



## Modern Slavery

This briefing looks at modern slavery in the context of business and business ethics. It considers the different terms brought together under the umbrella of 'modern slavery'; the ways in which it is a challenge for organisations, and what companies are doing to minimise their risks in this area.

There are many different terms for modern slavery including **forced** or **bonded labour** and **labour exploitation**. Regardless of the wording used, one common characteristic of all forms of modern slavery is that it involves one person depriving another of their freedom to leave a job or a workplace.<sup>1</sup> The IBE defines business ethics as "*the application of ethical values to business behaviour*". As such, slavery in corporate supply chains conflicts with ethical values such as dignity, justice, fairness, equality, integrity, respect, and responsibility.

Essentially, people in modern slavery are 'owned' by their employers. They may also be controlled through a variety of means including large recruitment debts that they are unable to pay back<sup>2</sup>, or threats of harm if they try to leave.<sup>3</sup> Victims are frequently moved from one country to another, in a practice known as "human trafficking", an equivalent of the slave trade of the past. This sometimes involved being deceived into believing that they are heading towards a better life, whereas in reality it is forced labour.<sup>4</sup>

*"No company wants to run the risk of being tainted with the spectre of slavery. But most of the big modern slavery stories involve business."<sup>5</sup>*

### The risk to business

The International Labour Organisation (ILO) estimates forced labour leads to \$150 billion in profits every year – more than the annual profits of the entire US banking industry or internet giant Google.<sup>6</sup> While slavery is illegal globally, evidence suggests that it still occurs in every country, with certain sectors of even developed economies remaining particularly vulnerable.<sup>7</sup> The risks affect most industries, however electronics and high-tech, steel and automobiles, agriculture and seafood, mining and minerals, garments and textiles, and shipping and transportation are all especially at risk. Despite The Global Slavery Index 2013 awarding the UK and Ireland the best ratings of 162 countries surveyed, "*this does not mean these countries are slavery free*"<sup>8</sup>, and further research suggests there is no room for complacency in UK businesses with "*between 4,200 - 4,600 people in modern slavery in the United Kingdom alone*".<sup>9</sup>

Labour supply chains have a propensity to become complex which may allow forced labour to thrive.<sup>10</sup> Whether knowingly or not, some companies with significant presence in the UK rely on people working in slavery to produce the goods they sell, or have supply chains that can encourage traffickers (see Box 1).

1. **Chartered Institute of Purchasing and Supply** (2013) *Modern Slavery in Supply Chains*. Available [http://www.cips.org/Documents/About%20CIPS/Ethics/CIPS\\_ModernSlavery\\_Broch\\_WEB.pdf](http://www.cips.org/Documents/About%20CIPS/Ethics/CIPS_ModernSlavery_Broch_WEB.pdf)
2. People who are offered a job abroad often have to borrow big sums of money from recruiters to cover the costs of their journey and a fee for finding the role. When at the destination it turns out that the promised job is not as they had been lead to believe they cannot leave until this debt is paid off.
3. *ibid* fn[1]
4. From **Draft Modern Slavery Bill** (2013). Available [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/266165/Draft\\_Modern\\_Slavery\\_Bill.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/266165/Draft_Modern_Slavery_Bill.pdf)
5. Crane and Matten (2013) *The business of modern-day slavery*. Available <http://craneandmatten.blogspot.co.uk/2013/11/the-business-of-modern-day-slavery.html>
6. **The Huffington Post** (2014) *Slavery Is Still Thriving And Is More Profitable Than Big Oil*. Available: [http://www.huffingtonpost.com/2014/05/22/modern-slavery-profits-big-oil\\_n\\_5365220.html?&ncid=tweetlinkushpmg00000018](http://www.huffingtonpost.com/2014/05/22/modern-slavery-profits-big-oil_n_5365220.html?&ncid=tweetlinkushpmg00000018)
7. *ibid* fn[1]
8. **The Global Slavery Index** (2013) Executive Summary: Available <http://www.globalslaveryindex.org/report/>
9. Responsible Trade Worldwide (2014) *Special Report: Slavery in the UK*. Available <http://responsibletradeworldwide.com/blog/item/45-rtw-special-report-slavery-in-the-uk>
10. Joseph Rowntree Foundation (2013) *Forced labour's business models and supply chains*. Available <http://www.jrf.org.uk/sites/files/jrf/forced-labour-business-full.pdf>

