



**A practical guide  
for SMEs on how to  
mitigate the risk of  
modern slavery in  
their operations.**

**Summary  
document**



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# About the Modern Slavery SME Toolkit

This summary document provides an overview of the risks and opportunities for SMEs and signposts to tools and activities SMEs can use in addressing modern slavery risk within their business. It is meant to be read alongside the **Modern Slavery SME Toolkit**, which provides more detailed guidance and associated tools.

The full Modern Slavery SME Toolkit can be accessed at: [www.stopthetraffik.org/sme-toolkit](http://www.stopthetraffik.org/sme-toolkit).



Modern slavery happens everywhere, including here in the UK. It operates in plain sight and could affect your business without you even knowing. It is crucial that all businesses, including SMEs, understand how they might be affected so that they can take steps to reduce the risk.

Section 54 of the Modern Slavery Act, the UK's flagship legislation to prevent modern slavery, is designed so that large companies are targeted by the legislation and in turn cascade awareness and mitigation efforts down their supply chains to smaller businesses.

Although learnings are gradually being passed on to SMEs in this way, we believe that not enough is being done. Despite SMEs employing over 60% of those working in the private sector<sup>1</sup>, resources specifically for SMEs are lacking. Recognising the importance of SMEs and the lack of support, STOP THE TRAFFIK and Shiva Foundation have created a free [toolkit](#) designed specifically with SMEs in mind that provides practical and realistic guidance to allow companies to proactively prevent modern slavery themselves.

<sup>1</sup> Department for Business, Energy & Industrial Strategy, October 2019, [Business population estimates 2019](#)

## Contents

- **Relevance to SMEs:** This section will outline how SMEs, might be affected by modern slavery so that you can take crucial steps to reduce your risk.
- **Risk Assessment:** This section provides a quick tool enabling you to determine which parts of the [toolkit](#) are relevant to your business.
- **Protecting Employees:** This section provides practical steps you can take to reduce the risk of modern slavery affecting your employees.
- **Protecting Agency Workers:** This section provides practical guidance on questions to ask of agencies to reduce the risk of modern slavery when using agency workers.
- **Reporting Incidents:** This section provides clear guidance on how to report concerns if you suspect modern slavery is occurring.
- **Supply Chains:** This section provides quick steps to prioritise and manage your supply chain risk in consideration of your buying power.
- Further resources are included in the Additional Tools section of [the toolkit](#).



**10,627**

potential victims  
referred through the  
UK National Referral  
Mechanism (NRM) by  
December 2019.

**100,000**

Estimated victims of  
modern slavery in the UK<sup>2</sup>.

<sup>2</sup> (Justice and Care,  
The Centre for Social  
Justice - 2020)

# About us



**STOP THE TRAFFIK** is a global human rights charity working to inspire, inform, equip and mobilise communities and key stakeholders such as businesses with a better understanding of what human trafficking is, how to identify it and how to respond appropriately to situations.

Since forming in 2005, STOP THE TRAFFIK (STT) has pioneered an intelligence-led approach to preventing modern slavery. STT views human trafficking as an illegal business reliant on the recruitment of vulnerable people, demand for its services and the ability to move its profits unimpeded. By combining our unique data set on human trafficking with an intelligence-led approach, STT is actively undermining these three pillars that allow trafficking to continue.

The International Organisation for Migration estimates that **40.3 million** people are in modern slavery globally, including **24.9 million** in forced labour. Of that **24.9 million**, it is estimated that **16 million** people are exploited **in the private sector**. STT works directly with businesses to help across multifarious sectors to address this risk and stop trafficking within global supply chains and local communities. To date, we have risk-mapped over £8.5 billion worth of procurement spend across 40,000 suppliers and helped to support a number of FTSE 100 businesses to integrate modern slavery awareness into their everyday practises. By working collaboratively with businesses to increase their resilience to modern slavery we can impact traffickers' abilities to monopolise their operations and exploit victims.

**“By combining our unique data set on human trafficking with an intelligence-led approach, STT is actively undermining these three pillars that allow trafficking to continue.”**

## Contact

If you have any questions about STT's work with businesses or would like to make an inquiry for training or another professional services, please contact us at [business@stophetraffik.org](mailto:business@stophetraffik.org).



