

ETHICAL PROCUREMENT AND THE MODERN SLAVERY ACT GUIDANCE

VOLUNTARY GUIDELINES FOR PUBLISHERS INTERESTED IN DEVELOPING AN ETHICAL CODE

What is ethical trade?

Ethical trade means that retailers, brands and their suppliers take responsibility for improving the working conditions of the people who make the products they sell.

What is the business case for ethical procurement?

The Ethical Trading Initiative's website suggests that ethical trade can:

- Improve supply chain efficiency
- Protect and enhance your company's reputation
- Protect and increase sales

Awareness of the PPA's guidelines on ethical procurement is one of the requirements of the Responsibility Deal which has been put in place with the Government.

What steps can publishers take?

Publishers should work towards ensuring the products and services they purchase from their supply chain partners or manufacture in their own production facilities are created, sourced and traded by ethical means.

Companies with a commitment to ethical trade adopt a code of labour practice (an Ethical Code of Practice) that they expect all their suppliers and production facilities to work towards. An Ethical Code will address issues like wages, hours of work, health and safety and the right to join free trade unions.

When setting up an Ethical Code you may find it useful to enlist support from senior management, perhaps working with a few managers who can help you champion the programme. You may like to engage in a consultation process with the business and its suppliers prior to setting the parameters of your code.

Ethical Code of Practice

Publishers should put in place an Ethical Code of Practice, which should accompany all contracts and purchase orders.

A good place to start as a minimum requirement when developing your Ethical Code is the Ethical Trading Initiative (ETI) Base Code.

Headline requirements of the ETI Base Code:

- 1. Employment is freely chosen**
- 2. Freedom of association and the right to collective bargaining are respected**
- 3. Working conditions are safe and hygienic**
- 4. Child labour shall not be used**
- 5. Living wages are paid**
- 6. Working hours are not excessive**
- 7. No discrimination is practised**
- 8. Regular employment is provided**
- 9. No harsh or inhumane treatment is allowed**

Further information and the full code can be found here (www.ethicaltrade.org/).

An example of a current Ethical Code is noted on page 3 (Appendix 1). You may also use this to help create your own ethical policy.

Which suppliers should publishers look at first?

High risk countries

Countries such as China, India and Bangladesh, are considered high risk. Publishers should consider rolling out their Ethical Code to suppliers in these areas first of all.

Low risk countries

EU, US, Canada, New Zealand, Australia, Japan – the risks in terms of ethical procurement are not considered great here unless a 'high risk' activity such as hand cover mounting is being performed. Publishers could roll their ethical codes out in these areas after the high risk countries.

How can publishers track suppliers' compliance to their Ethical Code?

High risk suppliers should be asked for a SMETA audit (Sedex Members Ethical Trade Audit), ideally before work takes place. *Critical failures on an audit may mean that you decide to cease manufacturing until these issues can be resolved. Other issues can be worked through with your supplier. You should ensure audits are up to date and may like to require them to be re-done annually or bi-annually. If you use a number of factories in high risk areas you could also visit some or all of them yourself.

***SMETA audit (www.sedexglobal.com/ethical-audits/smeta/) is a Sedex Members Ethical Trade Audit.** Sedex say 'this ... Audit (SMETA) has been developed by the Sedex Associate Auditor Group (AAG) ... to provide a best practice reference framework for social auditing and reporting. It draws from practices defined by Sedex members and by the Global Social Compliance Programme (GSCP)' (www.gscpnet.com).

***The Supplier Ethical Data Exchange (Sedex) (www.sedexglobal.com) is a not-for-profit, membership organisation for businesses committed to the continuous improvement of ethical performance within their supply chains.** Sedex offers a simple and effective way of managing ethical and responsible practices in your supply chain. Their core product is a secure, online database which allows members to store, share and report on information on four key areas:

- Labour Standards
- Health & Safety
- The Environment
- Business Ethics

New suppliers should ideally be audited/questioned/visited prior to placing work with them. If an audit throws up problems with an existing supplier you should try to work through any issues which arise with them once an audit has been completed.

Lower risk suppliers

You may prefer to simply keep "lower risk" suppliers informed of your ethical policy. Alternatively you could commission or create a risk assessment questionnaire (see Appendix 2, page 9) to give you an idea of what the areas of risk are likely to be (more likely to be around agency staff, wages and hours within the UK for example) and to give you some more in depth information.

Who can help publishers implement an Ethical Code of Practice?

Ethical Trade Consultancies can help you plan your ethical policy, review audits and help with tracking required actions from suppliers.

The **ETI** supports its members in progressively implementing the ETI Base Code throughout their supply chains.

