Protecting human rights in global supply chains through public procurement

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My presentation will focus on

1. The county councils work with sustainable procurement
2. The case of computer company Dell
3. The case of Ansell a global provider of protection solutions
4. Lessons learned
21 County Councils and Regions

Responsible for
- healthcare
- dental care
- public transport

250,000 employees

Procures goods and services to the amount of USD13 billion
Wake-up call 2007 – Report on unethical procurement practice
EIGHT RISK AREAS
Why sustainable public procurement?

- Obligation to protect human rights
- Opportunity to influence the market and create a demand for sustainable products and services
- Risk management – reputational risk, economic risk

*States should promote respect for human rights by business enterprises with which they conduct commercial transactions. UNGP 6*

*Promote public procurement practices that are sustainable, in accordance with national policies and priorities. SDG 12.7*
Five steps to sustainable public procurement

- Code of Conduct for suppliers
- Contract Clauses
- Follow-up I: Policy and Routines
- Follow-up II: Risk analysis, Audit Reports, CAP
- Follow-up III: On-site Audit
FROM POLICY TO PRACTICE – SURGICAL GLOVES

- Medical gloves identified as a high risk area
- 150 billion pairs of gloves per year, with a market value of over USD $5 billion
- Around two-thirds of all disposable gloves are manufactured in Malaysia.
- Follow-up of 6 suppliers
  - Audit at Bröderna Berner’s sub-supplier Ansell
ANSELL’S FACILITY IN MALAYSIA

Lat: 2.9228100
Lon: 101.6571800
24 violations of which 10 were major

<table>
<thead>
<tr>
<th>Violation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forced labour</td>
<td>The facility kept original passports for the migrant workers</td>
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<tr>
<td>Forced labour</td>
<td>Compulsory overtime was stated in a contract in the sample</td>
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<tr>
<td>Forced labour</td>
<td>Loans were given to migrant workers to pay recruitment agency and travel cost (equalled 3 month of wages)</td>
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<tr>
<td>Forced labour</td>
<td>The migrant workers could not leave</td>
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<tr>
<td>Working hours</td>
<td>Sample of 140 hours overtime</td>
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<tr>
<td>Working hours</td>
<td>Sample of working 45 consecutive days</td>
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<tr>
<td>Fire safety</td>
<td>Dormitories</td>
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</tbody>
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Ansell takes action

…”Ansell is taking a stance to shift the common practice among glove manufacturing companies in Malaysia. As of January 1, 2016, Ansell will assume responsibility for all recruiting fees going forward.”
• Excessive working hours, up to 74 hours a week
• Forced overtime and wages below the local legal minimum wage
• Inadequate occupational health and safety conditions at 4 factories in China

According to the Danwatch-report the factories also produced to:

Yokogawa
ASUS
HP
Samsung
Microsoft
IBM
Compaq

Sony
GE
NEC
Fujitsu
Phillips
Memorandum to steering committee Dec 15

My personal view is that a slow negotiation and dialogue with Dell ..., is risky.... I do not believe that Dell can ensure that they comply with the contractual obligations .... Thus we have direct or indirect contractual agreements with a supplier that have poor working conditions in their supply chain.
More Swedish customers contacts Dell in regards to media information
Accountability achieved in September

Dell - Two factory EICC-audits in China in July

E&Y as observers for the county councils

Under NDA full disclosure of audit reports and CAPs
**2013**
DanWatch report

**2014**
David vs Goliath

**2015**
Accountability achieved

**2016**
Results

**Dell**
- Full disclosure under NDA
- SER Executive Review Board
- Increased customer engagement
- Increased resources

**Atea (wholesaler)**
- Strengthened due-diligence work
- Increased resources
RISK ANALYSIS
Identify salient human rights risks in our supply chains

ACTION PLAN
GOALS
• Working conditions
• Collective bargaining
• Living conditions
• Products with conflict free minerals

ACTIVITIES
• Dialogue and cooperation
• Follow-ups of other ITC suppliers
• Develop selection criteria
Sustainable procurement can make a difference

"The Swedish county councils have made a significant contribution to the practice of human rights due diligence in global supply chains, and helped to increase the capacity of both its contractor, and IT reseller, and a global computer brand to manage their supply chains responsibly." (Electronics Watch, 2016)
Lessons learned

- Increase leverage through collaboration with other public buyers.
- Dialogue and capacity building.
- Internal health-check. Time, resources and competence. Needs political leadership.

Co-operation

Organisation and competence

Proactive supplier relations

Follow-ups
Sustainable public procurement makes a difference!