

Just Transition and Modern Slavery

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Overview

Business efforts to enable a just, equitable, and inclusive energy transition are critical to mitigate the increasingly catastrophic impacts of climate change. However, the transition itself can pose risks to people, including job loss, reduced economic opportunity, and displacement of local communities, among others. Renewable energy technologies and raw materials on which the energy transition relies are also increasingly reported to be associated with labor exploitation along the supply chain, which is often a crime and a human rights violation.

As industries and supply chains continue to rapidly change on the path to net zero, a just transition can help business identify, address, and prevent modern slavery and other human rights risks, and contribute to a more sustainable, [climate-resilient](#), and equitable future.

Ensuring that both workers and local communities are at the center of the energy transition will reduce the risks of people becoming vulnerable to coercive or deceptive recruitment or employment practices.

A just transition requires engaging with all stakeholders--workers, communities, climate-vulnerable populations, and those likely to be impacted by the transition. It includes identifying human rights risks and impacts, maintaining worker protections, supporting worker reskilling and retraining, working with affected stakeholders to co-create solutions, and helping communities build resilience so that no one is left behind during the energy transition.

What Is Modern Slavery?

Modern slavery is an umbrella term that refers to the exploitation of people for personal or commercial gain through threats, violence, coercion, deception, or a combination of these tactics. The number of people in modern slavery has risen significantly in recent years, driven in part by the unprecedented disruption to security and employment caused by COVID-19, increasing conflict, and climate change, among other factors. Modern slavery can occur anywhere in the world, and contrary to common belief, more than half of all global forced labor occurs in upper-middle-income or high-income countries. While anyone can experience forms of modern slavery, individuals who are already marginalized are among the most vulnerable to exploitation, as described below.

What are common forms of modern slavery?

Human trafficking, including labor and sex trafficking
Forced labor
Child labor

Who is at greater risk for modern slavery?

Migrant workers
Temporary and contract workers and workers in the informal economy
Individuals who have limited employment opportunities
Refugees and displaced people, including as a result of climate change
Persons in areas of conflict

What does modern slavery look like in practice?

Children are employed in hazardous work or experience work that disrupts schooling, involves excessive hours, limits time for play, and is harmful to their physical and mental development.

Workers are recruited under false pretenses and may receive lower wages, a different job, or different housing arrangements than what was agreed on during recruitment.

Workers are required to pay recruitment, employment, or repatriation fees and consequently find themselves in substantial debt or debt bondage.

Workers are required to hand over identity or working documents and are therefore restricted in movement or are unable to leave an employer.

Workers are not given a job contract or are provided unclear contracts they do not understand.

Workers are subjected to abusive or hazardous living or working conditions, including unsafe work, little or no protective gear, or unsanitary living conditions.

Workers are penalized for refusing overtime, denied breaks, or are not given time off, or work is tied to unrealistic production targets.

What Factors Can Lead to Modern Slavery?

Modern slavery is caused by a variety of factors, from systemic challenges that increase a person's vulnerability to exploitation to business practices that allow for or enable the exploitation of people, willingly or otherwise. It is important to note that the [private sector](#) accounts for 86 percent of forced labor cases, the majority of which are found in the service, manufacturing, and construction sectors, followed by mining and quarrying, among others—all sectors on which the energy transition relies. The table below highlights some factors that increase the risk of modern slavery.



Demand: The increasing demand for affordable products and fast production is often unlawfully borne by laborers working excessive hours at low wages under the threat of penalty. Severe cost pressures can lead suppliers to lower labor costs in a manner that increases the risk of child labor, forced labor, and human trafficking.



Displacement and Migration: Land acquisition for renewable energy projects can displace people from their land or restrict their access to or change the condition of the land/waters, which can disrupt economic, social, and cultural rights and create instability. Renewable energy projects are increasingly linked to the abuse of land rights and Indigenous People's rights. Additionally, economic hardship, conflict, and other factors can drive migration as people search for better opportunities and financial stability. Migration itself can exacerbate vulnerabilities to forced labor and human trafficking.



Geography: Business operations or supply chains in high-risk countries experiencing conflict, or in countries with weak rule of law and labor protections, may be at heightened risk of modern slavery. Additionally, renewable energy development can occur on Indigenous lands, which can violate the rights of Indigenous People, including risks to cultural, economic, and land rights.