**Box 1** *Examples of companies with significant UK presence relying on people working in slavery*

**Case 1**

In 2013 a group of Lithuanian men agreed to pay for passage to Britain and the prospect of employment: they were to repay the sum through their earnings. On arrival they found themselves shuttled from farm to farm at all hours of the day and night controlled by unlicensed labour providers or gang-masters and unable to escape. The farms they worked on supplied eggs to McDonald's, Tesco, Sainsbury's, Asda and Marks and Spencer.<sup>11</sup>

**Case 2**

In May 2014 two Hungarian men who forced migrants to work in conditions of slavery were jailed in the UK. The victims, all Hungarian, had been lured to Britain with promises of well-paid jobs but on arrival were forced to work very long days for little money. They were working in a factory in West Yorkshire, run by the bed manufacturer Kozeesleep that supplies mattresses to John Lewis.<sup>12</sup>

**Case 3**

The Thai fishing industry, the third largest exporter of seafood in the world supplying supermarkets in Europe and America, is accused of crewing fishing boats with Burmese and Cambodian men who've been sold and forced to work as slaves. Many boat owners and captains rely on brokers to recruit their workers, but these are often unscrupulous, tricking young men from neighbouring countries into a job they are not free to leave. Thai fish are bought by some Western supermarkets and restaurants, while household brands such as John West and Chicken of the Sea are both subsidiaries of the largest exporter of Thai seafood, the Thai Union Group.<sup>13</sup>

All stakeholders have high expectations of the organisations in which they hold an interest. They expect companies to be run to high ethical standards.

Increasingly they are becoming aware of and engaged with forced labour and human rights issues in supply chains (see Box 2) and are supporting, if not demanding, that businesses act to implement ethical sourcing programmes.

**Box 2** *Initiatives focused on human rights in supply chains*

Article 23 of the Universal Declaration of Human Rights establishes four principles: the right to work principle; the equal pay principle; the just remuneration principle; and freedom of association principle. The right to work principle includes several elements. The article establishes the right of every resident – not only citizens – to get access to the labour market. This right to work means that the individual should be able to choose employment without interference from authorities. Forced work, in all its forms, is rejected.<sup>14</sup>

Developments such as the OECD Guidelines for Multinational Enterprises<sup>15</sup>, the United Nations Guiding Principles on Business and Human Rights and the Protect, Respect and Remedy framework mean that the private sector now has a recognised responsibility to respect human rights.<sup>16</sup> Although these Principles are *not* legally binding they mark the first ever universally applicable benchmarks against which corporate conduct can be judged by stakeholders.<sup>17</sup> Victims of modern slavery are victims of human rights abuses, therefore where companies have evolving international responsibilities to avoid infringing on human rights, these responsibilities include acting to prevent the occurrence of slavery in their business activities.<sup>18</sup>

Organisations can suffer reputational damage and risk losing both consumer confidence and market share if they are found to be sourcing from suppliers which use exploitative labour. In the US in the early 2000s, the fast food chain Taco Bell experienced a four year boycott as a result of their sourcing of tomatoes from farms that used exploitative labour. It has been suggested that

11. **The Telegraph** (2013) *Slavery, not horse meat, is the real scandal on our doorstep*. Available <http://www.telegraph.co.uk/foodanddrink/foodanddrinknews/9870692/Slavery-not-horse-meat-is-the-real-scandal-on-our-doorstep.html>

12. **The Sunday Times** (2014) *Factory 'slaves' in UK paid £2 a day*. Available <http://www.thesundaytimes.co.uk/sto/news/article1414745.ece>

13. **The BBC** (2014) *Forced to fish: Slavery on Thailand's trawlers*. Available: <http://www.bbc.co.uk/news/magazine-25814718>

14. Adapted from **Kent Kallstrom in Asbjorn Eide et al, Eds.**, *The Universal Declaration of Human Rights: A Commentary* (1992) 357-358.

