

# ADDRESSING MODERN SLAVERY RISKS AMONG BUSINESS PARTNERS

## A REFERENCE GUIDE FOR PROCUREMENT TEAMS

Procurement teams have a responsibility to ensure that the business partners they work with are not engaged in human rights violations, including modern slavery. This toolkit outlines the practical steps that procurement functions can take to ensure that business partners are conducting business free of modern slavery. As a compendium to GBCAT's [Corporate Supplier Toolkit](#), this guide may also be useful to other business functions that are involved in selecting or working with contractors or suppliers.

### First, what is modern slavery?

Modern slavery is an “umbrella” term that refers to the **exploitation of people for personal or commercial gain** through the use of threat, violence, coercion, deception, or a combination of these tactics. Forms of modern slavery include forced labor, child labor, and human trafficking. **Modern slavery is a crime and a severe human rights violation that can place individuals at risk of loss of health, liberty and life.** In line with the UN Guiding Principles on Business and Human Rights, business has a responsibility to ensure practices do not place people at risk of exploitation.

### What could this look like?

A business hires a commercial janitorial cleaning contractor to staff two cleaners at an office building. The workers were recruited to work with the contractor by an unlicensed recruitment agency that requires the workers to pay large recruitment fees. The workers have taken out loans to cover the fees and send all of their wages back to the agency until their debt is repaid. This leaves the workers in conditions of debt bondage and forced labor. By hiring the contractor, the business is linked to the exploitation of its cleaning staff through the business practices of its supplier.

### So, why does this matter for Procurement teams?

Modern slavery causes harm to people and business. It can incur operational disruptions and reputational harm, which may jeopardize business relationships and cause financial and legal damage. Emerging and existing forced labor legislation is increasingly enabling governments to confiscate or bar imported goods suspected to be made with the use of forced labor.

### Procurement teams are uniquely positioned to identify, mitigate and prevent risks of modern slavery in business relationships. How?

- » Through due diligence processes, procurement teams can vet potential suppliers and **decide not to work with** those who are at risk of human rights violations.
- » When negotiating contracts, procurement teams can embed human rights clauses to **mitigate risks** early in the process.
- » Procurement teams play a critical role in intra-departmental efforts to **engage and monitor** suppliers to assess compliance and to flag and report risks of modern slavery. This can include developing continuous Improvement Plans for suppliers determined to be at risk of violations.



## PROHIBIT & ADDRESS exploitative practices

Suppliers should be able to demonstrate through established policies and practices that they:

- » **Do not** require excessive or unpaid overtime
- » **Do not** pay below minimum wage or withhold paying wages
- » **Do not** provide a different job or working conditions than what was discussed with job applicants during recruitment
- » **Do not** retain personal or travel documents of workers, including IDs or passports
- » **Do not** abuse the vulnerability of particular workers, like taking advantage of a migrant worker's work permit to keep them in work
- » **Do not** threaten workers
- » **Do not** use financial penalties, like reducing pay if a worker does not meet unrealistic expectations
- » **Do not** use recruitment or employment debt to manipulate a worker or keep a worker in employment until debts are paid
- » **Do not** use child labor, or work that disrupts a child's schooling, separates a child from family, or exposes a child to physical, mental, or emotional harm



## BEGIN engaging your supplier

### Pre-Contract

- » **Gather information** on perspective suppliers about their employment practices and if they have relevant management systems in place to identify, mitigate and prevent modern slavery risks
- » **Include clauses** prohibiting the use of modern slavery in new and existing supplier contracts  
**Share** your company's Business Code of Conduct and any policies related to human rights and modern slavery if applicable

### Monitoring and Compliance

- » **Continue the conversation** with suppliers to establish information about their workforce, due diligence processes, and management systems
- » **Incorporate human rights** and modern slavery risks in supplier audits, if applicable
- » **Check for potential red flags** when engaging existing suppliers and request specific evidence when they lack information on modern slavery or if there is a cause for concern (**see Questions to Ask Your Supplier below**)



## RED FLAGS



Use additional caution and due diligence if suppliers show red flags, including:

- » Your supplier is offering you a price that you think is too good to be true
- » Your supplier is reluctant to share information about its workforce, recruitment practices, or business partners
- » Your supplier does not let you speak to workers directly
- » Your supplier's workforce is mainly composed of migrant workers, temporary and contract workers, or workers in the informal economy
- » Your supplier does not have written policies in place to safeguard worker welfare
- » Your supplier's workforce lacks necessary work equipment, suitable clothing, or personal protective equipment
- » Your supplier's workforce appears isolated, withdrawn or confused and / or provides incorrect information
- » Your supplier's workforce claims that someone else is in control of their passports or IDs
- » Your supplier uses unlicensed or uncertified third-party staffing agencies to staff positions



## EXAMPLE QUESTIONS TO ASK YOUR SUPPLIER

The following items provide examples of questions that could be asked during due diligence and monitoring and compliance processes:

