However, acknowledging that having a policy does not *per se* imply that suppliers are taking substantive action, information was also sought from organizations such as Electronics Watch and the Responsible Business Alliance, and from colleagues who may have been working with some potential bidders.

- **Evaluation criteria**

The results of market research and market analysis were used to develop tailored technical specifications for evaluation, modelled on best practice criteria provided by Electronics Watch. These were designed to include a two-step technical evaluation process:

- 1) All technical bids were evaluated against fifteen mandatory requirements with Pass/Fail evaluation.
- 2) The technical bids meeting all mandatory requirements from Step 1, were further evaluated on the basis of responsiveness to the Terms of Reference against additional requirements grouped in three categories:
  - a. Local after sales support (200 points);
  - b. Extended warranty, offered Trade-in and device recycling programs (200 points);
  - c. Combating Trafficking in Human Beings (CTHB) and social criteria (200 points).

Bidders had to meet a specific minimum number of points for each category to be admitted to the next step of the evaluation. The minimum points for the CTHB and social criteria were 110. This threshold was introduced to send a message to the market about the importance of the criteria, as it ensured that bidders failing to reach the minimum score from the CTHB category could not rely on the cumulative score from the remaining categories to qualify.

The total number of points achieved in the evaluation of these three groups of additional requirements contributed to 40% of the final recommendation for contract award. The remaining 60% was scored on the price.

The CTHB and social criteria were:

- Bidder's code of conduct (20 points): this was to determine what kind of internal policies suppliers had to address violations and whether they were enforced with their own supply base.
- Implementation of codes and policies (20 points): this criterion required bidders to provide audit reports or corrective action plans as a means to prove that their policies are implemented in practice.
- Responsible sourcing practices (20 points): suppliers had to demonstrate how performance data regarding human and labour rights affect their sourcing decisions.
- Supplier risk screening (30 points): this criterion required bidders to provide evidence of their human and labour rights risk identification in their supply chains.
- Supply chain transparency (50 points): suppliers were asked to disclose to the extent possible their own supply base, in order to support OSCE in its supply chain mapping beyond Tier 1. Bidders were awarded incremental points depending on the Tier levels being disclosed. Confidentiality was ensured.
- Plan for supply chain transparency as well as the scope of the labour and social standards to be observed (40 points): suppliers were asked to provide a detailed long-term plan to enhance supply chain transparency and ensure human and labour rights are respected. This criterion was born out of the market analysis, which brought to light the fact that not all potential suppliers had developed appropriate policies and procedures yet.
- Sustainable provision of products and services (20 points): the final criterion was also developed to help suppliers who may not be as advanced in the social aspect of sustainable procurement as in the remaining two aspects. It asked them to provide information on managing corruption, green procurement and related accreditations.

The last three criteria were important for the tender to not excessively restrict competition. In fact, they were designed to allow suppliers to achieve the minimum required points to progress even if not advanced in addressing human and labour rights issues, as long as they had a plan to address this deficiency, were willing to disclose their supply base, and were advanced in other aspects of sustainable procurement.

- **Explaining criteria to suppliers**

OSCE Procurement contacted 18 potential suppliers to inform them of the new criteria included in the tender. Additionally, the tender documentation also alerted bidders to the new criteria, and explained their importance for OSCE. Although the OSCE did not host a pre-bid conference, consideration will be given to



these in the future to convey the message to the market what standards OSCE will be requesting and address any supplier questions related to this requirement in advance of their bid.

- **Evaluation**

The tender received six bids, which was more than what had been received on the previous tender of similar scope. Of them, two failed the Step 1 pass/fail technical evaluation, and two did not meet the necessary threshold for the CTHB and social criteria required from Step 2, leaving two for the final stage of financial evaluation.

After the deadline, the OSCE contacted suppliers who had not participated in the tendering exercise. The feedback received was that they did not bid specifically because of the new CTHB requirements. Regardless, the OSCE received a sufficient number of bids to proceed with evaluation and award. The market analysis was once again crucial for this; when designing the requirements, the procurement officer was confident that several suppliers were advanced enough to meet the social criteria, and was able to set a relatively high threshold for them in the technical evaluation of one third without overly limiting the market.