15. **OECD** (2011) *OECD Guidelines for Multinational Enterprises*. Available <http://mneguidelines.oecd.org/2011HumanRights.pdf>

16. **United Nations** (2011) *Guiding Principles on Business and Human Rights*. Available [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

17. **Finance Against Trafficking** (2013) *Applying the Guiding Principles for Business and Human Rights in the Fight Against Human Trafficking*. Available <http://financeagainsttrafficking.org/resources/?path=resources>

18. *ibid* fn[16]

such consumer action against companies linked to slavery costs those implicated £2.6bn a year.<sup>19</sup>

Companies and individual employees may also face legal repercussions if their suppliers are involved in illegal conduct, even if it happens abroad.

## Relevant regulation

In the UK, the licensing of labour providers through the Gangmasters Licensing Authority (GLA) is one way of establishing oversight over the labour supply chain. But the GLA's remit is limited to food, horticulture and forestry; it does not deal with other industries where forced labour can occur. In addition to this, funding to the GLA has fallen in recent years, which has made its work much more difficult.<sup>20</sup>

Additionally, the UK government is creating new responsibilities for businesses to ensure that their supply chains are free of forced labour<sup>21</sup> with the Modern Slavery Bill<sup>22</sup> issued in June 2014. This could ultimately include Transparency in Supply Chains (TISC) legislation, similar to that seen in some states in the US (e.g. The California Supply Chain Transparency Act) where businesses could be required to disclose steps they have taken to eradicate modern slavery from their supply chains.<sup>23</sup> At the time of publication The Modern Slavery Bill has been committed to a Public Bill committee, which will report to parliament on 14<sup>th</sup> October 2014. Following this, the Bill is likely to be given Royal Assent in 2015.

However, some are concerned that the proposals are not sufficient to induce significant change due to the proposed voluntary framework. Such commentators feel a mandatory approach is necessary.<sup>24</sup> For example, the shadow home secretary Yvette Cooper commented that the bill does not go far enough to turn up the pressure on UK retailers to shun products linked to forced labour, and Lady Butler-Sloss, a trustee of the Human

Trafficking Foundation has suggested that modern slavery should be added to the Companies Act.<sup>25</sup>

## Addressing the challenge

Many companies have a human rights policy or a code of ethics (or equivalent) specifically for their suppliers.<sup>26</sup> These give guidance on the expected behaviours based on ethical values. This often formalises the requirement that they do not support slavery or forced labour (see Box 3 for examples).

**Box 3** *Wording from corporate human rights policies*  
**Tesco Human Rights Policy** – Employment must be freely chosen. Overtime shall be voluntary. We will not employ illegal child labour, forced or bonded labour or condone illegal child labour, forced or unpaid overtime.

**Informa Third Party Code of Conduct** – Forced Labour: Third parties shall not use any form of forced or compulsory labour.

**Vodafone Code of Ethical Purchasing** – Forced, bonded or compulsory labour is not used and employees are free to leave their employment after reasonable notice. Employees are not required to lodge deposits of money or identity papers with their employer.

**Canon Supplier Code of Conduct** – Elimination of Forced Labour: Supplier ensures not to use or facilitate any forced or compulsory labour. Forced labour can take different forms, including debt bondage, trafficking and other forms of modern slavery.

