




SEGURA

supply chain clarity



DAMAGE DUE TO SLAVERY: A GUIDE FOR BUSINESSES

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“The numbers prove that there are more slaves in the world now than there has ever been throughout all of history, and those numbers are only growing.”

- The Borgen Project

What is slavery in the 21st century?

Slavery was officially abolished in the 19th century and whilst this did affect the utilisation of slavery, the abolishment did not stop slavery all together. The use and acquisition of slavery evolved and changed its form and still, in the 21st century, continues to harm people in every country. Today we know and recognise this as Modern Day Slavery, and in fact, slavery is more prevalent now than it has ever been.

“Traditional slavery” consisted largely of forced labour but the term modern slavery is used to describe multiple types of exploitation or control over an individual. That could be through human trafficking, debt bondage/ bonded labour, decent- based labour, child slavery and forced or early marriage. Many businesses know what Modern Day Slavery is but are not aware of the damage caused and the impacts that it could have on them and their reputation.

The victim impact

Anyone can be affected by slavery and those who are do not have a choice; usually as a result of coercion, threat or physical restraint. However, some people are more vulnerable to slavery than others. For example, those that live in poverty or who have limited opportunities for employment are more vulnerable to accepting deceptive job offers that can become exploitative. ‘Unseen’ is a UK charity that aids in the rehabilitation of survivors and have published some real-life stories showing how vulnerability plays a key part in modern slavery:

Melody’s Story:

“While grieving for her mother who had just died, Melody was tricked into coming to England from Nigeria to search for her grandmother. On arrival, she was met by a man who took her to a brothel and told her she would work there until she repaid her flight ticket. Every protest from Melody increased the debt she owed.”

- Unseen UK

Like in Melody’s story, victims can easily become stuck either because they are being forced to work to pay off a debt they owe, or because their or their families lives are being threatened. The damage caused is immense; not only is it causing physical harm but deep psychological harm too.

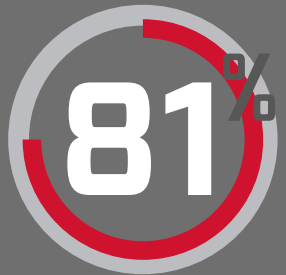


of millennials say they would take a pay cut to work for a responsible company.

A circular infographic with a grey background and a red progress bar. The number '2.54 billion tons' is displayed in large red font.

2.54 billion tons

According to research slavery would be the third largest emitter of CO2 in the world. Each year slavery accounts for 2.54 billion tons on CO2.



of millennials expect companies to make a public commitment to good corporate citizenship.

The environmental impact of slavery

Another consideration is that whether slave labour and damage to the environment are linked.

The detrimental effect that businesses have on the environment is widely known - the fashion industry alone has the fourth largest environmental impact on the world, preceded only by housing, transport and food. In 2015, roughly 1.7 billion tonnes of CO2 were released by the fashion industry; 5.4% of the total carbon emitted that year.

It has been said that if we tackle modern slavery, then as a result, we can help tackle global warming too. For example, slave labour is often used to facilitate deforestation. Without the manpower created through slavery, the impact of deforestation could be significantly reduced.

To put this into perspective, the scale of damage caused by modern slavery on the environment; it is said that if modern slavery were a country it would have the population of Canada, but would be the third-largest emitter of CO2 after China and the United States. From a business perspective, emitting high levels of CO2 can appear irresponsible to a consumer and could therefore cause damage to a brand's reputation and image. There are also incentives for businesses to cut down their usage of energy such as lower costs due to the climate change levy in the UK, so removing modern slavery from your supply chain not only has ethical and reputational benefits but also financial benefits.

“These two problems, this ancient and terrible problem of slavery and this newer concern that we have about climate change, are actually so tightly linked together that the solutions are fitting both of them”

- Kevin Bales, author of “Blood and Earth: Modern Slavery, Ecocide and the Secret to Saving the World.”



