



Because insight beats hindsight

Forced Labour: unlocking persistent risks

**Trends from our ethical
business audits**

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Executive Summary

It is estimated that almost 50 million people live in modern slavery with just under 28 million being in forced labour. These figures have increased since our last report in 2021, demonstrating that modern slavery continues to impact many people globally, highlighting the need for businesses to ensure the ethical treatment of people in their direct employment, and those working within their supply chains. Poor ethical employment practices vary in severity from the most critical forms of modern slavery such as human trafficking to poor working conditions and employment practices which potentially affect an even larger group of workers. Many industries have been highlighted as being associated with modern slavery.

Our latest report highlights significant findings identified during Ethical Site Surveys conducted across Europe which cover construction, infrastructure, distribution and retail sectors; it has been compiled using anonymised data from 4,396 confidential worker interviews that our team has carried out.

Our report focuses on Ethical Site Surveys, which have provided valuable insight into employment practices across Europe. Using this insight we will now work closely with our clients and partners to understand the employment practices of individual companies within the supply chain through the implementation of our Ethical Employment Audit, an important element of our Ethical Business Programme.

1 Ethical Site Survey
Consist of confidential worker interviews capturing feedback on their employment from a high percentage of the workforce on operational project sites.

2 Ethical Employment Audits
Focussing on a company's processes of engagement and employment of both direct and indirectly employed workers. Involving an inspection of company documents and employment records.

Section One

Within this paper, we will concentrate on the three most common issues identified in our previous report which continue to pose a significant concern.

Eligibility to Work

35% of companies had not requested or verified appropriate right-to-work documentation. This is an increase of 9% since the publication of our previous report.

35%

16%

Wage Deductions

16% of workers had been deducted up to £80 of their weekly wage via a range of administrative deduction methods, a reduction of 01% based on our previous findings.

Provision of written terms and conditions of employment

36% of individuals interviewed advised that their terms and conditions of employment had either not been provided or had been communicated verbally. Whilst not asked at an individual level the high percentage correlates with our 2021 Ethical Employment Audit finding where 11% of audited companies had not communicated employment terms with indirectly employed labour.

36%

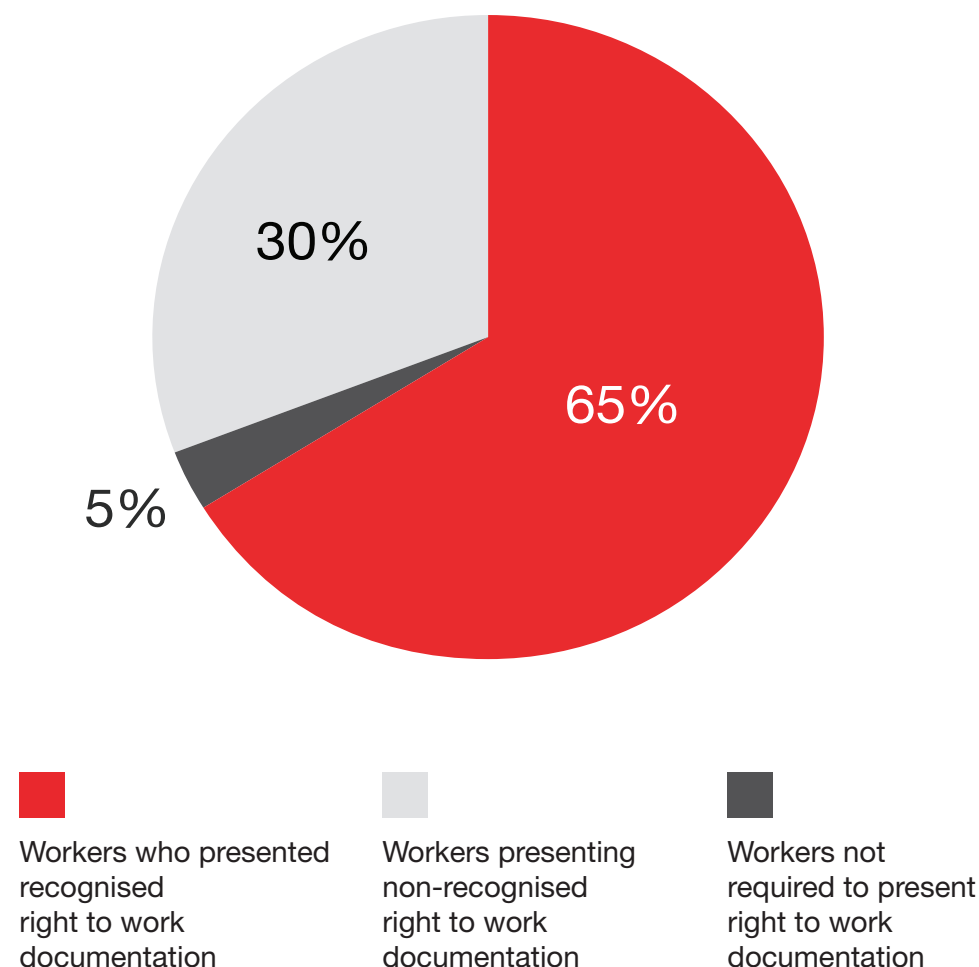
Whilst the findings mentioned in this report do not directly indicate instances of modern slavery they do demonstrate that there continues to be a high prevalence of poor ethical employment standards that may lead to more serious cases of exploitation. Despite legislation being introduced in the United Kingdom in 2015 to prevent modern slavery and many companies having policy statements, there continues to be a disconnect between policy commitment and implementation.