[www.stophetraffik.org/what-we-do/consultancy-services/](http://www.stophetraffik.org/what-we-do/consultancy-services/)



**Shiva Foundation**, set up in 2016, is a corporate foundation with the aim of preventing human exploitation by working with those fighting it. In order for us to achieve our ultimate aim of an end to human exploitation, we are looking at what causes exploitation and addressing it. We recognise that for us to get ahead of exploiters, everyone has to be part of this effort. We work with businesses, government and NGOs to make change happen.

With a specialism in supporting hospitality sector businesses, we have developed practical tools to help managers manage their risk of exploitation. Our Stop Slavery Blueprint has been implemented in at least 89 hotels and has been promoted by the Met police as part of their on-the-spot exploitation testing. The online version of our hospitality industry training has been completed over 17,000 times. This training has also been the basis for our programme working with hospitality programmes across the UK, which has reached over 400 students.

Our experience working with hotels, the majority of whom are SMEs as well as our experience setting up and coordinating the Hertfordshire Modern Slavery Partnership (made up of over 100 statutory and non-statutory organisations, including small local businesses) has given us the skill set to develop an SME-specific toolkit. Working in partnership with STOP THE TRAFFIK to create the [toolkit](#), we also consulted expert SME advisory organisations, such as local Federation of Small Business networks, Growth Hubs and Local Enterprise Partnerships, to ensure this guide is fit-for-purpose.

**“We recognise that for us to get ahead of exploiters, everyone has to be part of this effort.”**

#### Contact

If you have any questions about Shiva Foundation’s work with hospitality businesses or SMEs or are interested in further information or partnership work, please contact us at [info@shivafoundation.org.uk](mailto:info@shivafoundation.org.uk).



[www.shivafoundation.org.uk](http://www.shivafoundation.org.uk)

# 1. Relevance to SMEs

Modern slavery happens everywhere, including here in the UK. It operates in plain sight and could affect your business without you even knowing. It is crucial that all businesses, including SMEs, understand how they might be affected so that they can take steps to reduce the risk.



## Risk and opportunities for your business

In 2015, the UK Government introduced the Modern Slavery Act. Section 54 of this Act, Transparency in Supply Chains, established the requirement for all businesses that earn more than £36 million in annual revenue to produce statement that outlines what steps they have taken to prevent modern slavery. Regardless of legislative requirements, recent criminal cases have shown that modern slavery still poses a risk to SMEs. However, demonstration of best practice can also act as an opportunity.



### The risk

Without taking the appropriate precautions, modern slavery can occur on your site without you even knowing. If this happens, your reputation can be negatively affected, and you might find your business caught up in an investigation.

### The opportunity

Modern slavery prevention also presents an opportunity for SMEs, providing another way for companies to distinguish themselves from their peers and demonstrate the values their business embodies.

### Supplying to large businesses

Many large companies that must publish modern slavery statements are requiring their suppliers to report on what measures they are taking to prevent modern slavery, enabling the company to mitigate its supply chain risk.

### Supplying to the public sector

The UK Government is seeking to increase procurement from SMEs to 33% by 2022. At the same time, it is also requiring more from its suppliers, with the Government extending the duty to publish modern slavery statements to public sector bodies including Government departments, local authorities, and police forces, alongside the introduction of a scoring criterion that measures how bidders deliver social value. This means that SMEs supplying to the public sector will need to demonstrate what they have done to prevent modern slavery.

## Understanding modern slavery

Modern slavery is an umbrella term that was adopted by the UK Government in 2015 to coordinate the prevention and prosecution of four crimes: slavery, human trafficking, forced labour, and domestic servitude. All incidents of modern slavery include two basic elements (1) the deception or coercion of an individual (2) for the purpose of exploitation.

Victims can be exploited in various ways, but crucially for businesses, the majority of cases involve the use of labour exploitation.

Human traffickers do not necessarily use chains to control their victims, instead, they employ hidden and psychological tactics such as confiscation of identity documents, threats, withheld wages or recruitment fees forcing them into debt.



Sectors and industries proven to be high risk for labour exploitation in the UK include:

- Warehouses and distribution
- Construction
- Fishing and shellfish gathering
- Food processing and packaging
- Agriculture
- Apparel and textiles (including footwear)
- Hand car washes
- Security services
- Manufacturing and electronics
- Cleaning and facilities services
- Recycling and waste
- Hospitality, catering and food service
- Beauty services (including nail salons)
- Social care

## The continuum of exploitation

There isn't a clear line defining where exploitation begins and ends, instead it occurs on a **continuum**. All situations that stray from decent work should be considered. They represent illegal activity and may reflect something more sinister going on.



