

Electronics Watch: Supporting Compliance with the Modern Slavery Act

What is the Modern Slavery Act?

The UK Modern Slavery Act (2015) seeks to address slavery, forced labour, and human trafficking taking place today. It is designed to improve accountability for companies that accept or turn a blind eye to modern slavery, forced labour and human trafficking, introduce transparency measures to mitigate risks, and provide justice and reparation for victims. On 29 October 2015, the Transparency in the Supply Chain provisions of the Act came into force and the British government published Guidance for compliance with these provisions (Section 54).

What are your responsibilities under the Act?

The Modern Slavery Act requires commercial and public interest organisations, including universities, to publish a statement setting out the steps that the organisation has taken to ensure that slavery, forced labour, and human trafficking are not taking place in any of its supply chains or in any part of its own business. This statement is often referred to as an “anti-slavery statement”. The Act applies to organisations with a turnover equal to or greater than £36m per annum.

Despite falling under the threshold, organisations such as the London Universities Purchasing Consortium and the Southern Universities Purchasing Consortium have issued anti-slavery statements, signalling the urgency for improved labour conditions in high risk industries, such as the electronics industry. Electronics Watch recommends that other universities and public interest organisations do the same even if they fall under the threshold for mandatory compliance.

Risk of forced labour in the electronics industry

According to the International Labour Organization about 21 million men, women and children around the world work in conditions of slavery and forced labour today.¹ They generate an estimated illegal profit of \$150 billion every

¹ Forced or compulsory labour means all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily. International Labour Organization, C029 - Forced Labour Convention, 1930 (No. 29).

year.² Documented forced labour practices in the electronics industry include student “intern” workers in China who are forced to work as regular workers for one or two years in order to obtain their educational diplomas, often in an unrelated field of work,³ and excessive recruitment fees and deceptive recruitment practices resulting in debt bondage among electronics workers in Malaysia.⁴

Risk factors for forced labour are prevalent in the electronics industry. They include inadequate laws and regulations, weak enforcement of fundamental labour rights, and high levels of poverty. In addition, growing use of third party labour recruitment agencies, sometimes responsible for hiring, management, and disciplining of workers, increase worker vulnerability to forced labour. While this arrangement may be sanctioned by the law, it erodes worker protections and employer accountability inherent in an employer-employee relationship.

It has never been more necessary to take action—both to comply with the new legal standards and to help put an end to heinous abuses of workers.

How can Electronics Watch help?

Electronics Watch is an independent monitoring organisation that assists public sector buyers to meet their responsibility to protect the human rights of electronics workers in their global supply chains more effectively and less expensively than any single public sector buyer could accomplish on its own.⁵ Public sector buyers affiliate to Electronics Watch, committing to incorporate the Electronics Watch Contract Conditions in their ICT hardware contracts and pay annual affiliation dues. The Contract Conditions require contractors to exercise due diligence to mitigate and prevent risk of slavery, forced labour, human trafficking and other labour abuses in their supply chain, use their leverage to provide access for Electronics Watch to monitor their supply factories, and engage in remediation initiatives when breaches of the Electronics Watch Code of Labour Standards are found. The dues pay for supply chain monitoring carried out through an extensive international network of monitoring organisations that are based in or near workers’ communities and can interview workers in safe settings where they do not fear reprisals from employers and

² International Labour Organization, Forced labour, human trafficking and slavery, <http://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>.

³ See, for example, Danwatch, Servants of Servers, <https://www.danwatch.dk/en/undersogelse/servants-of-servers/>.

⁴ Verite, Forced Labor in the Production of Electronics Goods in Malaysia, <http://www.verite.org/research/electronicsmalaysia>.

⁵ Further information can be found here: <http://electronicswatch.org/en>.

other authorities. This “worker-driven” monitoring is an essential strategy for detecting and eliminating slavery, forced labour, and human trafficking in supply chains as workers in vulnerable positions are effectively silenced and may not report abuses to corporate social auditors.

Thus, Electronics Watch contributes to a more transparent and responsible supply chain and can help affiliates achieve the ultimate goal of the Modern Slavery Act: to prevent modern slavery, forced labour and human trafficking in the supply chain. Electronics Watch can also help affiliates to comply with the Transparency in the Supply Chain provision of the Act.

