

# Modern Slavery

## Introduction

Modern Slavery and Human Trafficking is an international crime, with more than 40 million victims around the world. The UK Government estimates that in the UK there are up to 13,000 victims of modern slavery representing 102 different nationalities. The top four countries of origin for victims are the UK itself, Albania, Vietnam and China. Due to businesses working internationally using complex supply chains, UK businesses may be fuelling the use of slavery through their supply chains. Political concern about the level of the problem led to the Modern Slavery Act 2015.

## What is modern slavery?

Those kept in modern slavery are essentially 'owned' by their employers and are controlled through a variety of means including enormous debts that victims will never be able to pay off, and threats of harm to themselves, or their families, if they do try to leave.

Victims may be "employed" through agencies or directly by unsuspecting companies and may be coerced into giving up legitimately earned wages or benefits payments. Modern slaves work in the black economy creating wealth for others through their work and loss of liberty.

Established categories of modern slavery and human trafficking are: sexual exploitation, forced labour (and bonded servitude), domestic servitude and criminal exploitation. The human rights of individuals are contravened for the benefit of criminal individuals and organisations. Slaves may be found working in many sectors of the economy including the restaurant trade, prostitution, cannabis farms, agriculture, shipping, textiles, high tech, the beauty industry and car washes.

## Risk: could it be happening in your business?

Due to the complex web of potential opportunities for the occurrence of modern slavery, many individuals and organisations may actively, or inadvertently, be complicit in the crime.

Senior commentators have stated that all companies and all sectors are affected by this problem, including many household-name brands which are now actively seeking to tackle and reduce their involvement in modern slavery. A number of high-profile brands have experienced embarrassment when the involvement of modern slavery in their supply chains has been identified by high profile media exposés; these include Nestlé, Nike, Primark and Tetley.

The Modern Slavery Act 2015 compels employers to consider their own role in potentially encouraging or condoning modern slavery.

The Chartered Institute of Purchasing and Supply (CIPS) has been active in its involvement with anti-slavery campaigning. In their thorough guidance materials, they encourage businesses to be positive and proactive in understanding modern slavery and committing to end it. Supply chain considerations are a key vulnerability to modern slavery in a great many organisations.

According to Anti-Slavery International there are an estimated 40.3 million people in modern slavery around the world. Which includes:

- 10 million children
- 24.9 million people in forced labour
- 15.4 million people in forced marriage
- 4.8 million people in forced sexual exploitation.



**“If a company is found to be involved in modern slavery, negative publicity and media interest is likely. Therefore, modern slavery is not only a criminal activity and unethical, but also likely to impact on the profitability of the organisation”**

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## Control: reducing the risk

Directors should ensure that strategic management of Modern Slavery is in place before a specific incident is discovered. By planning in advance, a business will be able to reduce the risk of modern slavery in its organisation.

- To understand business obligations under the Modern Slavery Act, read HM Government's Transparency in Supply Chains etc – A Practical Guide.

If the business has a total annual turnover of £36m or greater to comply with the Modern Slavery Act 2015 you must:

- write a Modern Slavery and Human Trafficking Statement for each financial year (see more below)
- modern slavery statements need to be approved at the highest level, typically the board of directors
- resource and train supply chain management staff to ensure that they understand the Act and its implications for auditing suppliers
- review supplier audit procedures to ensure that the supply chain complies with the Act
- review the risks of modern slavery through the supply chain; locate the major risks, then deploy resources appropriately.

Note that the updated Government guidance encourages organisations with turnovers of less than £36m to produce a Transparency Statement voluntarily.

All organisations should also:

- work with responsible suppliers who can demonstrate an awareness of the issues, and robust processes in place to deliver a transparent and slavery-free supply chain
- consider writing a slavery and human trafficking policy
- raise awareness of the issue amongst relevant staff by ensuring suitable training is delivered; aim to equip staff with the knowledge and skills to reduce risks to the business.