## EXAMPLES OF LABOUR MARKET INFRINGEMENT

Non-payment of minimum wage

Lack of personal protective equipment (PPE)

Few or no breaks

Demeaning treatment

Long working hours

## EXAMPLES OF FORCED LABOUR

Worker is controlled, forced or coerced to perform work

No payment, withholding of wages or excessive wage deductions

Retention of identity documents or valuable possessions

Restriction of movement or confinement to the workplace

Threat of denunciation to authorities (mainly used against undocumented migrant workers)

## Vulnerable workers

Vulnerable workers are those who are at risk of having their workplace entitlements denied, or who lack the capacity or means to secure them<sup>3</sup>. They are usually employed in low-skilled, low-paid jobs with little job security. There are several factors that may put a person at risk of being exploited. These include:

**Migration status:** Migrant workers can be vulnerable to exploitation due to their migration status. Migrants that do not know their rights are less likely to call out discrimination in pay or working conditions. Undocumented workers can have their migration status used against them to force them into poor working conditions.

**Language barriers:** Workers that do not speak English are vulnerable as it is difficult for them to access support, ask for help, or learn about their rights.

**Recruitment fees:** Workers who have come from abroad might have had to take out a loan to cover their recruitment fees or costs. Once in debt, workers are particularly vulnerable to exploitation as they are much more reliant on the income to pay off their debt so are less able to walk away from an exploitative job.

**Homelessness:** Rough sleepers and homeless people are often targeted by exploiters who offer them false working opportunities, trapping them in exploitation.

**Lack of social network:** Workers who do not have a social net are more vulnerable as they are forced to rely entirely on their exploiters to fulfill their basic needs such as food and accommodation.

<sup>3</sup> Vulnerable workers as defined by the Health and Safety Executive.

## 2. Assessing your company's risks:

In this section you will be able to self-assess your business's modern slavery risk, determined by your economic sector and the composition of your workforce.



As a growing business looking for opportunities to become a supplier of bigger companies or the Government, it is important that you know how your business is exposed to modern slavery so that you can target your mitigation. In addition, companies operating as B2C will be at high reputational risk. When assessing risk, reflect on what industry your business is operating in and the nature of your workforce. Refer to the full [toolkit](#) for a tick box exercise to support you with this task. We expect most businesses to have some degree of risk. The aim of the exercise is to help you understand your risk.

## 3. Mitigating the risks affecting your direct workers

Modern slavery can occur in your workforce without your knowledge. This section will provide practical advice on what you should do to reduce the risk of your employees being affected by modern slavery. There are a number of steps that you can take to mitigate the risks of exploitation.



Check out the full [toolkit](#) for further examples of how to reduce the risk of your employees being affected by modern slavery.

The below steps provide some examples of how to mitigate the risk for the workers you directly employ. These are fleshed out and accompanied by additional examples in the full [toolkit](#). It's important when following these steps, you keep some key risk areas in mind, including the hours employees work, their pay and overtime rates, what deductions are being made and if these were communicated with employees beforehand, holiday and sick pay entitlements and accommodation arrangements (if applicable).

## 1) Do promote awareness of rights

**Example:** Provide every worker with a written contract in a language they understand. Please refer to ACAS templates for written terms of employment for more information and examples.

## 2) Do encourage reporting

**Example:** Have clear procedures and communication channels with your workers so they can report concerns (grievances and whistleblowing) and share these with them on a regular basis.

## 3) Do conduct internal checks

**Example:** Make sure you are not unknowingly infringing national minimum wage regulation when making deductions from your workers' wages for things such as training, uniforms, travel expenses, insurance and others.

## 4) Do commit to upholding high ethical standards

**Example:** Make sure that your company (or those recruiting workers on your behalf) do not charge fees to secure a job at your business.

## Spot the signs of exploitation

Traffickers and perpetrators can find a way into your business without you knowing. Remember, even when taking the necessary steps to reduce the chance of exploitation happening on your site, it can still happen. Therefore, it's important to be aware of the signs to spot any potential exploitation.