<p><b>Workforce</b></p> 	<p><b>Example questions to ask your supplier:</b></p> <ul style="list-style-type: none"><li>» What is the composition of your workforce?</li><li>» Do you have visibility of the worker composition in your sub-contracting partnerships?</li></ul> <p><b>Examples of evidence to ask for if needed:</b></p> <ul style="list-style-type: none"><li>» Interview third-party workers to identify any red flags</li></ul>
<p><b>Recruitment Agencies</b></p> 	<p><b>Example questions to ask your supplier:</b></p> <ul style="list-style-type: none"><li>» Does your business use a third-party staffing agency to find workers?</li><li>» Is the agency fully licensed in your country of operation?</li><li>» Has the agency got a record of legal sanctions in the past three years?</li></ul> <p><b>Examples of evidence to ask for if needed:</b></p> <ul style="list-style-type: none"><li>» Request documentation of the agency's licenses and hiring policies</li></ul>
<p><b>Hiring Practices</b></p> 	<p><b>Example questions to ask your supplier:</b></p> <ul style="list-style-type: none"><li>» Does your business or recruitment agency provide all prospective workers with a written employment contract in their native language?</li><li>» Does your business or recruitment agency keep the passports or personal documents of your workers?</li><li>» How does your business or recruitment agency check for underage workers? Do you request identity documentation from prospective hires?</li></ul> <p><b>Examples of evidence to ask for if needed:</b></p> <ul style="list-style-type: none"><li>» Request a copy of a worker's contract from the supplier or its third-party agency and verify terms and conditions of employment contracts against agreed conditions</li><li>» In particular, check for any deductions related to recruitment</li></ul>



## EXAMPLE QUESTIONS TO ASK YOUR SUPPLIER

### Working Conditions, Wages and compensation



#### Example questions to ask your supplier:

- » Are all workers paid minimum wage levels or above?
- » Does your business charge fees or delay or withhold paying wages as a disciplinary action?
- » What are the standard working hours for workers?
- » Are workers compensated for additional hours worked?

#### Examples of evidence to ask for if needed:

- » Request a copy of a worker's pay slip and verify that any deductions made are legal and match employment
- » Check that overtime is compensated at the agreed rate

### Risk Management



#### Example questions to ask your supplier:

- » Do you know what modern slavery is?
- » What indicators does your business use to evaluate exposure to modern slavery risks?
- » Can you share with us any policy or practice that you have in place to identify and prevent modern slavery risks?
- » What training do your employees and contractors undertake in regard to modern slavery?
- » If modern slavery is identified in your work or supply chain, what sanction & remediation processes do you undertake?

### Grievance Mechanisms



#### Example questions to ask your supplier:

- » Does your business provide a channel for workers and other stakeholders to provide feedback or raise concerns or complaints anonymously and securely?
- » How do you promote this mechanism among workers and other stakeholders? How do you ensure the mechanism is accessible to all?
- » Does your business commit to non-retaliation against reporters of complaints?

#### What should you do if the supplier does not have a grievance mechanism:

- » Provide guidance on how to establish an accessible grievance channel; or extend access to your company's own mechanism to third-party workers

# SO, WHAT HAPPENS NEXT?



If you have concerns, but the supplier can't respond to your questions:

**First**, begin a conversation with the supplier to determine the root cause of the problem or concern. Some suppliers may not intend to act unethically, but they are not aware of the business practices that can lead to exploitation. Sharing [GBCAT's resources for corporate suppliers](#) can help suppliers identify risks and develop simple plans to address and prevent these risks.

**Next**, develop a corrective action plan for the supplier to address and correct the issues you have discovered. This should include a timeline and mitigation measures, like ceasing the harmful practice and amending policies and procedures that allowed the practice to occur (**see the example to the right**).

**Over the long term**, monitor and assess how the supplier implements the corrective action plan and makes progress toward identifying and mitigation modern slavery risks.

## Case Study

You discover that your supplier is retaining the personal identification documents of its workers. Through an improvement plan, you ensure that the supplier returns all personal documentation to the workers. The supplier changes its procedure so that if a worker's personal information is needed, staff obtain consent to make photocopies and then promptly return the documents to the worker. The supplier also provides each worker with a personal locker to safely store their belongings. The lockers can be accessed by the workers at anytime, without permission.

**Note:** If a supplier has repeated and on-going violations or shows no willingness to act to address risks or concerns, **follow the suggested actions below**.



If you have concerns and discover your supplier is actively engaged in modern slavery practices:

**Determine** the best internal department or person to enact the company's response to the supplier's violations. This could be the Human Resources department, a legal function, or senior leadership. This person or department should:

- » **Report** the concerns or evidence to local authorities where it is safe to do so
- » **Alert** trusted local stakeholders with expertise on human rights, labor rights, and survivor support services (e.g. anti-human trafficking organizations, health services providers)
- » **Where the business has direct engagement with the survivor**, work with local authorities and trusted local stakeholders to provide support to the survivor, determine how best to provide remedy, and to monitor the outcomes of remediation efforts. Additional guidance is available [here](#)

When considering disengagement, **assess and mitigate** any potential harms to people, like job loss or increased exploitation of workers.

**End the partnership** with the supplier and blacklist the supplier from future engagements.

**Evaluate your response** to the situation and use lessons learned to strengthen your approach and procedures.

See the [GBCAT Corporate Supplier Toolkit](#) for more information and guidance.