However, written commitment is not always deemed sufficient. For example, according to company reports since 2007 more than half of the suppliers audited by Apple have broken at least one part of its conduct code each year.<sup>27</sup> Also, some argue that such codes benefit

19. **The Guardian** (2013) *Big business holds the key to eradicating modern-day slavery* Available <http://www.theguardian.com/global-development/2013/aug/29/big-business-modern-slavery>

20. **The Guardian** (2013) *Hidden in plain sight: slavery on a high street near you*. Available <http://www.theguardian.com/global-development-professionals-network/2013/nov/20/forced-labour-in-supply-chains>

21. *ibid* fn[10]

22. **The BBC** (2013) *Life sentences planned for slavery offenders*. Available <http://www.bbc.co.uk/news/uk-politics-25389760>

23. See more at: <http://www.achilles.com/en/news/2783-ethics-gremlins-hiding-in-manufacturers-supply-chains#sthash.4PmfzkoV.dpuf>

24. Conclusions from an Ethical Trade Initiative event looking at modern slavery in supply chains, May 2014.

25. **The Guardian** (2014) *Labour call to stop UK supermarkets stocking food produced by slaves*. Available <http://www.theguardian.com/global-development/2014/jun/11/slavery-prawns-thailand-supermarkets-labour>

26. A study by the American Bar Association and Arizona State University's McCain Institute and School of Politics and Global studies analysed Fortune 100 companies' and found that more than half have publicly available policies addressing human trafficking.

27. **The Daily Mail** (2012) *Forced to stand for 24 hours, suicide nets, toxin exposure and explosions: inside the Chinese factories making iPads for Apple*. Available <http://www.dailymail.co.uk/news/article-2092277/Apple-Poor-working-conditions-inside-Chinese-factories-making-iPads.html#ixzz2vfYEPTEI>

permanent and regular workers more than casual, migrant and contract workers<sup>28</sup> who are often more numerous in the workplace, yet potentially distanced from the company.

When companies with long supply chains do not make sufficient checks or ask enough questions far enough down the system, it is more likely slavery will go undetected.<sup>29</sup> Supply chain audits are one possible solution for increasing supply chain transparency. However, recent research suggests that less than half (47%) of UK manufacturers had 'mapped' their supply chains to exactly identify all their suppliers.<sup>30</sup> Even when auditing does occur it can be insufficient. One problem is that *"audit pathways follow products, not people, so they tend to miss the areas of the labour supply chain that pose the most risk"*.<sup>31</sup>

Another view is that *"you don't need an audit to tell you that you have risk within your labour chain"* (see Box 4) and *"if you are waiting around for an audit to tell you that there is forced labour in your chain then you may be waiting a while. Better to close off systemic loop holes"*.<sup>32</sup>

#### Box 4

The risks of modern slavery are most pronounced:<sup>33</sup>

- where workers have fewer protections through inadequate laws and regulations, weak or non-existent enforcement, and poor business and government accountability
- where there are high levels of poverty among workers
- where there is widespread discrimination against certain types of workers (e.g. women and ethnic groups)
- where there is widespread use of migrant/ casual workers
- in conflict zones, and
- in some specific high risk industries (typically industries involving raw materials).

## Causes of modern slavery in supply chains

The way in which companies operate can also affect the likelihood of slavery being involved in part of a product supply chain. For example, a large order combined with a short turnaround time, beyond the supplier's capacity, could increase the risk of slavery as they may feel forced to subcontract work to factories or workers not regulated by the same standards as themselves. Such time-sensitive situations are most evident with agricultural harvest or imminent construction deadlines.<sup>34</sup>

Alternatively, underpaying workers in the supply chain can also encourage slavery practices. In 2014 the Guardian released a documentary revealing the working conditions on tea plantations in India that supply Tata Global Beverages, producer of Tetley in the UK. The report claimed workers are being paid significantly below the local minimum wage and are consequently vulnerable to being targeted by traffickers who lure them with promises of a better life but in fact sell them into slavery.<sup>35</sup>

Large businesses also have significant leverage over the production of goods and services as a result of their significant purchasing power. Company buyers may negotiate prices so low that suppliers are forced to push down the price paid for the required materials. This can have a knock-on effect for those involved in the production of raw materials, increasing the likelihood of the use of forced labour.<sup>36</sup>

