



Today's Presenters



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Agenda

1. Modern Slavery in the Business Context
2. Vital Learning on Modern Slavery
3. Corporate Drivers
4. Building a Compliance Program
 - a. Slavery & Trafficking Risk Template (STRT)
5. Guidance for Success
6. Questions & Answers

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3



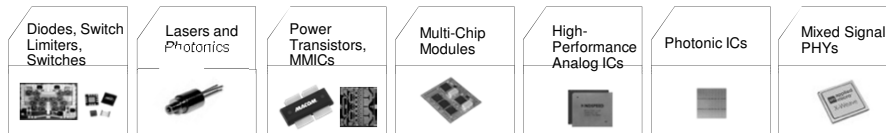
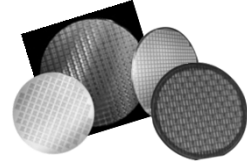
Introduction

Assent MACOM

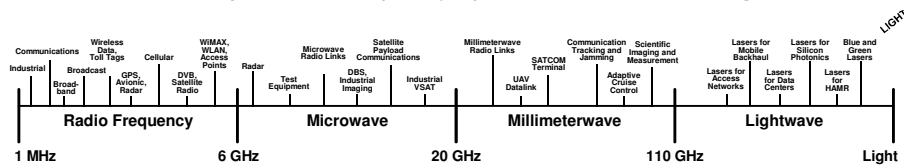
Who We Are

MACOM™

- High-performance RF and Microwave heritage
- “Fab-rite” manufacturing with differentiated technologies
- Strong intellectual property portfolio with high barriers to entry
- Advanced compound semiconductor materials, processes and specialized packaging



Serving a Broad Frequency Spectrum...From RF to Light



5

Large and Diverse End Markets

MACOM™



Addressing next generation infrastructure buildouts across a broad array of customers and applications

Data Center



Optical connectivity in hyper scale data centers enabling new cloud application and service revenue streams

CISCO

Google

Microsoft

ARISTA

amazon
web services™

facebook

Telecom



Optical and wireless networks for FTTx, Metro, 4G LTE and 5G applications and services

NOKIA

FUJITSU

HUAWEI

ERICSSON

Industrial & Defense



RF and Microwave components and sub-assemblies for industrial, civil and defense infrastructure buildouts

LOCKHEED MARTIN

NORTHROP GRUMMAN

Rockwell Collins

THALES


Raytheon

HARRIS

SIEMENS

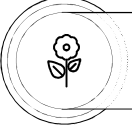
ROHDE & SCHWARZ

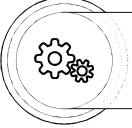
6





Our Market-Leading Platform

Assent Products

- 

Corporate Social Responsibility
- 

Product Compliance
- 

Vendor Management
- 

Audits & Inspections

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Overview

- 75%

Assent Works with 75% of Fortune 500 Manufacturers
- 300k

300,000 Supplier Companies
- 

Market-Leading Supply Chain Data Management Platform
- 

Global Footprint



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Social Responsibility Alliance

Helping companies build socially responsible supply chains



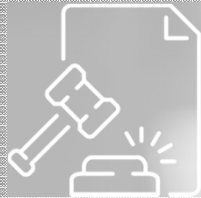
Mission is to provide companies throughout the supply chain with the data tools needed to build socially responsible supply chains. By facilitating the collection of human and labor rights data, we catalyze continuous improvement in global supply chains and the lives of those working within them.

Vision is to provide trusted, open-source tools that facilitate the collection of complete, responsible sourcing data from supply chains.



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9



Modern Slavery in the Business Context

The Economics of Forced Labor

A profitable industry

Annual global profit, in US dollars (2012 estimates)



Source: United Nations International Labour Office, Taxpayers for Common Sense, The Guardian, Reuters, Adweek

THE HUFFINGTON POST

Forced Labor Is Global & in Every Sector

Worldwide exploitation of forced labor, 2016

By means of coercion
% of total



By sector
% of total



Supply Chains Are Perfect Conditions for Exploitation

77% of companies believe there is a likelihood of modern slavery occurring at some stage in their supply chains.

