MODERN SLAVERY & HUMAN RIGHTS | POLICY & EVIDENCE CENTRE

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Climate change and modern slavery in public procurement

Research Report

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Executive summary

Existing links between modern slavery and climate change are becoming clearer as the need increases for a just transition to a low-carbon economy.[1] Yet, how organisations attempt to address these risks, either separately or simultaneously, is not understood in depth. In particular, the role of public procurement, which can be a powerful method for driving responsible behaviours into public and private operations alike, remains conceptually understood but under-investigated.

We sought, through this project, to address this important knowledge gap by engaging with the public procurement ecosystem. We partnered with London Universities Purchasing Consortium (LUPC) and UK modern slavery charity Unseen UK to work with those organisations and, through LUPC, with public buyers and their suppliers and risk management data platforms. We ultimately conducted over 70 hours of interviews and focus groups with professionals and consultants, including those with lived experience of the issue at those organisations.

We developed recommendations for public purchasing through a study of: (i) the actions that public sector buyers are taking to manage the risks of modern slavery and climate change in their operations and supply chains; (ii) the actions that tier 1 and tier 2 suppliers to the public sector are taking to address these risks; (iii) the role of public sector purchasing consortia in managing modern slavery and climate change risks through public tendering and contract management on behalf of public buyers; (iv) how and the extent to which the sustainability data platforms used by public buyers to assist in decision making and risk management work for their public sector clients. By studying the factors involved from a multi-party perspective, we intended to better understand the links between the efforts of the various stakeholders involved in responsible procurement in the public sector.

Through members of LUPC and consultants introduced to us by Unseen UK, who have lived experience of modern slavery, we were able to triangulate our findings in two focus groups. In this way, we gained valuable insights from different perspectives on the findings of the study and to enhance the recommendations we were developing.

We have five overarching findings which impact our specific findings and recommendations. These five findings are:

> (1) That there is minimal acknowledgement of the intersecting links between modern slavery and climate change, and that climate change as a whole was not an area that our respondents were dealing with in depth. The result is that our recommendations focus on modern slavery;
>
> (2) That resources are not made available to our participants by their organisations' executives to affect major anti-slavery work;

[1] Karaosman, H. & Marshall, D. (2023). Impact pathways: just transition in fashion operations and supply chain management, *International Journal of Operations & Production Management*. https://doi.org/10.1108/IJOPM-05-2022-0348

(3) There is a general lack of visibility into supply chains which hampers efforts to identify and address risks;

(4) Public buyers are unable to assess suppliers' ability to address modern slavery, in part because there is an overwhelming number of ESG standards and data platforms available with differing methodologies and definitions, rendering comparisons difficult. Organisations in our sample have found it difficult to ensure that suppliers beyond the first one or two tiers engage with data platforms;

(5) There is a lack of knowledge among public buyers and their suppliers of how to deal with potential cases of modern slavery that are identified.

Our recommendations are aimed at public policymakers, public buyers and their suppliers, and public purchasing consortia.

We recommend that public policymakers:

- Tackle the lack of clear direction for actively addressing modern slavery risks in public sector operations and supply chains by implementing a clear mandate across public institutions which foregrounds action, and goes beyond just disclosure;
- Address the reliance on sustainability data platforms for managing modern slavery and climate change risk by mandating robust audits and related upstream work at- and around production facilities in high-risk industries;
- Develop protocols and training of public sector staff to enable public sector employees to better assess risk and address potential cases of modern slavery identified in business operations;
- Introduce a requirement for public tendering to take into account actions addressing modern slavery risks in operations and supply chains so that suppliers going beyond publishing a modern slavery statement can be recognised for those efforts and harmful impact can be reduced;
- Enable public buyers to disqualify from tendering those firms which fail to act to remedy cases of modern slavery when they are discovered.

We recommend that public sector purchasing consortia:

- Work closely with Electronics Watch, an organisation which works with public sector organisations to protect and advance worker rights in electronics supply chains, to ensure that long-term engagement with workers and monitoring through local organisations can be conducted across sites from which public buyers have procured IT equipment;
- Enhance sustainability communications with member organisations by publishing guides for use during contract awards under the frameworks explaining those sustainability issues which have and have not been addressed;
- Address a significant gap in public sector knowledge on the extent to which public organisations are already buying from production facilities covered by third-party audit regimes by developing mechanisms for identifying where audits have already been conducted that relate to public purchasing.

We recommend that public buyers and suppliers:

- Engage in more depth with sustainability data platforms to better understand the risks that are actively managed by such mechanisms, and which are not, so that buyers can seek to more actively manage risks ;
- Provide function-specific training for staff so that the different roles within public organisations are given the guidance they require to better identify and respond to cases of modern slavery that arise in operations and supply chains;
- Enable purchasing consortia to build on the expertise they have developed and made available to public sector organisations by increasing funding to consortia, for example to facilitate capacity building towards managing climate change risks as well as those from modern slavery;
- Engage directly with suppliers to develop relationships which enable modern slavery risk management to be conducted more quickly, building trust with suppliers and avoiding the long lead times of new purchasing frameworks.

Following publication of this report, we will publish a policy brief aimed at policymakers in relevant UK government departments and begin work on articles for academic journals.

Glossary of key terms

Climate change. "Widespread and rapid changes in the atmosphere, ocean, cryosphere and biosphere have occurred. Human-caused climate change is already affecting many weather and climate extremes in every region across the globe. This has led to widespread adverse impacts and related losses and damages to nature and people (high confidence). Vulnerable communities who have historically contributed the least to current climate change are disproportionately affected."[2] Where climate change is relevant, this report deals with what we term 'climate change risk management' which, currently, is limited to the management of the organisation as a risk to the climate through greenhouse gas emissions. Efforts are afoot, through mechanisms such as the Taskforce on Climate-Related Disclosures, to ascertain the risk of the changing climate to organisations and their operations and supply chains. Such efforts are not yet sufficiently germane in the context of this report to be relevant.

Framework agreement. "An agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged."[3]

Modern slavery. "The exploitation of a person who is deprived of individual liberty anywhere along the supply chain, from raw material extraction to the final customer, for the purpose of service provision or production."[4] We have retained this broad definition to capture the wide range of abuses potentially in the supply chains that supply the public sector, including forced labour, human trafficking, bonded labour, and child labour.[5]

Operations. We differentiate crudely between internal operations management and supply chain management in order to establish how on-site (i.e. on public organisations' premises) actions help to manage modern slavery risk. Operations therefore covers the delivery of services such as cleaning, catering, security, maintenance, and construction on public organisations' sites.

Supply chain. We differentiate crudely between internal operations management and supply chain management in order to establish how on-site (i.e. on public organisations' premises) actions help to manage modern slavery risk. A supply chain is therefore "a set of firms that pass materials forward. Normally, several independent firms are involved in manufacturing a product and placing it in the hands of the end user in a supply chain—raw material and component producers, product assemblers, wholesalers, retailer merchants and transportation companies are all members of a supply chain."[6] Exchanges of information are key to this 'passing forward' of materials. Where this report refers to, as in its title, 'public sector supply chains', we mean the supply chains which supply goods and services to the public sector.