Importantly, the OSCE were also able to achieve best value for money, awarding the contract to a supplier with very competitive prices, 10% lower than the average market price identified at the market research stage. In this way, the OSCE demonstrated to the internal client that affordability and transparency are not inherently in opposition, and that additional human and labour rights criteria do not automatically increase the price of goods or limit competition.

- **Contract conditions**

In drafting the terms and conditions of the contract, OSCE adapted the ones developed by Electronics Watch, tailoring them to the OSCE terms and conditions for the specific tender.

- **Contract management**

Having awarded the contracts in June 2021, the OSCE continues in its supplier evaluation and monitoring through its contract management. This includes quarterly business meetings as specified in the contract to discuss, *inter alia*, forced labour and human trafficking, risk management and following-up on potential issues with action plans and monitoring.

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- **Further supplier engagement**

In addition to the actions taken for the specific tender, the OSCE mapped its current IT suppliers against these new requirements, and identified a local supplier which did not meet the minimum in this category. The OSCE proceeded to contact the supplier to inform them that they would need to implement the necessary improvements if they would like to remain eligible for future tenders with OSCE.

- **Next steps**

The OSCE plans to apply this approach to all their procurement activities, adjusting the particular requirements based on the commodity, market maturity, risks, and OSCE priorities.

To embed forced labour and human trafficking protections across the OSCE supply chains and the full procurement cycle, it has developed an institutional approach composed of the following steps:

1. Taking an Organizational level approach, OSCE developed formal Guidance for staff titled 'Combating Trafficking in Human Beings and Labour Exploitation in Supply Chains'.
2. Train staff on the OSCE Guidance
3. Undertake a supply chain mapping exercise and risk analysis in all OSCE office locations.
4. Develop an action plan to address the risks identified
5. Led by OSCE HQ and in all OSCE office locations, Implement the action plan, monitor actions taken and report transparently .

The Guidance, '[Combating Trafficking in Human Beings and Labour Exploitation in Supply Chains](#)', was published in 2021.

To implement the OSCE Guidance through the OSCE, a road map will be developed with each field operation. Field operations administrative management, procurement practitioners, the CTHB focal point, and the Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings will be involved. With support from the Procurement and Contracting Unit, they will:

- Map human trafficking and labour exploitation risks in their supply chains;
- Create an action plan identifying priority categories and contracts;
- Plan support for identified victims;
- Design implementation and communication;
- Develop a framework and processes for monitoring, tracking and reporting.

More information on the pilot project and the OSCE's next steps can be found in the [Guidance](#).

For more information on the OSCE's approach, contact [Procurement-AT@osce.org](mailto:Procurement-AT@osce.org)

## Case Study 2 – Sustainable procurement at UNOPS

UNOPS has developed different approaches to the oversight of sustainability related risk in the procurement cycle:

### 1. Delivering Responsibility in Vendor Engagement (DRiVE)

Since 2018, UNOPS has implemented its DRiVE supplier sustainability programme to improve visibility of how suppliers manage and mitigate their impact on sustainability related issues in supply chains. The programme is rooted in the UN Supplier Code of Conduct and General Conditions of Contract, contributing to their effective implementation.

The inclusion of DRiVE is mandatory for formal methods of solicitation for goods, services or works (ITB, RFP) with the value of USD 5,000 or above, as well as Expression of Interests (EOIs) and Invitations for Prequalification (PQ) leading to the short listing of suppliers, as well as processes to establish Long Term Agreements (LTAs).

The system aims to improve supplier performance through a three-stage process:

- Data collection: during the tender process, bidders are required to complete a Supplier Sustainability Questionnaire, which covers 10 different areas, with particular focus on human and labour rights, ethical conduct, sexual exploitation and abuse, and environmental responsibility. Data collection is also done through other relevant sources (e.g. eSourcing, UNGM and global datasets);
- Assessment: The datasets are assessed for verification and to identify suppliers and industries to engage with, following a risk-based approach;
- Action: Identified suppliers are subject to an onsite inspection or verification process after which a Corrective Action & Preventive Action plan (CAPA) is issued including corrective actions for suppliers to implement on a voluntary basis.

Although suppliers are required to complete the DRiVE questionnaire at the tender stage, engagement with UNOPS on the topic throughout the contract is not mandatory, and it does not have any bearing on future engagement with UNOPS. This ensures that suppliers implement risk mitigation procedures out of genuine desire to improve with the support of UNOPS, rather than being approached as a tick-box exercise.