Source: Ethical Trading Initiative

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13

Migrant Worker Recruitment

A case study of modern slavery



Country: Taiwan

Type of Facility: Bottling and bottle manufacturing plant

Workforce: 300 workers (55 percent migrant workers from Asia-Pacific region)

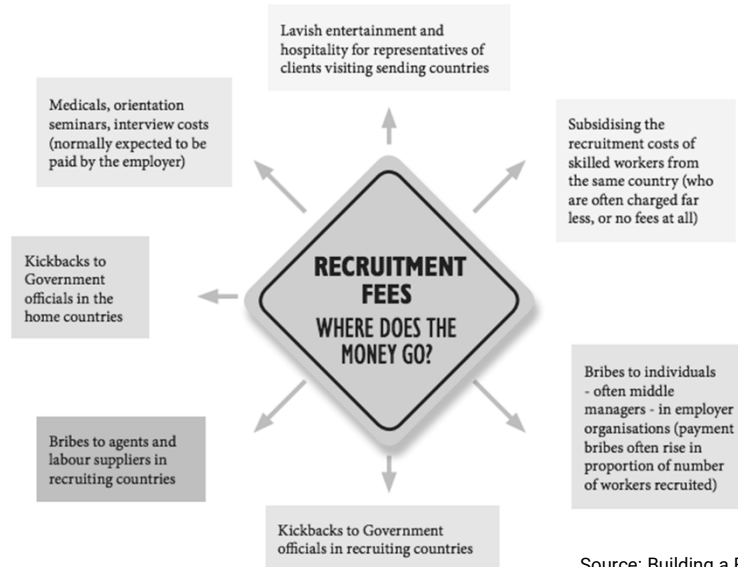
- **Means of detection:** Audit
- **Issue:** Migrant workers were subject to 24 different fees (recurring & one-time) over their three-year contract.
- **Impact:** Workers “confirmed a significant financial burden imposed by the recruitment fees.”
- **Response:** Coca-Cola issued a non-conformance report, facility reimbursed workers (\$894,000 total).

Source: Best Practice Guidance on Ethical Recruitment of Migrant Workers by ICCR (2017)

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14

Workers Shouldering the Financial Burden of Corruption



Source: Building a Fairer System by CIOB (2016)

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15

Migrant Worker Recruitment

A case study of modern slavery



Country: England (Nottinghamshire)

Type of Facility: Produce packhouse and farm

Workforce: unknown

- **Means of detection:** Victim confided to their manager about their situation
- **Issue:** Landlord brought worker to the UK from Poland - retained his passport, kept wages
- **Impact:** Worker held in a situation of modern slavery
- **Response:** Worker entered protective custody, landlord pleaded guilty to human trafficking and forced labor

Source: Co-Op Modern Slavery Statement (2017),
BBC (2017)

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16

Abusive Working Conditions



IVANKA TRUMP

Country: China

Type of Facility: Apparel factory

Workforce: 80

- **Means of detection:** Audit
- **Issue:** Two dozen violations of international labor standards including forced and excessive overtime (82 hours), abusive working conditions
- **Response:** Factory brought on more workers to reduce overtime

Source: Fair Labor Association,
Independent (2017)

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17

Vital Learnings on Modern Slavery

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Risk in Developed Countries

THE GLOBAL SLAVERY INDEX

Main trend from national estimates of modern slavery

The prevalence of modern slavery in highly-developed, high-income countries is higher than previously understood.

Labor Supply Chains

Why businesses fail to detect modern slavery at work

September 11, 2017 7:02am EDT

The problem is that current approaches to responsible sourcing tend to focus on tracing the product supply chain. But the key issue in tackling modern slavery is in understanding the labour supply chain. These are often unregulated networks through which forced or trafficked workers may be recruited, transported, and supplied to business by third party agents.

A labour supply chain consists of a sequence of relationships a worker might go through to end up in work. The chain might be short, consisting simply of a producer and a worker. Or, particularly where international movement is involved, there may be multiple layers of intermediaries, agents, brokers, traffickers and gang-masters.

Authors



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Senior Lecturer in Politics, University of Sheffield

Source: The Conversation

Indirect Supply Chains

Invisible Supply Chain Workers Vulnerable to Labor Exploitation: Where Are Your Blind Spots?

📅 Anti-Human Trafficking, Assent Compliance, blog, News, UK Modern Slavery Act 🕒 July 11 🖨️ PRINT ✉️ EMAIL A- A+

Workers operating in “blind spots” typically fall outside of a company’s core production and processing activities, and are usually subject to little (or no) due diligence.

This can include low-skilled, low-paid, temporary and sometimes migrant workers who provide support services in economies characterized by minimal risk levels, such as trucking and transportation, cleaning, catering and security.