[2] Intergovernmental Panel on Climate Change. AR6 Synthesis Report: Climate Change, March 2023, summary for policymakers. https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf
[3] The Public Contracts Regulations 2015 - https://www.legislation.gov.uk/uksi/2015/102/pdfs/uksi_20150102_en.pdf
[4] Gold, S., Trautrims, A. & Trodd, Z. (2015). Modern slavery challenges to supply chain management. *Supply Chain Management: An International Journal*. https://doi.org/10.1108/SCM-02-2015-0046
[5] Unseen UK, Types of modern slavery. https://www.unseenuk.org/about-modern-slavery/types-of-modern-slavery/
[6] Mentzer, J.T., DeWitt, W., Keebler, J.S., Min, S., Nix, N.W., Smith, C.D. & Zacharia, Z.G. (2001). Defining supply chain management. *Journal of Business Logistics*. https://doi.org/10.1002/j.2158-1592.2001.tb00001.x

Background

In this section, we outline the motivation for our study. We do so by explaining the results of existing research on modern slavery and on the links between modern slavery and climate change, and by highlighting how a growing body of legislation in the UK and elsewhere, and how changing trends in consumer demand, might be changing organisations' behaviour around modern slavery. We then highlight why protecting people in the supply chains of the goods and services it procures is important for the public sector. Finally, we state the project's research questions before explaining, in the following section, the methodology we used to answer them.

The body of scientific knowledge which finds that human activity is altering our planet's climate is as incontrovertible as evidence of widespread labour abuses in modern supply chains. Manufacturing and production practices that are damaging the environment, and which can be exploitative to those producing goods and services, are ubiquitous. However, only recently is the true scale and impact of these damaging practices becoming commonly and collectively known and felt.

As efforts to tackle climate change[7] and embed human rights in global production have gathered pace, links between various forms of industrial exploitation are becoming clearer. The opening decades of the 21st century are being characterised by increasing awareness of the interconnected nature of the externalities inherent in modern production. While groups of activists and civil society organisations have been sounding the alarm on issues such as environmental degradation, human rights abuses around resource extraction sites, and labour rights in goods production for decades, relationships between these issues have gone largely ignored.

From consumer electronics to chocolate, throughout the lifespan of the goods and materials produced, damage to the environment and exploitation of people often go hand in hand. For example, at raw material extraction sites, millions of tonnes of earth are removed, powered by substantial emissions of greenhouse gases, destroying sometimes irreplaceable ecosystems, polluting natural and human habitats, and razing historical sites. Such environmental abuses are often conducted using exploitative labour conditions and impact not only the human rights of workers but also their communities.[8] Increasingly the impact of human made climate change is also forcing people who rely on primary industries to move or seek jobs elsewhere as changing climates makes their livelihoods unsustainable. The resulting human vulnerability lends itself to further exploitation and greater risk, a pattern which is seen both at specific sites and also in the broader context of climate change.

As the climate becomes less stable, we are likely to see increases in directly climate-driven migration or climate-driven migration modified by related factors such as conflict. The link between people fleeing uninhabitable climates and resulting conflicts being vulnerable to exploitation is already established.[9]

[7] When we refer to climate change and climate change risk management in this report, we refer both to management of the risk *to* the climate *from* organisations' actions and risks *from* a changing climate *to* organisations' actions. With regard to modern slavery, we stress that, though there are reputational and other risks to organisations from the identification of modern slavery in supply chains, the risks to vulnerable individuals are immeasurably greater and risk management should proceed from that realisation. See Glossary of Key Terms for more detail.

[8] Lauwo, S., Kyriacou, O. and Otusanya, O.J., 2020. When sorry is not an option: CSR reporting and 'face work' in a stigmatised industry–A case study of Barrick (Acacia) gold mine in Tanzania. *Critical Perspectives on Accounting*, https://doi.org/10.1016/j.cpa.2019.102099

[9] Heys, A. *From Conflict to Modern Slavery*. Oxford University Press: Oxford.

There are much more immediate links between climate change and modern slavery, however. Both firms and jurisdictions with poor governance are more likely to accept low standards of both environmental management and worker rights.[10] [11] Much of the world's mineral extraction occurs in parts of Africa and South America in which the corporate power most visible through transnational supply chains can appear to exceed that of the state.[12] Poor working conditions and environmental degradation also characterise industries such as apparel in parts of Asia.[13]

Such issues of environmental and social malpractice have become increasingly important to buying firms as consumer demand and legislation call for better management of supply chain practices. Increasingly governments are calling for greater reporting and transparency of firms' impact on the natural environment, the communities that rely on it, and workers in supply chains. Both the European Union[14] and United States[15] have recently legislated to protect worker rights in supply chains. The European Union has legislated for transparency across a number of issues including both climate change and worker rights.[16]

The public sector is uniquely placed to address climate and modern slavery risks in its supply chains. Unimpeded both by the need to compete with similar organisations and by anti-monopoly legislation which prevents certain forms of cooperation in the private sector, local and national government bodies, as well as scientific research centres, higher education institutions, etc., have far fewer restrictions on collaboration. In part, this is why hundreds of millions of pounds are spent every year by the public sector through purchasing consortia, organisations which have historically negotiated the best price – and increasingly include environmental sustainability and human rights terms – on behalf of public buyers. The public sector also spends over £250bn a year in the UK alone on goods and services[17] which contribute greenhouse gas emissions to climate change and carry direct and indirect risks of modern slavery in the production and provision of products. Unlike the private sector, where legislation places expectations on firms to manage modern slavery risks in their supply chains, many individual public institutions do not possess the scale of procurement or expertise to effect change in the supply chain practices of their suppliers.[18] In combination, however, the public sector

[10] Stringer, C., Burmester, B. and Michailova, S., 2022. Modern slavery and the governance of labor exploitation in the Thai fishing industry. *Journal of Cleaner Production*, *371*, p.133645. https://doi.org/10.1016/j.jclepro.2022.133645
[11] Clarke, T. and Boersma, M., 2017. The governance of global value chains: Unresolved human rights, environmental and ethical dilemmas in the apple supply chain. *Journal of business ethics*, *143*, pp.111-131. https://doi.org/10.1007/s10551-015-2781-3
[12] Rubbers, B., 2020. Mining boom, labour market segmentation and social inequality in the Congolese Copperbelt. *Development and Change*, *51*(6), pp.1555-1578. https://doi.org/10.1111/dech.12531
[13] Turker, D. and Altuntas, C., 2014. Sustainable supply chain management in the fast fashion industry: An analysis of corporate reports. *European Management Journal*, *32*(5), pp.837-849. https://doi.org/10.1016/j.emj.2014.02.001
[14] European Commission (2022). Council adopts position on due diligence rules for large companies. https://www.consilium.europa.eu/en/press/press-releases/2022/12/01/council-adopts-position-on-due-diligence-rules-for-large-companies/
[15] U.S. Customs and Border Force (2023). Uyghur Forced Labour Protection Act. https://www.cbp.gov/trade/forced-labor/UFLPA
[16] European Commission (2022). Corporate sustainability due diligence. https://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en
[17] Public sector finance records tables: Appendix Q https://www.ons.gov.uk/economy/governmentpublicsectorandtaxes/publicsectorfinance/datasets/publicsectorfinancerecordstablesappendixq and Local Government Financial Statistics England No.30 2020 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898226/Local_Government_Financial_Statistics_England_No._30_2020.pdf
[18] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

can collectively demand the environmental and social supply chain standards it expects, potentially barring noncompliant firms from lucrative, large-scale contracts.

