

# CEP

MAGAZINE

A PUBLICATION OF THE SOCIETY OF  
CORPORATE COMPLIANCE AND ETHICS

## LISA BETH LENTINI WALKER

JD, MBA, CCEP

CEO & FOUNDER OF LUMEN WORLDWIDE ENDEAVORS,  
MINNEAPOLIS, MINNESOTA, USA

## BE CURIOUS (P10)

Is your company supporting  
modern slavery? (P16)

Don't overwork your supplier  
code of conduct (P24)

UK deferred prosecution  
agreements: Self-reporting and  
continued cooperation (P30)

Should highly regulated public  
companies have board-level  
compliance committees? (P34)



SCCE®



# IS YOUR COMPANY SUPPORTING MODERN SLAVERY?

by Mónica Ramírez Chimal



**Mónica Ramírez Chimal**  
MBA

*(mramirez@asserto.com.mx) is  
Partner and Founder of Asserto RSC  
in Mexico City, Mexico.*

**P**ay attention when you are at a car wash, in a fish market, getting coffee or your favorite chocolate, or purchasing those jeans you like so much. Behind the scenes, there could be modern slaves making those items accessible to you and everyone else.

According to the latest figures, approximately 40 million people are modern slaves, and of these, it is estimated that 25 million are people working in forced labor and 16 million are exploited in the private sector.<sup>1</sup> And these are the only figures we know; so many people continue to be exploited, used, owned, and uncounted because they are in remote or conflicted areas that are impenetrable.

Modern slavery is a very lucrative business. Globally, it generates as much as \$150 billion in profits every year, and even more disturbing is the fact that almost \$47 billion is

generated in developed countries and regions, including the European Union.<sup>2</sup>

Companies can be implicated in modern slavery in many ways, despite thinking they are either immune from it or simply don't need to address it: in their internal operations, through their supply chains, by their business partners' alliances, representatives, and so on. When companies have an opaque network of different subcontractors, or look for cheap labor in places where there is lax labor regulation or where corruption is high so the authorities will likely turn a blind eye to crime, they can become part of modern slavery or contribute to it.

## **Modern slavery defined**

In simple, generic terms, modern slavery is the severe exploitation of other people for personal or commercial gain. There is no



international definition, so definitions can vary according to each country's legislation, but the term generally means "situations of exploitation that a person cannot refuse or leave because of threats, violence, coercion...abuse of power, or deception."<sup>3</sup>

Modern slavery involves two factors: involuntariness and penalty. For example:

- ◆ "Factory workers are given no choice on whether they work overtime or not and are threatened with dismissal or violence if they refuse. **AND** the hours worked are in excess of those allowed by national law."
- ◆ "An employer confiscates important 'permission to work' documents belonging to migrant workers when they start work **AND** these workers are told that their documents will be returned after they complete the work that they are assigned."<sup>4</sup>

The exploiters take advantage of vulnerabilities that people have, such as poverty, exclusion, inequality, insecurity, discrimination, or lack of protection by the law. All these are drivers that can help exploiters own, control, use, or sell innocent people.

Modern slavery is hard to detect because it can look like a normal job, but the work is being controlled, either with threats (e.g., "We are going to hurt your family") or with worker IDs being withheld, so they can't escape. Additionally, victims are unwilling to report the abuse for fear of being deported.

### Key controls to protect your company from modern slavery risk

#### 1. Identify any risk factors

Start by knowing how the company operates. Map the process, and you'll get a picture of **where** (e.g.,

countries, locations) operations are, **what** is being provided to consumers (product or service), **who** is involved (e.g., workers, suppliers, contractors, subcontractors, business partners, alliances, representatives), and **how** the process flows.

To identify the risks for your company, consider the following questions. Your answers will help you to start identifying high, medium, and low risks in your supply chain.

- ◆ What are the products or services the company offers? There are activities and industries that are more vulnerable to modern slavery, such as construction, healthcare, forestry, fishing, catering, car washes, beauty salons, electronics, food, retail, manufacturing (e.g., clothing), agriculture, cleaning, and hospitality.
- ◆ What are the areas in which modern slavery could occur in your company? Or which are the areas most vulnerable to exploitative practices? For example: areas or processes where there may be a dependence on unskilled labor.
- ◆ What are the company's procurement, hiring, and recruiting policies? Does it comply with local and international regulation? How often is it reviewed?
- ◆ Is all the hiring authorized? Sometimes there are exemptions in cases of emergency, but they should be rare.
- ◆ Does the company have a code of ethics? When was it last updated? Are the employees and suppliers trained regarding ethics and modern slavery?

- ◆ Does the company have a complete human rights protection policy for everyone who works for it? Is it valid for everyone?
- ◆ Is the company supply chain complex or simple? Is it domestic, or does it extend internationally?
- ◆ What kind of people are needed in the supply chain? Are they migrant workers, students, or low-skilled workers?
- ◆ How do the third parties participate in the supply chain? Do they outsource the process, provide low-skilled labor, or hire temporary seasonal workers?
- ◆ Does the supplier operate in a location with poor governance, lax labor regulations, high corruption levels, or in a conflicted region? Is it a location known to have modern slavery, such as Indonesia, North Korea, and China?
- ◆ Is there any history of poor practices done by the supplier? Any cases of human rights violations?