Signs of exploitation include:



**Physical appearance**



**Restricted freedom of movement**



**Few or no personal possessions**



**Unusual travel times**



**Isolation and control**



**A group of workers always being picked up and dropped off at work together**



**Reluctance to seek help**

## Guidelines when working with recruitment agencies

If a third party is helping you recruit your employees, you must be aware of the potential risks this might involve, especially when workers are recruited abroad. Recruitment agencies in the UK are regulated but most of them do not require a licence to operate. Only those providing recruitment services in agriculture, horticulture, shellfish gathering, food processing and food packaging require a licence.

A questionnaire you can use with your recruitment agency and labour provider about their ethical practices is included in the Additional Tools section of the [toolkit](#).

## 4. Mitigating the risks affecting your agency workers



**Agency workers are people who work on your site temporarily but remain employed by a labour provider, sometimes called an employment agency.**

Labour providers play an important role in today's economy, particularly in sectors with fluctuating production levels, providing businesses with a cost-effective method for maintaining capacity.

While labour providers may be essential for your business, unfortunately, using labour providers also increases the risk of exploitation within your workforce since it blurs oversight and accountability, especially when labour providers outsource to other labour providers.

However, there are simple, practical steps you can take to reduce the risk of modern slavery whilst still using labour providers. The relevant sections in the full [toolkit](#) highlights these steps, dividing them into three groups: one-off checks of the labour provider, regular checks of agency worker documentation and regular engagement with agency workers. Tools that can be used to carry out these practical steps, including a questionnaire you can use with your labour provider about their ethical practices, are also provided.

In addition to these practical steps, two principles should always be kept in mind when using labour providers:

1. Your labour providers should always uphold the same working standards as your company. Make sure agency workers are treated in the same way as you treat your workers.

2. If a labour provider's price is too good to be true, it probably is. Use your initiative to identify instances where the providers may be offering a price that is too low to be paying agency workers the national minimum wage whilst still making a profit.

### Initial labour provider checks

There are key areas suggested and further fleshed out in the [toolkit](#) which you may want to consider to mitigate your risk with labour providers.

- **Licensing:** do they have the necessary licence to operate?
- **Prohibited list:** are they on the Employment Agency Standards Inspectorate's list of people prohibited from running a labour provider due to misconduct?
- **Sub-contracting:** do they use subcontractors and if so what checks do they conduct?
- **Recruitment fees:** are they committed to not charging fees to workers for finding them work?
- **Reporting mechanism:** do they have a grievance reporting mechanism that is accessible to all workers?
- **Optional services:** for any fees they charge workers for optional services, are these clearly communicated and can they be cancelled?

### Driving improvement

If your labour provider cannot demonstrate that they have the relevant policies and procedures in place, you should not immediately terminate your contract with them as this does not improve sector-wide practices. Establishing effective modern slavery mitigation is an ongoing process and labour providers should be given the chance to improve their practices before having their contract terminated.

Contracts should be terminated if the labour provider does not show a willingness to improve, fails to meet the deadlines, or there is evidence that they are intentionally avoiding modern slavery mitigation practices.

# 5. Reporting Concerns

Even if you implement best practice modern slavery mitigation, there is always a small chance that you might identify a potential victim or a company that is not meeting its legal responsibilities. To ensure that the potential victim is safeguarded, you need to know how to report concerns and trust your instincts.



## How to report

If it is an emergency or someone is in immediate danger, you should call the police on 999. If there is no immediate danger, then you have several options:

Police	 Gangmasters & Labour Abuse Authority	 modern slavery & exploitation helpline 08000 121 700
You can contact your local police force on 101, quoting modern slavery, to report an incident or concern.	The GLAA is a non-departmental public body whose role is to protect vulnerable and exploited workers. Responding to intelligence from their inspections, the public, industry and other government departments, they investigate reports of worker exploitation and illegal activity.  You can report incidents to them on their website, via email on <a href="mailto:intelligence@gla.gov.uk">intelligence@gla.gov.uk</a> , or via phone on 0800 432 0804.	To report a suspicion or seek advice you can contact the Modern Slavery Helpline.  Businesses can call for information, advice and to report any concerns they have about potential instances of modern slavery. The helpline is available 24/7 and reports can be made anonymously.  You can report an incident to them on their website or via phone on 08000 121 700.

## 6. Supply Chains

For some businesses, supply chains represent a serious risk for modern slavery, affecting both goods and services. This is why large companies and public sector organisations will ask you to demonstrate how you mitigate risk – as you are their supplier.



As an SME, you will have suppliers too but you will not necessarily have the same financial leverage that large companies have over their suppliers. We recognise that SMEs cannot demand the same from their suppliers as larger businesses. However, there are still steps you can take.