### 2. Sustainability criteria

For formal methods of solicitation, requisitioners must include at least one sustainable procurement technical criterion or a gender-mainstreaming criterion (both if the procurement activity is above USD 1 million or to establish LTAs). While, in general, requisitioners can choose which criteria they think are most suitable, UNOPS has pre-identified certain criteria which must be incorporated for [14 categories](#), which represents approximately 50% of the UNOPS overall procurement volume.

To facilitate the selection of criteria, UNOPS has also developed an online tool which, based on the procurement type and category, provides requisitioners with policy requirements to be included in tenders and suggested relevant criteria to include in the technical evaluation. This is especially valuable as it provides support to officials who may be unaware of sustainability risks specific to an industry, product or service.

At the same time, UNOPS staff can use the data generated through DRiVE for evidence-based selection of sustainability criteria. The system allows staff to compare similar suppliers from previous tenders and

understand their maturity. This information can be used to select criteria to foster supplier improvement in particularly weak areas.

The UNOPS Sustainable Procurement Criteria list is updated on a regular basis, and any UN Organization wanting to use them in their own procurement should reach out to the [Sustainable Procurement Team](#).

### **3. Background checks at the award stage**

As part of evaluation, UNOPS also conducts background checks on the bidder recommended for award based on the risk profile, with minimum requirements for all contracts, and advanced checks for high-risk contracts.

High-risk is defined by:

- The Corruption Perception Index (CPI) in the supplier country;
- The amount of the current award and those awarded in the past 12 months to the same supplier;
- Context-specific market conditions (e.g. history of supplier fraud and collusion).

Advanced checks are also mandatory for procurements in countries with a CPI of 50 or below, contracts of value equal to or above USD 250,000, and suppliers that have not been awarded by UNOPS before.

As stated in [UNOPS' Procurement Manual](#), as part of the advanced checks, the evaluation team may, among others:

- Verify other documentation provided, such as certificates of quality management systems or the verification of relevant responses provided in the DRiVE supplier sustainability questionnaire.
- Check past supplier performance evaluations (SPE) on UNOPS contracts for the bidder or through references from past work. Note: when a rejection takes place at this stage based on this ground, the evaluation team must confirm it is commensurate to the value and risk of the purchase and must be reported to the VRC to assess if the vendor should be additionally suspended from doing business with UNOPS.
- Verify the ethical reputation of the vendor, by obtaining reports or checking adverse media coverage (via internet or local media searches) related to any current or past unethical behaviour or ethics breaches, including but not limited to incidents related to corruption, fraud, exploitation, sustainability or environmental matters. Note: should a rejection of a vendor be considered on this ground, the Procurement Authority must consult with the Ethics and Compliance Office and the Communications Group and must be reported to the VRC to assess if the vendor should be additionally suspended from doing business with UNOPS.

If risks are identified, suppliers can be excluded, or UNOPS can mitigate them through contractual clauses or by further engaging with the procurement group.

## Case Study 3 – Social audits at the UNHCR

In 2018, UNHCR began a process of auditing its core relief suppliers. This has involved between 15 and 20 audits per annum, supported by an auditing service provider. The practice has continued during the COVID-19 pandemic, although UNHCR representatives were not able to attend these audits in person.

The audits aim to:

- Assess potential or existing UNHCR suppliers and factories;
- Establish audits as a risk reduction tool in support of procurement processes and management of UNHCR suppliers;
- Verify compliance of UNHCR's suppliers' factories with international standards;
- Limit risks regarding non-compliance with corporate social responsibility and quality standards.

To facilitate the process, UNHCR has developed a Factory Audit Reporting Tool. This is divided into four categories:

- Production Infrastructure and Facilities;
- Quality Management System;
- Corporate Social Responsibility (CSR);
- Environmental System.

Each category contains several questions, which are grouped into sections and with scores of a specific number of points each.

The CSR category is the most important, weighted at 67.78%. Its content is based on international standards including, but not limited to the UN Supplier Code of Conduct and ILO Conventions. The questions are grouped according to the following sections:

- Child labour, forced labour and other human rights findings;
- Hiring and termination;
- Wages and benefits;
- Working hours;
- Equality/discrimination;
- Freedom of association;
- Disciplinary procedures;
- Health and safety;
- Dormitories; and
- Chemical management.