Prior research and implications

Despite the gravity of both modern slavery and climate change, there is relatively little research connecting organisational approaches to managing the risks presented by these issues. Much of the published scholarship on modern slavery to date has focused on corporate reporting on the issue rather than the actions being taken to address risks and the effectiveness or otherwise of such actions in identifying and remediating cases of modern slavery upstream. Studies on modern slavery in the construction industry have found that conflicting messages from government and other stakeholders have led to little in the way of concrete action being taken.[19] [20] Research has demonstrated that the profit imperative is too strong to be overcome in chocolate production networks, despite endemic child labour issues in those supply chains.[21] That is, the primacy of shareholders as a stakeholder group remains such that profit through operational efficiency is prioritised above labour abuse issues. Globally, psychological distance between purchasing managers and people in conditions of modern slavery hampers impactful action to address the issue.[22]

On climate change, firms have begun to take action, including training staff and more actively managing risks, where the changing climate has already impacted firm profits.[23]

Despite emerging work on how organisations manage the risks of modern slavery and climate change, academic research investigating the numerous links between modern slavery and climate change has focused on the issues conceptually rather than on how we employ supply chain practices to manage them.[24] [25]

Though there is acknowledgement of the role of public procurement in improving worker and other rights[26], there is little evidence to date that the public sector has used its substantial power as a buyer to require better practice, or even that the sector recognises that it possesses such influence.[27]

[19] Pinnington, B. & Meehan, J. (2023). Learning to see modern slavery in supply chains through paradoxical sensemaking. *Journal of Supply Chain Management*. https://doi.org/10.1111/jscm.12309
[20] Pesterfield, C. & Rogerson, M. (2023). Institutional logics in the UK construction industry's response to modern slavery risk: Complementarity and conflict. *Journal of Business Ethics*. https://doi.org/10.1007/s10551-023-05455-4
[21] McLoughlin, K. & Meehan, J. (2021). The institutional logic of the sustainable organisation: the case of a chocolate supply network. *International Journal of Operations & Production Management*. https://doi.org/10.1108/IJOPM-11-2020-0773
[22] Simpson, D., Segrave, M., Quarshie, A., Kach, A., Handfield, R., Panas, G. & Moore, H. (2021). The role of psychological distance in organizational responses to modern slavery risk in supply chains. *Journal of Operations Management*. https://doi.org/10.1002/joom.1157
[23] Furlan Matos Alves, M.W., Lopes de Sousa Jabbour, A.B., Kannan, D. & Chiappetta Jabbour, C.J. (2017). Contingency theory, climate change, and low-carbon operations management. *Supply Chain Management: An International Journal*. https://doi.org/10.1108/SCM-09-2016-0311
[24] Varsei, M., 2019. 15 Sustainable supply chain design. Handbook on the Sustainable Supply Chain, p.242.
[25] Bales, K. and Sovacool, B.K., 2021. From forests to factories: How modern slavery deepens the crisis of climate change. *Energy Research & Social Science*, https://doi.org/10.1016/j.erss.2021.102096
[26] Martin-Ortega, O. (2018). Public procurement as a tool for the protection and promotion of human rights: A study of collaboration, due diligence and leverage in the electronics industry. *Business and Human Rights Journal*. https://doi.org/10.1017/bhj.2017.35
[27] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

The relative lack of a collective appreciation of the role that the public sector could play in bringing about positive change in supply chains is an enormous, missed opportunity to generate better practice and more sustainable supply chains for all buyers and suppliers. Public sector supply chains are not, after all, discrete and separate from those of the private sector. Far from being distinct, the public sector procures many of the same goods and services that the private sector does, and forcing improvements in standards on environmental and labour practices would therefore have an outsized impact in pushing positive change into private sector buying.

The public sector's shortcomings in using its buying power to force change in its supply chains is further hindered by the ineffectiveness or absence of legislation and market-based solutions. Organisations are only now being obliged to report on the impact that their operations have on the climate, through the Taskforce for Climate Related Disclosures, from which much of the public sector is exempt. Organisations have similarly begun to report on their scope 1, scope 2, and scope 3 emissions, a practice which remains voluntary. Other reporting standards of a similarly voluntary nature have proliferated in recent years across a broad range of sustainability issues.

On climate and modern slavery, however, only the UK Modern Slavery Act 2015 obliges public sector organisations to disclose actions they are taking to manage risks. Even then, the Act currently relies on the market-based solution of encouraging organisations to compete in a virtuous cycle of 'racing to the top' for competitive advantage.[28] Requiring very little detailed disclosure and not mandating that action be taken to identify or address instances of modern slavery either in organisations' direct operations or their supply chains means that the Act has limited scope for changing organisational behaviour.[29] Further, since the 'race to the top' concept is based on competition, public sector organisations are ill-placed to both take advantage of or advance the Act's agenda. There is therefore little in the way of regulation to compel action on climate change or modern slavery among public sector organisations.

The potential for public sector purchasing to impact environmental and social standards is the ultimate motivation for this report. Very little research has been published on the current state of sustainable procurement in the public sector, the results those practices are having, and any gaps that exist currently. This lack of research leaves policymakers, practitioners, and intermediaries alike in the dark with regard to required regulation and best practice beyond the bounds of buyers' own experiences and immediate contacts. We therefore intend this report to provide recommendations to policymakers, public sector purchasing consortia, and practitioners that we believe will best enable public sector buyers to address the climate change and modern slavery implications of their procurement.

Research questions

Given the paucity of prior research on public sector management of environmental and human rights risk in purchasing, we set the following research questions for the project:

[28] Barry, A. (n.d.). The UK Modern Slavery Act and corporate responsibility: progress and challenges. https://www.stmarys.ac.uk/research/centres/bakhita/research/articles/corporate-responsibility.aspx

[29] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

1) What are the drivers for, and barriers to, public sector buyers managing climate impact and modern slavery risk in their procurement?

2) How can public sector purchasing consortia best manage climate impact and modern slavery risk in framework agreements and supplier management?

Methodology

In this section we explain the objectives of the study and the context in which we conducted our research, including the key partnerships we formed for access to expertise and data. We then detail our sample and how we collected the data from those sources and the process through which we analysed those data. Finally, we explain the process through which we triangulated our findings, before detailing our findings and recommendations in the following section.

Objectives

We initiated the project with the following objectives:

- Developing evidence-based recommendations for policymakers, public sector purchasing managers, and supply chain managers on links between climate change and modern slavery.
- Generating a set of ESG standards across key factors in climate change and modern slavery and to pilot a framework to track ESG policies and strategies which better connect these risks.
- Involving people with lived experience of modern slavery throughout the full research process, therefore enabling both a bottom-up, expert by experience and a top-down, policy- and practice-driven approach.

Once we had begun the project, however, it soon became clear from our interviews that ESG standards across key factors in climate change and modern slavery would not be welcome. We were told by interviewees that there were already sufficient ESG standards for their requirements and that ESG standards are not very useful in assisting organisations in improving their approaches to ESG operationally.

Partnerships

Our project took a multi-partnership approach to address the limited research on the subjects of the intersection of modern slavery and climate change and of sustainability in multiple tiers of supply chains.

In order to address these two gaps in existing research, we partnered with organisations that offered us access to two under-developed aspects of sustainable supply chain research. We partnered with London Universities Purchasing Consortium (LUPC), the largest by membership of six higher education (HE) purchasing consortia. LUPC has grown beyond HE and tenders framework agreements, on behalf of a wide range of public sector bodies, where price, quality and sustainability criteria is evaluated. Members include most London higher education institutions, medical research organisations, and household names such as the Met Office, the Bank of England, Historic Royal Palaces, Royal Botanical Gardens, Kew, Royal Albert Hall, and the Natural History Museum. LUPC delivers framework agreements incorporating maximum prices and other contract terms, where bidders' responses to sustainability criteria such as modern slavery and environmental standards have been evaluated. LUPC then publishes details of these terms, known as framework agreements, or simply 'frameworks', from which its members can procure goods and services.