## Introduction of measures to tackle modern slavery in supply chains

Following a public consultation in 2019, the government announced new measures in September 2020 to strengthen the Modern Slavery Act 2015 and ensure that large businesses and public bodies tackle modern slavery risks in supply chains.

Under the measures:

- Public bodies which have a budget of £36 million or more, including local authorities in England and Wales, will be required to regularly report on the steps they have taken to prevent modern slavery in their supply chains.
- The government committed to mandating the key topics that modern slavery statements must cover, such as due diligence to risk assessment, with the aim of encouraging organisations to be transparent about the work they are doing to ensure responsible practices.
- A requirement is introduced for organisations with a budget of £36 million or more in all sectors to publish their modern slavery statements on a new digital government reporting service.
- Government committed to establishing a single enforcement body for employment rights, to better protect vulnerable workers and ensure a level playing field for the majority of employers complying with the law.

### Enforcement

At the end to December 2019 the police recorded 7,283 offences of modern slavery, which is an increase of 67% from the previous year.

In one example, a trafficking ring which had enslaved up to 400 people who worked on farms, rubbish recycling centres and poultry factories in the Midlands. The victims were made to live in insanitary accommodation and provided with inadequate nutrition, whilst criminals stole their earnings and benefits. Eight people were sentenced to a combined 55 years of jail sentences, in July 2019 when this case was heard at Birmingham Crown Court.

**“Supply chain considerations are a key vulnerability to modern slavery in a great many organisations.”**

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## How should a business respond to the discovery of modern slavery in the organisation?

If suspicions of modern slavery are identified in the UK, the matter should be reported to the police.

Managing the risk of modern slavery in the overseas supply chain is more complex. Businesses should consider the reporting requirements and risks in each country of operation. It may be necessary to instruct and train supplier companies or even terminate commercial relationships to ensure good practice throughout the supply chain.

Companies may find it useful to consult guidance published by the Organisation for Economic Co-operation and Development (OECD), as well as the advice and training provided by the Ethical Trading Initiative.

## Risk to reputation

In parallel with governmental action, public opinion increasingly demands that companies should take a strong ethical position on modern slavery. Some UK Non-Governmental Organisations are already active in collecting modern slavery statements together to form a readily accessible directory to ensure businesses will be held to account, and in the USA a number of class actions against corporations which have exploited slave labour have been launched.

If a company is found to be involved in modern slavery, negative publicity and media interest is likely. Therefore, modern slavery is not only a criminal activity and unethical, but also likely to impact on the profitability of the organisation.



## Legal obligations

### *The Modern Slavery Act 2015*

The Modern Slavery Act 2015 makes provision to enable the Secretary of State to protect and compensate victims of modern slavery and human trafficking, and to require large businesses to write an annual slavery and human trafficking statement. In this statement the organisation should set out the actions taken to ensure that modern slavery is not taking place anywhere in the supply chain of the business (either in the UK or abroad) or in any other aspect of their operations.

The UK government has produced a helpful guidance document which is regularly updated, setting out the background to the Act and the obligations now placed on organisations and employers (the current edition is HM Government's Transparency in Supply Chains etc – A Practical Guide). The guide explains: how to write, approve and publish a slavery and human trafficking statement.

### *Your modern slavery and human trafficking statement*

Every organisation with a total annual turnover of £36m or greater, conducting business in the UK is required by the Modern Slavery Act 2015, and its Regulations, to publish a slavery and human trafficking statement for every financial year. The statement must be published on the organisation's website (if it has a website) or made readily available in print on request and must identify any steps (or none) which have been taken to ensure that modern slavery cannot take place in the organisation or its supply chains.

If a business fails to produce a slavery and human trafficking statement for a particular financial year the courts may require the publication of the statement and ultimately the business may be subject to an unlimited fine following legal action.

You might choose to have a statement, even if you do not have an annual turnover of £36m +.