## An ethical approach

On the other hand, a track record of ethical procurement can encourage investment in a company and improve employee morale as well as exceed legal requirements.<sup>37</sup> NGO Anti-Slavery International suggest that rather than focusing solely on auditing and

28. [http://www.ids.ac.uk/files/barrientos\\_food\\_ethics\\_march07.pdf](http://www.ids.ac.uk/files/barrientos_food_ethics_march07.pdf)

29. *ibid* fn[11]

30. *ibid* fn[23]

31. *ibid* fn[20]

32. **Sedex Global Webinar** (2014): *Human Trafficking and Forced labour – A modern day slavery*. See more at

<http://www.sedexglobal.com/human-trafficking-and-forced-labour-a-modern-day-slavery-webinar/>

33. [http://www.cips.org/Documents/About%20CIPS/Ethics/CIPS\\_ModernSlavery\\_Broch\\_WEB.pdf](http://www.cips.org/Documents/About%20CIPS/Ethics/CIPS_ModernSlavery_Broch_WEB.pdf)

34. *ibid* fn[10]

35. **The Guardian** (2014) *Assam's modern slaves: the real price of a cup of Tetley tea*. Available <http://www.theguardian.com/global-development/video/2014/mar/01/tetley-tea-maids-real-price-cup-tea-video>

36. **Anti-Slavery International** *Slavery And What We Buy*. Available

[http://www.antislavery.org/english/slavery\\_today/slavery\\_and\\_what\\_we\\_buy.aspx](http://www.antislavery.org/english/slavery_today/slavery_and_what_we_buy.aspx)

37. [http://www.cips.org/Documents/About%20CIPS/Ethics/CIPS\\_ModernSlavery\\_Broch\\_WEB.pdf](http://www.cips.org/Documents/About%20CIPS/Ethics/CIPS_ModernSlavery_Broch_WEB.pdf)

compliance, companies should work with their suppliers and take a genuine approach to partnership. For example, making it clear to suppliers that if forced labour is identified at their sites the contract will not be terminated, instead offering to work with them to build their skills in identifying and addressing forced labour issues is viewed as a more positive approach.<sup>38</sup>

It can also help fair competition: as one UK manufacturing executive told the Guardian, "*we are free of slavery in our practices here in the UK and we want our global competitors to be too... it will level the playing field for us.*"<sup>39</sup>

## Useful resources

- **The Gangmasters Licensing Authority**  
<http://www.gla.gov.uk/>
- **The Joseph Rowntree Foundation**  
<http://www.jrf.org.uk/>
- **The Business and Human Rights Resource Centre**  
<http://business-humanrights.org/>
- **Sedex Global – responsible supply chain management**  
[www.sedexglobal.com](http://www.sedexglobal.com)
- **The Institute of Human Rights and Business**  
<http://www.ihrb.org/>
- **The Ethical Trading Initiative**  
<http://www.ethicaltrade.org/>
- **The Dhaka Principles**  
<http://dhakaprinciples.org>

## Have your say on the Modern Slavery Bill

The House of Commons Public Bill Committee is currently asking for the views of those with “relevant expertise and experience or a special interest” in the Bill to submit their views in writing.

The committee will stop receiving written evidence on **Tuesday 14 October 2014**.

For further information and guidance on submitting written evidence please visit:

[www.parliament.uk/business/news/2014/july/have-your-say-on-the-modern-slavery-bill/](http://www.parliament.uk/business/news/2014/july/have-your-say-on-the-modern-slavery-bill/)

37. *ibid* fn[36]

38. **The Guardian** (2013) *Big business holds the key to eradicating modern-day slavery*. Available <http://www.theguardian.com/global-development/2013/aug/29/big-business-modern-slavery>



*The IBE was established in 1986 to encourage high standards of business behaviour based on ethical values.*

**Our vision is to lead the dissemination of knowledge and good practice in business ethics.**

**We raise public awareness of the importance of doing business ethically, and collaborate with other UK and international organisations with interests and expertise in business ethics.**

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