



Global Compact
Network UK

UN Global Compact Network UK Modern Slavery Working Group

2020 Annual Report

In line with its mission to address global issues through practical local action, the UN Global Compact Network UK (GCN-UK) established its Modern Slavery Working Group (MSWG) in 2015, following the UK's adoption of the Modern Slavery Act (MSA). This working group explores challenges and best practice for business in addressing modern slavery. It also provides an interactive platform for businesses interested in complying with [Section 54](#) of the MSA. The focus to date has been on addressing modern slavery in supply chains.

This year, the MSWG held three virtual meetings and one in-person meeting. The discussions continued our focus on addressing modern slavery in global supply chains. We were also able to facilitate an impromptu discussion on the implications of the COVID-19 global pandemic on work to address modern slavery.

Modern slavery in global supply chains

- 1. What activities should businesses engage in to address modern slavery?**
 - a. Role of business in fighting modern slavery*
- 2. How companies can be encouraged to take action**
 - a. UK MSA Section 54: Effectiveness and Challenges*
 - b. Regulation: UK Government response to consultation on supply chain transparency*
- 3. Third party databases to help identify modern slavery**
 - a. Traffik Analysis Hub*
 - b. Earth Observation Data*
- 4. Impact of Covid-19 on decent work and modern slavery**

This report aims to summarise the key learnings from each of these discussions.

1. What activities should businesses engage in to address modern slavery in their supply chain?

a. The role of business in fighting modern slavery

On 8 January 2020, GCN-UK MSWG members participated in a meeting with the [Independent Anti-Slavery Commissioner's Office](#) (IASC). Below are the highlights from the discussion.

Many stakeholders, including civil society, the government, and customers believe that businesses have a key role in the fight against modern slavery. In addition to doing no harm and ensuring that their supply chains are modern slavery free, it has been suggested that companies also proactively undertake a further three key activities:

- **Partner with their suppliers:** Modern slavery continues to infiltrate the supply chains of many UK businesses despite growing efforts by the private sector to address these issues head on. Supply chain auditing is proving insufficient on its own and companies are therefore encouraged to make it clear with their suppliers that if forced labour is identified at supplier sites, the contract will *not* necessarily be terminated immediately. Instead, UK companies should be encouraged to partner with their suppliers to build their skills in identifying and addressing forced labour issues. This would help combat the problem rather than concealing it
- **Provide support to victims:** Whenever possible, companies should consider ways for their business operations to help victims of modern slavery recover. For example, [HSBC](#) recently announced that, under a new scheme, victims of modern slavery will be able to open bank accounts without traditional identification documents. Another example involves the [Co-op](#), who will offer four-week paid work placements to victims of modern slavery and human trafficking.
- **Cooperate with enforcement efforts:** Companies should prepare how they might respond to a situation in which modern slavery is identified. It is recommended that they consult with the Gangmasters and Labour Abuse Authority (GLAA), rather than attempting to address such issues alone. Due to resource constraints, the GLAA is unable to proactively investigate problem areas and relies on companies providing this information to them directly. Further, companies have noted that the current strategy of the GLAA (focusing on consumer-facing businesses such as car washes and nail bars) is insufficient, as it is too narrow in scope.

When referring cases to the GLAA, companies are not usually provided with updates until the conclusion of a case. This causes undue stress on the individuals involved. Many private sector organisations wish to act in the best interest of their workers; therefore, the companies themselves are somewhat critical of the GLAA in this regard. To address this situation positively, the GLAA should aim to provide case updates to companies, including information on what stage their worker's case is at in the proceedings.

2. How companies can be encouraged to take action

a. UK Modern Slavery Act (MSA) 2015: Effectiveness and Challenges

On 23 November 2020, the GCN-UK MSWG heard from the [Modern Slavery & Human Rights Policy and Evidence Centre](#) on the effectiveness of the MSA and the issues which have arisen since its introduction. The notes below provide a synopsis of the session.

The MSA is a landmark piece of legislation, but five years on, it is failing to live up to its promise. When assessing the Act, stakeholders should be mindful of three ways to measure its effectiveness:

1. **Companies' adherence to the letter of the [law](#).**
2. **Companies embracing the spirit of the law** by, for example adopting appropriate changes / improvements in corporate behaviour, e.g. training for employees and suppliers, and engagement from senior managers.
3. **A genuine reduction in modern slavery activity.** Even where there is sufficient evidence of a decrease in slavery activity, it is rare to be able to prove it was caused by a specific law.

Monitoring and evaluating effectiveness

Research suggests that reliance on Civil Society Organisations (CSOs) to monitor the MSA is not effective in preventing modern slavery. They have limited ability to make accurate evaluations, and no authority to make further enquiries. CSOs are usually only able to identify the first type of effectiveness (adherence with the letter of the law) because company statements often do not give enough information to determine the other two effectiveness levels. CSOs also often lack the resources to assess the information provided by companies to do so.

