

22 November 2021

Sir Chris Wormald KCB
Permanent Secretary of Department of Health and Social Care

By email: permanent.secretary@dhsc.gov.uk

Dear Chris

I am writing in my capacity as the Independent Anti-Slavery Commissioner, a statutory provision of the Modern Slavery Act 2015. My UK-wide remit is to encourage good practice in the prevention, detection, investigation and prosecution of modern slavery and human trafficking offences and the identification of victims.

Today, I am seeking reassurance that your department is taking adequate measures to stop goods that are made from forced labour, and subject to international import bans, from entering your department's supply chains.

Public procurement is an important area where governments can demonstrate leadership in tackling modern slavery. I welcome this government's commitment to extending Section 54 of the Modern Slavery Act to cover reporting to the public sector, and the leadership that your department is showing by publishing its own modern slavery statement ahead of new legislation.

However, I would like to draw your attention to a series of withhold release orders (WROs), or import bans, that the USA has placed on goods that are made under the conditions of modern slavery or forced labour.

Under section 307 of the 1930 Tariff Act, the US government prohibits the importation of any product that was mined, produced or manufactured wholly or in part by forced labour. Companies have 90 days to provide evidence that these issues have been addressed, or risk bans on future shipments.

Withhold release orders can force dramatic turnarounds in corporate behaviour, as was recently demonstrated in Malaysia's disposable glove manufacturing sector. Decades of traditional audits had failed to make any lasting impression, but a series of WROs and investigations by the US Customs and Border Protection (CBP) agency, watched closely by investors and stock exchanges, triggered improvements at an unprecedented pace. Over the past year, the four major Malaysian glove manufacturers have not only improved working conditions but have also repaid more than 20,000 workers an estimated US\$100 million in costs and recruitment fees. The speed and scale of reform has surprised the most seasoned experts in the sector.

WROs are not perfect, nor are they the sole answer to the endemic problem of forced labour. But, based on credible evidence and investigations, they can be a powerful accelerator for change. Nevertheless, without international harmonisation there is a high risk that banned goods will be diverted to nations that are taking a less robust stance, such as the UK.

In October 2021, CBP issued a WRO against Malaysian glove producer Supermax. Responding to this event, Lord Alton of Liverpool asked the UK government what assessment they have made of alleged

labour abuses by the company; how many of the company's products they had purchased, and the cost of those purchases.

I was disturbed by Lord Kamall's response that government had placed an order with Supermax in July for 135 million gloves at a cost of £7.9 million. Despite his reference to safeguards to terminate a contract in the event of substantiated allegations against a provider, no actual termination of the Supermax contract nor practical safeguarding measures were mentioned.

Consequently, I am concerned that the UK government may have other contracts with companies producing, handling or supplying goods that are subject to WROs. Overleaf is a list of the most recent and relevant WROs against products that have a high likelihood of entering the UK, including palm oil, PPE, tomatoes, tech products, textiles and apparel.

I would ask that you share this list with your procurement teams and enquire whether they have let contracts with suppliers, producers or importers of goods that are in whole, or in part, produced by these companies. And, if so, what steps are they taking to work with the businesses to address modern slavery concerns.

As the UK prides itself on leading the anti-slavery agenda, it is vital that government upholds this commitment by sending a strong warning to unscrupulous producers and importers.

I look forward to receiving your response. In the interests of transparency, please respond in a way that enables me to publish your letter on my website.