Key Findings

Section Two

1. Eligibility to Work

Continuing a theme identified during our 2021 site surveys, companies are continuing to fail to collect appropriate right-to-work documentation within the construction industry in the United Kingdom. Often a reliance was placed on third parties to conduct checks such as labour agencies or payroll companies.



“The past year has seen labour supply issues following conflict and border complexities alongside legislative changes... It is not surprising that the pressures and challenges faced by companies to understand and properly monitor eligibility have increased since Achilles’ previous year’s findings. Working together across enforcement, suppliers and contractors, agencies and partners in the sector to address these issues, formalise processes, uplift accountability and take action against what can amount to exploitation, is essential for seeing change, supporting workers and ultimately improving your business: financially, socially and sustainably.

We join Achilles in encouraging businesses across sectors to continue to centre workers’ voices in their approach to monitoring recruitment and working environments to ensure they are getting a full picture of potential labour problems connected to their business.”

Lois Bosatta, Rights Lab Business and Research Impact Lead, University of Nottingham



University of Nottingham
Rights Lab

Insight

During our Ethical Site Surveys **30% of workers advised that they had not been required to present recognised right-to-work documentation** and a further **5% advised that they had not been asked to present any documentation** prior to commencing work on site. Due to Covid-19 restrictions temporary adjustments were permitted by the Home Office when conducting right-to-work checks. Our audits identified a number of individuals who had provided copies of documents after the temporary adjustment period ended in October 2022.

Recommendation

Reliance continues to be placed on third party providers to conduct right-to-work checks on individuals. Reliance places a greater risk of processes not being followed and this has been identified during site surveys. Companies should verify hiring processes of agency providers and conduct their own follow-up checks during site inductions. Survey data suggests that there has been an increase in UK nationals engaged in construction projects, checks should still be carried out regardless of nationality.

2. Wage Deductions

Almost half (46%) of the people we spoke to reported as not being directly employed by the contractor they were working for on site. Many of the individuals employed via third parties or acting as self-employed workers reported receiving administrative deductions with the highest weekly amount charged identified as being £56. **Of the personnel we spoke to 16% reported receiving non-standard deductions.** This figure represented a 1% reduction on our 2022 survey results.



Insight

Most of the workers we spoke to advised that the deductions had been listed within their payslip as an additional deduction line. Typically deductions ranged between £18 - £24 per week, however, one worker advised being deducted £80 per week. Individuals also reported that deductions were made in the form of a percentage of their weekly wage, the highest percentage reported by an individual was 10.7%.

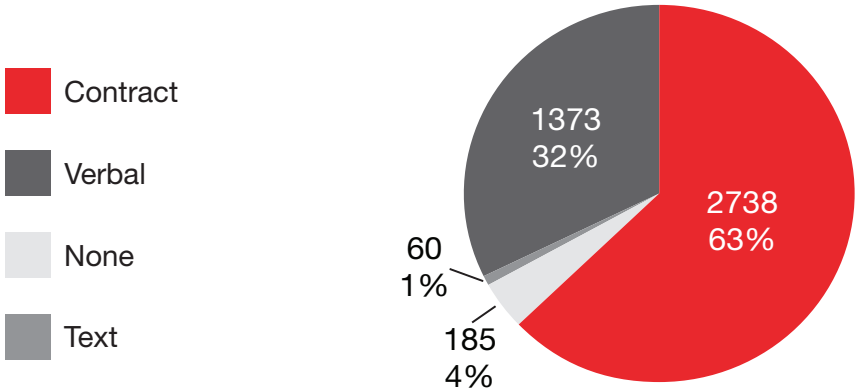
Recommendation

Many workers engaged through third-party providers were aware of administrative fees being charged to them as part of the payroll or contract process. Whilst this is currently an industry norm, main contractors should consider working with other supply chain tiers to reduce the amount workers are deducted, or prevent deductions completely. Many of the contractors we spoke to advised that they were not made aware of deductions prior to commencing employment, contractors and agency providers should ensure standard terms and conditions of employment are issued which make individuals aware of all deductions prior to employment. Contractors should also check to ensure that deductions do not result in individuals being paid below the national minimum or project wages. **20 workers during our 2022 site surveys advised that they had been paid below the national minimum wage.**

3. Terms and conditions of engagement

Many workers operating on sites we visited in 2022 were engaged at short notice due to the nature of work and the industries they operated in. As a result of the short notice for work, many workers received a lack of documented information with regard to the standard terms of the role they were being appointed to undertake. Whilst a number were aware of the general arrangements due to their historical awareness of previous roles the lack of information did compound issues with regard to wage deductions and right-to-work document checks. Both the UK government and International Labour Organisation advise that workers must be issued with a written statement of employment particulars.