We also partnered with Unseen UK, a UK-based charity which provides support to people with lived experience of modern slavery, runs a helpline for people in conditions of modern slavery and members of the public who believe someone to be in that situation, and works with statutory services such as law enforcement and businesses to improve operational and supply chain measures to identify and address modern slavery. Unseen UK works with people with lived experience of modern slavery, engaging them as consultants for involvement in research and other projects.

Sample

The relationships that LUPC has with members, who spent a total of £232m in the financial year 2021-22[30], and suppliers, was instrumental in accessing key personnel at the organisations from which our sample was drawn. LUPC sent out invitations to participate in our research project to those member organisations and companies which supply members and with which LUPC has strong existing relationships. In total, we interviewed 14 purchasing and sustainability professionals at member organisations and 21 account management and sustainability professionals at suppliers. Through both LUPC and the suppliers we spoke to, we were subsequently introduced to seven account management and sustainability professionals at four tier 2 companies, i.e. firms which supply goods and services to LUPC supplier organisations.

Early interviews led us to understand that one of the ways that both member and supplier organisations seek to manage their modern slavery and climate change risks is the use of intermediary organisations which perform functions as varied as collecting supplier data, mapping supply chains, and conducting factory audits. We therefore spoke with eight professionals from five intermediary organisations.

LUPC itself plays a central role in the tendering and management of frameworks, management of relationships with members and suppliers, and efforts to improve responsible procurement. We therefore interviewed a total of nine executives, responsible procurement professionals, and category managers (professionals who manage procurement policy, relationships and contracting with firms supplying specific categories of goods, e.g. information and communications technology, furniture, laboratory equipment) at LUPC.

Finally, to understand how those working with people working or having worked in conditions of modern slavery understand the modern slavery-climate change link, we interviewed five managers at modern slavery-focused UK charities.

The total number of people interviewed for the project was therefore 64.

Method

Interviews were conducted by two of the project team with assistance on three interviews from an individual with lived experience of modern slavery who is engaged as a consultant with Unseen UK. We conducted semi-structured interviews with our 64 interviewees. This involved confirming details of interviewees' employment and experience and using standard questions to understand issues such as how interviewees understand the links between modern slavery and climate change in their contexts. Our standard questions allowed us to bring interviewees back to directly

[30] LUPC Annual Review, available from: https://www.lupc.ac.uk/media/r0jhzpwt/lupc_annual_review2022_final.pdf (p.2)

relevant topics if our conversations strayed too far, while allowing interviewees the freedom to discuss the most pertinent details of their experience around the key subjects. Interviews lasted around an hour and were recorded.

Analysis

Having identified, from the scant literature on human rights and modern slavery considerations in public procurement, a provisional understanding of the phenomena being studied, we began our analysis abductively. Abductive reasoning features the continued reading and re-reading of data to understand the extent to which those data confirm or question prior understanding of phenomena, taking account of the existing knowledge, context and literature. We were already aware, from a prior study we conducted 2019-2020[31], that higher education purchasing managers struggle to get buy-in (and therefore resources) from executives at their institutions to undertake specific actions to address modern slavery risks and that much of the expertise in managing such risks exists in a few large organisations and with LUPC through its in-house expertise and framework agreements.

With this prior knowledge, a public procurement specialist and two project team members read through all the interviews repeatedly with the aim of identifying similarities and contrasts between what interviewees had told us within and between interviews. As we conducted this coding process, we repeatedly went back to the research questions to ensure both the coherence and the relevance of the insights we were developing. Coding involved noting interesting and insightful quotes and identifying initial common themes linking these quotes, thus we adopted Braun and Clarke's[32] method of ensuring that codes were salient to our research questions.

Once we had read our data multiple times and pulled out quotes that enabled us individually to best answer our research questions, the three researchers then met to discuss what had been gleaned from the data. By comparing and contrasting the codes that the three researchers had grouped together individually, we were able to begin to identify similarities across interviewees from the different types of organisations in our sample. Connecting these commonalities enabled us to identify where policy and best practice recommendations might be made that were relevant to multiple types of organisations., compare and contrast themes, and began to build both an overall narrative of the project findings and a set of evidence-based recommendations and intended outcomes of those recommendations.

Verification of findings

Having analysed our data and discussed our findings and related recommendations for public policy and practical implementation, we sought to verify our findings in two ways. First, we conducted a 4-hour focus group with people with lived experience of modern slavery and staff at Unseen UK. The focus group was designed to get bottom-up feedback on our top-down data collection approach and understand what people with lived experience thought of how our interviewees understand and respond to their responsibilities on modern slavery. We presented key quotes from our findings related to several aspects of our conversations with the different groups of interviewees. The

[31] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

[32] Braun, V., and Clarke, V. (2022). Thematic Analysis. Sage: London.

anonymised quotes we put to the consultants related to: instances in which potential cases of modern slavery had been suspected; respondents had spoken about the potential reputational risks of discovering modern slavery in their operations or supply chains; the modern slavery implications in buying green energy technologies produced in high-risk parts of the world; where assurance methods had been discussed; the focus on tier one suppliers; the use of grievance mechanisms for workers to make complaints; and specific instances in which interviewees had described occasions in which they or their organisations had encountered suspected cases of modern slavery. We asked our focus group to discuss the situations described and used the outcomes of those discussions as the starting points for further recommendations for practitioners and their organisations. Finally, we discussed each of the four recommendations that came out of the initial phase of the focus group with attendees. In particular, attendees' comments were important to our recommendations on training and audits.

Second, we conducted the focus group with buyers. We presented our findings and recommendations to a sample of six public sector buyers - from across different subsectors and from organisations of different sizes - in an online meeting lasting two hours. Attendees were chosen for their experience in leading their organisations' modern slavery efforts and engagement in the research process beforehand. We invited attendees to offer their impressions of our findings and recommendations and then to discussion each one in turn between them as the first and second authors of this report made prompts to elicit further comment, clarify points attendees had made, and provide more detail where it was requested. There was broad agreement with, and encouragement for, our findings and recommendations. Attendees' comments were used largely to reframe or adjust recommendations for focus.

Findings and recommendations

In this section, we explain the overarching results that underpin our findings, which we then detail sequentially along with, for each finding, a recommendation aimed at policymakers, public sector buyers, suppliers to the public sector, or public sector purchasing consortia, and the relevant department or role to which each recommendation speaks.

Acknowledging links between modern slavery and climate change

We found very little recognition across our sample of the links between modern slavery and climate change. Managers at one buying organisation and one supplier spoke about causal links including how a changing climate creates vulnerability in communities, which can be exploited, how poor governance enables both environmental and human abuses and, reversing the causality in the case of one buyer, how poorly paid and vulnerable individuals contribute (even in a small way) to climate change through limited consumption choices. Overall, however, while once we had explained some of the links between the two phenomena our respondents found those connections somewhat intuitive, only two of our interviewees could speak to such links without prompting.

Resources and their impact on risk management

Expanding on the findings of prior research[33], we find a widespread lack of executive support across our sample for action to identify risks to vulnerable people in both product and labour supply chains. Though answers to questions around executive buy-in fall along a spectrum, the majority of the respondents who raised the issue stated that backing from senior management was, at best, weak. While respondents told us that legal compliance was expected of them, we were told by several managers that no resources were available to enable managers to undertake more thorough work to manage the risk of modern slavery being present either on-site or in supply chains. The lack of support we found across our public sector respondents not only makes such organisational risk management more difficult but endangers vulnerable people in the supply chains from which the public sector procures its goods and services. Many of our other findings stem from managers therefore having to address such risks without additional resources.

