

Response of the Institute of Business Ethics to the Modern Slavery and Supply Chain consultation

07 May 2015

The Modern Slavery Act represents an important step to tackle issues related to Modern Slavery in the supply chains of organisations. It creates a collaborative environment where businesses and international partners can join together to promote fairness and eradicate slavery and forced labour, in its various forms.

The Institute of Business Ethics (IBE) is a charity supported by business and dedicated to the promotion of high standards of business behaviour, based on ethical values. Modern slavery is an issue which is inherently unethical, and is also of significant concern to businesses, not just in the UK. Cases of slavery in corporate supply chains conflicts with ethical values such as dignity, justice, fairness, equality, integrity, respect and responsibility – all of which are generally found to be espoused by all companies.

No company wants to run the risk of being tainted by allegations of slave labour, yet most of the big modern slavery stories involve business.¹

Therefore, the IBE welcomes this consultation and the proposed 'Slavery and Human Trafficking Statement', as an opportunity for companies to improve their disclosure around the steps they have taken to prevent such practices. Increased disclosure is to be encouraged, and legislative guidance to ensure consistency of approach will also help to facilitate benchmarking between organisations. We would hope that in turn this would encourage the 'laggards' to improve their disclosure to at least be consistent with their peers. In this, openness is vital. The level of disclosure, and the openness shown by a company in its approach to the requirements of the Act could also be used as a symptomatic indicator of the culture of the company, especially in its supply chain.

Some, predominantly large, organisations are already engaging with their supply chains to ensure high standards of business behaviour based on ethical values. This includes human rights policies or a code of ethics specifically for their suppliers which provide guidance on expected behaviours and may outline the company's existing policy on modern slavery (if they have one). Such guidance documents could form the bedrock of any 'slavery and human trafficking statement'. The Appendix to this submission contains some examples of how modern slavery is covered in the codes and policies of large, multinational organisations. No judgement is made as to the quality of these statements; they are included to show the present breadth of approach.

Initially, the reporting requirements should only be on the largest organisations, i.e. the approximately 724 companies with a turnover of more than £1 billion. This is because businesses of this size have sufficient resources to conduct proper due diligence. They will be the most able to make required amendments to their due diligence processes to incorporate modern slavery concerns, if they are not doing so already. Also, businesses of this size are capable of using their 'scale for good', and can set standards of good practice by requiring their suppliers to comply as well. However, this should not be a fixed threshold. A provision to make future amendments to the company size should be included.

¹ See a blog written by Andrew Crane and Dirk Matten (2013) – [The business of modern-day slavery](#).

We believe that the information that companies are required to produce should be primarily a tool to assess business engagement on this topic. It will also fulfil an important secondary function of helping companies improve their existing policies and help to identify future improvements.

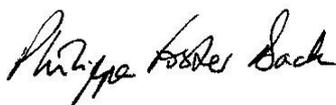
Content for Disclosures

While the reporting requirements should not be too 'easy' for organisations to complete, at the same time they should also not be overly onerous. This could lead to 'boilerplate' disclosures where organisations seek only to meet the letter of the law, rather than the spirit of it. We therefore make the following recommendations for what should be included in a Slavery and Human Trafficking Statement:

- Detailed information on the organisation's structure and its tier 1 suppliers, including supplier mapping.
- The steps that have been taken to encourage tier 1 suppliers to ensure that their own operations and supply chains are free of slavery.
- Identification of the main risk areas faced, with particular consideration of operations where:
 - workers have fewer protections through inadequate laws and regulations, weak or non-existent enforcement, and poor business and government accountability
 - there are high levels of poverty among workers
 - there is widespread discrimination among certain types of workers (e.g. women and ethnic groups), or
 - there is widespread use of migrant/casual workers.
- In addition, operations in conflict zones or specific high risk industries (typically industries involving raw materials) should also be covered.

Such a Statement should be included in one of the annual reports already issued by the company. This could be as part of the Annual Report as part of the move towards integrated reporting, or in the standalone Corporate Responsibility Report (or equivalent). It should also be published online for ease of reference.

Finally, if the Government is to include guidance on what to do if a company suspects or identifies slavery in its supply chain, this should not be overly prescriptive, as it will often be dependent on a number of factors. After assessing the relevant facts, the first decision a company should make is not necessarily to terminate the contract with the supplier. In some cases it will be appropriate for the organisation to help educate the supplier and to work with them to rectify the situation. In others, the most prudent approach would be to cut links with the supplier, terminating the contract where necessary. Whichever course of action is taken, communication and disclosure, potentially in the Slavery and Human Trafficking Statement should be encouraged as good practice. This will also send a strong message to other suppliers that slavery will not be tolerated in the company's supply chain.



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Appendix – Modern Slavery in Company Codes and Policies

Company	Statement
Diageo	<p>We have a responsibility to promote and protect human rights and freedoms in everything we do.</p> <p>Diageo recognises its responsibility under the Universal Declaration of Human Rights to use our influence to promote and protect human rights and to ensure that our business operations do not contribute directly or indirectly to human rights abuses. Diageo is also a signatory to the UN Global Compact.</p> <p>Diageo does not make use of, nor will we have partners who make use of any form of forced or compulsory labour. We will employ people under the age of 18 only in compliance with local law and UN Global Compact guidelines and will not employ children under the age of 16.</p>
Barclays	<p>Barclays recognises we have clear responsibilities to support governments and civil society organisations in respecting and upholding human rights principles wherever we operate. We seek to operate in accordance with the Universal Declaration of Human Rights and the associated International Bill of Human Rights, and take account of other internationally accepted human rights standards including the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the International Labour Organisation Core Conventions and Treaties.</p> <p>We promote best practice in our supply chain and ensure that all contractors and third-party suppliers working on Barclays' behalf are aware of our Values and act in accordance with them.</p>
GSK	<p>We have a responsibility to uphold human rights within our own operations but must also be aware of and support the rights of people who are impacted more broadly by our business. GSK's potential for impacting human rights is far reaching, encompassing areas such as access to medicines, patient safety, conduct of clinical trials, and using third party suppliers. This means, for example, we must only work with suppliers who share our commitment to operating in a responsible and ethical manner with respect to labour rights, health and safety of their employees and their suppliers.</p>
Monsanto	<p>With over 20,000 direct employees and seed production taking place in over 40 countries Monsanto has the opportunity to make a positive impact on the lives of our own workers and a significant number of workers in our production activities. In order to guide our actions in this regard, we adopted our Human Rights Policy in 2006, and began a program to improve the lives of all of our employees and the workers in our seed production supply chain, whether they are at our owned facilities or working for a third party. The Policy includes commitments on child labour, forced labour, compensation, working hours, harassment and violence, discrimination, freedom of association, occupational safety and legal compliance. Our approach is one of continuous improvement and we actively work with our business partners to meet the unique challenges posed by the performance of manual agricultural work, especially in developing economies.</p>
Tesco	<p>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.</p>
Vodafone	<p>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.</p>
Canon	<p>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.</p>