The UK Modern Slavery Act and Fairtrade – guidance note

February 2016

Introduction

The Fairtrade Foundation and Fairtrade International firmly welcome the UK Modern Slavery Act 2015, which addresses *“‘slavery, servitude and forced or compulsory labour’ and ‘human trafficking’”* in supply chains**[[1]](#footnote-1)**.

Many of our commercial partners with operations in the UK will now be preparing a statement which should include information on steps taken to ensure modern slavery is not taking place in their business or supply chains.

The Act requires company reports from April 2016 to include a statement that explains how an organisation has *‘undertaken activity throughout the financial year related to tackling modern slavery and wider human rights issues, including activity prior to the commencement of the provision’*. This is compulsory for organisations with a turnover above a financial threshold of £36 million, and also encouraged for smaller organisations.

Fairtrade supports the transparency and collaboration which the Act seeks to encourage. Working together with other members of the Ethical Trading Initiative, we contributed to consultations on the draft bill, supporting the decision to include overseas supply chains in the scope of the Act.

This summary note is intended to explain the main ways in which a Fairtrade commitment enables companies to address and mitigate risks to slavery and human trafficking.

Partnership with Fairtrade - an important part of a business’s response to the Act.

Summary of policies and measures

Fairtrade recognises that Child Labour and Forced Labour is a problem in many parts of the world in which we operate. Fairtrade is committed to playing a positive role in enabling producers, workers and processors to adopt a rights based approach towards eliminating exploitative labour practices, by working cooperatively with Fairtrade Producer Networks and their producer and worker organizations, including suppliers, industry, non-governmental organisations, trade unions and governmental bodies.

Fairtrade Producer Standards and Fairtrade Trader Standard address modern day slavery covered by the Act from producers to all who trade (buy, sell or process) Fairtrade certified products, up to the point where the product is in its final packaging. In other words within the scope of Fairtrade Producer and Trader Standards all producer organisations who make the raw commodities and operators who take legal ownership of Fairtrade certified products must be audited and certified against these standards.

The Fairtrade Producer Standards and Fairtrade Trader Standard require compliance with minimum and development requirements that are designed to counter modern slavery. The Fairtrade Trader Standard also encourages additional voluntary actions through which an organisation can respond to the risk of modern slavery.

**The Fairtrade Trader Standard** requires compliance with applicable national labour laws and the fundamental ILO conventions, including conventions related to the worst forms of child labour and forced labour upon entry. This Trader Standard also encourages supply chain actors/traders to adopt voluntary best practices to support risk mitigation and management throughout their supply chains and calls upon them to source products from vulnerable producer groups. [[2]](#footnote-2)

**Fairtrade Producer Standards** require compliance with applicable national labour laws and the fundamental ILO conventions, including conventions related to worst forms of child labour and forced labour upon entry. The Producer Standards also encourage producers to adopt development measures as part of an organisation’s Fairtrade Development Goals. Producers can identify and respond to modern slavery through the development of self-governing, continuous improving; community based monitoring and remediation systems on child and/or forced labour. Producer organisations in countries including Belize, Paraguay, Dominican Republic, Mexico, Colombia, Cote de Ivoire, Madagascar, Kenya have developed such self-governing systems.

Certification & compliance measures in detail

Farm / plantation level

Fairtrade certification can apply to hired labour, contract production and/or to smallholder producer situations, depending on the product grown. The Hired Labour, Contract Production and Small Producer Organisation (SPO) standards cover the main forms of modern slavery under “labour conditions”, including the following key headings:

* Freedom from Discrimination
* Freedom from forced and compulsory labour
* Child Labour and Child Protection
* Freedom of Association and Collective Bargaining
* Conditions of Employment Occupational Health & Safety

The standards require compliance with national law, key ILO and other relevant human rights conventions. FLOCERT (Fairtrade’s assurance provider for producer certification) has developed compliance criteria for each of the requirements of the above mentioned sub-headings and audit against them to indicate if the standard has / has not been met. These standards are audited on a three year cycle, often including unannounced audits. Each audit cycle includes a certification audit (full on-site assessment) and a surveillance audit which can be desk based or on site depending on the risk presented.

Supply chain intermediaries

Beyond producer level, the supply chain is covered by the Fairtrade Trader Standard up to the point when the product is in consumer ready packaging. From 1st January 2017, traders will be obliged to be *“….aware of the applicable labour laws in your country and of the fundamental ILO conventions and there are no indications that you violate any of them….”* specifically referencing the Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105).

Audits against the Trader Standard take place on a three year cycle, with each cycle having one certification audit (full on-site assessment) and one surveillance audit which can be desk based or on site depending on the risk presented.

