

Independent Review of the Modern Slavery Act

The Home Office

2 Marsham Street

London

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United Kingdom

31 October 2018

Dear Review Secretariat,

**Re: Independent Review of the Modern Slavery Act: Transparency in Supply Chains**

The Fairtrade Foundation supports the joint submission made by the CORE coalition on the 25 October 2018. In addition, the Fairtrade Foundation believes that Section 54 of the Modern Slavery Act should be further strengthened to require companies to report on the progress they are making towards ensuring the workers and farmers in their supply chains are being paid living wages and incomes.

**Fairtrade and the Modern Slavery Act**

The Fairtrade Foundation strongly supports the introduction of the Modern Slavery Act. 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.

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’s certification standards 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 our 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.

Around 30 per cent of Fairtrade’s top UK licensees refer to Fairtrade in their modern slavery statement, showing the importance that many businesses attach to Fairtrade’s sourcing model in helping them tackle human rights abuses in their supply chains.

**Low incomes and wages and modern slavery**

Fairtrade recognises that Child Labour and Forced Labour is a problem in many parts of the world in which we operate.

Communities that produce commodities such as bananas, cocoa, tea, and coffee are often living in poverty and have low incomes and wages. These are factors that are known to increase the risk of Child Labour and Forced Labour.

For example, in cocoa, an estimated 2.1 million children working in cocoa fields in West Africa. The major cause of child labour is the structural poverty of these communities, with the average cocoa farmer in Côte d’Ivôire earning just $0.78 per day, well below the extreme poverty line of $1.90 per day.

Another example is debt bondage in sugar production. In Guatemala, a study of sugar plantations works found that two thirds of workers were in debt to their employer, and a third could not leave the plantation before paying off their debts. 95% of workers were being paid below the minimum wage.

Higher wages and incomes will therefore help alleviate the poverty that increases the risk of Child and Forced Labour.

**Reporting on living wages and incomes**

The Fairtrade Foundation therefore recommends that **Section 54 is strengthened by requiring companies to report on the progress they are making towards ensuring the workers and farmers in their supply chains are being paid living wages and incomes.**

This will incentivise companies to think carefully about how they can transition farmers and workers in their supply chains out of extreme poverty and onto living incomes and wages. Transparency on this will also allow farmer and worker organisations and civil society to hold companies accountable for their claims, and to identify and raise gaps along the supply chain.

We hope that you will consider recommending this change in the independent review. We would welcome the opportunity to submit further information to the review if required.

Yours sincerely,

Tim Aldred

Head of Policy & Research, The Fairtrade Foundation