Sedex (see above) offers its members an online database to track information on suppliers.

GUIDELINES FOR PUBLISHERS AFFECTED BY THE MODERN SLAVERY ACT

What is the Modern Slavery Act?

The Modern Slavery Act 2015 is an Act of the Parliament, designed to combat slavery in the UK and consolidates previous offences relating to trafficking and slavery. The act extends to England and Wales. Focusing on businesses with more than £36 million turnover, companies are expected to detail what they are doing to tackle slavery and human trafficking in their supply chain.

What is modern slavery?

The term modern slavery is used to describe the following forms:

- **Human trafficking** – the process of bringing a person into a situation of exploitation through a series of actions, for example, coercion.
- **Forced and compulsory labour** – people working involuntarily under a threat of some form of punishment.
- **Bonded labour**- demanded as a means of repayment of a debt or loan.
- **Slavery** – where a person exercises (perceived) power of ownership over another person.

These forms can be found at many workplaces, across the world.

What is the scale of modern slavery?

There are approximately 40.4 million people around the world trapped in some form of forced labour, incorporating all forms of modern slavery, including trafficking, debt bondage and child labour¹. The UN states modern slavery and trafficking as the second-largest criminal industry in the world, with the International Labour Organisation (ILO) putting annual profits from forced labour at \$150bn².

How will the Act help eradicate modern slavery?

The Modern Slavery Act aims to abolish the slavery hiding in many supply chains. This new provision makes companies accountable for slavery and labour abuses occurring along their whole chain of operations. Such an approach intends to ensure no slavery is linked to any British products or services and to highlight that companies are taking a proactive stance.

What will businesses have to do?

Companies with a global turnover of £36m or more and supplies goods or services in the UK are required to produce and publish an annual slavery and trafficking statement on its website every year.

If a business fails to produce this statement, they could face a high court injunction requiring the organisation to comply, and pay an unlimited fine.

¹ <https://www.globalslaveryindex.org/>

² http://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_243201/lang--en/index.htm

What should be in the statement?

There is no template to follow when producing a statement; it's up to individual organisations to decide on the layout, content and how much detail they provide.

What can smaller organisations do?

Smaller companies are encouraged to produce a Transparency Statement voluntarily, outlining its approach to tackling modern slavery. Nevertheless, reporting for these entities remains voluntary.

Appendix 1

AN EXAMPLE FOR PUBLISHERS CODE OF ETHICAL POLICY

POLICY STATEMENT

(Insert company name) is committed to ensuring a high standard of ethical and environmental trade practices, including the provision of safe working conditions and the protection of workers' rights, across its global businesses. *(Insert company name)* conducts its business globally in accordance with the provisions of this Code of Ethical Policy ("the Code") and expects its suppliers to observe the Code's provisions and to demonstrate a similar commitment to an ongoing programme of ensuring and, where necessary, improving, ethical and environmental practices. This Code of Ethical Policy enshrines all principles of the Ethical Trading Initiative Base Code³ and reflects the international standards set out in the International Labour Organisation² (ILO) Convention

SCOPE OF THE CODE

The Code applies to all areas of *(insert company name)* business and to its direct Suppliers³ as well as to goods and services sourced by *(insert company name)*. *(Insert company name)* requires all direct suppliers to observe the provisions of this Code and requires that such suppliers, in turn, obtain similar compliance with its provisions from their suppliers. All parties to whom this Code applies are required to comply with applicable national and international laws. Where the provisions of this Code afford greater protection than national law, the terms of this Code prevail.

POLICY OBJECTIVE

The objectives of the Code are;

- to set out a clear statement of *(insert company name)* policy, and
- to promote the adoption and improvement of ethical practices globally, and
- to implement effective processes for improvement of trade practices

COMPLIANCE WITH THE CODE

(Insert company name) recognises that its suppliers may not be able to achieve all the standards laid out in this Code immediately but is willing to engage with Suppliers who:

- have implemented, or are willing to implement, appropriate and workable processes for raising standards to be compliant with this Code within an agreed period; and are able to demonstrate a responsible and transparent approach to their working and general practices; and
- have successfully undergone any required audit or verification procedure in accordance with *(insert company name)* audit procedure which demonstrates compliance with *(insert company name)* Core Requirements; and
- have demonstrated an ongoing commitment to improving working and ethical standards.

