



CASE STUDY

LAUNCHING A MODERN SLAVERY PROGRAM WITH THE STRT

INTRODUCTION

The modern slavery landscape is expanding. As more companies take a closer look at actions in their supply chains, they are finding themselves in need of a streamlined tool to perform efficient due diligence, acquire high-quality modern slavery data, and determine appropriate remediations. Many are choosing the Slavery & Trafficking Risk Template (STRT) to help them do so.

This case study provides an overview of how one company in the automotive industry leveraged the STRT to gain visibility into a group of high-risk suppliers and begin to enact change.

Transparency in Complex Supply Chains

Evaluating suppliers in complex automotive industry supply chains can be a resource-heavy endeavour. When one prominent client in the sector decided to learn more about modern slavery in its supply chain, it lacked effective, budget-friendly tools to support the due diligence process, scope suppliers for risk, and follow up on post-survey remediation. In addressing this need, the company contracted Elaine Mitchel-Hill, a business and human rights expert, to guide its efforts and facilitate due diligence.

COMPANY INFORMATION

Industry: Automotive

Type: Private

Size: Large (\$100–\$800 million)

HQ Location: UK

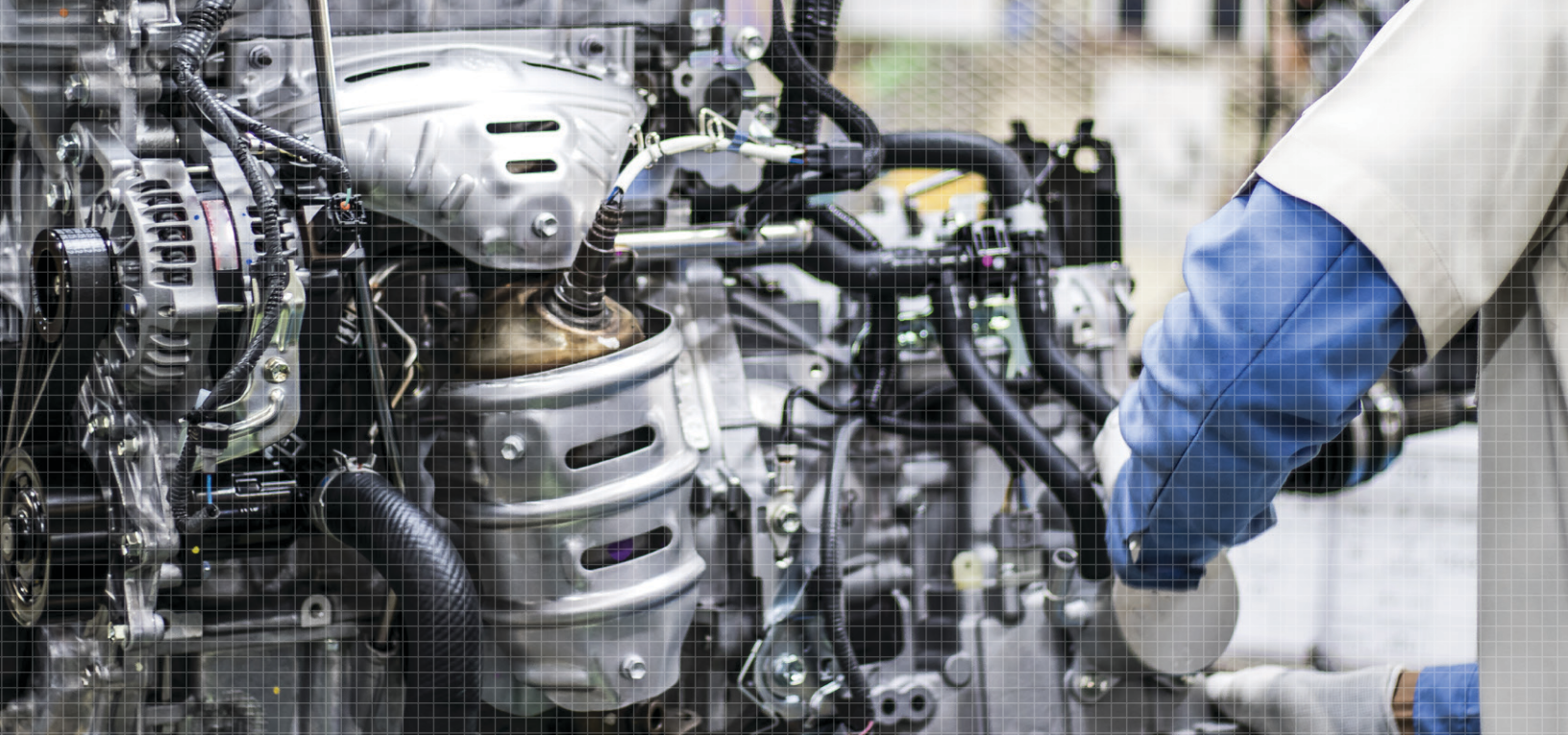
Regulation of Concern:
UK Modern Slavery Act