How consumers are affecting the use of slavery in the supply chain

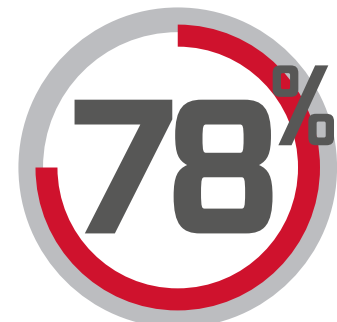
Rana Plaza is recognised globally as a massive turning point in the fashion industry; there were many well-known retailers on the list of companies who were sourcing clothes from the building when it collapsed in 2013 killing 1,134 workers. Since the disaster the retail industry as a whole has taken measures to attempt to ensure that nothing like that happens again, due to not only the physical damage of the disaster but also the damage caused to the individual brands. The retailers affected have been focussed on working hard to regain consumer loyalty and trust after the disaster that left consumers horrified and disappointed by the brands that they trusted.

Consumers are the driving force for change – as they become better educated on slave labour and exploitation as well as unethical and unsustainable practices within businesses, it is resulting in them increasingly opting to support ethical and sustainable brands over others. Through the birth of organisations such as Fashion Revolution, it is becoming increasingly essential to many consumers to understand who made their clothes, and whether or not the people manufacturing it have received fair wages and treatment.

Slavery has a big moral impact on consumers; they do not want to receive tainted products. A lot of the time consumers are prepared to pay more for something if it means the worker will receive a fair wage and be treated fairly, and more often than not, consumers also want to know that no serious environmental damage has been caused.



of the world's enslaved population are children



of slaves are victims of forced labour outside of the sex industry

“The Nike product has become synonymous with slave wages, forced overtime, and arbitrary abuse... I truly believe the American consumer doesn't want to buy products made under abusive conditions.”

– Phil Knight, ex-CEO, Nike (May 1998)

Businesses and slavery: the link

The risk of having occurrences of modern slavery, whether that is directly or whether it is further down your supply chain, is extremely likely, and the potential damage can be extensive.

The number of consumers becoming more aware of the impact that their buying habits have on the world around them and feel strongly about where their products have come from, will only increase and become more impactful. For retailers and brands; consumers are the life blood of any business, so catering to their wants and needs is the best way to ensure you succeed. However, regardless of their market or sector, it is vitally important for any business to stick to and deliver on the promises you make to your customers. If a business prides itself on the promise that it is completely free from slavery, and slavery is then found within its global supply chain, customers will feel misled and let down, causing them to lose trust and loyalty. In a world where social media is prevalent this can be incredibly damaging - it is easy for the news to spread to millions of people in just one post, which could tarnish your reputation in seconds, and take a long time to recover.

“Currently we observe that companies involved in any misbehaviour, including slavery, anywhere in the supply chain will be punished by consumers through behaviour such as boycotting. In my view, in the future companies will need to actively prove they are not involved in any misconduct like slavery. Just avoiding being caught will not be good enough anymore.”


-Sabine Moeller, researcher of “Chain Liability in Multitier Supply Chains? Responsibility Attributions for Unsustainable Supplier Behaviour”

“Slavery is evident in business practices well beyond the production of goods. In the transportation and logistics industry, it is also rife. Anything linked to your supply chain, including sub-contracting to logistics providers has risk. In the service sector, evidence of slavery is also high. When looking at firms’ modern slavery statements (now a requirement), there is real disparity between what firms are reporting on and presenting to the public. Over the next few years, we would expect to see some standard issues that are commonly reported.”

- Rosanna Cole, Lecturer, Sustainable Supply Chain Management, Surrey Business School

In their report “Chain liability in multitier supply chains? Responsibility attributions for unsustainable supplier behaviour”, researchers Julia Hartmann and Sabine Moeller investigated the effect that being linked to slavery has on businesses in the fashion industry. They found that unethical and unsustainable supplier behaviour can cause consumers to boycott and participate in bad word-of-mouth, resulting in a damaged brand image, which could seriously affect a business’ success.





As well as consumer behaviour towards slavery affecting businesses, slavery itself can affect a business directly. If you aren't fully aware of where your products are coming from how can you guarantee product quality? And how do you know where your money is being spent? More often than not retailers are unable to detect poor quality garments until they reach the merchandising or buying teams; sometimes not even until they are on the shelves – costing the business money.