UNHCR's aim in conducting audits has been to establish a baseline with information on all its suppliers for core relief items procured from HQ. The approach has been geographical, with a focus on Pakistan, China, and Vietnam, where audits have already been completed, as well as India, the audit of which is to be finished by the end of 2021. In the future, UNHCR plans to adopt a risk-based approach to supplier audits, informed by utilising information collected through the previous audits and further risk assessments, in addition to geography.

In line with UNHCR's main objective of providing an initial snapshot of supplier performance, audits have all been announced, with a notice period of 30 days or less. Employee interviews are done in a separate room, with workers selected during the visit and without prior notice, to avoid any potential influence from factory management.

At the end of each audit process, an exit meeting takes place, where the factory management signs a Corrective Action Plan, committing to work on any identified issues. Although no critical issues have been found to date, suppliers are always given some indication on what they may need to clarify or implement to foster their continuous development in all areas.

UNHCR derives its power to conduct these audits from its contractual terms and conditions for suppliers. It also works so that bidders are aware of this during their onboarding process.

## ANNEX 5 – SUGGESTED CLAUSES

*The suggested clauses set out in this annex can be included in the contracts of individual UN Organizations and adapted according to the context and needs of a particular contract. This annex includes clauses requiring suppliers to engage in responsible business conduct, undertake human rights due diligence, take steps to address forced labour and human trafficking, provide relevant warranties, make disclosures concerning instances of forced labour or human trafficking, participate in audits or investigations.*

Item	Subject	Suggested clause
1.	<b>Responsible Business Conduct</b>	<p><i>The Contractor, shall, and procure that its officials, employees, agents, servants, subcontractors and other representatives (collectively, the Contractor’s “Personnel”) shall, respect and promote internationally proclaimed human rights, international labour standards of the International Labour Organization, the United Nations Guiding Principles on Business and Human Rights (“UNGPs”), the ten principles of the UN Global Compact, and observe the highest ethical standards in fulfilling the obligations under this Contract.</i></p> <p><i>The Contractor shall, and shall cause the Contractor’s Personnel to, maintain compliance with all obligations relating to its registration as a qualified vendor of goods or services to the United Nations, as such obligations are set forth in the United Nations vendor registration procedures.</i></p> <p><i>The Contractor shall not, and procure that the Contractor’s Personnel do not, use or engage in any: threats of violence, verbal or psychological harassment or abuse to its employees or those of its suppliers or subcontractors.</i></p>
2.	<b>Human Rights Due Diligence</b>	<p><i>a. In performing its obligations under the Contract, the Contractor shall exercise due diligence by identifying, preventing and mitigating the risk of human and labour rights violations, including but not limited to forced labour and human trafficking, throughout its operations and business relationships, including those detailed in [current]Article 4 [Subcontracting] herein. The Contractor shall carry out such due diligence in accordance with:</i></p> <ul style="list-style-type: none"> <li><i>i. the process of human rights due diligence set out in the UNGPs,</i></li> <li><i>ii. the requirements of this contract,</i></li> <li><i>iii. applicable law, and</i></li> <li><i>iv. all obligations relating to its registration as a qualified vendor of goods or services to the United Nations, as such obligations are set forth in the United Nations vendor registration procedures.</i></li> </ul> <p><i>b. The Contractor shall exercise the following minimum due diligence in discharging its obligations under this Contract:</i></p> <p><i>c. Design and implement a risk assessment procedure to identify risks of actual or potential human rights violations in its supply chain;</i></p>