ELAINE MITCHEL-HILL

BUSINESS & HUMAN RIGHTS EXPERT

Elaine Mitchel-Hill has detailed knowledge and expertise in a variety of corporate social responsibility areas, including responsible supply chains, sustainable procurement, labour rights, anti-corruption, and United Nations Global Compact (UNGC) engagement and Sustainable Development Goals (SDG) contribution. As a business and human rights expert, she helps companies respond to supply chain due diligence requirements under legislation such as the UK Modern Slavery Act (MSA). She implements and embeds due diligence best practices in UK-based business operations and complex overseas supply chains. She is a member of the STRT Development Committee.



SELECTING AN EFFECTIVE DUE DILIGENCE TOOL

The automotive company that contracted Mitchel-Hill knew the expectations of its clients and the public around its efforts to combat modern slavery were more stringent than those outlined by the UK MSA. It wanted to move beyond strict legal compliance with the act to gain a more comprehensive understanding of its global supply chain risks. In order to accomplish these things cost-effectively, the company needed a tool to aid in streamlining due diligence across its supplier network.

In order to help the company select an appropriate solution to perform modern slavery due diligence, Elaine gathered a set of criteria based on her evaluation of the company's internal due diligence processes and expectations. The company needed the solution to be:

- Quick and easy to deploy across all suppliers, in multiple languages.
- Uncomplicated.
- Effective.
- Cost-efficient.

Furthermore, Mitchel-Hill's client wanted the solution to ultimately build internal confidence in the company's ability to locate and rectify human rights violations in the supply chain.



I wanted an approach that would build my clients' confidence around the issues of modern slavery without making them feel vulnerable — a find-and-fix approach at the initial stage.” —Elaine Mitchel-Hill

Choosing the STRT

In evaluating the company's options, Mitchel-Hill determined that the STRT was the only solution that could accomplish its goals effectively. While other solutions required an immediate financial commitment to get the process underway, the free-to-use STRT allowed her to get a pilot started right away. The STRT provided a cost-effective means of performing the assessment, and determining the correct next steps and budgetary demands of future efforts. It was easily and quickly approved by the company's internal Modern Slavery Working Group.

Mitchel-Hill identified several benefits that put the STRT ahead of other solutions:



COST-EFFICIENT & EASY TO USE

Because the STRT is a free Excel-based survey, it can quickly be deployed to a small subset of suppliers without the support of an internal or third-party system. This allows companies to get fast, detailed results without impacting budget and timeline.



EFFECTIVE

Maintained by a multi-stakeholder Development Committee, the STRT is supported by the expertise and perspective of leaders in the modern slavery space to ensure it is a relevant and effective tool for industry.



SIMPLICITY OF THE REQUEST

The STRT collects the most essential data for assessing risk, encouraging positive supplier engagement, increased response rates, and improved accuracy of submissions.



GEOGRAPHIC REACH

The STRT can be administered to suppliers across the globe in English, French, Spanish, German, Chinese, Japanese, and Portuguese.



POTENTIAL FOR SELF-ASSESSMENT

Companies can use the STRT to perform a self-assessment on their own modern slavery risks before disseminating the survey to their suppliers. This allows them to evaluate their own actions, and influence supplier participation positively by demonstrating leadership by completing the survey.

WHAT IS THE STRT?

The STRT is an Excel-based assessment tool used to provide companies with insight on the modern slavery risks in their supply chain. It can be leveraged by both public and private organizations, regardless of size, budget, and program maturity. Companies can use the data acquired through the survey to report on their due diligence efforts and create disclosures to comply with regulations such as the:

- The US Federal Acquisition Regulation's (FAR) final rule on Combating Trafficking in Persons (52.222-50).
- The UK Modern Slavery Act (Section 54 - Transparency in Supply Chains).
- The California Transparency in Supply Chains Act (SB657).
- The French Corporate Duty of Vigilance Law (2017-399).
- The Countering America's Adversaries Through Sanctions Act (Title III).
- The Australia Modern Slavery Act.
- Section 307 of the US Tariff Act.
- The Canada Customs Tariff Act (No. 9897.00.00).

Users can also analyze results to determine which on-the-ground actions are necessary to bring suppliers to good standing.

