

MODERN SLAVERY

As explained by Ethica Compliance



WHAT IS MODERN SLAVERY?

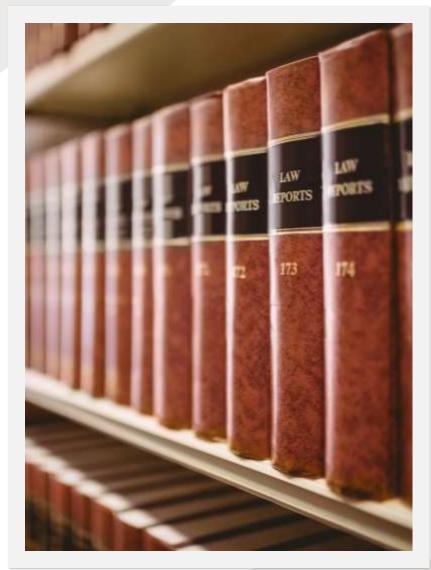
- Modern slavery refers to the unlawful coercion of individuals for the purpose of exploitation, often for personal or financial benefit.
- This contemporary form of slavery encompasses a range of coercive practices where people are deprived of their freedom and compelled to perform labor or services against their will.
- It is characterized by the use of force, fraud, or manipulation to subjugate and control individuals, stripping them of their freedom and subjecting them to conditions that violate their fundamental rights and dignity.
- Modern slavery can manifest in various forms, including forced labor, debt bondage, human trafficking, and other methods of imposing involuntary servitude upon individuals. It is a global issue that transcends borders, affecting millions of men, women, and children worldwide, and requires concerted efforts to eradicate.
- Modern slavery is rooted in poverty, discrimination and a failure of social protections. The situation is compounded further by conflicts as seen in countries with internal strife and those which host a substantial population of economic and conflict

GOVERNANCE

- <u>The Forced Labour Convention, 1930 (No.29)</u> of the International Labour Convention (ILO) calls upon signatories to the convention to punish forced labour as a crime. It so happens, that this convention is one of the most ratified with only 6 countries yet to ratify it!
- The UK's <u>Modern Slavery Act, 2015</u> is an international piece of legislation from the UK focused on tackling modern slavery. The Act has extra-territorial application for any entity or individual with UK ties, for example UK investors or shareholders. The Act introduced three criminal offences:
 - (i) slavery, servitude and forced or compulsory labour (s1),
 - (ii) human trafficking (s2) and

(iii) committing any offence with the intent to commit human trafficking (s4).

 <u>The Constitution of Kenya 2010</u> under Article 30 makes it a crime to hold a person in slavery, servitude or require them to perform forced labour.



GOVERNANCE

- Employment Act of Kenya under Section 7 prohibits the recruitment, trafficking or use of forced or compulsory labour.
- The Australian Modern Slavery Act, 2018 borrows from the UK's Modern Slavery Act. Importantly, the Act has extra-territorial application and captures conduct that would constitute modern slavery, whether that conduct happened inside or out of Australia.
- Section 54 of the <u>UK Modern Slavery Act</u> also requires organisations with an annual turnover of at least £36 million supplying goods or services within the UK to produce an annual slavery and human trafficking statement identifying those parts of its business and supply chains (whether in or outside the UK) at risk of slavery and/or human trafficking taking place and the steps the company has taken to assess

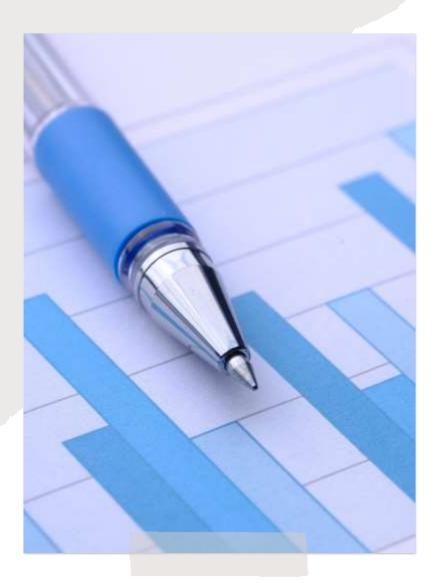




STATISTICS

- Figures from different monitoring groups are in agreement that as of 2022, 50 million people lived in modern slavery. A quarter of victims of modern slavery are children, and majority of them work in the private sector.
- Other recent figures from the International Labour Organisation show that as of 2022, 28 million men, women and children were in forced labour, with 63% of forced labour happening in the private economy.
- There are 10 countries with the largest number of people under modern slavery and they account for 2 in every 3 people living in modern slavery:

