

Modern Slavery, Human Trafficking and Human Rights Risks in Global Supply Chains: Roles and Responsibilities of Public Buyers

2016 Greenwich Annual Symposium and Public Buyers Forum.

BHRE
research group



electronics watch



Electronics Watch is an independent monitoring organisation that assists public sector buyers to meet their responsibility to protect the labour rights of workers in their global electronics supply chains more effectively and less expensively than any single public sector buyer could accomplish on its own.



The Business, Human Rights and the Environment (BHRE) Research Group, based at the School of Law, University of Greenwich, investigates the impact of commercial activities and business working methods on the enjoyment of human rights and the environment.



London Universities Purchasing Consortium (LUPC) is a non-profit, collaborative procurement organisation owned by its members, for its members in the higher and further education, arts, science and cultural sectors. Its sole aim is to secure the very best possible value from the acquisition of goods and services, without causing harm to others.

Modern Slavery, Human Trafficking and Human Rights Risks in Global Supply Chains: Roles and Responsibilities of Public Buyers

2016 Greenwich Annual Symposium and Public Buyers Forum.
8th December Greenwich Maritime Campus

On 8 December 2016 the Business, Human Rights and the Environment Research Group (BHRE) hosted its third symposium on responsible public procurement, co-organised with the London Universities Purchasing Consortium (LUPC) and Electronics Watch. This is a summary of presentations and comments at the symposium.



WELCOME - Professor Javier Bonet, Deputy Vice Chancellor For Research and Enterprise, University of Greenwich, and Andy Davies, London Universities Purchasing Consortium

opened the symposium, welcoming over 100 public buyers, civil society representatives and policy makers to Greenwich to discuss modern slavery, human trafficking and human rights risks in global supply chains, and the roles and responsibilities of public buyers.

They noted that the ILO estimates that 40 million people work in global supply chains, and 21 million in conditions of forced labour. This symposium is an opportunity for public buyers to talk to experts about what to do about this global problem.

Photo Philip Hollis

KEYNOTE SPEECH - Baroness Lola Young of Hornsey, OBE The Importance of the Public Sector in Combating Modern Slavery in the Supply Chain



- Less than 10% of the population is aware that modern slavery is a global problem. Most people associate the abolition of slavery with William Wilberforce and the Abolition of Slavery Act in 1807. But that Act prohibited slave trading only on British ships, and not on British soil under the assumption that slavery had never occurred there.
- The 2015 Modern Slavery Act applies to slavery on British soil as well as to slavery in global supply chains for commercial organisations with an annual turnover of more than £36 million. These companies have to produce an annual anti-slavery statement, describing the steps that the organisation has taken to assess the extent that slavery, forced labour, and human trafficking are taking place in any of its supply chains or in any part of its own business.
- The provisions for transparency in the supply chain of the Modern Slavery Act (Section 54) do not apply to public bodies. Yet, UK Public bodies have a combined purchasing power of £45 billion and have significant influence on their supply chains.
- Baroness Young has initiated a Private Members' Bill to strengthen the provision for transparency in supply chains (Section 54) as part of the Modern Slavery Act by including public bodies, and other provisions.
- All of us—civil society, consumers, taxpayers, workers, and researchers—must work together to end modern slavery.

1. LABOUR RIGHTS ORGANIZATIONS ROUNDTABLE - Identifying Core Labour Rights and Safety Issues in Global Supply Chains (Chair: Björn Claeson, Electronics Watch)

**Gopinathan Kunhithayil Parakuni, Civil
Initiatives for Development and Peace
(CVIDEP) - India**

**David Foust, Centro de Reflexión y Acción
Laboral (CEREAL) - Mexico**



**Marek Canek, Multicultural Center Prague
(MKCPraha) - Czech Republic**
**Sheung So, Labour Education and Service
Network (LESN) - China**
**Dimitri Kessler, Economic Rights Institute
(ERI) - China**

**"What does modern slavery,
human trafficking or forced labour in
a global supply chain look like in
your region and what are the root
causes?"**

India - The leather industry in India is rather large, the country being one of the three largest exporters globally. There are many issues in the Indian leather industry, with low industrial hygiene and accidents taking place frequently. There are many home workers who are not recognized as workers and receive no social protection at all. Even factory workers get roughly one third of the living wage. Freedom of association is key to overcoming problems. The benefits of labour rights legislation can only be obtained by organising in unions. Without workers' voices there is no way to reach a solution.