CSOs are naturally drawn to evaluating companies that they understand and already have relationships with. Some companies, particularly consumer facing businesses – are quickly becoming leaders in producing “high quality” MSA statements. However, lesser-known companies in lower risk sectors do not face the same levels of public scrutiny and so do not treat modern slavery as a priority. As a result, the gap between the leaders and the laggards has widened.

Enforcement (or lack thereof)

When comparing the UK MSA with the accountability mechanisms of other corporate regulations (e.g., *UK Bribery Act 2010*, *Consumer Protection Act 1987*, *Equality Act 2010* etc.), the latter are regarded by CSOs as more effective than Section 54 due to the greater ability for Government to enforce. Section 54 is unique as it predominantly relies on pressure from CSOs for its effectiveness. It contains no Government oversight, except for a possible injunction brought by the Secretary of State. This avenue has not yet been tested as it is unclear who, outside of CSOs, would have enough information to bring such a case forward to the courts.

Responsibilities

Indeed, the Government should clarify whether CSOs are the appropriate group to carry out this evaluative function. As mentioned above, in their current state, CSOs have limited effectiveness in acting as *de facto* enforcement bodies.

If the Government decides that CSOs are the appropriate group for this function, it should recognise that the evaluation of MSA statements is resource intensive and requires extensive background knowledge. Rather than adopting a hands-off approach, the Government could help CSOs by investing in technology and assisting them in better understanding MSA statements.

b. Regulation: UK Government's response to the Transparency in Supply Chains Consultation

On 23 November, 2020 the GCN-UK MSWG discussed the government's response to the Transparency in Supply Chains Consultation (TISC).

In 2015, the UK became the first country in the world to require businesses to report on their progress to identify and address modern slavery risks in their operations and supply chains. Under the [Modern Slavery Act 2015's Transparency Clause](#) (Section 54), every organisation with a turnover of more than £36M operating in the UK is required to report each year on what actions have been taken to eradicate modern slavery and human trafficking from their supply chains.

The UK Government published its consultation paper, "[Transparency in Supply Chains Consultation](#)", on 9 July 2019 to seek stakeholders' views on proposed changes to transparency in supply chains reporting, including:

- Areas of modern slavery to be included in UK Government statements;
- Features of a Government-run reporting service for modern slavery statements;
- A single reporting deadline for all companies;
- Civil penalties; and
- The extension of reporting to include the public sector.

On 22 September 2020, the UK Government published its [response](#) to this consultation and committed to the following (non-exhaustive):

- **Public-sector reporting:** Section 54 will be extended to public bodies with a budget of £36M or more.
- **Content of statements:** Mandatory reporting topics will be introduced to incentivise progress in the following key areas:
 - Structure and supply chains;
 - Policies on modern slavery and human trafficking;
 - Due diligence;
 - Risk assessment and management;
 - Action taken to address modern slavery; and
 - Training.

- **Online government registry:** Relevant organisations will need to publish statements using a Government reporting service.
- **Single reporting deadline:** Companies will be required to report using the same annual reporting periods (1 April until 31 March). There will be a single reporting deadline of 30 September.
- **Enforcement measures:** The Government will progress options for civil penalties for non-compliance with the MSA, in line with the development of the single enforcement body for employment rights led by the Department for Business, Energy and Industrial Strategy.
- **Approval and signature requirements:** The Government will reinforce the approval and signature requirements for private sector statements by legally requiring that annual statements include the date of Board (or equivalent) approval and the date of the Director (or equivalent) sign-off. Additionally, Group statements will be required to name the entities covered by each statement.

Challenges identified by business

Many of the commitments require legislative changes, which may take some time to be approved. Although we can expect new guidance to be published soon, companies have already expressed some concern with the new requirements.

In particular, the Government's plan to introduce a single reporting deadline could be an additional compliance burden for companies already reporting on other issues using other deadlines. Furthermore, some argue that disconnecting the modern slavery report from internal reporting cycles risks lowering its visibility to both internal and external stakeholders. On a practical note, some companies insist that having a single reporting deadline in September will not only increase logistical difficulties (e.g. staff's summer holidays) but also potentially reduce civil society's ability to review statements in a timely manner (versus having reports periodically sent to them throughout the year).

3. Third-party databases to help identify modern slavery in global supply chains

On 24 September 2020, the UNGC MSWG invited speakers from [STOP THE TRAFFIK](#) and [The University of Nottingham's Rights Lab](#).

Data collection of modern slavery cases is crucial to tackle modern slavery. Robust measurement and analysis give the antislavery movement credibility, confidence, and the foundations from which to build effective action from government, civil society organisations, and companies. Businesses benefit from understanding slavery prevalence linked to particular commodities and places.