Limited Transparency: Business practices that limit visibility into the conditions of workers, like subcontracting and the use of unlicensed third-party recruitment agencies,

can increase risks of exploitation of workers. The highest risks of modern slavery generally lie in the operations of business partners and suppliers.



Poverty and Financial Insecurity: Income poverty and other poverty factors, like low access to education, food insecurity, and land inequality, can make people more vulnerable to exploitation, child labor, forced labor, and human trafficking. People who cannot earn enough money to support themselves or their families may submit to accepting work under coercive or deceptive conditions or may be forced to work involuntarily, regardless of the level of awareness of actual or potential risks.



Vulnerable Workforce: Certain populations, including migrant workers, informal workers, and workers who face job loss or displacement, may be more vulnerable to coercive or deceptive recruitment or employment practices that can lead to modern slavery due to a lack of social protections and greater financial instability. Additionally, gender inequality and discrimination can also increase vulnerability to exploitation, like sex trafficking.

Where Could Modern Slavery Occur in the Energy Transition?

There are inherent human rights and social risks associated with the rapid change of business models and supply chains needed for business to transition to a low-carbon economy.

Furthermore, the shifting of corporate strategies, operations, technologies, and supply chains can stress local economies and institutions. Workers may be displaced, which can expose people to risks of exploitation.

Additionally, the energy transition relies on renewable energy, which presents human rights risks linked to, for example, unethical recruitment of subcontractors and alleged cases of [forced labor](#) in the extraction of raw materials. These risks are heightened as a result of the rapid pace at which supply chains are evolving and business is shifting to new processes, technologies, suppliers, and source countries.

This section provides an overview of key modern slavery risks within the just transition, including:

- The shifting workforce
- Raw materials
- Manufacturing
- Land acquisition and use
- Construction
- Decommissioning and closure

Shifting Workforce

The energy transition requires massive shifts in the workforce. Existing workers who find their skill sets unaligned with new business approaches and technologies face job loss and economic uncertainty. For local communities experiencing a job skills gap and a rise in unemployment rates, the energy transition can also be destabilizing, especially in regions that are economically dependent on the oil and gas sector. If not properly managed with a human rights and just transition lens, the impacts of transitioning can drive economic insecurity, making people more vulnerable to coercive and deceptive recruitment or employment practices, exploitation, and modern slavery.

Examples

The [International Energy Agency \(IEA\)](#) estimates that 5 million mostly well-paying jobs in the extractives sector will be lost by 2030, which will lead to significant economic downturns in local communities that can heighten vulnerability exploitation.

Factors that can increase risks of exploitation

Poverty and financial insecurity

Vulnerable workforce

Displacement and migration

Raw Materials

The energy transition has spurred a steep increase in global demand for raw materials and transition [minerals](#) needed for renewable energy technologies like solar panels and wind turbines. However, the extraction of critical minerals is primarily concentrated in high-risk, conflict-affected countries where labor protections and rule of law is generally weaker. Increasingly, reports link various raw materials and transition minerals with the use of child labor and forced labor.

Examples

Around 15-30 percent of the world's cobalt, which is used in batteries and other electronics, comes from the Democratic Republic of the Congo, where [child labor](#) is reportedly used at mine sites.

Reports have linked the use of forced labor to the production of polysilicon in the Xinjiang Uyghur Autonomous Region (Xinjiang) of China, which may mean that much of the solar supply chain is connected to [forced labor](#).

	<p>Aluminum production in Xinjiang, China, is also connected to the use of forced labor, which could implicate many industrial supply chains, including those of renewable energy technologies.</p> <p>The growing demand for balsa wood used in wind turbines has resulted in the exploitation of workers in the balsa industry in Ecuador.</p> <p>The remote nature of mining often makes mine sites hot spots for abuses, including poor working conditions, impacts on local communities, and labor and sex trafficking.</p>
Factors that can increase risks of exploitation	<p>Vulnerable workforce</p> <p>Demand</p> <p>Limited transparency</p> <p>Geography</p>

Manufacturing

The production of equipment and component parts used in renewable energy technologies are increasingly found to be at risk of labor exploitation. These risks arise from a reliance on lower-tier suppliers and subcontractors, including those from the informal sector, which limits visibility of recruitment practices and working conditions. Some industries in manufacturing are also underregulated, including reprocessing activities such as scrap metal recycling, which can lead to poor labor protections.

