ROLLOUT OF MODERN SLAVERY ACT REPORTING

Most Modern Slavery reports to date have not been compliant with the Act’s requirements. Businesses whose financial year ends on 31 March or after will be the first companies legally obliged to publicly report on their efforts to prevent slavery in their supply chains.

A welcome wave of early reporting saw some hundred companies voluntarily publish their statements ahead of time – and a registry is now available on the Business & Human Rights Resource Centre (BHRRC) website. Yet an analysis by the NGO CORE Coalition and the BHRRC showed that a majority of those statements do not yet comply with the Act’s requirements. This includes:

- Having Board approval.
- Being signed by a company director (or equivalent).
- Being made available on the homepage of the company’s website.

Analysis by Ergon also found that statements not only fall short of the legal requirements, but also do not go much beyond setting out general commitments by the business and a description of policies.

TRANSPARENCY BENEFITS AND TRADE-OFFS

Companies face a dilemma in considering how much they should disclose. They worry about how NGOs and the media will react, with some seeing it as a ‘damned if we do, damned if we don’t’ scenario. It is a live discussion within ETI and we will say more on this in future blogs and guidance. But at this stage, it is important to assert that we encourage companies to be open and transparent.

ETI NGO members such as Anti-Slavery International, CAFOD and Flex recognise the complexity of supply chains and the difficult, hidden nature of modern slavery. They realise that uncovering and tackling the problem will take time and effort, and that the first statements are only an initial step in a much longer journey. They argue it is better for companies to be open rather than try to hide problems: otherwise statements will be misleading and could create reputational risks for a company.

Nevertheless, ETI cannot guarantee that other organisations or the media won’t be critical. But we will publicly commend those companies that are transparent and committed rather than those that say and do as little as possible.
INTERNATIONAL LAW AND POLICY

Spain confirms criminal liability of businesses for employee actions

In February, the Spanish Supreme Court ruled that businesses can be held criminally liable if they fail to prevent an employee committing a crime because of lack of supervision. The case involved three companies convicted of crimes against public health. However, the ruling enables Spanish authorities to apply existing criminal law to prosecute companies for involvement with modern slavery and worker exploitation.

US bans slavery-produced imports

US Congress has prohibited the importation of goods wholly or in part mined, produced or manufactured in any foreign country by forced labour, including prison labour. This rescinds a previous exception where insufficient domestic production failed to meet internal demand. US authorities can now deny entry of goods produced by forced labour or seize any goods that have entered the market. Annual reports must also be filed with Congress disclosing how many goods made with forced labour were denied entry. The US Department of Labor regularly publishes lists of products made by child and forced labour that can be used to determine which goods are banned.

Conviction of British businessman for trafficking

For the first time a British businessman has been convicted and sentenced for human trafficking. Mohammed Rafiq, owner of bed factory Koze Sleep, was sentenced to two years. Workers were paid as little as £10 per week, were poorly housed and subject to threats. The case highlights the inadequacy of auditing methods that fail to identify modern slavery indicators. The company was regularly audited but audits failed to uncover abuse.

BUSINESSES IN THE NEWS

Coffee companies Nestlé and Jacobs Douwe Egberts admit slavery risks

Nestlé and Jacobs Douwe Egberts have confirmed that some coffee from their Brazilian supply chains may have been produced by slave labour. Despite government efforts, slave labour is endemic in Brazil including in coffee production as this DanWatch report documents. Such public company admissions are rare and have been praised by civil society as an example that others should follow to establish a race to the top in transparency disclosures.

Forced labour cotton found in IKEA products

Swedish media has reported that some IKEA bedding products have been produced with forced labour cotton in Turkmenistan. This calls into question the extent to which IKEA is able to enforce its supplier code of conduct and whether it can guarantee that their cotton is 100 per cent sustainable. In Turkmenistan cotton production quotas are imposed on farmers and the state coerces citizens, in particular public sector workers, to pick cotton. Failure to comply can result in incarceration or loss of job. Turkmenistan was strongly criticised by International Labour Organization (ILO) experts this year for the use of state sponsored forced labour in cotton production.

H&M bans forced labour cotton from supply chain

In December 2015, H&M introduced a ban on cotton from Turkmenistan and Syria. This follows a similar ban that has been in place since 2013 in relation to Uzbekistan cotton. All cotton from Uzbekistan and Turkmenistan is tainted with forced labour. Over 200 companies have signed a pledge not to source cotton from Uzbekistan, but H&M’s ban is amongst the first to apply the same principle to cotton from Turkmenistan.

WHERE NEXT?

For further information and advice on modern slavery:

- See ETI’s modern slavery briefing pages at ethicaltrade.org/in-action/issues/modern-slavery or email modernslaveryadvisor@eti.org.uk
- Visit antislavery.org