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Workers' Voices – Fulfilling The S Ambitions In ESG

Kris Van Broekhoven, Chief Executive Officer, ES3G Limited

Wednesday, 18 January 2023



A Word From Today's Chairman

Simon Mills
Senior Associate
Z/Yen Group





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Today's Agenda



- 11:00 – 11:05 Chairman's Introduction
- 11:05 – 11:25 Keynote Presentation – Kris Van Broekhoven
- 11:25 – 11:45 Question & Answer



Today's Speaker

Kris Van Broekhoven
Chief Executive Officer
ES3G Limited





Measuring the S of ESG

Meet market and stakeholder requirements to track authentically how workers are treated in supply chains.

Summary

ESG is about more than reducing greenhouse gas emissions.

Existing processes to monitor worker conditions in the supply chains are inadequate. Periodic social audits can be manipulated and do not detect issues like forced labour.

New laws, regulations and customer and stakeholder pressures increasingly hold buyers accountable for the behaviour of their suppliers, and require companies to monitor worker conditions in their supply chains.

Change will happen. Companies are looking for a **low-cost, simple, objective and effective system to monitor worker conditions at global scale in supply chains.**

Measuring the Social aspect of ESG (Human Rights Due Diligence) is **perceived as difficult to perform at scale.** This is no longer the case.

ES3G has the technology to **fix** things.

Some history

Some history



Some history



1991

1996



Some history



2016

Rana Plaza

Industry response

Code of Conduct

Industry response

Code of Conduct

Supplier self-certification

Industry response

Code of Conduct

Supplier self-certification

Social Audit

But history keeps repeating itself

British Retailers Exploit Child Syrian Refugees in Turkish Factories to Make UK Clothes: Report

Chocolate makers sued over supply chain child labour

posted by *Charlie Hart*
in *Ethics, Law, Supply chain*

🕒 16 February 2021



Tesco faces lawsuit by factory workers over 99-hour weeks on low pay

By Sahar Nazir - December 19, 2022

Problem

Strict **codes of conduct** are good, but it is difficult to know if those codes are enforced in developing countries.

Social audits are flawed. They are subjective and open to manipulation, and fail to detect real issues like forced labour. Deep audits are too expensive to scale.

Brands are accused of treating social issues as a public relations inconvenience rather than as a serious human rights matter. Sustainability claims are not trusted and allegations of greenwashing are rife.

Solution

Stakeholders have power to direct the industry towards the right behaviour

- Corporate responsibility
- Journalists, NGOs, social media influencers
- Investors, rating agencies, financiers
- Consumers

Legislators are stepping in. Germany, Canada... Change will happen.

Technology is available to complement social audits and monitor treatment of workers, at scale, at an affordable price.

Direct Worker Engagement

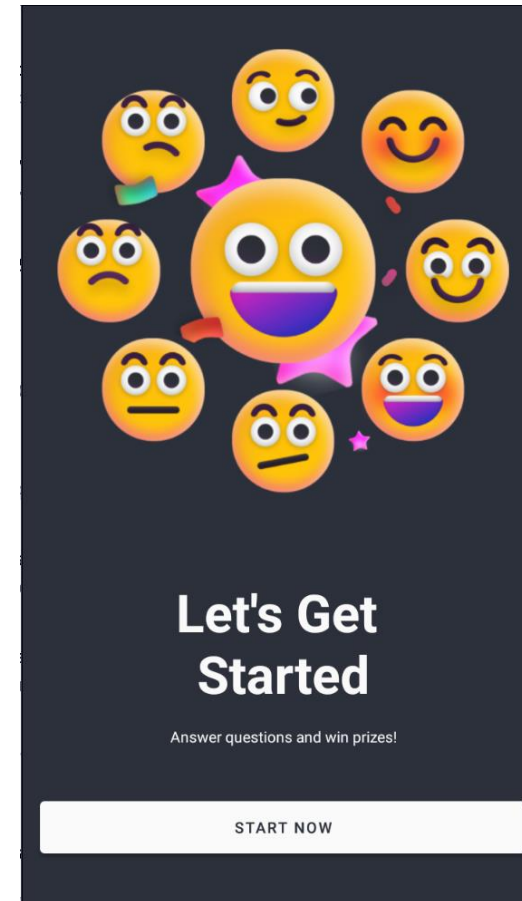
Monitoring how workers are treated in supply chains is a legal, regulatory and stakeholder requirement.

We provide a technology-driven solution to this requirement. Simple, easy and quick to deploy.

The ES3G worker engagement app is a result of collaboration between:

- a leading app design team
- input from workplaces, workers and buyers
- leading academics and ethical sourcing experts