During Working Group discussions, we identified two useful tools for modern slavery data collection:

- [Traffik Analysis Hub](#) (TA Hub)
- [Earth Observation \(EO\) Data](#)

TA Hub was created by [STOP THE TRAFFIK](#) and [IBM](#) and is the first ever global data hub to facilitate the sharing of information about human trafficking across all industries and sectors. It gives a highly accessible, map-based, tailored analysis of modern slavery instances. Its cross-sector approach is an important innovation as different stakeholders with different knowledge and expertise collaborate and share relevant data.

EO data is an alternative data source that can be used to identify modern slavery. Often the scale of industries makes ensuring the elimination of modern slavery within a workforce prohibitively difficult. Remote sensing can help address this challenge. The entire earth is mapped every day with a combination of satellite sources that provide high spatial and temporal resolution data. The granularity and low cost of EO data is unprecedented. Thanks to EO data taken from remote sensing technologies on board satellite systems, it has been possible to uncover sites and industries with high levels of slavery. It is estimated that more than a third of the world's slavery is visible from space.

In early 2020, EO data was able to identify numerous Chinese forced labour camps for Muslim minorities from space. These camps have been found near major copper production sites, which are part of many western companies' supply chains. The possibility to see historical data was key to understanding the origins of the problem too. For instance, EO data spotted the exploitation of migrants in Greece's strawberry fields and was able to discover that these practices developed after migrants settled there.

4. Impact of Covid-19 on decent work and modern slavery

On 29 April 2020, the GCN-UK MSWG were joined by colleagues from the [UN Global Compact](#) Office in New York. The key takeaways from the meeting are listed below.

The industries and business activities at highest risk of modern slavery and human trafficking include:

- Agriculture;
- Construction;
- Food production;
- Restaurants and lodging;
- Logistics;
- Sex work; and
- Nail bars & car washes

Worldwide, the Covid-19 pandemic has created new opportunities for traffickers due to the increased supply of workers vulnerable to exploitation. The crisis amplifies some of the major drivers of modern slavery, such as poverty and financial crisis. Lockdowns lead to mass layoffs as many global brands continue to cancel orders and factories are forced to shut down. Additionally, with education systems suspended, many children around the world have become more vulnerable to child labour, as well as child marriage.

While the current drop in global demand might temporarily disrupt exploitative circumstances in certain high-risk industries, this effect is likely short-lived and eclipsed by increased vulnerability. In the hospitality sector, for example, the immediate drop in demand for formal employment positions creates a new population of individuals who are economically vulnerable and more likely to accept risky employment offers through informal channels or fall into exploitative circumstances.

In March 2020, the UN Global Compact called on business leaders globally to unite in support of workers, communities, and companies affected by the Covid-19 pandemic. For every decision maker, the [Ten Principles](#) of the UN Global Compact can provide ideas and inspiration in uncertain times.

- Human Rights:
 - Ensure that any measure implemented to address Covid-19 is accessible to people without discrimination of any kind;
 - Safeguard the most marginalised and/or vulnerable (e.g. migrant workers).
- Labour Rights:
 - Respond with flexibility, compassion, and solidarity to the impact on your employees and your business partners, especially SMEs;
 - Ensure a stable continuation of income and benefits;
 - Honour current contracts;
 - Engage with suppliers to ensure decent working conditions and allow flexibility in delivery and quotas;
 - Apply the principles of prevention and ensure a safe working environment.

Please find the full appeal [here](#).

5. Conclusion

This report summarises the key takeaways from the 2020 MSWG meetings. The sessions focused on tackling modern slavery in supply chains, and specifically the role of business, government, and the tools available to map these issues.

To effectively tackle modern slavery, the private sector should go beyond complying with the letter of the MSA. Companies are encouraged to form long-lasting relationships with their suppliers, cooperate with enforcement bodies, and actively support victims whenever possible.

The role of government and regulation is not to be underestimated if companies are to effectively address modern slavery. A recent study shows that the UK MSA's reliance on civil society to monitor compliance is not effective in preventing modern slavery, and that the Government should become a more active party. Although its response to the TISC consultation is welcomed, there are some growing concerns with a few new features, such as the single reporting deadline.

To inspire action, it is necessary for the private sector to encounter useful tools, such as the aforementioned databases, that could help businesses in their efforts against modern slavery. Two tools have been highlighted within this report: one whose strength is its multi-stakeholder collaborative approach, while the other's is the high-tech features that allow users to conduct very detailed spatial analysis and obtain accurate geo-data in real time.

Lastly, the increasing centrality of the pandemic's impacts on business activities means that it is important for companies to dedicate time to discuss the impacts of Covid-19 and how to best respond to them, ensuring decent work for all.

We invite all GCN-UK members [to get in touch](#) should they have questions regarding this report or if they want to find out more about the UK Network's MSWG.

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