Where rebate is concerned being unable to enforce manufacturer compliance or to track the actual rebate entitlement from each nominated supplier, brands can leak up to 85% of their rebate entitlement.

Employees can lack motivation if they are not proud to work for the business they are employed by. A lack of motivation in the workforce can be detrimental to a business's success; whether that is low morale, low productivity, absences or high staff turnover. All of which can cost a business time and money. Also, if an employee sees that their employer does not care about where they are getting their supplies from, and the people providing them with their supplies, then are the employees really going to feel cared about? This can add to the already low level of motivation.

HOW?

does slavery affect business operations?

50%

of consumers would agree to pay more for slavery-free goods.

The approximate number of victims of forced labour globally - of which 1 in 5 are children.

25 million

60%

of UK and US consumers would stop buying a product involving slavery or exploitation.

There are \$354 bn worth of at risk products imported by G20 countries.

\$354 billion

35%

of businesses have visibility beyond their first tier suppliers.

How can we eradicate slavery?

Although consumers are beginning to change their buying habits, which is forcing change, businesses themselves need to be the driving force in order to really stamp out slave labour and exploitation. A lot of the time businesses might not even know that slavery is happening within their organisation which is why supply chain transparency is a must-have.

At Segura we can track each component of your product to ensure that everything has come from sustainable and ethical resources which is excellent for risk management, rebate maximisation and guaranteeing product quality, but it is also reassuring to you and your consumers that your products are 100% compliant. You may think, why do I need supply chain transparency when there are factories being audited? The answer is simple; how can you be sure that the audited factories are the ones making your product? And how can you prove it?

Most brands know little of what's going on in their supply chains beyond the first tier. This means components such as branded labels and hangers could be being made in factories with children or slaves. Currently, brands are spending fortunes auditing their factories to death. If they have no system to ensure the factories they audit are the ones that ultimately make their products, they are wasting their time.

- Peter Needle, Segura CEO

New technologies - supply chain tracking, slavery reporting and much more - are evolving the way we tackle slavery both in the UK and worldwide. To find out more about how Segura could help you to mitigate slavery risk, get in touch.

"Modern slavery and human trafficking are not going to end without collaboration. We - charities, businesses, the public and others - all need to work together to eradicate slavery in the UK and across the globe."

- Andrew Wallis, OBE, Unseen CEO

AT A GLANCE

KEY BENEFITS OF REGULATORY COMPLIANCE



Record and evidence legislative compliance globally



Reduced supply chain mapping costs and manual effort



Assured brand protection



Reduced cost of supplier audit management

Resources

<https://www.antislavery.org/slavery-today/modern-slavery/>
<https://borgenproject.org/top-10-modern-day-slavery-facts/>
<https://www.segura.co.uk/newsroom/slavery-close-home/>
<https://www.segura.co.uk/newsroom/rise-cases-following-modern-slavery-legislation/>
<https://www.unseenuk.org/our-impact/case-studies2>
<https://www.reuters.com/article/us-global-trafficking-environment/links-between-slavery-environmental-damage-are-cause-for-hope-author-argues-idUSKCN0UY2TG>
<https://www.npr.org/sections/goatsandsoda/2016/01/20/463600820/todays-slaves-often-work-for-enterprises-that-destroy-the-environment>
<https://www.theguardian.com/global-development/2018/apr/24/bangladeshi-police-target-garment-workers-union-rana-plaza-five-years-on>
<https://www.fashionrevolution.org/tag/who-made-my-clothes/>
<https://www.segura.co.uk/newsroom/why-supply-chain-compliance-matters-consumers/>
https://s3.asiainspection.com/files/AI_whitepaper_modern_day_slavery.pdf
<https://www.sciencedirect.com/science/article/pii/S0272696314000060>
<https://www.segura.co.uk/newsroom/brand-image-and-ethical-practices/>
<https://www.segura.co.uk/solutions/product-quality-compliance/>
<https://www.segura.co.uk/solutions/rebate-maximisation/>
<https://www.segura.co.uk/resources/download-cost-of-doing-nothing/>

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