Mexico - Child labour, child prostitution and human trafficking are big issues. Sixty percent of the population is not covered by social security. In 30 years, Mexico is going to be a place where the older population has no retirement savings

or pensions and this problem is not being addressed. The minimum wage is a quarter of what is needed to meet basic living standards and workers are forced to work overtime to increase their wages. This model of low wages and lack of social security is tied to the absence of freedom of association and independent unions. Only 16% of workers belong to a union, and less than 1% of workers belong to an independent union that actually represents workers' interests.

Czech Republic – Since the 1990s foreign direct investment and low-skilled labour has increased. Workers are increasingly split between core or direct workers and agency or indirect workers. Indirect workers face lower pay and unpredictable hours—sometimes excessive hours and 12 hour shifts, sometimes too few hours to make a living. Indirect workers also may not get employment contracts and do not receive social security. Lower wages for indirect workers including migrant workers creates tension on the factory floor. For the most part, trade unions have not been able to stretch out to precarious workers. There is also low public awareness of these labour problems.

China - There's been evidence of human trafficking in the brick sector and children performing hazardous work in the glass sector. In the electronics sector there are also forms of forced labour. China has a large population of vocational school students (15-19 years old) required to intern in workplaces, such as electronics factories. Students are not considered workers, but seen as studying in the workplace, and therefore are not entitled to many workplace rights. Moreover, students often do not have a say in where to perform an internship and may be forced to work in an industry unrelated to their field of study. This is a form of forced labour. Other forms of forced labour in the electronics industry are restrictions on the freedom of workers to quit—they may lose part of their income if they want to resign—and forced overtime—while workers want overtime, they want it on their own terms, with respect, with limitations, with increases in overtime wages, and with holidays. Freedom of association is also restricted directly by the government and, indirectly by their failure to protect it.

"What is the role and responsibility of public buyers to address these abuses in the supply chain? Can public buyers play a role in long-term solutions as well as address abuses in their immediate supply chain?"

"Regulations and public procurement can be the light at the end of the tunnel" - Dimitri Kessler, Economic Rights Institute.

- To start the process, public procurers need to ask questions, request more information and go beyond brands and retailers.
- As public buyers and monitors we can organise more effectively, increasing the pace of monitoring and sending information out earlier so it reaches buyers and suppliers as and when issues arise.
- Long term solutions are likely to require international treaties and legislative solutions as well as public campaigning and supplier engagement.

Liz Cooper, University of Edinburgh, gave the closing remarks to this panel:

There is clearly much more that can be done. At The University of Edinburgh we work with academics, operations staff, and students to consider how to further embed social responsibility and sustainability matters into procurement processes. The Modern Slavery Act has helped refocus our efforts on this issue this year. We need to bring people together from across the sector, and ask, what is the responsibility of public procurers to address the issues and how can we be as ambitious as possible?

2. POLICY, REGULATION AND ADVOCACY ROUNDTABLE - Advancing the Agenda to Eliminate Modern Slavery (Chair: Jean Jenkins, University of Cardiff)

Ruth Freedom Pojman, Organization for Security and Co-operation in Europe (OSCE)

Nicole Vander Meulen, International Learning Lab on Public Procurement and Human Rights

Tim Rudin, Transport for London

Klara Skrivankova, Anti-Slavery International

Darryl Dixon, Gangmasters Licensing Authority



"How does or could your organisation integrate the concerns and analysis of the labour rights panel into policy aimed at ending modern slavery and human trafficking in supply chains, and mitigating and preventing human rights risks? How do you integrate public procurement into what you do as an organisation? How do we enhance policy coherence?"

OSCE is working with all 57 participating states to eliminate human trafficking. There are already several exciting legislative initiatives to combat human trafficking and human rights abuses in supply chains. Transparency legislation in the UK, Norway, Sweden and the US are game changers, focusing on the government's own supply chains, to ensure that tax payer money does not go towards goods and services that may have been produced through trafficked labour. Germany promised to bring the issue of global supply chain to the G20, which they are

chairing in 2017. In the US, Congress closed the “consumptive demand” loophole of the 1930 Tarriff Act, prohibiting forced labour imports even when the US domestic production cannot meet consumptive demand, and the Executive Order, Strengthening Protections Against Trafficking In Persons In Federal Contracts is another step forward.

“We need systematic action to make sure taxpayer money is not going towards labour abuse, exploitation, even death.” - Ruth Freedom Pojman, Organization for Security and Co-operation in Europe.

The International Learning Lab on Public Procurement and Human Rights is a network of procurement professionals, National Human Rights Institutions, NGOs, academics, and other relevant actors and serves as a platform to share best practice, tools and guidance and to discuss how to scale this up. The Electronics Hub of the Lab, led by the BHRE, is also working on supply chain transparency under the UK Modern Slavery Act. The Learning Lab is identifying the challenges to incorporating human rights into public purchasing, such as resource constraints and difficulty analyzing contractor compliance, and working to identify practical solutions to address these challenges. One focus area of the Learning Lab is supply chain transparency (i.e. disclosure of names and locations of entities in the supply chain), and as part of that work ICAR is partnering with the Harrison Institute at Georgetown Law to map the supply chains of government apparel suppliers, beginning in the United States and then expanding into Europe.