Lack of knowledge of supply chains

One of the most significant results of the lack of executive support for actions to manage modern slavery risk is the lack of knowledge the public sector has of its supply chains. Prior research has found that, as purchasing consortia have increasingly managed facets of supply chain management on behalf of public organisations, those skills have been lost in the sector.[34] The combination of a lack of support and resources from management and a focus on procurement skills rather than a balance between procurement and supply chain management has left public sector procurement

[33] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

[34] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

departments struggling to manage modern slavery risks beyond the boundaries of their organisations.

Lack of ability to assure and assess 'good' suppliers.

The lack of resources and consequent inability of public organisations to gain transparency in their supply chains through active engagement has left the public sector largely reliant on data platforms or specific skills that may reside in some purchasing consortia for supply chain information. Reliance on third parties for supplier information leaves public organisations at risk of dependence on data of unknown and unverifiable veracity. Buyers are therefore unable to make decisions about suppliers' actions to address modern slavery risk with confidence.

Lack of confidence in responding to potential cases of modern slavery

We also find agreement between relevant participants on an issue vital to safeguarding vulnerable individuals. Even in those organisations sufficiently proactive to have identified potential cases of modern slavery in their operations, there is a very low level of knowledge across those participants about how to respond to such cases. There is therefore the possibility not only that people are not assisted out of vulnerable, harmful situations, but that those vulnerable individuals' situations may be made worse as abusers are pre-warned and can move vulnerable people into other exploitative situations or to different sites. In the latter instance, we were told by one participant that, having identified a potential case of modern slavery, checking on the wellbeing of the individual with that person directly was likely enough to have triggered their removal from site.

Our research leads us to findings relevant to public policy, public purchasing intermediaries, public buyers and private sector suppliers. For coherence, we have organised the individual findings, related recommendations, and intended outcomes of those recommendations together.

Public policy

Recommendation 1: Implement a clear mandate across public institutions to address modern slavery and climate change risks in operations and supply chains.

Finding: Our research shows that there is a lack of a clear mandate, both through legislation and government guidance, across the public sector to address the risks of modern slavery and climate change in operations and supply chains. Where organisations have taken measures to manage such risks, they are largely driven by individuals or very small groups of concerned employees working and organising, often beyond the remit of their role, and with no extra resources, almost exclusively with little executive support from within their organisations.

Recommendation: The lack of a clear mandate to actively address the risks of modern slavery and climate change in public sector operations means that the resources required to make a difference are not available. Many of our participants stressed specifically that it would likely take the obligation for action for the resources required to become available. We therefore recommend that management of modern slavery and

climate change risks moves beyond voluntary, private sector-focused reporting such as the TISC clause in the Modern Slavery Act 2015 and mandates specific action from public sector organisations. Rather than recommend these specifics, we suggest borrowing from principles-based governance regimes (such as the United Nations' Guiding Principles on Business and Human Rights[35]) which demand adherence to codes of behaviour with over-arching goals. We do, however, make specific recommendations at the organisational level (below), which may serve the foundation of such a principles-based approach. We note here that calls from business and investor groups for such action have already been made.[36]

Intended outcome: In recommending that action to manage the risks of modern slavery and climate change is taken across the public sector, we hope to facilitate public sector executive boards to ensure that resources are provided which will enable their organisations to make meaningful impacts on these issues.

Responsible individual/department: This recommendation requires action from legislators. In the shorter term, public purchasing guidance, which expects action in preparation for legislation, could be issued by the Cabinet Office.

Recommendation 2: Develop mechanisms known to actively manage modern slavery risks.

Finding: We find across our interviews a lack of in-depth engagement with intermediaries and assurance organisations, which has led to a false sense of assurance across buyer and supplier organisations that modern slavery risks are actively managed in their supply chains. Among both buyer and supplier organisations there are misconceptions about what the various data providers and other risk management service providers are capable of offering. Data providers selling their services to public buyers and their suppliers hold large volumes of data on suppliers to public buyers. However, we find that much of this information is self-reported, unverified or hard to verify, and does not enable public buyers to manage the risk of modern slavery in their supply chains. We do not find that these data management platforms are making claims that they cannot support through the services they deliver. The complexity of supply chains, conflicting priorities of buying organisations, and lack of executive support for efforts to address the problem have left organisations reliant on third parties which themselves struggle to offer transparency in supply chains.

Recommendation: Of the third parties that participants mentioned in our interviews, and from our interviews with data platforms and assurance providers, Electronics Watch stood out as the only organisation which could provide evidence of protecting worker rights.[37] Electronics Watch's model of working with public buyers to identify production sites that supply the public sector and then engaging workers and monitoring sites on a range of issues from working conditions to workers' right of association has proven beneficial. We therefore recommend that, as a matter of public purchasing best practice, auditing and monitoring of production facilities at which IT equipment bought by public organisations should be an explicit requirement, through purchasing frameworks where

[35] https://www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf
[36] Investor Alliance for Human Rights https://investorsforhumanrights.org/investor-statement-calling-business-human-rights-and-environment-act
[37] Electronics Watch (2022). Public buyers' worker rights alert triggers changes at one of world's biggest employers. https://electronicswatch.org/impact-story-public-buyers-worker-rights-alert-triggers-changes-at-one-of-world-s-biggest-employers_2609845.pdf

available (i.e. where a framework exists for the specific product being purchased). We make a further recommendation, per comments from consultants with lived experience of modern slavery, and best practice, which holds that continued collaboration with suppliers where possible yields the best outcomes.[38] Firms which identify instances of modern slavery in their operations and supply chains should not be penalised for that identification unless they then fail to adequately address those cases and learn from these experiences.[39]

Intended outcome: By using an assurance provider such as Electronic Watch, the UK public sector will have used the leverage that it possesses through the volume and value of goods purchased to support – and be assured of – specific, active, effective methods for reducing the risks of modern slavery in its supply chains. Further, the public sector will improve modern slavery in risk management in the private sector through this mechanism, by enhancing worker rights in electronics supply chains globally.

Responsible individual/department: Mandating that public buyers ensure their electronics supplier's production facilities are audited and monitored is an issue for the Cabinet Office.

Recommendation 3: Build coherence between public sector bodies involved in addressing modern slavery.

Finding: Several of our participants had dealt with, or were dealing with, both potential and actual cases of modern slavery in their immediate operations. These participants struggled, and continue to struggle as potential cases arise, to understand the various mechanisms in place which might support them and potential victims. There are several charities including Unseen UK and local police forces which can assist professionals in such circumstances, but respondents were not aware of protocols for reporting and supporting individuals.[40] Respondents who had identified potential cases found challenges with existing mechanisms of the police and of charity helplines because the employees in question did not have sufficient detail on the potential cases, and the at-risk individuals moved on, or were moved on, before further information could be sought. Indeed, we find not only a lack of commonly agreed procedures for identifying and reporting potential instances, but also a lack of consistency in links between the various bodies to which reports might be made.

While there are organisations which already offer training and advice to companies on modern slavery, this is often sector specific. The Home Office has provided resources for raising awareness of modern slavery[41]; Stronger Together focuses on the construction industry[42] and the Home Office has previously published guidance for public

[38] United Nations, Guiding Principles on Business and Human Rights, https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf
[39] Cognisant of ongoing debates in this sphere, we hesitate to prescribe how cases can be addressed in detail here and leave this to the development of best practice, which requires further study, e.g. Outhwaite, O. and Martin-Ortega, O. (2019). Worker-driven monitoring – Redefining supply chain monitoring to improve labour rights in global supply chains. *Competition & Change*, https://doi.org/10.1177/1024529419865690
[40] Unseen UK produces materials of this nature which are available on its website and via its business hub and runs speak up/whistle blowing operations within the businesses who work with Unseen UK via the hub.
[41] Home Office, *Modern slavery training: resource page* - https://www.gov.uk/government/publications/modern-slavery-training-resource-page/modern-slavery-training-resource-page
[42] https://www.stronger2gether.org/

employees.[43] Guidance exists for supply chain risk (as opposed to direct operations) via Supply Chain Sustainability School[44] - and has not found its way to any of the organisations to which we spoke. Unseen UK offers broader training, including on business operations and for the public sector. No specific training has been undertaken by any of our respondent organisations in the public sector on modern slavery for several years.

