

Modern Slavery and Supply Chains Consultation

IOSH response to the Home Office consultation on the transparency in supply chains clause in the Modern Slavery Bill



Submission

07.05.15



Introduction

The Institution of Occupational Safety and Health (IOSH), the Chartered body for health and safety professionals, welcomes the opportunity to comment on this important *Consultation on transparency in supply chains in the Modern Slavery Bill*.¹

We note that modern slavery includes offences of human trafficking, slavery, forced labour and domestic servitude and that victims can be men, women and children of all ages and across the population, with more prevalence in the most vulnerable, minority or socially excluded groups.²

The Home Office and NSPCC suggest the following types of modern slavery are found in the UK: child trafficking (under 18s moved for exploitation); debt bondage (forced work to pay debts, which may be passed to their children); forced labour (often working long hours for little pay in dire conditions, including verbal / physical threat); sexual exploitation (prostitution, escort work and pornography); criminal exploitation (victims forced into crime, including cannabis cultivation); and domestic servitude (little pay or free time and restricted movement).²

In the response that follows, we provide a summary IOSH position and more detailed comments in which we answer the consultation questions concerning turnover threshold, content of disclosures and guidance provision. We close with some references and information about IOSH.

Summary IOSH position

- IOSH supports increased transparency in supply chains so that stakeholders can better understand how organisations are managing the risk of modern slavery and trafficking
- We support the requirement for anti-slavery and human trafficking statements, which we believe should be concise and meaningful and cover relevant governance, procurement, supply chain management and training standards, together with performance data
- Given that the Government is introducing a turnover threshold for organisations to provide such statements, we believe that this should initially be between £10-15 million and should be lowered over time to cover more firms
- We also encourage companies below the threshold to voluntarily disclose
- We support consideration of extending the Gangmasters Licensing Authority to the construction, hospitality and catering sectors

Detailed comments – IOSH responses to the consultation questions

Q1. What level of turnover threshold do you think would be the most appropriate threshold for requiring a business to make a slavery and human trafficking statement?

IOSH believes that modern slavery is unacceptable in *any* business *regardless* of turnover and therefore we do not advocate a threshold for disclosures. However, given that the Modern Slavery Act refers to a specific turnover for requiring statements and that the Government will introduce one, we would suggest an initial turnover threshold of between £10-15 million on the basis that this will be lowered in future and that other organisations should also be encouraged to disclose.

Q2. Please explain your answer.

Given that the Government will be introducing a threshold, IOSH's rationale for suggesting an initial threshold of between £10-15 million is based on a combination of Sentencing Guidelines information and Department for Business Innovation and Skills (BIS) data. The £10 million figure is cited as the start of the turnover range for medium-sized enterprises in the recent Sentencing Guidelines consultation;³ and the average turnover for medium-sized enterprises can be estimated at around £15 million, based on 2014 BIS data.⁴ Following introduction, we would expect there to be post-implementation evaluation and for the threshold to be lowered as appropriate over time.

We have suggested a lower threshold than that for larger firms because we believe that medium-sized enterprises will also have the structure and resources to produce such disclosures, together with some leverage over their supply chains. A gradual reduction in turnover threshold would help ensure coverage of all those companies potentially affected by modern slavery over time. We also note that the consultation document states that the UK Government's approach is intended to be more ambitious than that in *The California Transparency in Supply Chains Act 2010*, which sets a threshold of \$100 million (around £60 million). We support this ambition and our proposed initial turnover threshold of between £10-15 million is consistent with helping deliver this.

Q3. To what extent do you agree that there should be a higher turnover threshold set initially to focus on larger businesses and then reduce the threshold to cover more businesses, over time? (Strongly agree / Agree / Neither agree or disagree / Disagree / Strongly disagree)

IOSH **strongly disagrees** that the starting turnover threshold should be for 'larger businesses' only and instead believes that the initial turnover threshold should be lower and at the 'medium-sized company' level (between £10-15 million). We **strongly agree** that the threshold should be lowered in future to cover more businesses over time (also see answer to Q2 above).

Q4. Please explain your answer.