Yours sincerely,



Independent Anti-Slavery Commissioner

DATE	Company/Area	Products	Application	Status
CHINA				
23.06.21	Hoshine Silicon Industry Ltd and subsidiaries	Silica-based products	Applies to silica-made goods made by Hoshine and subsidiaries, as well as materials and final goods made from or using those products, regardless of where those products are produced	Active
13.01.21	China's Xinjiang Uyghur Autonomous Region (XUAR)	Cotton, tomatoes and downstream products	Applies to products produced in whole or in part in the XUAR region, as well as downstream items produced outside the region	Active
30.11.20	Xinjiang Production and Construction Corporation (XPCC) and subordinates	Cotton and cotton products	Applies to all products produced by XPCC, its subsidies and also any goods made in whole or part derived from that cotton, including apparel, garments, textiles	Active
08.09.20	Hefei Bitland Information Technology Co Ltd	Computer parts	CBP statement: "information reasonably indicates that Hefei uses both prison and forced labour to produce electronics"	Active
08.09.20	Xinjiang Junggar Cotton and Linen Co, Ltd in the XUAR region	Cotton and processed cotton	CBP statement: "information reasonably indicates that this entity and its subsidiaries use prison labour in their raw cotton processing operations"	Active
03.09.20	Yili Zhuowan Garment Manufacturing Co., Ltd. and	Apparel	CBP statement: "information reasonably indicates that these entities use prison and forced labour." CBP identified forced labour indicators include restriction of movement, isolation, intimidation	Active

DATE	Company/Area	Products	Application	Status
	Baoding LYSZD Trade and Business Co Ltd		and threats, withholding of wages, and abusive working and living conditions.	
25.08.20	No. 4 Vocational Skills Education Training Center (VSETC), XUAR	All products	CBP statement "information indicates that this "re-education" internment camp...is providing prison labour to nearby entities in Xinjiang." CBP identified forced labour indicators include highly coercive/unfree recruitment, work and life under duress, restriction of movement	Active
MALAYSIA				
04.11.21	Smart Glove group (including GX Corporation Sdn Bhd, GX3 Specialty Plant, Sigma Glove Industries, and Platinum Glove Industries Sdn Bhd)	Disposable gloves	Seven ILO indicators of forced labour found during CBP's investigation	Active
21.10.21	Supermax Corporation and subsidiaries (Maxter Glove Manufacturing Sdn Bhd, Maxwell Glove Manufacturing Bhd and Supermax Glove Manufacturing)	Disposable gloves	Ten of 11 ILO forced labour indicators found during investigation	Active

DATE	Company/Area	Products	Application	Status
30.12.20	Sime Darby Plantation Berhad and subsidiaries and joint ventures	Palm oil and palm oil products	All 11 ILO forced labour indicators were found in its production process (palm oil is found in cosmetics, processed foods, biodiesel, soaps)	Active
30.09.20	FGV Holdings Berhad, subsidiaries and JVs	Palm oil and palm oil products	As well as many forced labour indicators, there is also evidence of forced child labour used in the production process	Active
15.07.20	Top Glove Corporation Bhd	Disposable gloves	WRO lifted 09.09.21 – WRO modified after CBP review, finding that TG had addressed all 11 forced labour indicators in its facilities – including \$30 million in remedial payments to workers	Inactive
30.09.19	WRP Asia Pacific Sdn Bhd	Disposable gloves	WRO lifted on 24.03.20 – CBP reviewed evidence and found that the company was no longer operating forced labour conditions	Inactive



Department
of Health &
Social Care

Shona Dunn

Second Permanent Secretary

Department of Health and Social Care

39 Victoria Street, London, SW1H 0EU

Tel: +44 (0)20 7210 5407

E:second.permanent.secretary@dhsc.gov.uk

29 April 2022

By email:

sarah.thornton@iasc.independent.gov.uk

Dear Dame Sara

Thank you for your letter seeking reassurance about the efforts the Department for Health and Social Care makes to stop goods produced under forced labour entering the supply chain. We welcome the work you are doing to address this very important issue and are pleased to be able to set out the approach that we take.

DHSC takes all allegations of modern slavery very seriously and we expect all suppliers to the NHS and Adult Social Care to follow the highest legal and ethical standards, minimising the risk of forced labour and driving improvements in standards. DHSC follows a procurement approach as set out in the UK Government Modern Slavery Statement, which includes a zero-tolerance approach to modern slavery and a commitment to ensure that respect for human rights is built into all contracts, self-assessments, audits, training and capacity-building opportunities. This applies to suppliers, subcontractors, and customers as well as those involved in the Government supply chain.