Recommendation: Confusion over how, to where, and when to report potential instances of modern slavery among public sector and supplier professionals calls for a coherent approach to intervention. We recommend that a set of guidelines for how and when potential instances of modern slavery can be reported is created to go alongside the government's Modern Slavery Assessment Tool[45] and that training for all public sector professionals is made mandatory at the point of hiring at least, and preferably made a regular requirement. Allied with this, we recommend that a nationwide organisation is created to coordinate these activities and to develop and disseminate best practice to maximise the effectiveness of the group.

Intended outcome: We have heard from several participants who have not known what to do, having identified potential cases of modern slavery, and who have therefore lost the opportunity to support the individual to leave the exploitative situation and make reports about those individuals before the potential victim has been moved on. We believe that implementing a set of guidelines with a nationwide group to oversee the development and dissemination of best practice would facilitate quicker, more effective reports and a more joined-up approach post-report to ensure that more potential cases were reported by people with confidence that instances would be effectively investigated and identified victims supported away from their situations.

Responsible individual/department: Creation and dissemination of training is likely to be led by the Cabinet Office and the Home Office Modern Slavery Unit and is likely to be outsourced to one or more of the organisations which already run modern slavery training.

Recommendation 4: Strengthen public tendering requirements on separate weightings for modern slavery, climate change, and social value.

Finding: Our research shows that framework expectations on suppliers are minimal with regard to modern slavery and climate change, and that there is substantial variability with regard to social value, which itself can (and sometimes does) include aspects of climate change and worker rights. We find, for example, that compliance with the UK Modern Slavery Act (2015), or even a commitment to comply soon, is sufficient to pass that section of the tender. Yet evidence suggests that over a quarter of organisations in scope of the Modern Slavery Act 2015 have yet to comply[46] (and of those which do, many offer little evidence of action taken to mitigate risks to vulnerable people[47]),

[43] Home Office, *Modern Slavery Awareness & Victim Identification Guidance* - https://assets.publishing.service.gov.uk/media/5a82b7a3ed915d74e3403349/6.3920_HO_Modern_Slavery_Awareness_Booklet_web.pdf
[44] https://www.supplychainschool.co.uk/
[45] Modern Slavery Assessment Tool. https://supplierregistration.cabinetoffice.gov.uk/msat
[46] https://tiscreport.org/ [5,724 organisations of a total of 20,870 in scope had not published a statement by October 25th 2023]
[47] Pinnington, B., Benstead, A. & Meehan, J. (2023). Transparency in supply chains (TISC): Assessing and improving the quality of modern slavery statements. *Journal of Business Ethics*, https://link.springer.com/article/10.1007/s10551-022-05037-w

meaning many firms are able to tender despite not meeting even the light-touch expectations of existing legislation. At the same time, most tenders are weighted at 10% for 'responsible procurement', which includes modern slavery, climate change, and social value.

Recommendation: Social value is clearly an important aspect of public procurement, and one we believe can be enhanced through having separate, stringent requirements on modern slavery and climate change. We therefore recommend that clauses are introduced into public tender legislation which mandate explicit disclosure of action taken to identify and manage modern slavery and climate change risks in operations and supply chains. We recommend that these disclosures are then scored against best practice, which can be developed as this recommendation is rolled out, so that, rather than a simple pass/fail section, modern slavery and climate change constitute issues from which positive, proactive action by suppliers can lead to advantage in public tendering. Based on specific feedback from our buyers' focus group, it is important to remember that smaller organisations have less scope for taking action in their supply chains and weightings should therefore be proportionate to supplier size.

Intended outcome: The intended outcomes of this recommendation are twofold. First, separate, distinct sections in public tendering on modern slavery, climate change, and social value would force suppliers to differentiate between these issues in their responses to them and disclose actions for each of the three areas, rather than double counting action or ignoring one area, as is currently possible. Second, firms would be incentivised to perform better on each of the three areas of modern slavery, climate change, and social value in order to maximise their scores and increase their chances of being included in framework agreements. This would enhance performance across the board, potentially even outside the realm of public procurement as suppliers to the public sector would raise the bar for all firms.

Responsible individual/department: The mandating of clauses demanding explicit disclosure of action taken by suppliers to identify and manage modern slavery and climate change risks in public sector procurement is a matter for the Cabinet Office. The Home Office Modern Slavery Unit can play a key role in advising here.

Recommendation 5: Allow disqualification from public tendering for poor performance on modern slavery and climate change.

Finding: Our data show that firms which are known to have poor records on modern slavery and climate change cannot currently be disqualified from public tendering. Participants told us that companies are still winning public tenders, for example, despite not remedying known cases of modern slavery. In part this stems from the low requirements of suppliers with regard to modern slavery (see recommendation 4). While recommendation 4 is intended to improve performance, however, we find that non-performance or failure to address known instances of modern slavery in supply chains requires greater sanction. Currently, firms can only be disqualified from public tendering if successfully prosecuted for their part in modern slavery cases, which is extremely rare.

Recommendation: In line with recommendation 4, through which we seek better performance on modern slavery, we recommend that firms known to have failed to adequately address modern slavery in their supply chains be disqualified from public tendering. This recommendation requires careful balance with strong suggestions that we received from our focus group with people with lived experience of modern slavery,

who told us that firms admitting that modern slavery had been discovered in their operations and supply chains but had taken positive steps to address it should not be punished for that. It is therefore breaches of legislation and failure to address identified cases to which this recommendation refers.

The Modern Slavery Act 2015 and the guidance recommended in recommendation 1, above, could be used in the short term, since firms not in compliance with legislation and tendering guidance could be barred from public tenders. In the longer term, legislation mandating action in supply chains to identify and address cases of modern slavery, either in the shape of updates to the Modern Slavery Act 2015 or legislation based on the UN Guiding Principles could expect specific processes and action be taken, non-compliance with which could lead to disqualification.

Intended outcome: While many firms which perform poorly in this respect may not supply the public sector, allowing firms which do to continue to not address such risks introduces those risks into public buying in a way that public institutions cannot individually address. This recommendation is therefore intended as a way to remove the highest risks of modern slavery in the supply chains which serve the public sector, i.e. those risks represented by suppliers who do not make any efforts to proactively address modern slavery risks. While new public procurement regulations coming into force in late 2024[48] address the issue of supplier disqualification in principle, our recommendation intends that this is demonstrated through such action where necessary.

Responsible individual/department: For firms known to be in breach of the Modern Slavery Act 2015 and/or not to be addressing modern slavery risk to be barred from public tendering potentially requires legislation. In the short term, the Cabinet Office may issue guidance to this effect, but this may, in turn, be the subject of legal challenge.

Purchasing consortia

Recommendation 6: Mechanisms for enforcing framework conditions.

