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## **Groceries Code Adjudicator Review: Part 2**

To Whom It May Concern,

I am writing in response to the call for evidence on the case for extending the Groceries Code Adjudicator's remit in the UK groceries supply chain. The focus of which is on how any such extension, and the broader activities of the GCA, can help mitigate the risk of modern slavery in grocer's supply chains.

My role of the Independent Anti-Slavery Commissioner was introduced as part of the Modern Slavery Act 2015 to spearhead the UK's efforts to tackle modern slavery. Upon appointment I drafted a [Strategic Plan 2015-2017](#) in which I identified engagement with private sector to combat labour exploitation as one of my key priorities.

Tackling modern slavery is a UK government priority and the important role that business relationships can have in this fight was made clear by the introduction of Section 54 of the Modern Slavery Act 2015. This transparency in supply chains clause, the first national legislation of its kind, requires all businesses operating in the UK with a turnover of over £36 million to publically state what they are doing to eradicate modern slavery from their business and supply chains.

As recognised by the Competition Commission in its 2008 investigation in to the supply of groceries in the UK, large grocery retailers, by exercising their buying power, have been known to transfer excessive risks and unexpected costs to suppliers. Not only does this have an adverse effect on a supplier's ability to invest and innovate and result in market failure, it can also have an adverse effect on workers in supply chains and result in human rights failures, including modern slavery.

In 2015 1,185 out of 3,226 potential victims of modern slavery were referred into the National Referral Mechanism (the government framework for identifying and supporting victims), having been trafficked for the purpose of labour exploitation.<sup>1</sup> Many of these 1,185 potential victims will have been exploited in the supply chains of businesses in the UK whose activity will have been influenced by the buying practices of other suppliers and large retailers.

The pressure on large producers to cut costs created by supermarkets' desire to squeeze their margins is one of the drivers of labour exploitation. Many food production businesses are significant employers and when costs are being pushed down from the top, labour can come to be seen as a variable cost - compromising the safety and freedom of workers.

Furthermore, when large retailers and suppliers, impose unfair risks on businesses in supply chains by, for example, placing orders at short notice, suppliers need to bring in additional labour in a short time frame. In these instances, suppliers turn to agency providers, often without the resource or time to carry out the necessary licensing checks. This creates an opening for unscrupulous labour brokers to enter the supply chain, providing workers, who may well be in modern slavery, trapped in debt bondage with their wages withheld.

I recently heard from a supplier who had to compromise their responsible recruiting principles as, last minute, ahead of Christmas, a large retailer moved a product from another supplier on to them. Not wanting to lose their contract with this retailer, the supplier agreed to take on the order. The business was put under huge pressure and in order to sustain work outside their typical pattern they had to use agency labour providers for additional last minute short term labour. They were unable to carry out their usual checks and had to shorten their induction process, thus heightening the risks of labour exploitation entering their supply chain.

This particular incident was brought to me by the aforementioned business as they are pro-active in ensuring that supply chains are slavery free. There are many organisations, particularly further down the supply chain, that do not have the resource or intent to ensure responsible recruitment procedures are in place and that are particularly vulnerable to the pressures of larger suppliers.

If the GCA's remit extended to monitor relationships further down the supply chain so that they are afforded by the Groceries Supply Code of Practice, suppliers will be in a better position to contest unfair practice, such as short notice orders, and less likely to

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<sup>1</sup> <http://www.nationalcrimeagency.gov.uk/publications/676-national-referral-mechanism-statistics-end-of-year-summary-2015/file>

accept a poor contract in fear of losing business and thus less likely to have to outsource labour without appropriate safeguarding measures in place.

The first Director of Labour Market Enforcement, Sir David Metcalf, whom I have a statutory position over, has now been appointed to drive forward enforcement of fair labour practices. And, leadership to combat modern slavery is coming right from the top with the Prime Minister setting up a task force to tackle modern slavery and calling it “the greatest human rights issue of our time.”

The GCA, with its ability to change business culture and reform buying practices, can make a valuable contribution to the UK efforts to combat modern slavery. The most vulnerable workers will be offered greater protection if the GCA’s ability to foster fairer relationships is extended further down the supply chain.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'KH', enclosed within a faint, light-colored rectangular border.

**KEVIN HYLAND**  
UK Independent Anti-Slavery Commissioner