³ The Ethical Trading Initiative (ETI) is an alliance of companies, NGOs and trade union organisations working to promote and improve the implementation of corporate codes of practice which cover supply chain working conditions. The Base Code contains clauses which reflect the most relevant international standards with respect to labour practices

² The *(Insert company name)* Code of Ethical Policy reflects the standards set out in the following ILO Conventions and Recommendations; Conventions 29 & 105 and Recommendation 35 (Forced and Bonded Labour); Convention 87 & 98 (Freedom of Association and Rights to Collective Bargaining); Conventions 100 & 111 and Recommendations 90 & 111 (Equal Remuneration and Non-Discriminatory Practice); Convention 138 and Recommendation 146 (Child Labour); Convention 135 and Recommendation 143 (Workers' Representation); Convention 155 and Recommendation 164 (Occupational Safety and Health); Convention 159 and Recommendation 168 (Vocational Rehabilitation and Disability); Convention 177 and Recommendation 184 (Home Work); Convention 182 (Elimination of the Worst Forms of Child Labour). Copies of the ILO Conventions are available through the ILO website at: www.ilo.org

³ The term "Supplier" shall be deemed to include suppliers, contractors and licensees.

THE CODE - CORE REQUIREMENTS ('Critical Failure Points')

(Insert company name) will not engage in business with Suppliers who do not meet *(insert company name)*'s 10 Core Requirements and *(insert company name)* will be entitled to terminate any contract with any Supplier who is found to be non-compliant with any of the Core Requirements. Such termination on the part of *(insert company name)* may be without notice and shall be without liability of any description on the part of *(insert company name)* (whether to the Supplier or any third party contracted by the Supplier). *(Insert company name)* Core Requirements are as follows;

1. Suppliers must not use any form of forced, bonded or involuntary labour, and workers must not be obliged to lodge identity papers or pay any deposit as a condition of work.
2. Workers must not be subject to physical or verbal abuse or threats or intimidation of any description.
3. Workers must not be required to work extreme hours or work without adequate rest periods.
4. Suppliers must not use workers under the age of 15, or the minimum legal working age in the country in question, if higher than 15. Suppliers must accept the principles of remediation of child and under age workers, and where such labour is discovered Suppliers must establish and implement appropriate remediation for such workers and introduce effective systems to prevent the use of child labour in the future.
5. Factories and work sites used by Suppliers must be safe and hygienic with an adequate number of safe and accessible fire exits from all buildings including living accommodation and workers must have access to drinking water.
6. Workers' life or limb must not be endangered due to the use of dangerous machinery, unsafe building structure or layout, or hazardous chemicals. Where serious or fatal accidents have occurred Suppliers must demonstrate to the satisfaction of *(insert company name)* that all appropriate steps have been taken to prevent similar accidents occurring in the future.
7. Living accommodation, where provided, must be in buildings that are separate from other areas of the workplace and have an adequate fire alarm system.
8. Suppliers must pay wages sufficient to meet basic needs and to provide some discretionary income.
9. Suppliers must maintain proper and accurate employment records including calculation of pay and hours worked and Suppliers must be transparent and cooperative as regards the inspection of employment records.
10. Suppliers must not engage in bribery, corruption or other similar unethical practices in order to gain competitive advantage.

THE CODE – GENERAL PROVISIONS

The General Provisions of the Code need to be read and applied in conjunction with the Core Requirements set out above.

1. EMPLOYMENT OF APPROPRIATE WORKERS

1.1 No forced, bonded, or involuntary prison labour may be used in the production of goods. Workers must not be required to lodge deposits or identity papers as a condition of work and must be free to leave their employer upon reasonable notice.

1.2 No child or under age labour may be used. All workers must have reached the age of 15, or have reached the minimum legal working age under national law, whichever age is the higher. Exemptions under ILO Convention 138 will be conditional on prior approval by (*insert company name*)⁴

1.3 By entering into an agreement with (*insert company name*) Suppliers accept the principles of remediation programmes enabling children and under age workers to return to quality education, even if children and under age workers do not form part of Supplier's work force.

1.4 Where the use of under age labour is revealed, then without prejudice to (*insert company name*)'s right to terminate its Supplier agreements under the provisions of the Code, Suppliers must establish and implement appropriate remediation programmes in cooperation with (*insert company name*).

1.5 Workers under the age of 18 must not work at night or under potentially hazardous conditions. Suppliers must have in place worker management systems for young workers.

2. WORKING ENVIRONMENT

All workers are entitled to a safe, hygienic working environment and Suppliers must ensure that working conditions meet the following standards:

2.1 Suppliers must comply with all national health and safety laws and with the standards laid down in ILO Convention 155.

2.2 Suppliers must establish an active Health and Safety Committee on which workers must be represented and which must be consulted on and entitled to participate in the investigation of health and safety matters.