INDIA	INDONESIA
CHINA	NIGERIA
NORTH KOREA	TURKEY
PAKISTAN	BANGLADESH
RUSSIA	UNITED STATES OF AMERICA



STATISTICS

Due to the complex modern supply chains, it may be difficult to identify products and services generated from victims of modern slavery. It is therefore possible that the people making our clothes, serving our food, picking our crops and working in our industries are victims of modern slavery, facing a constant threat of violence, inescapable debt, threatened with deportation or have their passports taken away!

Organisations have a legal and moral obligation to ensure that their supply chain is free from exploitation. It is also important to note that even if the person under modern slavery conditions consented, this does not change the fact that the person is being held in slavery or servitude! You cannot consent to a



MODERN SLAVERY ASSESSMENTS

THE MEANING: Modern slavery assessments are critical evaluations that organizations conduct to scrutinize the effectiveness of their strategies in preventing modern slavery within their supply chains.

THE WHY? These assessments serve as a proactive measure to identify and mitigate the risks associated with modern slavery, which includes forced labor, human trafficking, and other forms of worker exploitation. By implementing such assessments, organizations can ensure compliance with legal standards and demonstrate their commitment to ethical practices.

THE PROCESS: The process typically involves a thorough examination of the organization's operations and the working conditions of its suppliers. It aims to uncover any potential vulnerabilities where modern slavery could occur. The assessment not only highlights areas of concern but also provides an opportunity for organizations to strengthen their due diligence processes and enhance transparency throughout their supply chains.

- By evaluating the effectiveness of the policies and procedures in place, organizations can identify potential risks and take necessary actions to strengthen their systems against such exploitation.
- This not only reflects an organization's commitment to ethical practices but also resonates with the core human values of freedom and respect for life. Implementing these assessments can lead to a more transparent, responsible, and humane business environment, where every worker's contribution is valued and protected.
- Overall, modern slavery assessments are not just a regulatory requirement; they are a fundamental component of corporate social responsibility. They reflect an organization's dedication to upholding human rights and ensuring that their business operations do not inadvertently contribute to modern slavery. By conducting these assessments, organizations can play a pivotal role in the global effort to eradicate modern slavery and promote a more



WHY IS IT IMPORTANT TO CARRY OUT A MODERN SLAVERY ASSESSMENT?

It helps organizations establish trust with stakeholders, including investors, customers, and business partners, who increasingly demand higher ethical standards.

It also prepares organizations to respond effectively to legislation, such as the UK Modern Slavery Act, which mandates certain businesses to disclose the steps they have taken to combat slavery and human trafficking.

In addition to legal compliance, these assessments can lead to improved brand reputation and customer loyalty, as consumers are more inclined to support companies that actively fight against modern slavery.

They also foster a more secure and fair working environment, which can result in a more motivated and productive workforce.

CASE STUDY KOZEE SLEEP

- Kozee Sleep was a bed manufacturer in the UK who supplied beds to high-end retailers such as John Lewis and Next.
- The factory owner, Mohammed Rafiq, exploited immigrants sourced by his associate, to provide cheap labour in his factory.
- The labourers were housed within the factory in cramped conditions and worked long hours. Their pay was also deducted to cover the cost of transporting them from their home country as they were bonded labour.
- In 2016, he was sentenced to prison for modern slavery, particularly, hiring illegal workers, underpaying his staff and providing substandard living conditions.
- The Courts also highlighted the obligation on employers to ensure that their recruitment processes and the recruitment agencies they use, are free of modern slavery practices.
- Retailers consequently ceased their contracts with Kozee Sleep and the business went under.