IOSH believes that the threshold should be started at between £10-15 million in order to capture as many medium and large firms as possible and the reason for lowering it in future is to help manage the risk of modern slavery in *all* commercial organisations which conduct business in the UK and their supply chains. We believe that starting with the medium and larger firms should help ensure their supply chains are better managed and also generate a variety of disclosure statements from different sectors that can serve as examples and guidance for smaller companies on how they can identify and prevent modern slavery.

Q5. For each of the following headings to what extent do you agree that the activities we think should be included in a statement are the right ones? (Strongly agree / Agree / Neither agree or disagree / Disagree / Strongly disagree)

- i. Information about an organisation's structure, business and supply chains **[Strongly agree]**
- ii. Information about an organisation's policies on modern slavery **[Strongly agree]**
- iii. Information about an organisation's due diligence processes in relation to modern slavery in its business and supply chains **[Strongly agree]**
- iv. Information about the parts of an organisation's business and its supply chains where there is a risk of modern slavery taking place, and the steps it has taken to assess and manage that risk **[Strongly agree]**
- v. Information about an organisation's effectiveness in ensuring that modern slavery is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate **[Strongly agree]**
- vi. Information about the training on modern slavery available to its staff **[Strongly agree]**

Q6. For each of the headings above please explain your responses, and set out (a) what information you think companies should disclose about their activities in these areas and (b) what you think would represent good practice in each of these areas?

IOSH believes that disclosures should be concise and useful and outline (or provide links to) the following information:

- i. Structure, business and supply chains – the organisation's governance and legal status; its products and services; the sector(s) it operates in; and the type, extent and location of its operations and suppliers
- ii. Policies on modern slavery – links to its relevant policies e.g. on ethical procurement and investment; control of sub-contractors; and supply chain management

- iii. Due diligence processes – the steps and criteria the organisation uses to vet prospective suppliers (including minimum health and safety standards) and its ongoing monitoring and audit arrangements
- iv. Risk assessment – the organisation's risk assessment process for identifying and addressing areas of risk within its supply chain e.g. the sub-tiers of its supply chain and the likelihood of unauthorised sub-contracting, together with risk-profiles for its supplier countries and their national employment practices
- v. Anti-slavery efficacy – meaningful and comparable information about the organisation's performance in implementing its anti-slavery policies; including for example, verifiable audit results; worker involvement mechanisms, such as safety committees, confidential worker help lines and use of social media; unannounced workplace inspections; and contractual requirements to prevent unauthorised sub-contracting
- vi. Training on modern slavery – the type and content of training provided and who receives it within the organisation and its supply chain; also, how its efficacy is tested

Q7. Are there any other areas of activity that you think a slavery and human trafficking statement should cover? Yes – please specify / No / Don't know

If 'yes' to Q7

Yes – in addition to the areas outlined in our answer to Q6 above, IOSH believes organisations should include information about how they work with their suppliers in order to minimise the operational pressures caused by late changes to orders and compressed timescales. Also, organisations should outline their whistleblowing procedures and what action they take if they identify suspected cases of modern slavery or trafficking. There should also be reference to the organisation's grievance mechanisms, as highlighted in the Government's guidance for businesses on implementing the UN Guiding Principles on Business and Human Rights.⁵

Q8. What would good practice look like in the areas you have suggested?

IOSH believes that good practice in the areas we have suggested would include:

- Links to relevant company documents, such as, policies, procedures and standards
- A commitment to continual improvement
- A signature from the organisation's leader

We would also support use of the UN Guiding Principles Reporting Framework, including its recommendation that any human rights information omissions, such as those resulting from the unavailability of reliable information, are fully explained in any disclosure statements.⁶

Q9. Are there any specific areas of activity that you think businesses in certain sectors should disclose? (Yes – please specify sector and area of activity / No / Don't know) If 'yes' to Q9

Yes – IOSH supports the application of the disclosure requirement to *all* sectors, but particularly where there are potentially vulnerable workers, such as temporary, agency, contingent or migrant workers and extended supply chains.

We also note from the Modern Slavery Bill library note that the Modern Slavery Bill Evidence Review Panel raised the issue of extending the Gangmasters Licensing Authority to cover other sectors (construction, hospitality and catering) recognising current budgetary restrictions² and we would support such consideration.