2.3 Suppliers must formally appoint a senior manager to be responsible for health and safety issues, including compliance with the relevant terms of this Code, and the establishment and communication of written health and safety policies.

2.4 Workers must not be employed in potentially hazardous conditions without regular adequate safety training or supervision. Training must include emergency evacuation procedures and, for appropriate designated personnel, first aid. Adequate records of all safety training must be maintained and made available to (*insert company name*) for inspection. Adequate first aid provision must be readily accessible to all workers.

⁴ Exemptions under ILO convention 138 shall be considered only where BBCW are satisfied that there is evidence of compliance with applicable regulations and that the Supplier has in place a monitoring regime which is acceptable to (*insert company name*).

2.5 Work places must be well ventilated with comfortable, well lit work stations. No workers may be subject to unsafe or unhealthy working conditions (including dangerous machinery, unsafe building structure or lay-out, and hazardous chemicals and substances) and all necessary safety equipment must be provided by Supplier without charge.

2.6 Factories and work sites used by Supplier must be safe and hygienic with an adequate number of safe, accessible and clearly marked fire exits from all buildings (including production and storage facilities, and office and domestic accommodation used by employees).

2.7 Living accommodation, where provided, must be in buildings that are separate from other areas of the workplace and must have an adequate fire alarm system. In any event Suppliers must provide clean bathrooms, access to drinking water, and appropriate food storage facilities.

3. HOURS, PAY AND BENEFITS

3.1 Suppliers must comply with local legislation regulating employment, hours of work and pay, including any minimum wage, allowances and benefits (including, without limitation, holidays, sick leave, child care, maternity provisions, social security) and must not seek to avoid their legal obligations to workers by any means. In any event wages must be adequate to meet the basic needs of workers and provide a reasonable discretionary income.

3.2 Workers must be provided with clear and understandable written information about their employment conditions (including pay and hours of work) before commencing work and Suppliers must at all times maintain proper and accurate employment records.

3.3 Workers must not be required to work excessive hours and may not ordinarily and regularly work more than 60 hours per week (including overtime). All workers shall be entitled to at least one day off in each 7 days period and overtime must be strictly voluntary and paid at a premium rate.

3.4 Deductions from wages must be of a reasonable sum and relate to the service provided for that deduction. Workers must give their express agreement for each deduction and such agreement may not form a part of their employment contract. The use of fines as a disciplinary measure is not permitted.

3.5 Suppliers must comply with all applicable legislation concerning life insurance, health insurance, retirement benefits and workers' compensation

4. RESPECT FOR THE INDIVIDUAL

4.1 Suppliers must conduct their business in a manner which recognises the entitlement of all individuals to be treated equitably with dignity and respect and to work in an environment free from harassment, physical and verbal abuse, threats or intimidation of any description.

4.2 Disciplinary practices shall be fair and appropriate and must be clearly set out and communicated to workers. Workers have the right to appeal and representation at disciplinary proceedings.

4.3 Suppliers must not discriminate against workers in any manner on the grounds of gender, religion, race, caste, age, disability, sexual orientation, union membership, political affiliation, national or ethnic origin.

5. TRADE UNIONS

Suppliers must give all workers the right to join or form trade unions and to organise collective bargaining in a lawful and peaceful manner and Suppliers must not discriminate against

workers who engage in such activities. Where these rights are restricted by law Suppliers must allow alternative lawful means for independent workers' representation.

6. ETHICAL STANDARDS

Suppliers must conduct their businesses in an ethical manner and must not seek to gain competitive advantage by means of unethical or dishonest practices including without limitation; bribery, corruption, kickbacks, the provision of gifts, favours or services.

7. ENVIRONMENTAL STANDARDS

Suppliers must comply with applicable local environmental regulations and such additional environmental standards as (*insert company name*) may notify in writing from time to time. In any event Suppliers must demonstrate an awareness of environmental matters and a commitment to improving environmental standards, (including, without limitation, waste reduction, increased recycling, reduction of pollution, increased use of environmentally friendly products from sustainable sources) and are to develop and implement a meaningful environmental action plan by which progress can be measured.

8. DOCUMENTATION AND INSPECTION

8.1 Suppliers must adopt effective systems (including the appointment of a named individual with responsibility for compliance with the Code) for the implementation of the provisions of this Code by Suppliers and for monitoring and documenting compliance with its provisions to the satisfaction of (*insert company name*). Suppliers shall in turn be responsible for implementing monitoring and recording the compliance of its own Suppliers.

8.2 Suppliers must maintain such documentary records as may be necessary to demonstrate compliance with the terms of this Code (or otherwise relating directly or indirectly to the implementation of the Code) including a single set of verifiable, accurate and complete records on wages paid and hours worked for each employee, and stored for a period of three years. All such documentation must be original records and available to (*insert company name*) for inspection upon request.