Source: Assent Compliance Blog

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21



Types of Laws & Regulations



Trade Compliance

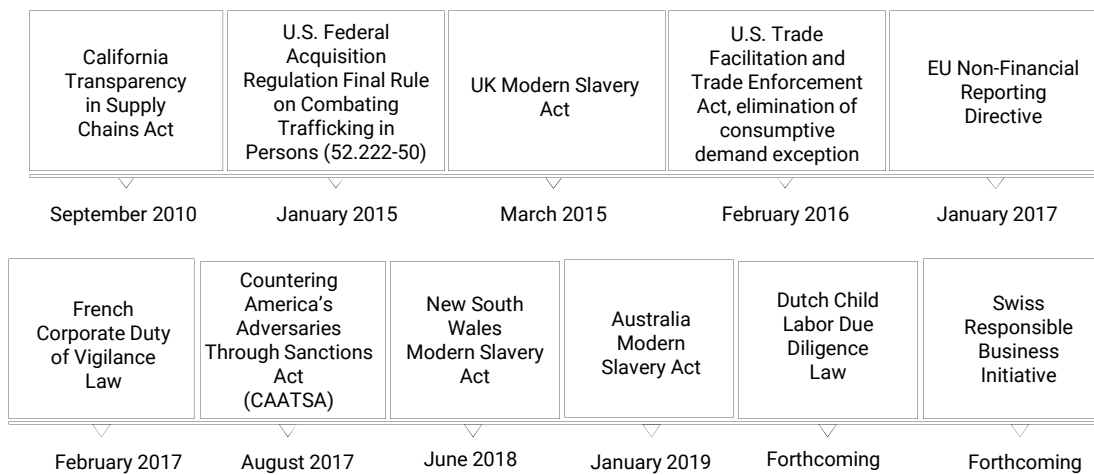


Disclosure Requirements



Due Diligence

A Proliferation of Laws & Regulations



Corporate Drivers



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25



Building a Compliance Program

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Self-Assessment Questions

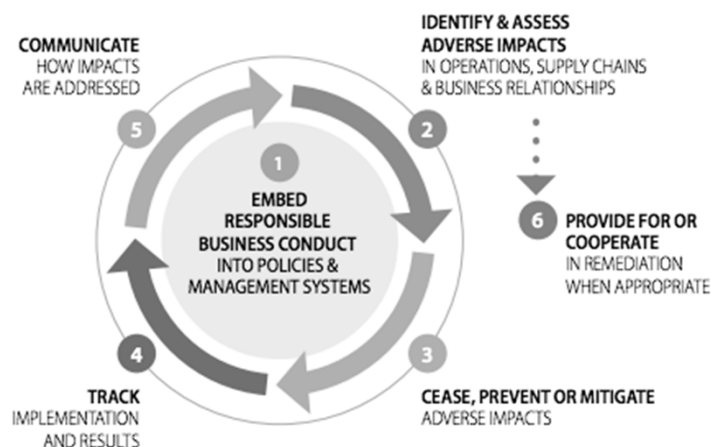
1. Do you know the labor conditions under which your goods are being made?
 - a. Have the workers in your suppliers' facilities been charged recruitment fees?
 - b. Have their identity documents been withheld?
 - c. Do they have accurate employment agreements they understand?
1. Do your supply chain due diligence processes cover slavery and human trafficking?
1. Are you meeting your compliance responsibilities?
 - a. Final Rule on Combating Trafficking in Persons of the U.S. Federal Acquisition Regulation?
 - b. UK Modern Slavery Act?
 - c. U.S. imported goods are not produced by North Korean labor?
 - d. Will you be ready to report under the Australian Modern Slavery Act?
1. What are your customers' requirements on modern slavery?
 - a. Are you meeting them?

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27

The Standard for Due Diligence

Organization for Economic Co-operation and Development (OECD)



Source: OECD Due Diligence Guidance for Responsible Business Conduct

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28

KnowTheChain Benchmark



Commitment & Governance

- Company publicly demonstrates its commitment to address slavery.
- Company has a supply chain standard that requires suppliers to uphold labor rights (e.g. prohibit fees).
- Company has established clear responsibilities and accountability for policy implementation.
- Company has training programs for employees and suppliers.
- Company engages with relevant stakeholders (ex: policy makers) on slavery

Traceability & Risk Assessment

- Company demonstrates an understanding of its suppliers.
- Company has a process to assess slavery risks, and it publicly discloses them.

Purchasing Practices

- Company integrates supply chain standards into supplier contracts.
- Company requires its first-tier suppliers to ensure that their own suppliers meet labor rights standards.

KnowTheChain Benchmark



Recruitment

- Company ensures recruitment agencies used in its supply chains are monitored to assess for slavery risks.

Worker Voice

- Company ensures a formal mechanism to report a grievance is available to its suppliers' workers.

Monitoring

- Company audits its suppliers to measure compliance with its supply chain standards and regulations.

Remedy

- Company has a process to create corrective action plans with suppliers.
- Company has a process to provide remedy to workers in its supply chain in cases of slavery.