Q10. What would good practice look like in the areas you have suggested?

IOSH believes that good disclosure practice in these areas would include those measures outlined in our response to Q8 above and particularly, information about procurement, supply chain management, employment and sub-contracting control standards.

Q11. To what extent do you agree or disagree that any guidance the Government publishes should include the following aspects in relation to making a slavery and human trafficking statement? (Strongly agree / Agree / Neither agree or disagree / Disagree / Strongly disagree)

- i. Advice on publishing a statement online **[Strongly agree]**
- ii. Advice about when to publish a statement **[Strongly agree]**
- iii. Advice about the signing of a statement **[Strongly agree]**
- iv. Advice on what to do if you suspect or identify slavery in your supply chain **[Strongly agree]**

Q12. What would good practice look like in relation to publishing a statement online?

IOSH believes that good practice in relation to publishing statements online should mean that they are:

- readily accessible through clear onsite labelling
- located in a logical and prominent part of the home page
- concise, meaningful and comparable year-on-year, across organisations and sectors
- clear about which parts of the statement are verified and how
- easily navigable and 'bookmarked' and accessible to those with disabilities

Q13. What would good practice look like in relation to the timing of publishing a statement?

With respect to timing of published statements, IOSH believes that publishing should occur at least annually, at the same time as the company's annual report and updated as and when relevant significant changes occur e.g. acquisition or expansion.

Q14. What would good practice look like in relation to the signing of a slavery and trafficking statement by the business or organisation?

IOSH believes the CEO or organisational leader should sign any disclosure each year and again following any change or update.

Q15. Do you have any further comments on what the statutory guidance should include?

IOSH believes the statutory guidance should also include examples of typical disclosure statements from a range of sectors and sizes of organisations (including where labour is provided / used for domestic work, agriculture, construction, manufacturing and hospitality),⁷ to help other companies better understand the requirements and how to fulfil them.

IOSH would encourage *all* responsible firms to voluntarily disclose, so that this becomes the norm. We would also stress the need for the Government to act as 'exemplar' for others in its use of procurement standards, performance reporting and disclosures.

References

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About IOSH

Founded in 1945, the Institution of Occupational Safety and Health (IOSH) is the largest body for health and safety professionals in the world, with around 44,000 members in over 120 countries, including over 13,000 Chartered Safety and Health Practitioners. Incorporated by Royal Charter, IOSH is a registered charity and an ILO international NGO. The IOSH vision is:

“A world of work which is safe, healthy and sustainable”

The Institution steers the profession, providing impartial, authoritative, free guidance. Regularly consulted by government and other bodies, IOSH is the founding member to UK, European and International professional body networks. IOSH has an active [research and development](#) fund and programme, helping develop the evidence-base for health and safety policy and practice. Summary and full reports are freely accessible from our website. IOSH publishes an international peer-reviewed journal of academic papers twice a year titled *Policy and practice in health and safety*. We have also developed a unique UK resource providing free access to a health and safety research database, as well other free on-line tools and guides, including websites for business start-ups and young people; an occupational health toolkit; and a risk management tool for small firms.

IOSH has 35 Branches in the UK and worldwide including the Caribbean, Hong Kong, Isle of Man, Oman, Qatar, the Republic of Ireland, Singapore and UAE, 16 special interest groups covering aviation and aerospace; communications and media; construction; consultancy; education; environment; fire risk management; food and drink; hazardous industries; healthcare; offshore; public services; railways; retail and distribution; rural industries; and sports grounds and events. IOSH members work at both strategic and operational levels across all employment sectors. IOSH accredited trainers deliver health and safety awareness training to all levels of the workforce from shop floor to managers and directors, through a professional training network of almost 1,700 organisations. We issue around 150,000 certificates per year.

For more about IOSH, our members and our work please visit our website at www.iosh.co.uk

Please direct enquiries about this response to:

Richard Jones, Head of Policy and Public Affairs

The Grange

Highfield Drive

Wigston

Leicestershire

LE18 1NN

Tel: 0116 257 3100

Email: consultations@iosh.co.uk