Finding: LUPC, along with all HE procurement consortia, provides membership of Electronics Watch through its IT framework, which requires very little work from public sector buyers in order to provide genuine, active assurance. Historically, public buyers have been required to contact their electronics suppliers once they have purchased electronics to ask for the details of production sites. Details have then been passed to Electronics Watch, which is then able to act on that information by engaging with those sites to build relationships with worker groups and by monitoring organisations to assure working and other relevant conditions. LUPC has recently put in place a mechanism for ensuring that all purchases through its relevant frameworks are captured and lead to information flows to Electronics Watch to enable that organisation to build relationships with worker groups and monitor sites. We are aware that this is not standard practice across consortia, however.

Recommendation: Public purchasing consortia should work with Electronics Watch to develop mechanisms within frameworks for the automatic delivery of information to Electronics Watch when IT equipment is bought through a framework. Such a

[48] Via the Procurement Act 2023.

mechanism might, for example, include specifying in future framework agreements that IT providers must provide the production site details of all IT equipment purchased through a framework agreement to Electronics Watch without the current necessity of the buyer of that equipment requesting the details.

Intended outcome: Electronics Watch has demonstrated its capabilities in protecting workers' rights in IT supply chains and represents the only systematic method through which public buyers in our sample manage modern slavery risk in their supply chains. Our recommendation is intended to reduce hand-offs in the processes which provide production site information to Electronics Watch and therefore to enable the organisation to continue – and expand – its work. This could have a substantial impact in supply chains given that Electronics Watch's work, driven by public sector purchasing, improves supply chains which provide both public and private sectors with goods.

Responsible individual/department: Working with Electronics Watch to automate the delivery of information regarding the purchase of IT equipment through public procurement frameworks will require work from consortia directors and professions responsible for responsible procurement, IT category managers, and those responsible for liaison with Electronics Watch to develop the mechanism.

Recommendation 7: Increase clarity on action(s) (not) taken in responsible procurement.

Finding: As with data and assurance providers (see recommendation 2), public buyers lack clarity on which responsible procurement issues are addressed in frameworks, how those issues are addressed, and, perhaps most importantly, what cannot be covered by frameworks. This has impacts on how members believe they are protected by framework agreements.

Recommendation: We recommend that public purchasing consortia produce short communication documents with each new and renewed framework agreement which spell out the responsible procurement aspects of those agreements.

Intended outcome: Greater clarity on what work has (not) been done in framework agreements to assure members against modern slavery and climate change risks is intended to promote better in-house action at buying organisations.

Responsible individual/department: The production of short communications documents to spell out the responsible procurement aspects of each new and renewed framework falls to executives, responsible purchasing leads, and category managers responsible for the framework.

Recommendation 8: Identify supplier factories which have already been audited.

Finding: Across our respondents, but in particular with buyers, we found that the complexity of the supply chains they rely on for goods makes achieving a desired level of transparency of production and its human and environmental impacts extremely difficult. Without the supply chain management skills and the resources required to do the work in supply chains supplying the public sector (and with the potential questions that spending public money on a large number of audits would raise), it is therefore highly unlikely that buyers (and many suppliers) will be able to identify where instances of modern slavery

might be found. While LUPC has previously taken part in an audit[49] on a medical gloves facility in Malaysia[50], it is unlikely that public sector purchasing consortia or public sector buyers will have the resources to systematically conduct audits. The identification of actual cases remains still more difficult. Nonetheless, an audit regime exists which means that many factories worldwide are audited.

Recommendation: While public buyers do not, and may not for the foreseeable future, have the resources or the expertise necessary for conducting their own audits, buying from factories audited by reliable organisations would enable public buyers to indirectly manage risks. We therefore recommend that purchasing consortia develop mechanisms for a three-stage process to adding social audit work to its frameworks. We do so with the caveat that social audits are not a panacea and should be used in combination with a range of measures[51] but are wary that public buyers lack the resources and knowledge to go beyond audits currently. There is a need, therefore, for the public sector to support the kind of quality auditing Electronics Watch currently offers for purchases of IT equipment. First, purchasing consortia should engage with suppliers already on frameworks to understand which production facilities have already been subject to audit and to request evidence of those audits. Second, public sector purchasing consortia should add a requirement for evidence of audits already conducted to be included with submissions to them by suppliers at tender stage. This requirement could become a scored aspect of tendering for frameworks so that those suppliers who have had their own facilities audited or who themselves buy from audited facilities would score higher at tender and therefore be more likely to make it onto frameworks. Third, public sector purchasing consortia could insist, where possible, that goods supplied through frameworks come from audited facilities.

Intended outcome: The public sector's inability to audit sufficient production facilities to assure buyers that modern slavery risks are being managed can be circumvented by tapping into existing audit regimes. One of the intentions of the Modern Slavery Act 2015 was to cascade better performance on modern slavery down through supply chains, yet this has proven difficult. Working towards having as many facilities as possible audited on frameworks has two complementary outcomes. First, buyers will have more, better information on production sites in order to make decisions about risk management. Second, the focus of public sector risk management can change from broad considerations of what product is being bought and in which region of the world a product is being produced to concentrating on goods from unaudited sites.

Responsible individual/department: The wider public sector will need multiple staff, including senior management, category managers, and, where available, responsible procurement experts to work together to achieve the goal of embedding audits in frameworks.

[49] A systematised check on a factory or other production facility with the intention of identifying specific risks such as those to employee health and safety, labour rights, human rights, or the environment.
[50] https://www.lupc.ac.uk/media/m5yj3l41/gloves-final-case-study.pdf
[51] Outhwaite, O. and Martin-Ortega, O. (2019). Worker-driven monitoring – Redefining supply chain monitoring to improve labour rights in global supply chains. *Competition & Change*, https://doi.org/10.1177/1024529419865690

Buyer and suppliers

Recommendation 9: Engage in more depth with modern slavery risk beyond data assurance platforms.

Finding: Our interviews provided evidence (per recommendation 2, above) that only very few of the data and assurance platforms to which LUPC members subscribe offer active management of modern slavery risks. There is a widespread belief among our respondents that these platforms assist with the management of such risks. However, very few of our respondents were able to tell us specifically what their organisation's platform of choice does in this regard and those who did referred mainly to the platforms offering assurance that suppliers complied with the law, for example by having a box ticked against firms which had published a modern slavery statement on their website in the last year. The cognitive dissonance between firms complying with relatively light-touch legislation and the active management of risks in supply chains leaves vulnerable individuals in our respondents' organisations' supply chains less well protected than many of our respondents seem to believe.

Recommendation: Public sector organisations should be more active in managing modern slavery risk in their operations and supply chains. Direct operations issues are dealt with below in recommendation 10. Regarding supply chain risk management, public sector organisations should engage with their purchasing consortium and with data assurance platforms to better understand what risks are actually covered by the relevant platform(s) to ensure that the risks they believe are being managed are covered to the requisite level of confidence. Where platforms do not offer active risk management of vulnerable workers in supply chains, public sector organisations should seek to ensure, either individually or collectively, through other means. For example, social audit and other direct, on-the-ground work is being done around the world continuously in sectors from which public sector organisations source goods. Individually or collectively, including through purchasing consortia, public sector organisations should identify where their supply chains have already been, or are already being, audited.

Intended outcome: Public sector organisations need to understand the extent to which risks to vulnerable people in their supply chains are being managed. This will include actions such as engaging more closely with data assurance platforms to fully understand how and to what extent they manage risks and ascertaining which of the products, if any, that they buy are made at sites which are already covered by on-the-ground audits. This approach offers the twin benefits of (1) enabling organisations to disclose to stakeholders where risks are being effectively managed, and (2) offer better knowledge of those risks which are not being managed so that organisations can plan to address those risks.

