

## Freedom in the supply chain: mobilising solutions to address slavery throughout the supply chain ecosystem

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Spurred by incentives around cost, access to resources, labour and skills, companies have expanded their reach across national borders. The growth of these multinational companies has resulted in complex webs of supply chains that link companies – and communities – together in a global economy.

According to a study by the International Trade Union Confederation (ITUC), 60% of global trade is dependent on the supply chains of major corporations.<sup>1</sup> Through the Freedom Fund's hotspot programs, we see directly how for workers at the root of the supply chain, these developments have not been matched with protections of their fundamental rights. For many of our frontline partners the supply chain has enabled profit at the expense of abuse.

Laudable initiatives at the governmental level have shone a spotlight on the risk of slavery, to the extent that over 70% of companies surveyed now admit that slavery-related practices are likely to exist somewhere in their business operations or supply chains.<sup>2</sup> Corporate attitudes towards slavery may be evolving but this has not yet translated into a concrete shift in business practices. Where legislation to improve transparency in supply chains exists, the majority of companies have taken a minimum compliance approach – less than half of the 11,000 companies estimated to be covered by the UK Modern Slavery Act have published a modern slavery statement, most of which fail to comply with the minimum requirements of the Act.

The evidence shows that corporate self-regulation is not enough to address slavery in supply chains. Instead, a host of incentives and sanctions must be created. These range from imposing mandatory due diligence standards, litigation against abusers that create precedents and shape corporate behaviour while providing remedies for those abused, and supporting worker-driven solutions, including labour organising and rights-education. The totality of these efforts can lead to a sea-change in supply chains and can create incentives on corporations to dig deeper through their business relationships, facilitate and enable access to remedy to those affected and ensure that workers are empowered and able to claim their rights for themselves.

The Freedom Fund's global supply chains strategic plan builds from our experiences in our hotspots and seeks to tackle modern slavery by targeting key levers of reform throughout the supply chain ecosystem. It uses a threefold approach to promote freedom through the supply chain:

1. Strengthening government regulation;
2. Pressurising corporations to take concrete action to end slavery in their supply chains;
3. Advancing worker-driven efforts to improve labour standards.

This strategic plan links directly to the Freedom Fund's hotspots and evidences our commitment to focus on the needs and perspectives of those on the frontlines. In the southern India, Thailand and Rajasthan hotspots our frontline partners are delivering solutions to tackle slavery at the lowest tiers of the supply chain, through supporting workers, advocating for policy and legal reform and engaging with local businesses and international retailers. Through the supply chains global initiative we will aim to actively seek out opportunities to support supply chain initiatives targeted at the industries associated with our hotspot programs while promoting the efforts of our NGO partners to engage with business and increase worker agency at a global scale.

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<sup>1</sup> International Trade Union Confederation (2016), [Scandal – Inside the global supply chains of 50 top companies](#)

<sup>2</sup> Hult International Business School and Ethical Trading Initiative (2016), [Corporate Leadership on Modern Slavery](#)

### Strengthening supply chain regulation

The Freedom Fund has actively supported the introduction and implementation of supply chain transparency legislation. The transparency in supply chains provisions of the UK Modern Slavery Act in particular were groundbreaking and have spurred other countries to consider introducing legislation to this effect. We see these advancements as positive, but also note that there is much to be improved upon.

The Freedom Fund will continue to advocate for the establishment and enforcement of disclosure requirements, including the introduction of robust sanctions for non-compliance. Simultaneously we will support the development of alternative systems of regulation that go beyond disclosure, based on best practice models of human rights due diligence, monitoring and enforcement.

### Catalysing business action to address and prevent slavery in global supply chains

Modern slavery disclosure requirements, intended to drive a “race to the top”, have for the most part failed to catalyse corporate action towards ensuring freedom in global supply chains. Moreover, evidence from the frontlines suggests that ethical auditing and certification schemes – a widely adopted corporate response to tackling slavery – are ineffective tools for addressing and preventing forced labour in global supply chains. Coordinated, sector-wide approaches are required that go beyond paying lip-service to tackling modern slavery and instead reform business practices that fuel demand for forced labour.

Through our supply chains initiative the Freedom Fund will seek to position itself as a critical friend to the private sector – collaborating with those corporations that are committed to addressing and preventing slavery in their supply chains, whilst pushing for concrete business action by highlighting weaknesses in current business practices, recommending new approaches and encouraging a deterrence effect by increasing the financial and reputational costs of profiting from slavery.

### Advancing worker-driven initiatives to secure freedom in the supply chain

The third pillar of our strategic plan focuses on identifying and investing in initiatives that give workers a central and meaningful role in designing and delivering solutions to address and prevent slavery in global supply chains.

The Freedom Fund supports ‘bottom-up’ approaches in our hotspots that are engaging at the lower tiers of the supply chain through worker rights trainings and strengthening collective agency and worker voice. We will therefore seek to share these locally-driven models at a global scale, as well as support innovative worker-driven initiatives that place the protection of workers rights and access to justice at the core of solutions to tackle slavery in supply chains.