Examples	<p>The Chinese production of solar panels in Xinjiang, China, is reportedly linked to the use of forced labor of Uyghur and other minority workers.</p> <p>First Solar, a US solar panel maker, has said an audit of its manufacturing operations uncovered unethical labor and recruitment practices at its Malaysian factory.</p> <p>A recent study alleges the use of forced labor of migrant workers in the Malaysian electronics industry.</p>
Factors that can increase risks of exploitation	<p>Vulnerable workforce</p> <p>Limited transparency</p> <p>Geography</p>

Land Acquisition and Land Use

Renewable energy sites can be land intensive and have a large footprint. Development of these sites can impact local communities, including through resource depletion, reduced access to land, water, and food, loss of livelihoods, and even displacement and relocation from the land. All of these impacts can be destabilizing, reducing the economic opportunities of community members, and making them more vulnerable to modern slavery, including human trafficking and forced labor.

Examples	<p>Two major hydropower dams planned to be built on the Mekong River in Laos are projected to displace 4,700 people. Farmers from this region are concerned about compensation for lost land.</p> <p>In India, activists say the development of a 15 MW solar power plant will displace hundreds of villagers and their agricultural land in the Mikir Bamuni Grant village in the eastern state of Assam.</p>
Factors that can increase risks of exploitation	<p>Geography</p> <p>Displacement and migration</p>

Construction

Construction is a temporary phase in renewable energy development that can be prone to labor exploitation. The [construction industry](#) relies on large numbers of low-skilled workers and informal employment around the world. Part-time, temporary, and informal work is also still common in emerging markets where low-skill and manual labor is not automated. These workers, especially when locally recruited, can experience lower wages and are less likely to have adequate labor rights protections, like job contracts, making them more vulnerable to exploitation and modern slavery.

Examples	<p>In India, Nigeria, and Kenya, 60-70 percent of work in the distributed renewable energy sector is informal.</p>
Factors that can increase risks of exploitation	<p>Poverty and financial insecurity</p> <p>Vulnerable workforce</p>

Closure and Decommissioning of Operations

For business transitioning out of emissions-intensive industries, a key challenge is the impact on local communities and workers when closing and decommissioning operations, like coal and oil. These operations tend to bring economic opportunity to local communities through taxes, social

investments, and job creation. When operations close, the loss of economic opportunity can impact the human right to work. Closure will also be a key risk for renewable energy sites in the future.

Examples

Former coal miners in the US have been [upskilled](#) to work on wind turbines and rooftop solar installation, enabling them to maintain employment as the energy sector transitions.

The Indonesia Mining Association and other industry experts have raised concerns over the future of communities reliant on the coal industry as the country transitions to renewable energy. In the region of East Kalimantan, for example, more than 250,000 people are directly employed by coal mines and will need investments in [upskilling](#), reskilling, or community development when mines close.

A recent study examined the adverse consequences associated with mine closures in South Africa, finding that in locations where mines have closed there are higher levels of [social disruption](#) and poorer households than the control groups.

Factors that can increase risks of exploitation

Poverty and financial insecurity

Displacement and migration

The Business Response

Business has a responsibility to ensure its practices do not place people at risk of modern slavery. Key stakeholders are increasingly holding business to account for human rights abuses, including international media, regulators and lawmakers, consumers, employees, investors and business partners. The regulatory landscape on modern slavery is rapidly evolving around the world, with stronger laws and regulations emerging across the European Union, Japan, South Korea, Canada, and other countries. Businesses connected to the use of modern slavery may face substantial reputational damage, loss of market share, loss of business partners, fines and penalties, and legal consequences.

On the other hand, business that demonstrate a commitment to a just transition, human rights, and preventing modern slavery will be better able to reduce risks and prevent business disruptions, and more able to attract and retain customers, clients, employees, and business partners. There is a challenge that if some businesses work to achieve a just transition, but

others don't, this could lead to bifurcation of the renewable energy economy, with ethical standards in some markets and exploitative practices in others.