All Fairtrade standards are available publicly at [www.fairtrade.net](http://www.fairtrade.net) , along with details of how to report an allegation that a standard has been breached. Anyone can report an allegation that the standards have been breached. In the event of an alleged breach of the standard, an investigation will be carried out by the respective assurance provider. Breaches carry the potential for warning, suspension or decertification.

Expert advisers at Fairtrade International in small producer organizations, workers’ rights, child and vulnerable adults rights, and gender ensure that our work is informed by an up to date understanding of the policy environment and best practice. We welcome discussions with our partners to help meet reporting obligations, to review areas of particular concern, or consider additional measures.

Enforcement through audit and compliance procedures

It is important that compliance procedures show themselves able to identify and address cases of modern slavery. Similarly, compliance procedures should be able to identify and address producer organisations who don’t have adequate systems in place.

Since 2010, Fairtrade audit procedures have identified and responded to a number of cases of suspected Modern Slavery in Fairtrade-certified producers, with identification measures including unannounced audit, and also cases where organisations do not have appropriate measures in place for addressing modern slavery. Where necessary, organisations have been suspended until corrective actions have been set in place, with support from Fairtrade for corrective action, or decertified where corrective action was not forthcoming within an acceptable timescale.

Enforcement through reactive protection procedures

If a suspected case of child or forced labour is identified in Fairtrade operations it is important to act quickly and responsibly.

Fairtrade International has Protection Policies and Procedures for Children and Vulnerable Adults in place. These require response and action to ensure protection of children found in the unconditional worst forms of child labour and adults in forced labour situations as defined by Fairtrade Standards and the relevant ILO conventions.

All suspected forced labour identifications are reportable to Fairtrade International for assessment, response (safety and protection) and prevention.  It is not the responsibility of anyone working for Fairtrade International to decide whether or not the abuse of vulnerable adults from forced labour has taken place. There is however a responsibility to act on any concerns through contact with the appropriate experts and/or authorities.

Producer organisations and/or supply chain businesses must follow protection policy and procedures in investigating and remediating suspected cases of child and forced labour, which could include consultations with expert organisations and/or local government officials.  Should a Fairtrade producer organisation not have such a policy, the Fairtrade Producer Network of which the organisation is a member (or Fairtrade International) can be contacted for support and guidance, including assessment and follow-up.

Partnership, collaboration and feedback

Fairtrade does not believe we can solve the issues of Modern Slavery by working alone. Progress will require support and investment from producers themselves, supply chain businesses, trade unions, national and local authorities and many others. We value partnerships with the wider industry such as ETI, the Ethical Tea Partnership and Tea 2030. Our work on living wage, in partnership with other organisations, is also helping to address one of the key structural drivers of modern slavery.

We encourage collaborative work with our partners to see how Fairtrade price and premium assurance and long term business relationships, or additional partnerships or programmes could be used to support progress on particular issues, in particular origins.

More information on the policies and procedures referred to in this note can be found at [www.fairtrade.net](http://www.fairtrade.net) or on request, including additional information on child labour and forced labour. We welcome feedback on Fairtrade’s work in this area, to support our own continuous improvement and future work.

What does my business need to do?

Businesses should check the UK government guidance[[3]](#footnote-3) to ensure readiness to meet obligations under the Act, and consider what additional action may be needed with regard to their supply chains. Training is also being offered by various organisations, including the Ethical Trading Initiative (ETI) of which Fairtrade is a member.

The Fairtrade Foundation is ready to support our partners in addressing the risk of modern slavery in supply chains, including support in meeting obligations under the 2015 Act.

*Fairtrade Foundation*

*42-47 Minories*

*London*

*EC3N 1DY*

*February 2016*

1. *Guidance from the UK government on the Act can be found here:* [*https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/471996/Transparency\_in\_Supply\_Chains\_etc\_\_A\_practical\_guide\_\_final\_.pdf*](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc__A_practical_guide__final_.pdf) [↑](#footnote-ref-1)
2. *Vulnerable producer organisations are understood as those which may be producers in the early stages of development/organisation, belong to an ethnic minority or women’s group, be very small organizations, be based in post-conflict / catastrophe affected areas or in least developed countries.* [↑](#footnote-ref-2)
3. *Guidance from the UK government on the Act can be found here:* [*https://www.gov.uk/government/uploads/system/uploads/attachment\_data/file/471996/Transparency\_in\_Supply\_Chains\_etc\_\_A\_practical\_guide\_\_final\_.pdf*](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc__A_practical_guide__final_.pdf) [↑](#footnote-ref-3)