		<p>d. Deploy reasonable and proportionate endeavours to address the identified risks to prevent and mitigate the negative impacts on human rights of its commercial activities, including:</p> <ul style="list-style-type: none"> <li>i. Require its own suppliers to identify, prevent and/or mitigate negative impacts in accordance with the UNGPs, the UN Supplier Code of Conduct and all obligations relating to its registration as a qualified vendor of goods or services to the United Nations, as such obligations are set forth in the United Nations vendor registration procedures;</li> <li>ii. Include in its contracts with suppliers and subcontractors provisions requiring the supplier or subcontractor to act in accordance with the UNGPs and the UN Supplier Code of Conduct;</li> <li>iii. Monitor and audit compliance with the UN Supplier Code by its suppliers and subcontractors through independent monitoring processes; and</li> <li>iv. Implement an appropriate system of training for the Contractor's Personnel to ensure compliance with the UN Supplier Code of Conduct;</li> </ul> <p>e. Report to the United Nations on the measures taken to identify, prevent and mitigate actual and potential violations and their effectiveness in a reasonable and proportionate manner and frequency.</p> <p>f. Notify the United Nations as soon as it becomes aware of any breach, or potential breach of the UN Supplier Code of Conduct by either the Contractor or any of the Contractor's Personnel.</p> <p>Alternative approach: simplified clause omitting the process requirements:</p> <p><i>In performing its obligations under the Contract, the Contractor shall exercise due diligence by identifying, preventing and mitigating the risk of human and labour rights violations, including but not limited to forced labour and human trafficking, throughout its operations and business relationships, detailed in [current]Article 4 [Subcontracting] herein. The Contractor shall carry out such due diligence in accordance with the process of human rights due diligence set out in the UNGPs and the all obligations relating to its registration as a qualified vendor of goods or services to the United Nations, as such obligations are set forth in the United Nations vendor registration procedures.</i></p>
3.	<b>Forced Labour and Human Trafficking</b>	<p><i>The Contractor shall respect, and shall cause all of the Contractor's Personnel to respect, at all times and in all circumstances, relevant to the performance of the Contract and in relation to all its Personnel, the principles concerning international labour standards of the International Labour Organization, including the prohibition of forced labour and human trafficking in all its forms.</i></p> <p><i>The Contractor shall and shall cause all of the Contractor's Personnel to:</i></p> <ul style="list-style-type: none"> <li>1. Not engage, directly or indirectly through its supply chain and other commercial operations, in practices which increase the vulnerability to forced labour and human trafficking of workers in its supply chain;</li> </ul>



		<ol style="list-style-type: none"> <li>2. <i>Take all reasonable and proportionate measures to prevent forced labour and human trafficking in its own operations and take all appropriate measures to prevent their Personnel and suppliers engaging in forced labour and human trafficking;</i></li> <li>3. <i>Deploy all reasonable and proportionate measures to promote fair labour recruitment in its supply chain as defined in the ILO General Principles and Operational Guidance for Fair Labour Recruitment;</i></li> <li>4. <i>Design and implement procedures to identify within its supply chain any of the ILO Forced Labour Indicators; and</i></li> <li>5. <i>Inform the United Nations as soon as it becomes aware of any incident or report that may constitute a breach of this Article.</i></li> </ol> <p><i>In the event that an incident is notified in accordance with paragraph 1.5 [of this Article]] or the United Nations otherwise becomes aware of a breach of this Article , without prejudice to the termination rights of the United Nations pursuant to [Cross refer to the article concerning “Essential Terms”, currently Article 22], the Contractor shall take appropriate action to address the relevant incident or breach to the satisfaction of the United Nations, including participating in any mitigation and remediation procedures the United Nations may initiate.</i></p> <p><i>For the purpose of the Contract Forced Labour and Human Trafficking is defined by reference to the ILO Forced Labour Convention 1930 (No 29) and Human Trafficking by reference to the United Nations Protocol to prevent, suppress and punish trafficking in human beings, especially women and children, supplementing the UN Convention against Transnational Organized Crime 2000 (the Palermo Protocol).</i></p>
4.	<b>Warranties</b>	<p><i>Unless otherwise specified in the Contract, in addition to and without limiting any other warranties, remedies or rights of the United Nations stated in or arising under the Contract, the Contractor warrants and represents that:</i></p> <ol style="list-style-type: none"> <li>1. <i>At the date of this contract, neither the Contractor nor Contractor’s Personnel, have been convicted of any offence involving forced labour and/or human trafficking, nor have they been or are the subject of an investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with forced labour and/or human trafficking in the past ten (10) years.</i></li> <li>2. <i>At the date of this contract, neither the Contractor nor Contractor’s Personnel, is subject to any sanction or temporary suspension imposed by the United Nations Security Council.</i></li> </ol>
5.	<b>Disclosure</b>	<ol style="list-style-type: none"> <li>1. <i>During the term of the Contract, the Contractor shall immediately disclose to the UN any investigation, inquiry, administrative or judicial procedure initiated against the Contractor and the Contractor’s Personnel by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with forced labour and/or human trafficking.</i></li> <li>2. <i>During the term of the Contract, the Contractor shall immediately disclose to the UN any known information which reasonably gives rise to a risk of forced</i></li> </ol>

