



By

Eilidh Morrison & Hetty Gittus, Analysts

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March saw modern slavery take centre stage for events at Sancroft: We sat on a panel discussion at Innovation Forum's *How business can tackle modern slavery and forced labour* conference and launched *The Sancroft-Tussell Report: Eliminating modern slavery in public procurement*. Both events reinforced the notion that, in 2018, there are no excuses for business not to act on modern slavery. The 2015 Modern Slavery Act (MSA) sets out that any business with a turnover of over £36 million that supplies goods or services to the UK must publish an annual statement, outlining efforts taken to ensure there is no slavery in any part of the business. However, it is estimated that between 8,000-13,000 of businesses that should be reporting under the Act are not¹, and of those that are reporting, only 19% meet all minimum requirements set out in the Act².

The level of business action was central to conversation at Innovation Forum's event, where Sancroft consultant Nora Wolters advised on what should be included in year two MSA statements and underlined the importance of embracing the reporting requirements as strategic business tools. The growth in regulation, issue of recruitment fees, and potential of procurement to act as a driver for responsible practices also featured prominently throughout the two days. The [Sancroft-Tussell Report](#) launch both supported and added to these, highlighting not only the influential role procurement mechanisms can play in supporting the Modern Slavery Act but also how increased investor pressure can drive the development of anti-slavery strategies.

Regulatory growth and convergence

In the last couple of years, the number of legal and regulatory frameworks on human rights due diligence and modern slavery has increased, leading to a growing international focus on business action and accountability for impacts on human rights. Similar legislation to the MSA is being discussed in

¹ <http://corporate-responsibility.org/mini-briefings-modern-slavery/>

² <https://www.modernslaveryregistry.org/>

Australia, Canada, Hong Kong, Switzerland and the Netherlands – although all at different stages and with various scope in requirements. Crucially, the evolving developments in law and regulation around the world mean companies need to keep up to speed with changes, carefully navigate what is required of them now and in the next couple of years, and be way of overlap in requirements.

From the companies that did report under the UK MSA, many statements failed to meet basic requirements, and few said anything meaningful. However, as Nora explained at the conference, responsible companies should utilise the Act as a tool to drive change within their organisations, taking a proactive approach to tackling modern slavery. There are obvious reputational risks driving action on modern slavery, including evolving litigation and well-read public campaigns. The Sancroft-Tussell Report, which evaluates the engagement of the government's top 100 suppliers with the MSA, further illustrates poor legal compliance as it reveals that, in 2017, over 40% of the top 100 suppliers failed to meet the basic legal requirements of the Act. At a time where public procurement is in the spotlight, the report demonstrates how limited engagement with the risks associated with modern slavery is leaving government suppliers exposed to reputational risks and hence why taking credible action moving forward is necessary. Key steps for second year statements outlined in Nora's session included the importance of stakeholder engagement in clearly understanding risks and priorities for business, and the need to fundamentally embed this movement throughout the business, across all departments, particularly human resources and procurement.

Recruitment

Recruitment is still at the top of the list for companies attempting to tackle modern slavery at its root. The most common abuses that workers face throughout the recruitment process include deception about the nature and conditions of work, retention of passports, illegal wage deductions and debt bondage. Recruitment corridors are now a key area for business to concentrate on. One of the biggest challenges in eradicating fees is reaching workers when they are still in their country of origin, primarily because the majority of workers are recruited at village level, and it is at this stage where workers pay their first fee and are brought into the recruitment process, which escalates from there. Groups including the Institute for Human Rights and Business and the ILO are working to create demand for responsible recruitment through collaborating with agencies to increase the supply of ethically sourced

labour. Through partnering with companies overseas, important corridors are established, making the connection between two countries.

An example shared by ASOS at the Innovation Forum event explored their experience with sourcing from Mauritius, with specific issues around the recruitment of migrant workers from Bangladesh. Evidence of the use of recruitment fees had been hard to find because it wasn't a prevalent issue once the workers had arrived at the factory. In an effort to tackle this moving forward, ASOS has been leading a multi-stakeholder project looking at the recruitment corridor between Bangladesh and Mauritius, involving government, trade unions and other companies also manufacturing in the area³. By working together, they hope they can raise awareness and encourage efforts to prevent exploitation in the recruitment process and engage governments in the protection of migrant workers.

Procurement

The final topic that was prevalent throughout the conference was procurement. The benefits of investing in training within companies, across all departments including human resources and public procurement, were highlighted as a key way of making the business' approach to modern slavery more cohesive. One of the earlier conversations painted a broad picture of business and modern slavery, when it was said that public procurement is lagging behind private procurement, in terms of reporting on modern slavery.

The launch of the Sancroft-Tussell Report emphasised the need for both government to encourage their suppliers to lead by example and for investors to put pressure on suppliers to take a proactive approach to modern slavery. The report was published in the context of increasing calls for government to do more, Baroness Young of Hornsey's Modern Slavery (Transparency in Supply Chains) Bill⁴ champions the need for non-compliant suppliers to be excluded from procurement procedures. Evidently, it is in the interest of both business and government to create and maintain sustainable procurement channels that lead the fight to combat modern slavery at every level of the society.

³ https://www.asosplc.com/~/_media/Files/A/Asos-V2/reports-and-presentations/asos-modern-slavery.pdf

⁴ This Bill was expected to resume its second reading debate on Friday 24 March 2017 but the order was not moved so the bill has effectively been dropped by its sponsoring MP and will not progress any further.