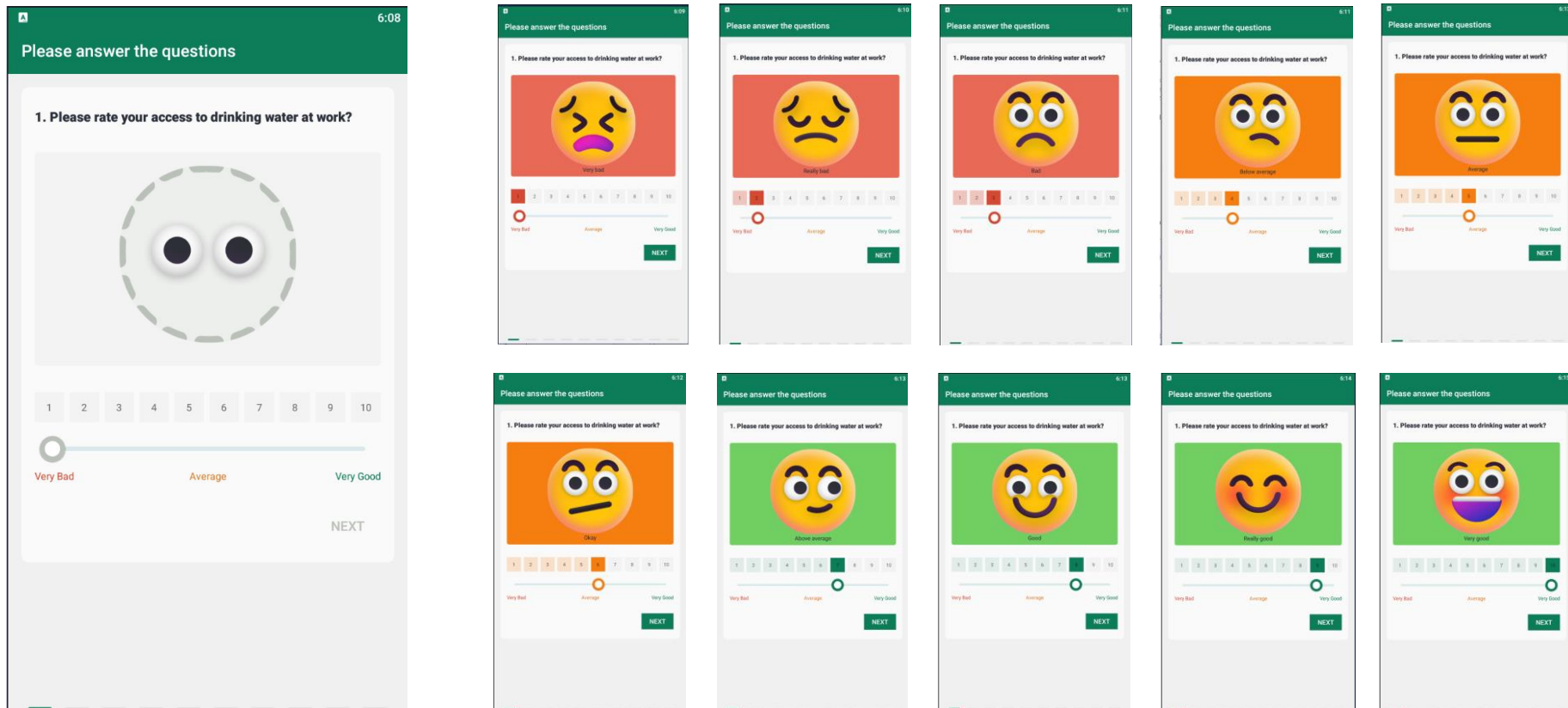
Real-time, all-the-time, all-the-workers.



Using the app

Each time the app is run, 10 questions are randomly pulled from a larger panel of questions (80+).

Questions are answered by sliding from left to right, scoring between 1 and 10. It takes 2 minutes to answer. We aim to have workers respond 2x per week. Available in any language.



A common standard: ETI base code

Amongst the various social audit protocols & member initiatives (BSCI, Sedex, Wrap etc), the **Ethical Trading Initiative ETI** has the most widely recognised set of principles.

Answers from workers are used, via the mapping and with statistical processing, to light up **9 traffic lights for a workplace** that correspond to each of the 9 ETI base codes:

- Free choice of employment
- Freedom of association
- Safe & hygienic working conditions
- No child labour
- Living wages
- No excessive working hours
- No discrimination
- Regular employment
- No harsh or inhumane treatment

Worker Engagement vs Social Audit

Social audit is good at detecting physical issues, eg safety, poor working environment, dangerous infrastructure etc.

Social audit needs to be supplemented by direct worker engagement to detect practices and conditions that social audit cannot be relied on to accurately report

- Forced labour
- Poor wages
- Excessive working hours
- Harassment
- Unfair treatment
- Discrimination

Automated root cause analysis, with guidance for suppliers in how to remedy worker reported findings.

The two models can go hand-in-hand. In combination, they can deliver a robust picture of worker conditions and drive impact.

Why ES3G?

“ES3G is the closest economically scalable option in implementing a worker voice system I have encountered. It offers so much more than the worker survey tech options available. I describe ES3G as a ‘worker engagement’ system.

Buyers and suppliers need to add worker engagement to their HRDD toolbox, a process that compares and contrasts worker reporting to that provided by social audit.”

Tim Pilch
Ethical Sourcing Consultant

Conclusion

Current systems to evaluate and monitor the treatment of workers in supply chains are **inadequate** and often relied upon inappropriately.

Regulators and law-makers, aligned with popular sentiment, are creating an **environment where companies are held to account** for their social and environmental footprints.

Technology can fix the shortcomings of social audit and enable a much more robust monitoring process to be implemented at scale and at low cost in companies.

Direct worker engagement will be a key pillar of the audit framework for ESG practices.

Thank you

www.es3g.com

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Comments, Questions & Answers





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Thank You For Participating



Forthcoming Events

- Tue, 24 Jan (10:00-10:45) Complementary Currencies As Social Innovations - Creating Money For Social-Ecological Transformation
- Wed, 25 Jan (18:00-20:30) Is The Future Of Commercial Insurance Digital?
- Fri, 27 Jan (09:00-14:00) Employee Share Schemes And Trustees Conference Guernsey 2023

Visit <https://fsclub.zyen.com/events/forthcoming-events/>

Watch past webinars <https://www.youtube.com/zyengroup>