The full [toolkit](#) contains a list of useful resources and tools that you can use to support you in mitigating the risk of modern slavery in your operations.

### Steps to managing risks in your supply chain

#### Step 1: Manage your supplier data

**Example:** Have a complete and up to date list of your suppliers, including providers of both goods and services.

#### Step 2: Prioritise your engagement

**Example:** If any of your key suppliers operate in sectors or countries that are ‘high risk’ for modern slavery, you should consider encouraging them to take their own mitigation steps (e.g. share the [toolkit](#) with them).

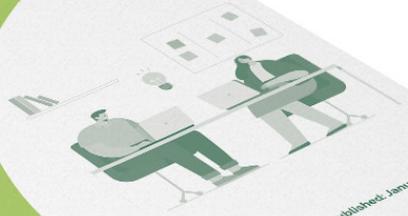
#### Step 3: Trust your instinct

**Example:** Trust your instinct when it comes to choosing new suppliers. If a company from a high risk sector offers you something too good to be true, it probably is.

Download  
the full toolkit  
today

modern slavery  
**SME**  
TOOLKIT

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[www.stopthetraffik.org/sme-toolkit](http://www.stopthetraffik.org/sme-toolkit)

# 7. Useful resources and additional tools

Purpose/ Audience	Resource
General	<p><a href="#">Managing Risks Associated with Modern Slavery</a>. This report by the Ethical Trading Initiative and Ergon Associates provides detailed advice for large companies on how to assess, mitigate, and report on their modern slavery risks.</p>
	<p><a href="#">Labour Exploitation: Industry Profiles</a>. The GLAA provides annually updated industry profiles that detail the risks of labour exploitation in high risk UK sectors based on national evidence.</p>
	<p><a href="#">The Ethical Trading Initiative Base Code</a>. The ETI Base Code sets out a clear standard that all businesses should follow to ensure fair and safe working conditions.</p>
Assessing risk	<p><a href="#">Modern Slavery Assessment Tool</a>. Although this tool designed by the UK Cabinet Office intends to help public sector buyers understand their supply chain risk, it can be used by non-Government suppliers to assess their own risk. Once completed, you will automatically receive tailored recommendations on how you can reduce your modern slavery risk.</p>
	<p><a href="#">Responsible Sourcing Tool</a>. This online tool, produced by the US Government and US NGOs, provides an overview of country and commodity risks to enable businesses to risk map their supply chains.</p>
	<p><a href="#">Business Model Red Flags</a>. This resource by Shift provides a list of business model features that carry inherent human rights risks.</p>
Employment	<p><a href="#">Fair Hiring Toolkit</a>. This online tool by Verité provides advice on best practice modern slavery prevention for recruitment and employment, especially of migrant workers.</p>

<b>Labour providers</b>	<a href="#">Use of Labour Providers: Advice on Due Diligence</a> . This guidance provided by HM Revenue & Customs provides information on how to ethically use labour providers whilst avoiding reputational risk.
	<a href="#">Guidance On Who Needs A License</a> . This guide produced by the GLAA outlines who needs to be licensed when supplying labour to the fresh produce supply chain and what exemptions exist.
	<a href="#">Good Practice Checklist for Using Labour Providers</a> . This guide produced by the Association of Labour Providers outlines practical steps to mitigating the risk of modern slavery when using labour providers.
<b>Writing a modern slavery statement</b>	<a href="#">Transparency in Supply Chains: A practical guide</a> . This official UK Government guidance provides advice on who is required to produce a modern slavery statement and how to write one.
	<a href="#">CORE – Writing a Modern Slavery Statement</a> . CORE is a group of NGOs seeking to prevent modern slavery. They provide simple and clear guidance on what to include in a modern slavery statement.
<b>Tools to help you mitigate risk</b>	Check out the full <a href="#">toolkit</a> for additional tools.

**For further details, please visit:**  
[www.stopthetraffik.org/sme-toolkit](http://www.stopthetraffik.org/sme-toolkit)



“Small and medium sized businesses have an essential role in combatting modern slavery, but often struggle to find resources tailored to their needs.

“I welcome this accessible and informative guide which sets out the practical steps SMEs can take to safeguard workers in their own operations and in their supply chains. It can be used across any sector, and may be a useful reference tool for larger businesses too.”

Dame Sara Thornton, DBE  
Independent Anti-Slavery Commissioner



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