Transport for London (TfL) has its own ethical sourcing policy, is a member of the Ethical Trading Initiative, and joined SEDEX. We are keen to understand what the drivers are to get internal support for these types of initiatives. Wherever you are in the public sector, directly above you is either a political entity or individuals—such as the mayor, county council or borough, or central government. We need to utilise levers to identify access points to get political support, especially in the current financial climate.

“Collaboration is key. If you have a policy and it’s clearly stated on your website and in your tenders, then that’s the first step. But, how do you actually get change? That’s where collaboration is really key.” - Tim Rudin, Transport for London.

Anti-Slavery International offers information and advice to businesses on modern slavery. We want to see processes to address modern slavery embedded so it becomes an inherent way of doing business. Once it becomes part of the DNA of business conduct, meaningful information will come. If everyone starts asking the same questions, it won’t be an option to give a cursory answer or to ignore the questions.

Gangmasters Licencing Authority is a Non Departmental Public Body (NDPB) that regulates businesses who provide workers to the fresh produce supply chain and horticulture industry, to make sure they meet the employment standards required by law. It is an enforcement mechanism to a certain extent; the GLA can remove licences to employment agencies, labour providers or gangmasters who provide workers to agriculture, horticulture, shellfish gathering, or associated processing and packaging. Criminalisation is important, but so is education and raising awareness. GLA has developed guidance on how to undertake due diligence and recognise human trafficking. We have a partnership with Derby University to raise awareness in the agricultural industry on indicators of forced labour.

"Where are the policy gaps if any? Where do we need to concentrate to achieve results?"

- Governments need to lead by example and make clear laws and regulations that drive socially responsible conduct and make it easier to argue for a change internally within an organisation. Governments need to address modern slavery in their own supply chains, and pressure public entities to do more internally, while regulating corporate behaviour too.
- Voluntary mechanisms are all fine and companies that want to do the right thing, will. However, most companies will find a way around things. Therefore laws and regulations must have teeth. But we are also looking for a harmonisation of practices to lower the burden on businesses to comply with policies across a variety of different jurisdictions.
- Collaboration is key—to come together and learn from each other and see what others are doing. To have a policy clearly stated on your website and in your tenders is the first step, but how do you actually get change? We need repository of resources to work on this, best practices, a website with helpful documents, a helpdesk that can advise about risks in industries, support and answer questions.
- Even in a complex situation it is possible to identify where the main risks might lie, and thus where to try and seek change. It is important to look at enforcement mechanisms where there isn't remedy. In procurement, companies should not be penalised for identifying labour abuses but they should be disbarred if they fail to do something about it or give false information to cover it up. Other enforcement options include the False Claims Act; Class Action suits; and forensic auditing to identify money laundering initiatives.
- The Modern Slavery Act within the private sector has been a real help in getting attention from legal teams and finance teams. If this could be extended to the public sector, it could be another driver for change.
- You cannot address global supply chain issues without incorporating workers' voices.

Eelco Fortuijn, Electronics Watch, gave the closing remarks to this panel:

Are workers on the ground feeling an impact in their lives? What about people who think the market will be the ultimate driver for change? We need to become more effective to really have a positive impact on workers' lives. We should ask, if we have good policies, why are people still suffering? The UN Guiding Principles on Business & Human Rights and the EU Directive are good, in the Netherlands these are translated into a Dutch policy which tells procurement officers that they ought to prevent violations of human rights throughout their supply chain, but the consequences of failing to do so are unclear. Electronics Watch is a model that might actually work to drive change.

3. PUBLIC BUYERS

ROUNDTABLE - Integrating Human Rights Concerns and Public Policy Goals in Public Procurement (Chair: Emma Nicholson, APUC)

Mike Kilner, London Universities Purchasing Consortium

Terry Brewer, London Borough of Harrow

Anna Hagvall, Stockholm County Council

Faiza Rasheed, One Housing

Jenny Barlow, University of Leeds



"Why is modern slavery, human trafficking and human rights risks in supply chains an issue for your organisation? How do you use procurement to address these risks, and how do you address concerns raised by panel 1?"

