

The Bad Link in Supply Chains

Amelia Knott, Director of Consulting at twentyfifty, looks at how companies can ethically manage complex supply chains across multiple territories

Often when companies first look at the issue of slave labour in supply chains, they are left with significant questions about where to begin and how far down the chain to go.

Last year, the UK Government published its guidance for company compliance with section six of the Modern Slavery Act – [Transparency in Supply Chains](#). While explaining how to go about writing a slavery and human trafficking statement, the guidance gives fewer clues on what actions companies should take.

Many businesses have realised that stating they have taken no steps on modern slavery in the supply chain will not be sufficient in the court of public opinion. In California, where a similar Act seeks disclosure on slavery in supply chains, 10 large companies were [named and shamed](#) in 2014 for stating that they took no particular action.

Here, I answer the questions that executives should be asking in order to eradicate the risk of slavery in supply chains.

Where do I start?

Companies need to know where to invest their limited resources. Carrying out an initial risk assessment is a good starting point however, there are two important elements to remember.

The first is to focus on supply chains, rather than suppliers because it tends to be further down supply chains, rather than at the first tier, where the risk of modern slavery is greater. This also has the benefit that the number of supply chains is fewer than the number of >



suppliers, and it should be possible to group these into an even more manageable number, such as by categories of similar supply chains.

In many situations, modern slavery is a systemic problem, occurring deep in supply chains; it involves criminal activity that is difficult to identify, let alone resolve. Companies will have to work with suppliers and a whole range of other actors in order to tackle it.

The second important shift is to think about supply chains in terms of the risk of people being enslaved.

A relatively quick risk assessment involving a group drawn from different corporate functions can sort supply chains with a higher risk of slavery, from those with a lower risk.

The process can be further enhanced by bringing in external expertise and stakeholders to provide input, checks and reviews.

Where do I stop?

Answering how far to go in your assessment is down to effective and well-informed prioritisation. Having a planned and credible programme of action allows you to focus the use of available resources.

The decision a company takes will depend on a range of factors including brand risk, its volume of spend and perhaps the extent to which a particular procurement manager can pilot a new approach.

The company might wish to do a deep-dive investigation into a

“There are legal, reputational and moral risks linked to slavery”

number of supply chains, a high-level investigation across 30 supply chains, make use of an existing supplier assessment scheme, or support an existing multi-stakeholder initiative.

It's important to have a clear decision-making process that shows the reasoning behind prioritisation and any trade-offs. Companies can develop their understanding by consulting stakeholders and where possible, affected groups or their representatives.

What about supply chains that aren't high risk?

As well as focussing on particular areas of high risk, companies should ensure an adequate baseline of checks across all supply chains and integrate the management of modern slavery risks into all due diligence practices and processes.

Practices could be checked against the UN Guiding Principles on Business and Human Rights to ensure alignment and may include elements such as a supplier code of conduct, a whistleblowing mechanism, an audit programme, supplier performance monitoring and external reporting.

Is it really worth the effort?

Eradicating modern slavery is a global challenge requiring multi-stakeholder action.

Clearly there are costs involved, not least in terms of management time, but for many reasons it is wise to take action. There are legal, reputational and moral risks linked to slavery, together with the associated costs.

However, it is not simply about risk management. Addressing modern slavery also presents a range of opportunities and business benefits, including enhanced security and better relationships with suppliers.

Taking action soon also provides an opportunity to shape good practice in this evolving area. ■

Find out more about supply chain management on our [Global Conference Call](#) with twentyfifty and Bruce Morrison, Vice President of Procurement for R&D at GlaxoSmithKline.



Amelia Knott
Director, Consulting
twentyfifty

Amelia has more than 10 years' experience in managing stakeholder engagement, corporate responsibility and sustainability issues, with a particular focus on extractives and sub-Saharan Africa. Based in London, she brings a strategic perspective to responsible business practices, as well as expertise in communications.

Contact Amelia through:
www.criticleye.com