For business to work toward and achieve a just transition, the social protections for workers and communities and the rights of workers must be upheld, including working hours, fair wages, safe working conditions, freedom of association, and adequate standards of living. Moreover, it will be crucial to ensure that affected communities and impacted populations, including workers, are engaged in dialogue and decision-making processes that consider the impacts of the transition on their social and economic well-being.

Business can proactively manage modern slavery risks in the energy transition in a number of ways:

Get Started

- Follow the rule of law and adhere to international standards, including the [ILO Core Conventions](#), where they are more protective than local standards.
- Develop policies that outline expectations on ethical business practices, including the prohibition of modern slavery. This may include a business code of conduct, a supplier code of conduct, a human rights policy, a modern slavery policy or statement, and contractual clauses prohibiting modern slavery (see here for free template policies on modern slavery and child labor.)
- Develop internal trainings to help staff across business functions understand and identify modern slavery risks.
- Strengthen dialogue between sustainability functions, business units, and procurement functions, using soft skills to build relationships and cross-functional processes to implement policies on modern slavery.
- Communicate your expectations on ethical business practices and provide appropriate guidance and training where needed to employees, suppliers, and business partners.

Identify and Assess Risks

- Conduct human rights due diligence assessments to identify areas of the business that may be high-risk for modern slavery, including raw materials and transition minerals,

suppliers, high-risk geographies, and any new risks that may emerge through the energy transition (e.g., risks associated with site closure or the implementation of new technologies). Attention should focus on identifying, prioritizing, and acting on “hot spots” where the risk of forced labor and other human rights abuses is highest in terms of both severity and likelihood of occurrence.

- Conduct ongoing social dialogue and stakeholder engagement, particularly in affected communities and throughout the workforce, to better understand stakeholders’ experiences across the value chain, with a focus on vulnerable communities.
- Increase understanding of risks in the supply chain by leveraging technology and data to validate audits and better map the supply chain beyond Tier 1 suppliers.
- Train human resources functions on ethical recruitment practices and include measures to vet third-party recruitment agencies to ensure [recruitment is not exploitative, coercive, or deceptive](#).
- Work with local communities to identify risks and collaborate on solutions, especially if community displacement or relocation occurs.
- Identify opportunities for direct worker engagement to ensure the perspectives of workers are heard and considered.
- When planning for decommissioning or site closure, ensure local communities are involved in developing transition plans, which should allocate resources to support workers, including reskilling and retraining to prevent job loss.

Engage Suppliers

- Screen new and existing suppliers on human rights performance and educate procurement and sourcing teams on the risks of modern slavery in the supply chain. This may include reviewing recruitment practices and working conditions of business partners.
- [Support suppliers](#) in conducting their own human rights due diligence to increase visibility and leverage beyond Tier 1 suppliers. Long-term engagement with trusted suppliers remains the most effective approach to cascade human rights due diligence expectations.
- Consider joining business or industry initiatives to increase leverage and align on cascading human rights due diligence expectations beyond Tier 1 suppliers.

Provide Remedy and Support Survivors

- Participate in or establish and promote robust grievance mechanisms through which concerns relating to modern slavery can be reported, collected, and addressed (see the UN Guiding Principles Effectiveness Criteria Principle 31 for guidance on how to ensure grievance mechanisms are effective).
- Where harms have been identified, business is responsible for working with the person who has experienced the harm to determine how best to provide a remedy. Affected persons should have access to a range of remedies and should have no fear of further victimization in seeking remedy. For example, business may provide reimbursement of recruitment fees and compensation for lost wages. Business should also partner with trusted local organizations that can assist in providing the affected persons with essential support, including health care.
- Business can also support survivors of modern slavery through safe and sustainable employment that can help to prevent the re-exploitation of vulnerable individuals.

Collaborate

- Support civil society organizations and industry associations that can help local suppliers understand modern slavery risks and assist in addressing any risks that are identified.
- Join collaborative initiatives to work with peers and businesses across sectors to address root causes and systemic risks of modern slavery in the energy transition and renewable energy supply chain.

About BSR

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