London Universities Purchasing Consortium has seen a particular interest in conflict minerals issues. There are 300,000 non-EU students in the UK which constitute a strong voice. LUPC has a sustainability/CSR task force and incorporates Electronics Watch' terms and conditions into the National ICT framework agreements wherever possible. One challenge is that the institution's decision making process is often driven by the wishes of the IT team and less so from Procurement. The former group are less exposed to CSR-related issues and ongoing developments in this area and as a result, lesser consideration is given than should be the case to CSR issues.

London Borough of Harrow has to respond to issues that its community is asking for, and currently people are not pressuring councillors about modern slavery. Few councils can afford to employ a responsible procurement officer. His task is to make Social Value as simple as possible, so that it is embedded in the system, so commissioners and procurers don't even have to think about it. There are many councils that aren't including social value in the procurement process. We have to get to the councilors, not just the buyers.

Stockholm County Council aims to provide services without causing harm to people or the environment in the supply chain. Stockholm County Council is part of a nationwide collaboration on sustainable procurement. A Secretariat is funded to coordinate the network and provide guidance to the members. Eight risk areas have been identified and divided amongst the Counties and Regions. Stockholm is leading the work on the IT industry. The counties have a joint code of conduct that is translated into contract conditions. Stockholm County Council is now focusing on enhancing the follow up of these conditions. During the past two years 14 of their IT-suppliers have been assessed.

One Housing is a Housing Association that buys land and builds houses. London needs to build a million houses by 2020. Seven percent of the global population works in the construction sector, half a billion people. There's high risk of modern slavery in this sector. Previously there was no procurement policy at all, so we had to start by writing one.

University of Leeds works to embed sustainability across procurement activity of the University. Managing modern slavery risks in supply chains is an important issue as a responsible organisation with an international reputation but also something the student body is very interested in. Sustainability criteria account for at least 10% of the score in all University tenders. Coffee, tea, and uniforms are all fair trade. The University analysed their spend, and identified high risk areas such as food, catering, electronics, construction and medical supplies. They dedicated a lot of time to these high risk areas, working closely with teams across the university, using NGOs or other bodies for expertise.

"What do you see as the key steps needed to realise the potential of public procurement to create an effective market for human rights and to ensure there is no more slavery or forced labour in public procurement supply chains? Are the policy and procurement tools that we have today adequate to responding to the needs of workers in global supply chains?"

- It is important to collaborate, to streamline and standardise processes as much as possible. We need effective legislation, not just greenwashing, or tick-box exercises.
- In Local Authorities it's important to get the message to the councillors, not just the buyers.
- We need a task force to help gather like-minded people and best practice across the country. Crown Commercial Service should provide a lead on modern slavery issues.
- We need to let the industry know that we're not just posing these questions but also expect the answers. Transparency is the main driver for change. Buyers have to ask the questions, and brands must show that they know, and be held accountable.
- The sustainability people have to work hand-in-hand with the procurement people. It's not just about compliance, it's about getting everything in sync. How can you deliver cost reductions and still comply?
- It's important to look at how to connect the dots with other policy programmes such as living wage.
- We need combined purchasing power. And we need to be able to verify the information from the ground through independent monitoring, for example by using the Electronics Watch model.
- Awareness and education for purchasers and suppliers is important.

Samah Abbasi, UNICEF UK, gave the closing remarks to this panel:

We still rarely see specific mention of human rights in government procurement processes. That means it's easy to overlook them. Many procurers don't understand the inter-relatedness between human rights. They may lack the capacity to evaluate supplier CSR programs or not know what remedy for workers looks like in practice. These are new issues for public procurers and they need guidance. We need buyers and suppliers to develop their own skills and partner with different stakeholders for monitoring and verification rather than just relying on company auditing.

SYMPORIUM CLOSING REMARKS

Peter Smith, Spend Matters thanked Baroness Young for an excellent speech, which gave a real

sense of how politicians can make a difference. The labour rights roundtable showed that the issues aren't always as simple as they appear to be. Public procurers can't take it all on alone, there needs to be buy in from senior management and budget holders. They need to be able to explain better why ethics in purchasing is vitally important, why suppliers using forced labour are organisations that pose significant risk to the buyer. There needs to be more communication of best practice and successes, more development of tools, embedding things in contract documents, making it simpler, using technology.

Last year there were perhaps 25 people present at the symposium, today there are about 80! How many will there be next year?



Photo: Philip Hollis

Olga Martin-Ortega, leader of the BHRE, formally closed the Symposium, thanking everyone involved, before attendees went on to enjoy a wine reception at the Maritime Campus.

BHRE, LUPC and Electronics watch would like to acknowledge the support of the Peter Harris Trust for the organisation of this symposium. Special thanks go to Paul Idowu, Lucy Hattersley, Suzanne Louail and Kirsten Guindi for their work on the organisation.