Responsible individual/department: Where organisations choose to engage more deeply with data assurance platforms, the most senior procurement manager will need to lead with executive support.

Recommendation 10: Provide function-specific training for staff.

Finding: We found a lack of coherent processes for addressing identified potential instances of modern slavery (recommendation 3). Our data also demonstrate a lack of training on identification and appropriate responses to the identification of potential instances of modern slavery in both public sector and supplier organisations. The result

is both that potential cases already identified are not being handled appropriately, with potential victims being moved (possibly by abusers) away from sites at which concerns have been raised, and also that there is a high likelihood that existing cases which could have been identified are being missed.

Recommendation: Training offered to purchasing staff at public sector organisations when the UK Modern Slavery Act (2015) was enacted raised awareness of modern slavery as an issue.[52] Based on the lack of knowledge of how to address modern slavery concerns in organisations' operations that we find in our data and the different roles that different functions play in hiring and managing staff, however, we recommend that function-specific training is developed and mandated to all staff at the point of hiring and annually thereafter. Different job roles with public sector organisations may encounter risks of modern slavery in different settings depending on the tasks they perform. While general training has been sufficient to raise awareness, those among our respondents who had encountered potential cases of abuse had not known how, in their specific roles, to identify cases or who to work with to understand whether abuses were occurring.

Intended outcome: While the focus on modern slavery has largely been in goods supply chains, labour supply chains, particularly in security, catering, and cleaning staff, are known to be at high risk of modern slavery. On-site staff, especially where contracted from third parties, provide risks to public and private sector organisations alike at the point of hiring and throughout their contracts. Training human resources, estates, and finance staff to identify, communicate, and manage instances of modern slavery would reduce the risks to vulnerable individuals and could prevent victims being lost back into labour supply chains when concerns are raised.

Responsible individual/department: Within smaller organisations, board members will need to lead on efforts to source function-specific training. Within larger organisations, sustainability, training, and/or compliance managers should be responsible for this task. The professional body for purchasing and supply chain managers in the UK, CIPS (the Chartered Institute of Purchasing and Supply) could be involved in hosting web pages for supply chain-focused guidance.

Recommendation 11: Increase spending with purchasing consortia.

Finding: Our research highlights the financial value offered to members by purchasing through framework agreements. For every £1 public sector buyers spend on LUPC membership, they saved £51 on purchases through LUPC frameworks in 2021/22 and £73 in 2022/23. By improving the assurance given to public buyers on the suppliers' activities, this should lead to increased confidence in them and an uptake in public buyers use of the frameworks. This would result in additional income for consortia to deliver these activities and further savings delivered by consortia in the public contracts they deliver.

Recommendation: Public buyers which are members of purchasing consortia should better assure against modern slavery risk by ensuring their consortia adopt a robust supplier assurance and contract management programme, similar to the Supplier Due Diligence Tool (SDDT) used by LUPC. This delivers an enhanced level of assurance for

[52] Rogerson, M., Crane, A., Soundararajan, V., Grosvold, J. & Cho, C. (2020). Organisational responses to mandatory modern slavery disclosure legislation: a failure of experimentalist governance? *Accounting, Auditing & Accountability Journal*. https://doi.org/10.1108/AAAJ-12-2019-4297

suppliers in their frameworks and supports suppliers in their responsible sourcing activities, including giving feedback and an improvements plan to work towards.

Intended outcome: A better-funded LUPC would be able to hire responsible procurement staff specialising in modern slavery risks and climate change risks separately, enhancing risk management in both areas. LUPC would then have greater focus across sustainability issues which it could use to better manage the interconnected risks its members face both through the education and information services it provides and by assisting with on-the-ground work in high-risk areas.

Responsible individual/department: Finance Directors, within whose remit the procurement department tends to fall in public organisations, are best placed to lead on increasing funding to LUPC.

Recommendation 12: Complement purchasing consortia efforts with longer-term supplier relationships.

Finding: Although purchasing consortia play a key role in negotiating price, and managing sustainability risk, in public buying, we nonetheless find examples of public buyers which have actively managed modern slavery risk in their operations through building relationships with suppliers.

Recommendation: Whereas framework agreements are negotiated and renegotiated once every few years, managing relationships with suppliers might enable public buyers to address some risks more quickly, and more effectively, directly. We therefore recommend that public buyers engage with suppliers, particularly of services relevant to immediate operations, in order to obtain, for example, written assurance that labour provided for catering, security, and cleaning services is directly employed where possible. We also recommend that direct relationships are developed between public buyers and suppliers of construction services working on public sites, so that public buyers can better understand the efforts construction firms are taking to ensure that staff employed are not victims of modern slavery.

Intended outcome: Where public buyers work directly with suppliers, relevant public buyer employees will both be more aware of the work that suppliers are doing to manage modern slavery risks and be able to learn how those risk management processes work. Our data offer evidence that building relationships with suppliers can build trust, offer more reliable assurance, and present opportunities to more quickly manage risk than through frameworks or other, indirect mechanisms.

Responsible individual/department: Procurement managers, estates managers, and HR managers can directly develop relationships with relevant suppliers depending on the supplier involved.

Conclusion

The volume and value of public sector purchasing, and the public mission encapsulated in the sector's activities, offer substantial opportunities to change business behaviour for the better. The rationale of buyers at scale being made responsible for cascading anti-slavery action through supply chains is already, through the UK Modern Slavery Act 2015, enshrined in UK law. However, there remains a lack of recognition of the collective power for good that public buying has. Consequently, the public sector's potential for creating change in organisational operations and wider supply chains for and beyond its own context remains largely unfulfilled.

We find, through interviews with 64 individuals at public sector organisations, their 1st and 2nd tier suppliers, data and assurance providers, and a purchasing consortium, a lack of proactive measures to address modern slavery and climate change risks, a lack of knowledge of the links between these risks, and a lack of resources to conduct the work our participants would like to do. The need for a just transition to a low-carbon economy while ensuring the rights of people today requires a dual focus on action to reduce climate impact and protect people through strategies including public procurement.

Finally, we find agreement among a significant number of our participants on the need for more, stricter regulation requiring specific action-focused work in supply chains to address modern slavery risks.

We therefore make recommendations to public policymakers, to purchasing consortia, and to public buyers and their suppliers which we believe will enable public purchasing to begin to fulfil its potential as a source of justice in its operations and supply chains.

Limitations of the study

While we have taken every care to pursue all germane topic areas with as many relevant individuals and organisations as possible, there are nonetheless limitations to any investigation. First, while we interviewed a considerable number of organisations in LUPC's ecosystem, we have not spoken with every organisation relevant to the subjects at hand and cannot guarantee that others would not have had different viewpoints to our respondents. While further interviews may have offered more perspectives, however, we are confident that our data speak to real issues with managing modern slavery risk in public sector purchasing.

Second, while we have attempted to engage with other large purchasing consortia, our study's focus on LUPC has meant that we have not yet had time to verify the generalisability of our findings beyond the organisation and its members and suppliers. LUPC's framework agreements cover very substantial volumes and values of public purchasing, but our findings have yet to be tested beyond that context.

Third, we were unable to engage people with lived experience of modern slavery in the project as much as we wanted. Nonetheless, we believe that involving such consultants both as interviewees and as interviewers would offer rich insights which might allow further recommendations for policymakers, public buyers, and suppliers. We therefore recommend that future research in this area strongly consider doing so, taking into

consideration the trauma-informed, accessibility, training, safeguarding and resource needs that come with research that meaningfully involves people with lived experience.

MODERN SLAVERY & HUMAN RIGHTS | POLICY & EVIDENCE CENTRE

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