

Briefing for UK business leaders

Impact of the Covid-19 pandemic on modern slavery



Authors: Olivia Hesketh, Owain Johnstone

Modern Slavery PEC Policy Brief 2021-4

Summary

The pandemic and resulting lockdowns have increased vulnerability to modern slavery around the world, as many of the underlying drivers of modern slavery have worsened, such as poverty, inequality and unemployment. Already vulnerable groups, such as migrant and informal workers, were most affected, especially in low- and middle-income countries. Vulnerability has increased for workers in the lower tiers of supply chains. This heightened vulnerability is likely to persist for the next 1-3 years. Some promising business practices emerged in response to the pandemic, but others may have exacerbated vulnerability to modern slavery.

Recommendations

Recommendation 1: We encourage businesses to collaborate with established schemes providing skills, training and routes into employment for survivors, many of whom faced additional economic hardship during the pandemic. Example schemes are linked to in the [Policy Brief](#).

Recommendation 2: Businesses in scope of section 54 of the Modern Slavery Act 2015 should report on how they have responded to the modern slavery supply chain risks posed by the pandemic in their next Modern Slavery Statements, and the Home Office should strongly encourage this.

Recommendation 3: Businesses should take stock of the supply chain vulnerabilities that Covid-19 has highlighted and in some cases exacerbated, and should take steps to ensure that they are able to prevent or mitigate the modern slavery impacts of any similar future crisis. These steps should include work to further increase businesses' visibility over, and the transparency of, their supply chains and should explore opportunities for additional collaboration with peers in addressing modern slavery risk.

Background and method

This note summarises insights for businesses operating in the UK from the Modern Slavery PEC Policy Brief: [Impact of the Covid-19 pandemic on modern slavery](#). The Brief was based on a rapid assessment of relevant research, addressing three key questions and rating the quality of evidence on each as Green, Amber or Red. A number of studies we reviewed involved adults with lived experience as research participants, including workers in the lower tiers of supply chains. We also received input from UK-based survivor leaders, including from members of Survivor Alliance.

Green: Evidence base is robust and well-established

Amber: There is some robust evidence but there remain gaps in understanding

Red: There is very little robust evidence

Key findings

1. Scale and nature: how has the way that modern slavery manifests changed during the Covid-19 pandemic?

Amber

- There is evidence that the pandemic has increased vulnerability to modern slavery, particularly among certain groups (including migrant workers, those in informal employment and women).
- Research that has gathered data from multiple countries shows that vulnerability to modern slavery increased in almost all countries in line with the pandemic's global reach, but that vulnerability increased by a greater amount in low- and middle-income countries.
- There is evidence of an increase in the risk of forced labour both in supply chains that experienced demand spikes (e.g. PPE production) and in those that experienced a significant reduction in demand.
- There is consensus that the following sectors have been most seriously affected:
 - Wholesale and retail trade
 - Construction and manufacturing, including ready-made garment production
 - Accommodation and food services
- UK survivor leaders reported that loss of income and reduced employment opportunities, together with some increases to living costs (e.g. food and hygiene items), may have increased vulnerability to modern slavery.

2. Government and business responses to the pandemic: what are the implications for modern slavery?

Amber

Business responses

- Measures taken by both governments and business in response to Covid-19 meant that workers in the lower tiers of supply chains were more vulnerable (e.g. due to business closures, job losses, wage reductions & local lockdowns).
- Evidence suggests most businesses were aware of the increased modern slavery risk posed by Covid-19 but the need for expedited onboarding of new suppliers and the constraints on conducting standard due diligence (such as on-site audits) during local lockdowns limited the steps businesses could take to address that risk.

- In some sectors, such as garment production, evidence shows that actions taken by businesses, usually brands and retailers at the top of the supply chain, contributed to an increased risk of forced labour further down supply chains, such as through cancelling contracts and withholding payment for goods.

Forward-looking business practices

- Research found that some businesses prioritised improving their supply chain visibility and supplier management as a result of pandemic-related disruption. Increased visibility was perceived to bring operational benefits. There are opportunities to use this new knowledge to mitigate modern slavery risk in future.
- In the garment industry, risks for workers in the supply chain were capable of being reduced when businesses took mitigating action such as advance payments for suppliers or level-loading and flexibility with delivery times.

Government responses

- There is evidence that lockdowns, which were important protective public health measures, had the most significant negative impacts on modern slavery.
- The pandemic limited the audit, inspection and regulatory oversight of workplaces by businesses and governments, which can identify those vulnerable to exploitation.
- The pandemic reduced direct modern slavery prevention efforts as government resources were re-prioritised. Wider government policies to support workers (such as furlough schemes) may have reduced vulnerability to exploitation by mitigating loss of wages, though were not always available to some vulnerable groups (such as informal workers).

3. Outlook: What is the longevity of the changes in modern slavery (and responses to it) observed during the pandemic?

Red

- The economic impact of the pandemic, according to forecasts from the International Labour Organization (ILO) and others, will likely mean that the increased vulnerability to modern slavery will persist in the short to medium term (i.e. at least the next 1-3 years), especially in low- and middle-income countries. The re-prioritisation of government spending to address pandemic recovery risks may further reduce resourcing to address modern slavery.
- Research on the Malaysian medical gloves sector (which experienced significant increases in demand) found that the pandemic resulted in power shifting from buyers to manufacturers. Reductions in demand over the medium to long term, in this and other sectors, may shift more power to buyers which presents opportunities for addressing modern slavery risk.
- The pandemic may lead to longer-term changes to supply chain dynamics (such as more 'localisation'); this may have an impact on forced labour risk.

MODERN SLAVERY & HUMAN RIGHTS | POLICY & EVIDENCE CENTRE

Led by the Bingham Centre

The Modern Slavery and Human Rights Policy and Evidence Centre was created by the investment of public funding to enhance understanding of modern slavery and transform the effectiveness of law and policies designed to overcome it. With high quality research at its heart, the Centre brings together academics, policymakers, businesses, civil society, survivors and the public on a scale not seen before in the UK to collaborate on solving this global challenge.

The Centre is a consortium of six academic organisations led by the Bingham Centre for the Rule of Law and is funded by the Art and Humanities Research Council on behalf of UK Research and Innovation (UKRI).

Our partners:



The Modern Slavery and Human Rights Policy and Evidence Centre is funded and actively supported by the Arts and Humanities Research Council (AHRC), part of UK Research and Innovation (UKRI), from the Strategic Priorities Fund.

Modern Slavery and Human Rights Policy and Evidence Centre
c/o British Institute of International and Comparative Law
Charles Clore House, 17 Russell Square, London, WC1B 5JP

A company limited by guarantee
Registered in England No. 615025
Registered Charity No. 209425

office@modernslaverypec.org

www.modernslaverypec.org