Scoping Suppliers in the Automotive Industry

Although modern slavery violations often occur where materials are sourced, they are also found in manufacturing environments. This is especially true in dense supply networks, such as those within the automotive industry.

Companies navigate complex production processes, manufacturing products with multiple subparts that have been built to complex specifications and undergone several custom processes. Many of these parts are exported to different regions in order to undergo the operations necessary to build quality automotive parts. This means there are many ways modern slavery can sneak into a final product, with differing levels of risk depending on the location in which those operations were performed.

Mitchel-Hill helped her client address this complexity by first performing a scoping assessment to determine which suppliers should be evaluated more stringently. This allowed the company to prioritize deployment of the survey to high-risk suppliers and manage budget strategically.

The company then held a training session with 12 people from across the organization to share information about, among other topics, why certain suppliers were chosen to participate in the STRT pilot through an online training session with program stakeholders, satisfying a portion of the UK MSA's requirements for training on modern slavery.

Attendees also learned about the company's requirements under the UK MSA, as well as any key performance indicators (KPIs) related to modern slavery, the STRT, scoping criteria, response rates, and timelines associated with feedback and remediation.

Administering the STRT

The automotive company wanted to perform a campaign with a small group of its suppliers to test its approach. In order to determine which vendors would participate, Mitchel-Hill scoped suppliers down to a list of 50 based on various modern slavery risk factors. Her team was then able to further reduce that number to 30 after taking contract size into account — another effective scoping tactic for a pilot STRT send-out.



In addition to the STRT, in-scope suppliers received an email communication detailing the company's commitment to combating modern slavery. This included the company's Modern Slavery & Anti-Trafficking Statement and Human Rights Policy. The email also included the offer of a follow-up call with suppliers to discuss the request.

The Results

Of the 30 suppliers selected, 29 completed and returned the STRT. The supplier that did not complete the STRT is now considered a high-risk supplier, and will undergo an on-site modern slavery threat assessment.

Mitchel-Hill leveraged the STRT's geographic reach by administering it to 30 suppliers across diverse geographies such as China, India, Hong Kong, Turkey, the UK, and Malaysia. Of the 30 suppliers, 29 returned it to the automotive company by email. Although one vendor did not return the STRT, the automotive company is running them through modern slavery training and a threat assessment in order to bring the supplier into good standing.

- Twenty-nine of 30 suppliers completed the STRT within the eight-week time frame as a result of consistent follow-up from key company contacts.
- Fifty percent of the suppliers completed the STRT to a good or high standard.
- Fifty percent of the suppliers completed the STRT to a low or unacceptable standard.

To improve on these results and drive change, the company followed up to improve the quality of these submissions. Since then, each of these suppliers has brought its submission up to a good or high standing.

The automotive company has leveraged the results of its pilot STRT survey to:

- Categorize suppliers by risk based on their responses and/or reluctance to respond.
- Focus resources on high-risk suppliers.
- Know the signs of a supplier that is not engaged with modern slavery issues.
- Identify opportunities to collaborate with suppliers on corrective action plans.
- Find examples of organizations that are successfully addressing modern slavery despite challenging circumstances.

“The STRT allowed my client to get a quick snapshot of the red flag areas within high-risk suppliers, and kick-start a collaborative relationship with these vendors to bring them into good standing — all without having to travel anywhere.” —Elaine Mitchel-Hill

The automotive company also recognizes that through the creation and execution of a modern slavery engagement program, they increased internal understanding of the issue throughout its own business operations. Over 20 employees were involved in the process, and now have a clear understanding of where modern slavery risk might exist within the supply chain, and how to address it.

In order to nurture its future efforts, the company identified a number of areas for action, including the development and distribution of a human rights policy and guidance documentation. It also identified a need to update its supplier code of conduct to reflect a broad human rights agenda.

Thanks to the STRT, Mitchel-Hill's client has a better understanding of the modern slavery risk in its supply chain, tools to administer training both internally and externally, and a starting point for showing year-over-year progress in eradicating modern slavery from supply chains. As a next step, the company plans to administer the STRT to an additional 20 suppliers.

For more information about how the STRT can help your company identify and mitigate modern slavery risk, visit socialresponsibilityalliance.org.

“Whether internal resources are under pressure, if you don’t know where to begin, or just want to identify modern slavery in your operations, the STRT is the best place to start.”
—Elaine Mitchel-Hill

About The Social Responsibility Alliance

The Social Responsibility Alliance (SRA) is an initiative focused on providing companies with the open-source tools, resources, and support they need to build socially responsible supply chains through the collection of responsible sourcing data. Founded in 2017, the initiative seeks to more broadly facilitate the collection of human and labour rights data to spark change in global supply chains and improve the lives of those impacted by human rights violations.

