

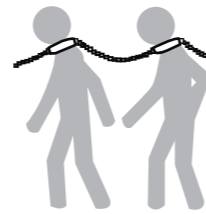
Do you source from India?

India is a global sourcing hub in sectors such as retail, manufacturing, textile, jewellery, electronics, handicraft etc. Labour arbitrage, availability of raw material and skills, vendor network, cost effective quality output etc. are some of the reasons for this success.



Why is India considered a hot spot for sourcing risks?

Unfortunately, India has been identified as a high-risk country for human rights violations. Although, a number of regulatory measures have been initiated by successive governments and these have mitigated violations to a large extent, but the scale of the Indian labour market is such that these measures will take time to show their full impact. Until then you should be aware that your supply chain may be subject to some of the following risks:



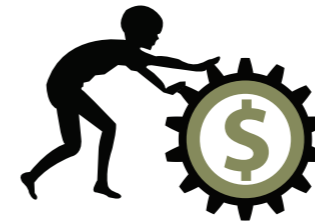
Forced Labour

Labour contractors may lure workers (especially migrant workers) into debt traps (sometimes to support alcohol abuse of workers) and then force them to work. Predominant signs and signals that forced labour may be occurring in your supply chain are: deception, restriction of movement, isolation, physical and sexual violence, intimidation and threats, retention of identity documents, withholding of wages, debt bondage, abusive working and living conditions, and excessive overtime



Human Trafficking

There are instances where labourers are transported across state borders (often with fraudulent promises) and are forced to work for survival and at times, to earn sufficient income to go back home.



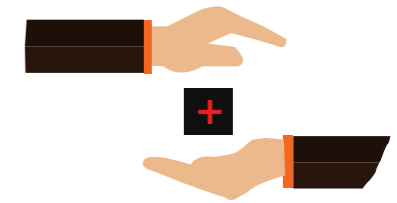
Child Labour

There is a risk that children are allowed inside factories due to lack of age verification procedures with forged or borrowed identification cards. There are very few supervision or social control mechanisms to prevent this systemic abuse



Discrimination

Common indicators that discrimination may be occurring at workplace are – skewed hiring profile based on gender, disability, pregnancy etc. and promotions/ pay raises being denied based on similar factors. It's not uncommon to find women being paid less (than men) for similar work.



Occupational Safety and Health

Regulations provide minimum level of protection and are reactionary (when an accident occurs remedial measures are prescribed) in nature. Accidents are underreported and there may not be sufficient push to adopt state of the art occupational safety and health processes.



Sexual Harassment

There is a risk that women and children who are part of your supply chain are being sexually exploited or harassed. Migrant women and child labourers are especially at risk.

Does your supply chain comply with local regulations?

At a minimum, your suppliers must comply with Indian central and state regulations. They are designed to prevent human rights abuses and provide a better working environment for workers. Although, the primary responsibility and liability will be that of your supplier, a gross violation may not hold up to your ethical sourcing policies and brand image.



Do you really know how the worker in the last mile of your supply chain is being treated?

It may be hard for you to control every stage of the supply chain because of the hugely complex networks. However, you need to find out intelligent ways of obtaining supply chain information in areas such as ethical, environmental and human rights compliances. From a risk perspective, command and control from the parent company means nothing if it is not rigorously monitored and enforced.



What can you do to minimize these risks?



» **Due diligence**
Proactively assess processes and operations of your proposed and existing suppliers.

» **Training**
Sometimes it is also advisable to train the workers directly.

» **Hot spot audit**
Conduct planned and unplanned risk audits. As part of our social responsibility obligations, we have a hot spot audit checklist that we can provide to you.



» **Map supply chain**
To find out who you are sourcing from.

» **Appointment**
Suppliers and sub-contractors must be appointed (and re-appointed) only if diligence does not throw up red flags.

» **Best practices**
Satisfy legal requirements but also go beyond minimum obligations and ask your supplier to do so.

Supply Chain Hot Spot India

How can we help you?

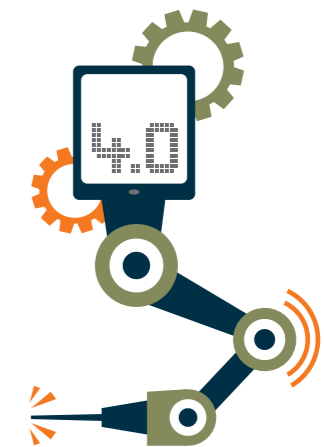
There is no one-size-fits-all solution, because all supply chains are not the same. We can provide you with a more detailed diligence checklist to:

- » Assess the more obvious and latent risks in your operations and supply chain.
- » Assess and strengthen human rights obligations in supplier contracts.
- » Help you respond and deal with a situation where your supply chain has been compromised.



» Determine a strategy for performing due diligence and implement it where needed.

» Support your engagement with suppliers to achieve compliance with policies.



For more details, please contact BTG Legal at practicemanager@btg-legal.com