		<p><i>labour and/or human trafficking in its supply chain or practice which increases the vulnerability to forced labour and human trafficking in its supply chain, in accordance with [new clause 1.5. in Item 3 above].</i></p> <p><i>3. During the term of the Contract, the Contractor shall immediately disclose to the United Nations if the Contractor or Contractor's Personnel becomes subject to any such sanction or temporary suspension.</i></p>
6.	<b>Audits and Investigations</b>	<p><i>The Contractor shall provide its full and timely cooperation with any such inspections, post-payment audits or investigations by the United Nations or its designee. Such cooperation shall include, but shall not be limited to, the Contractor's obligation to make available its personnel and any relevant documentation for such purposes at reasonable times and on reasonable conditions and to grant to the United Nations or its designee access to the Contractor's premises at reasonable times and on reasonable conditions in connection with such access to the Contractor's personnel and relevant documentation and use reasonable and proportionate efforts to exercise leverage over its suppliers and subcontractors to engage with and participate in any inspection, post-payment audit or investigation conducted pursuant to this [Article X]. The Contractor shall require its agents, including, but not limited to, the Contractor's attorneys, accountants or other advisers, to reasonably cooperate with any inspections, post-payment audits or investigations carried out by the United Nations hereunder.</i></p>
7.	<b>Essential terms</b>	<p><i>The Contractor acknowledges and agrees that each of the provisions in Articles [X] to [X] hereof constitutes an essential term of the Contract and that any breach of any of these provisions shall entitle the United Nations to terminate the Contract or any other contract with the United Nations immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind and/or exclude the Contractor from participating in any ongoing or future tenders and/or entering into any future contractual or collaborative relationships with the United Nations. The United Nations shall be entitled to report any violation of such provisions to the United Nation's governing bodies, other UN agencies, and/or donors.</i></p>

## END NOTES

<sup>[1]</sup> In this Code of Conduct, “UN” shall refer to the UN Secretariat, Programmes and Funds of the UN, Specialised Agencies of the UN and all other entities belonging to the UN system, that have adopted this Code of Conduct through the High Level Committee on Management - Procurement Network.

<sup>[2]</sup> The UN Guiding Principles on Business and Human Rights (2011) can be accessed at: [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

<sup>[3]</sup> The full texts of the ILO Conventions and Recommendations can be accessed at: <http://www.ilo.org/global/standards/lang-en/index.htm>

<sup>[4]</sup> ILO General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs (2019) can be accessed at: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---migrant/documents/publication/wcms\\_536755.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_536755.pdf)

<sup>[5]</sup> These principles are set out in the ILO fundamental Conventions, No. 87, Freedom of Association and Protection of the Right to Organise, 1948 and No. 98, Right to Organise and Collective Bargaining, 1949.

<sup>[6]</sup> This principle is set out in the ILO fundamental conventions, No. 29, Forced Labour, 1930, its Protocol of 2014 and No. 105, Abolition of Forced Labour, 1957.

<sup>[7]</sup> The definition of human trafficking is set out in the United Nations (UN) protocol to prevent, suppress and punish trafficking in human beings, especially women and children, supplementing the UN Convention against Transnational Organized Crime and its Protocols (2000).

<sup>[8]</sup> These principles are set out in the ILO fundamental Conventions, No. 138, Minimum Age, 1973 and No. 182, Worst Forms of Child Labour, 1999 and in the UN Convention on the Rights of the Child.

<sup>[9]</sup> These principles are set out in the ILO fundamental Conventions, No. 100, Equal Remuneration, 1951 and No. 111, Discrimination (Employment and Occupation), 1958.

<sup>[10]</sup> These principles are set out in ILO Conventions No. 95, Protection of Wages, 1949 and No. 94, Labour Clauses (Public Contracts), 1949 and in a number of Conventions addressing working time (see: <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/workingtime/lang-en/index.htm>).

<sup>[11]</sup> These principles are set out in the ILO Conventions, Recommendations and Codes of Practice (see: <http://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/occupational-safety-and-health/lang-en/index.htm>).

<sup>[12]</sup> These principles are derived from Universal Declaration of Human Rights (UDHR) and are set out in the United Nations Global Compact (see [http://www.unglobalcompact.org/Issues/human\\_rights/index.html](http://www.unglobalcompact.org/Issues/human_rights/index.html)).