As you will be aware, the statement specifically includes a number of steps that should be taken to ensure appropriate due diligence throughout the supply chain, including steps to achieve greater supply chain visibility where risks are highest, with a recognition that workers in the lowest tiers of supply chains are often the most vulnerable. In line with this, we ensure that all contracts placed by the Department adhere to standard terms and conditions which include clauses requiring Good Industry Practice to ensure that there is no slavery or human trafficking in supply chains. Suppliers appointed to NHS Supply Chain frameworks must also comply with

the Labour Standards Assurance System or they can be removed from consideration for future opportunities.

Looking ahead, just last week (21st April 2022) the government tabled a landmark amendment to the Health and Care Bill that would introduce a new regulation making power designed to eradicate the use of goods or services in the NHS that are tainted by slavery and human trafficking. Those regulations would set out steps that the NHS should be taking to assess the level of risk associated with individual suppliers, and the basis on which they should exclude them from a tendering process. The amendment will help ensure that the NHS – the biggest public procurer in the country – is not buying or using goods or services produced by or involving any kind of slave labour, and represents a significant step forward in our mission to crack down on the evils of modern slavery wherever it's found.

Areas of Higher Risk

As your letter notes, we are specifically aware that medical gloves, particularly those sourced from regions in Southeast Asia, remain an area of significant concern and we continue to work with colleagues from FCDO and the Home Office Modern Slavery Unit to share and develop information on risk.

Accordingly, we have introduced enhanced contractual provisions and additional auditing to prevent labour exploitation in all future PPE contracts and we have taken the following additional steps to address the issue in recognition of the associated risks:

- Engaging and auditing suppliers – we have worked closely with the FCDO to overcome barriers to access for auditors due to regional immigration coronavirus restrictions
- Training buyers, category leads and contract managers
- Working in partnership with suppliers to make tangible improvements to worker conditions if any issues are identified
- Building in necessary clauses and adding enhanced clauses into contracts where there is heightened risk
- Strengthening due diligence if suppliers fail to meet our standards, allowing us to immediately terminate contracts as well as removal from purchasing frameworks so they are not considered for future contracts

If there is a concern of modern slavery practices, our actions are swift and immediately impactful. We can place the potentially affected stock on temporary hold to halt any use within the health and care service whilst investigations are undertaken. These investigations might include, for example, independent third-party audits of workforce practices. Should our investigations substantiate concerns we will then look to take

action under the terms of the contract and review the supplier's position on purchasing frameworks for future contracts. However, if investigations show the supplier meets our high standards, then any held stock would be released back into the supply chain.

To date, there have been no substantiated allegations of modern slavery in relation to a Departmental supplier. All the suppliers on our current frameworks are registered and have been asked to complete a Modern Slavery Assessment and a Labour Standard Assessment. Our purchase process includes safeguards to both strengthen due diligence and to terminate a contract should there be substantiated allegations against a provider.

Manufacturers named in your letter

We welcome your interest on the United States WROs. This Department is mindful to the approach that other nations take with this issue and we are alert when concerns arise. We have reviewed the full list of providers in your letter and we can confirm that this Department has previously purchased goods from two providers out of the list; Top Glove and Supermax:

- A. Top Glove was the subject of a DHSC investigation and worked very closely with us to prove its standards. You might be aware that the US has also withdrawn the WRO raised against this manufacturer.
- B. We are currently investigating workforce practices at Supermax facilities and will take action accordingly. We assure you that this investigation is a priority for the Department.

We remain absolutely committed to promoting and championing good practice to raise labour standards and carrying out independent snap audits to ensure that we manage the risk of such purchases in the future.

Yours sincerely,



Shona Dunn
Second Permanent Secretary

Department of Health and Social Care