How conditions of employment were received



Insight

In 2021 our Ethical Employment Audits identified that 11% of companies we conducted management system audits on had not communicated terms with indirectly employed labour, businesses were also unable to demonstrate that third parties had communicated with workers on their behalf. To understand this in more detail we asked interviewees how they had received general information on the nature of their employment including rates of pay, work hours and administrative deductions. **Of those we spoke with 36% reported having been provided with no written documents and a further 1% advising that information was provided to them via text message.**

Recommendation

A recurring trend has been identified based on the nature of an individuals employment and their own employment status. Over half of the 63% that had received written terms and conditions had been employed directly and were classed as PAYE. Those that are responsible for a site should ensure that all workers are provided with general employment information. Some companies we had spoken to had used assignment letters in the past to act as a method for communicating details of the engagement. There is also scope for site or project owners to provide general information as part of the induction process. Ensuring all workers receive a minimum overview of employment rights whilst at work, regardless of their employment status.

The Story Repeats Itself

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Without a review of the robustness of engagement processes with third parties and clear communication of expectations, it is likely the story will continue to be repeated.

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Due to the restrictions placed on work in 2021 many of our clients wanted to focus on the issues on the ground, as a result, we spoke to a large volume of workers in the United Kingdom and Europe. Many of the challenges identified during the 2021 Ethical Employment Audits had flown through to site level, something that had been expected.

Many companies that we audited in 2021 expected third parties to provide information to workers or to conduct checks on behalf of themselves. This assumption has led to gaps which impact individuals as well as potentially having legal ramifications on an organisation. Our 2022 focus on the voice of the worker clearly demonstrates that the failings at company level are being felt by the individual.

The gaps identified during our Ethical Site Surveys are consistent across industries and the countries we've visited. Without a review of the robustness of engagement processes with third parties and clear communication of expectations, it is likely the story will continue to be repeated. Sharing of best practice across industries will provide the opportunity for companies with gaps to improve their processes. Using the voice of those on-site to guide better processes which ensure fair treatment and employment practices.



Communication within a company's supply chain and across industry through collaborative methods to better educate people on minimum standards and how to ensure ethical employment will play a key part in improving the situation.



Summary & Conclusion

The focus on capturing the voice of workers in 2022 has re-emphasised the issues that were raised during Ethical Employment Audits in 2021 and continues to demonstrate that there are gaps in the way workers are employed across the United Kingdom and Europe. The gaps themselves do not necessarily present an immediate threat to an individual or a case of modern slavery, however, they open doors which enable individuals to be exploited by the company's or individuals they work for and in some cases their colleagues.

Findings from the 2022 Ethical Site Surveys now provide our clients and wider industry with better insight into the failings that are occurring in the supply chain. In June 2022 Norway introduced the Norwegian Transparency Act as a means of legislating increased risk assessment and due diligence to prevent modern slavery in the supply chain. The word 'transparency' is key in this instance because it is the lack of transparency and reliance on others that has led to a number of issues being identified during our interviews which are felt directly by the worker.

There are additional challenges that employers face 12 months on from our previous report. The changing demographic of the workforce, geopolitical tensions, changes in migration patterns and an aging population have left some industries with recruitment issues. This in itself leads to the potential for unethical practices to be adopted, whether that be in the hours an individual is expected to work or the quick and informal way that individuals are recruited.

Ensuring that effective work planning is maintained in conjunction with robust recruitment processes that a detailed overview of an individual's employment rights, the terms of their job and the methods they have to report improper practice are key. Communication within a company's supply chain and across industry through collaborative methods to better educate people on minimum standards and how to ensure ethical employment will play a key part in improving the situation.

"I am delighted to be continuing our important partnership with Achilles. Strong collaboration to tackle modern slavery and worker exploitation, sharing data, understanding and knowledge, is so vital. We know that cross industry engagement, bringing together those who can influence their supply chain using multiple tools and approaches, is the only way we can enact any real change."

Justine Currell, Executive Director, Unseen



Next Steps

Section Five

Be proactive rather than reactive

For 2023, many of our customers have taken the decision to focus on conducting Ethical Employment Audits in their supply chain. Using the feedback from 2022 worker interviews in conjunction with audit, it is hoped that process improvements can be made which will positively impact the employment conditions of those on site.

Collaboration is key

Identifying areas for improvement during audit, educating the supply chain and collaborating with other businesses will be key to improving the situation for workers.

We can help you

Learn more about how to raise your company's ethical business standards. We can help you identify, analyse and improve your business' social and regulatory compliance.

Get in touch with our experts to discuss your organisation's needs when it comes to ethical business compliance in your business.





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