8.3 Suppliers must permit (*insert company name*) (or its representative or nominees) to enter their premises (and any other work place utilised for or on behalf of Supplier, whether or not owned or controlled by supplier) for the purpose of inspecting premises and / or documentation and in order to establish due compliance with the provisions of the Code. 6

9. NON-COMPLIANCE

9.1 By entering into an agreement with (*insert company name*) Suppliers hereby agree to and accept the terms of this Code.

9.2 Without prejudice to the provisions of the Code or the terms of any agreement between Supplier and (*insert company name*), (*insert company name*) shall be entitled in its sole and absolute discretion to terminate all contracts with Suppliers with immediate effect and without liability in the event that;

9.2.1 Suppliers are not be fully compliant with the Core Requirements at any time, or
9.2.2 if, in the reasonable determination of (*insert company name*), Suppliers shall have failed to demonstrate to the satisfaction of (*insert company name*), a genuine willingness to work towards meeting all of the provisions of the Code within a reasonable time.

9.2.3 if, in the reasonable opinion of (*insert company name*), Suppliers shall have failed to demonstrate to the satisfaction of (*insert company name*), sufficient openness and transparency to allow a robust verification of their working practices.

9.3 In the event that (*insert company name*) considers that a Supplier is not in compliance with the Core Requirements or the wider provisions of this Code, the Supplier must take all such appropriate remedial actions as requested by (*insert company name*) to address any areas of concern.

Appendix 2

EXAMPLE FOR PUBLISHERS RISK ASSESSMENT QUESTIONNAIRE

Dear Supplier,
(*Insert company name*) is committed to ensuring a high standard of ethical and environmental trade practices, including the provision of safe working conditions and the protection of workers' rights, across its global businesses. We require conditions at factories and work sites to be checked, to ensure compliance with our Code of Ethical Policy.

In many cases we require full independent audits of work sites and labour standards. Where work sites are located in 'lower risk' countries, it may be that a full audit is not always required, and we are piloting the use of a basic employment profile assessment to help identify such cases.

Instructions:

Please answer the questions in the table below and return the completed form to (*insert contact name*).

Once completed and returned, (*insert company name*) will inform you of any further steps. Thank you for your cooperation

Production Site

	Question	Answer
1	Name of company:	
2	Ownership:	
3	Location of production site:	
4	Nationality of Management:	
5	Year of establishment:	
6	Working hours / Shift patterns	
7	Main products / activities of the work site	
8	Seasonality: (<i>Describe what months are busiest</i>)	

General Questions / Management Systems

	Question	Answer
9	How many workers do you employ? (<i>including permanent, agency, temporary staff</i>)	

10	Do you have:	
11	A Health & Safety Manager: (Y/N)	
12	A Human Resources Manager: (Y/N)	
13	A production manager: (Y/N)	
14	Do you record:	
15	Working hours (basic & OT): (Y/N)	
16	Wages (basic & OT): (Y/N)	
17	Personnel information: (Y/N)	
	Is your site certified (ISO, SA8000)? (which scheme?)	
19	Do you have a worker committee / forum / trade union on site? (Y/N)	

Directly Employed Staff

	Question	Answer
20	Total number of permanent workers (<i>on an on-going contract</i>):	
21	Nationalities of permanent workers:	
22	Languages of permanent workers:	
23	Turnover: (<i>% annually, for permanent staff</i>):	
24	Total number of temporary workers (<i>on a short-term contract</i>):	
25	Nationalities of temporary workers:	
26	Languages of temporary workers:	
27	Highest working week (<i>weekly working hours including OT</i>)	
28	Lowest basic hourly wage paid (<i>hourly wage</i>)	

Indirectly employed Staff

29	Question	Answer
30	Number of agency workers (<i>average per day</i>):	

31	Nationalities of agency workers:	
32	Languages spoken by agency workers:	
33	Average length of employment for agency workers:	
34	Number of agencies (please include catering / security / core etc):	
35	Split of agency workers per agencies / services:	
36	Main activities performed by agency workers	
37	Highest working week (<i>weekly working hours including OT</i>)	
38	Lowest basic hourly wage paid by agency to agency worker (<i>hourly wage</i>)	

Sub-contracted work

	Question	Answer
39	Do you sub-contract work?	
40	To whom do you sub-contract (e.g. home workers, other factories)?	
41	Please describe the terms and conditions of the sub-contracted work (<i>for example: description of job, timeline for job completion, budget / payment for the job</i>):	