Aligning Your Processes With Standard Practice

Slavery and Trafficking Risk Template (STRT)

- A 23-question survey with requests for supporting documentation (free).
- Actively maintained by a multistakeholder committee.
- Reach is in the *five digits*.
- Used by companies to comply with regulations, improve their public disclosures and drive change in their supply chain.
- Downloadable at sraglobal.org.



Geographical, workforce and industry-related risk



Policies



Supply chain management



Risk identification and management



Training



Reporting and internal accountability



Certification



Public disclosure



FAR compliance plan requirements

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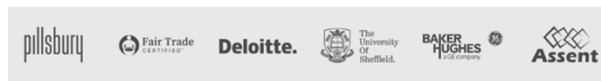
31

STRT Development Committee

Housed by the Social Responsibility Alliance (SRA)



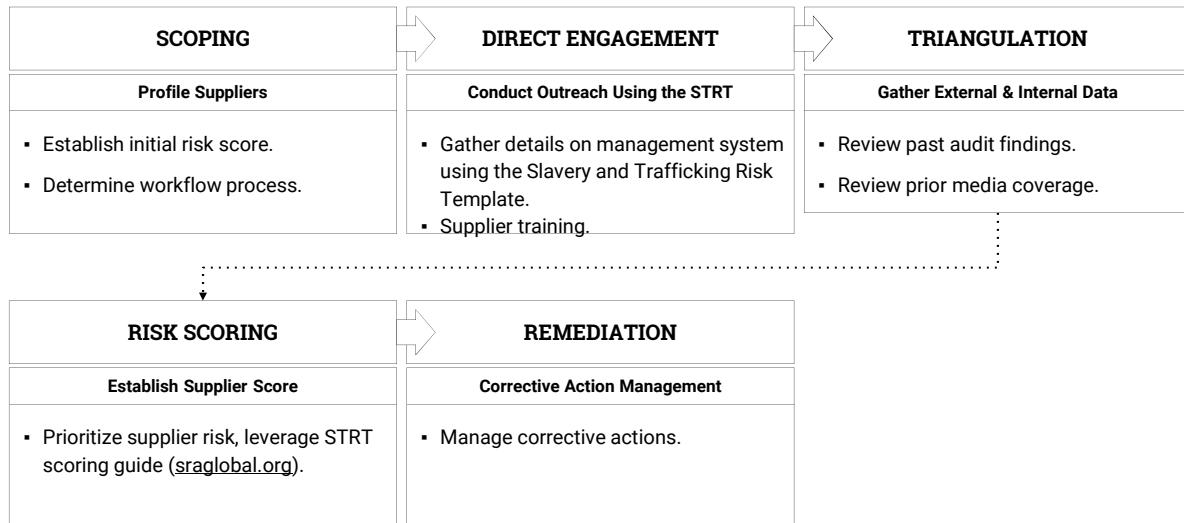
- Twenty-one members: 48 percent industry and 52 percent non-industry.
- Established in October 2016.
- United in its mission to eradicate human trafficking from supply chains.



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32

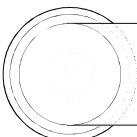
STRT Workflow Meets OECD Due Diligence Process



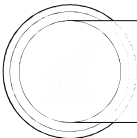
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33

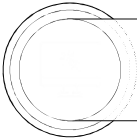
A Case Study of Company Using the STRT



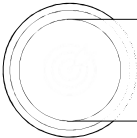
Company: Consumer goods company with a global presence and annual sales in the billions (USD).



Issue: Operate in a high risk industry and are subject to reporting obligations. Needed to expand their supply chain due diligence process to cover slavery and human trafficking.



Solution: Automated risk assessment of their supply chain (~400 suppliers) using the Slavery & Trafficking Risk Template (STRT).



Results: Identified ~80 high-risk suppliers for further investigation and secured actionable data to embed in follow-up corrective action plans.

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34



Success Factors

#1 - Align your actions with standard practice

- OECD Due Diligence process.
- Slavery and Trafficking Risk Template (STRT).
 - Automated interrogation, good supplier support.
 - Proven, defensible and easy-to-use and analyze.
 - Reduced burden, quality data, better response rates through economies of scale.

#2 - Take a programmatic approach

- Clear responsibility and accountability.
- Include in corporate compliance program.
- Document program management process.
- Data-driven approach.

Success Factors

#3 - Leverage existing business framework

- Vendor contracts.
- Purchase terms and conditions.
- Vendor qualification process.
- Vendor and employee training mechanisms.
- Supply chain survey.
- Supply chain audit.
- Supply chain corrective action process.
- Whistleblower mechanisms.
- Corporate reporting mechanisms.