Modern Slavery Act (2015) Compliant statements may address:	Electronics Watch (EW) Compliance
<p>Your supply chain including outlining an awareness of the countries you source your goods or services from, high risk countries where modern forms of slavery, forced labour, and human trafficking are prevalent, and the make-up and complexity of your supply chains.</p>	<p>EW affiliates include contract terms in ICT hardware contract that require suppliers to disclose the factories where goods they purchase are produced and the specific products or components produced in each factory. EW then undertakes regional and factory specific risk assessments based on consultations with experts, worker testimonies, and literature reviews. Risk assessments help affiliates engage their contractors to ensure they investigate and mitigate risk of harm to workers in the supply chain.</p>
<p>A view on minimum labour standards expected of your suppliers, for example by reference to international labour and human rights law.</p>	<p>Contractors to EW affiliates must work to ensure that goods in their supply chain are produced in compliance with both domestic and international labour standards, including the core International Labour Organization conventions. To ensure their business practices help sustain compliance with labour standards in global supply chains, they must also establish Socially Responsible Trading Conditions and ensure that they do not:</p> <ul style="list-style-type: none"> a) pay a price for goods which could not comply with social responsible practices; or b) demand a delivery schedule under which

Modern Slavery Act (2015) Compliant statements may address:	Electronics Watch (EW) Compliance
	it is not feasible for goods to be produced without requiring extensive working hours and overtime which would fail to comply with the defined standards.
Due diligence efforts taken to investigate the risk of modern slavery, including reference to engagement with stakeholders, and assessment of actual and potential human rights impacts, and implementation of standards outlined in UN principles on business and human rights.	EW affiliates require contractors to undertake due diligence in accordance with the UN Guiding Principles on Business and Human Rights, and EW provides the required tools, such as a template compliance plan to prevent and mitigate risk of slavery, forced labour, human trafficking, and other labour rights abuses. EW also undertakes independent and rigorous factory risk assessments and compliance investigations to ensure contractors' human rights due diligence actually reduces the risk of harm to workers.
Contract conditions with new or renewed suppliers which address labour conditions, checks, assurances, and investigations.	EW affiliates incorporate model contract terms which permit EW monitors to test contractor assurances through inspection of factory premises, reviews of factory personnel records and other factory documents, as well as worker and management interviews.
Support and guidance when a supplier is found to have been involved in modern slavery.	EW and EW affiliates provide support to contractors that have failed to exercise due diligence to prevent slavery, forced labour, or human trafficking in the production of goods for the affiliates. EW helps to develop corrective action plans and monitors compliance with the plans. Affiliates can take enforcement actions if necessary.
Facilitation of worker reporting of labour conditions including protecting whistleblowers.	EW affiliates have access to an extensive international network of monitoring organizations that conduct worker-driven monitoring, with the goal of strengthening

Modern Slavery Act (2015) Compliant statements may address:	Electronics Watch (EW) Compliance
	<p>workers' own voices to report on and address human rights and labour rights violations. EW monitors are set up to receive in-person worker complaints, hotline reports, and other forms of worker testimonies. EW contract terms require contractors to ensure the workers do not face reprisals for making complaints.</p>
<p>Efforts taken to remediate workers if and where cases of modern slavery and forced labour are found and prevent retribution or further victimization.</p>	<p>Following risk assessments, worker complaints, and compliance investigations, EW recommends steps that factories, contractors, or brand companies should take to protect victims and compensate workers for harm caused by violations.</p>
<p>Your effectiveness in ensuring that slavery and human trafficking is not taking place in your business or supply chains, measured against your chosen performance indicators.</p>	<p>EW key performance indicators are met when contractors...</p> <ul style="list-style-type: none"> • disclose factories, submit compliance plans, and take other due diligence steps to ensure factory compliance with the EW Code of Labour Standards. <p>...and when factories:</p> <ul style="list-style-type: none"> • comply with the EW Code. • take action to correct violations. <p>EW and EW affiliates work supportively with electronics contractors to help ensure that these key performance indicators are met.</p>
<p>Outline of any procurement policies to combat modern slavery, including training and capacity building about slavery, forced labour, and human trafficking available to supply chain managers, and procurement or product quality professionals who can play a significant role in setting standards for the protection of labour rights.</p>	<p>EW provides training and advice on how affiliates can use its model contract conditions for framework agreements and supply contracts. In addition, EW educates the procurement professionals of affiliates on findings of actual or potential slavery, forced labour, human trafficking, and other labour abuses in the supply chain, the possible steps for preventing abuses and harnessing procurement and contractual</p>

Modern Slavery Act (2015)	Electronics Watch (EW)
Compliant statements may address:	Compliance
Any penalty measures considered when a supplier is found to have been involved in modern slavery.	<p>leverage to correct violations.</p> <p>Affiliates incorporate EW contract terms which allow EW affiliates to escalate matters where a contractor has failed to perform its obligations, and all attempts at resolution through informal procedures have been exhausted. The contract terms also include sanctions as a last resort. However, sanctions are also a tool to improve supply chain management, and not necessarily the end of relations between the affiliates and contractors.</p>
Your policy or policies in relation to slavery and human trafficking.	<p>EW affiliates receive assistance in drafting a policy statement and an “anti-slavery statement”, as required under the Modern Slavery Act, focused on the significant risks prevalent in the electronics industry.</p> <p>For further information, contact: Björn Claeson, Director, Electronics Watch bclaeson@electronicswatch.org</p>

