

What has Modern Day Slavery got to do with SMEs?

SMEs are finding that they are affected by the Modern Slavery provisions that seek, but 61% of them were found to be largely unaware of such requirements to make supply chains more transparent as suppliers to larger organisations.

When they tender for contracts with large enterprises, standard tenders now include questions about Modern Slavery compliance and associated policies irrespective of turnover of the company – if SMEs' are not prepared they may lose business opportunities.

The race to the top to drive up standards includes everyone, but most SMEs are not well prepared for answering questions about slavery and human trafficking. SMEs may be:

- mentioned in as suppliers to large businesses, and provide evidence of business structure;
- provide proof of policies that meet requirements of tenders;
- take part in answering to due diligence processes from larger organisations;
- identified as high-risk supply chains, they may come under enhanced risk assessment, and show effectiveness in ensuring that performance indicators are in place and meet appropriate requirements
- required to attend training events to meet these requirements.

Proactive SMEs would therefore consider similar steps as larger companies:

- keep all employment contracts, payslips and records safe and up to date with current employment legislation in case they are asked to provide details to other companies;
- create policies to safe-guard against Modern Day Slavery and human trafficking and consider if they operate in a sector that may be considered as high risk;
- map out supply chains, and maintain a list of suppliers and contracts with them up to date;
- take proactive steps to mitigate any risks, including site inspections;
- provide training to employees to meet these requirements;
- consider publishing a public statement about tackling modern day slavery.

The Chartered Institute of Procurement and Supply (CIPS) suggest full compliance for SMEs and they have created a toolkit for compliance which is available here. No company is too small to consider publishing a statement about proactive steps to comply with modern day slavery – it might even attract more business. In the case of the Brook Street they recruit for major companies who will need to comply with Modern Day Slavery, while Santa’s Lapland – a travel company in Surrey organising tours is operating in a high-risk sector in relation to Modern Day Slavery – both companies under a turnover of £36 million.

SMEs can change supply chains when they come together

While individual SMEs may be too small to shift major supply chains, there is something to be said about having strength when acting collectively. A SME can become a registered social enterprise where it meets the membership requirements about an explicit social or environmental impact as outlined by Social Enterprise UK. Being a social enterprise often means going beyond what’s legally required of companies, and by demonstrating this one gains a better reputation among customers. They also may have an advantage in public and business procurement when councils and responsible businesses place social and environmental standards as part of tendering processes.

Another way would be to promote ethical sourcing of produce practices is to consider making a policy of buying Fair Trade produce where available, especially if a business is in the hospitality, food or beverage business. Fair Trade labelling includes labour standards that align with proactively tackling aspects of Modern Day Slavery. Some labels communicate better to other businesses, such as the ISO 26000 on responsible business – including labour standards. Businesses can also consider becoming members of the Ethical Trading Initiative (ETI) which is a multi-stakeholder forum for discussing ethical supply chains.

Sources:

Chartered Institute of Procurement and Supply:

<https://www.cips.org/en-gb/news/news/uk-smes-overwhelmingly-unaware-of-the-modern-slavery-acts-impact-on-them-cips-research-finds/>

Social enterprises and Modern Day Slavery

<https://www.theguardian.com/social-enterprise-network/2014/jan/14/modern-slavery-social-enterprise-solution>