**The exploiters take advantage of vulnerabilities that people have, such as poverty, exclusion, inequality, insecurity, discrimination, or lack of protection by the law.**

As you can see, the risks involve the company itself, locations of operations, products or services, and people, so it's important to assess the risks on a regular basis since they are dynamic and change constantly.

## 2. Maintain a slave-free supply chain

Companies have a responsibility to make sure modern slavery is not used in producing the product or service they sell through direct and indirect suppliers. Therefore, addressing the risks posed by each supplier is essential. These questions will help to identify the supplier's risk:

- ◆ Do all company suppliers have a contract in force? Is it signed? Updated? Does it align to the regulation that both the supplier and the company need to comply with? Keep an inventory of all the suppliers the company has, including this information.
- ◆ What requirements are included in supplier contracts related to modern slavery and/or labor standards? Can the company carry out revisions on-site? Are there any sanctions in case a modern slavery case happens?
- ◆ Do the suppliers know what is expected from them to avoid labor exploitation? Has this been clearly explained? Do they know when to report to the company? Do they know how to identify modern slavery?
- ◆ What are your suppliers' working conditions and practices? How do the suppliers get their materials? What are their purchase or procurement processes? Do they subcontract? Are their suppliers aligned to their policies? Does the company have access to their recruiting and hiring policies and procedures? If so, do they

align with the company's own policies and procedures?

- ◆ What are the suppliers' hiring and recruiting policies? Do they comply with local and international regulations?
- ◆ Do the suppliers have to comply with modern slavery regulations? If so, which regulations?
- ◆ Do the suppliers have a report line, and is it accessible to everyone?
- ◆ Have there been complaints, reports, suspicion of modern slavery, or a case of modern slavery? If so, how many and what was the outcome?
- ◆ How often do the suppliers train their employees? Are the suppliers' own suppliers included in the training?
- ◆ Do the suppliers have access to the company's code of ethics and report line? When was the last time the company trained them regarding modern slavery and any topic related to it?
- ◆ When were they last audited by the company or a third party? Does the company have a copy of the audit? What were the results?
- ◆ What are the risks posed by each supplier in terms of their location, participation in the supply chain, background or history, and any negative news or reports?

With the answers to these questions, you can start identifying high, medium, and low risks in each supplier. Include in the analysis direct and indirect suppliers, and don't forget that this concept includes contractors, subcontractors, business partners, alliances, representatives, etc.

It's also important that the company set standard levels (or

key performance indicators) for the suppliers according to what is most effective and efficient. The key performance indicators help to maintain the level of protection or quality needed, as well as to show whether there is a progress in preventing modern slavery in their company. Some examples are:

- ◆ The number of trainings per year in modern slavery,
- ◆ The number of modern slavery reports and the response times to resolving the issues,
- ◆ The number of revisions done per year, and
- ◆ The percentage of observations detected.

But keep in mind that the indicators must be supported by evidence (i.e., supporting documentation).

Lastly, even if by law the supplier or your company are not required to have a modern slavery statement, do it. It will show transparency of your supply chain and that the company and its suppliers have zero tolerance for modern slavery.

## 3. Conduct effective revisions

If the supplier is located far away from where the company is based, either internal audit or compliance should try to make an impromptu business visit. If due to logistics the audit or revision can't be done, hire someone local. This visit will help you get a firsthand, independent point of view of what is going on and make sure everything is in order.

When conducting revisions, consider the following points:

- ◆ **Interview people randomly and by surprise.** Ask them key questions such as what their salary is and when they are paid. What rights and benefits do they have? Do they work

overtime, and are they paid for it? Do they have to pay something to secure the work? When was the last time they were trained? How often are they supervised? How do they feel? What improvements do they see that the company can make? During the interview, the interviewer should be friendly, open, and dress according to the circumstances so workers will feel comfortable rather than interrogated.<sup>5</sup>

Based on the interviewee's answers, review each worker's labor contract. Does everyone have a contract in force? Is it signed and updated? Does it align to the regulations the supplier needs to comply with, and is it what the workers told you?

Also check the payments to corroborate salary, extra hours, traveling expenses, or any other payment and when it's processed. Use any other source of information that can help corroborate what you've heard, such as entry and exit logs, reports, systems, etc.

- ◆ **Walk through and observe the work area**, including the bathroom, warehouse, parking lot, dining room, etc. How do these environments look? Do they comply with hygiene and safety regulations? Are workers nervous, sweating, or looking tired? Is there enough light and ventilation? Is the place clean? Do they take breaks? Do they leave at the established time? Are workers able to move freely? Is there someone watching them?

Invest the time to visit on weekends and stay after the workday is done. Walk again through the facilities. Who is there and why? And if there

are workers, check the next payment cycle to see whether any extra work hours were paid. Observing is the most effective key control. It doesn't cost a thing and will give you more valuable insight into what is really happening.

- ◆ **Ask for any evidence of trainings done.** How often does the supplier train its employees in modern slavery, ethics, and any topic related to it? Is the content of the training adequate and consistent with what employees should learn? How does the supplier make sure the employees have fully understood the training?
- ◆ **Look for any report mechanism the supplier has.** Is it a phone line, a mailbox, email? Who is in charge of monitoring it, and is it accessible to all workers? When was the last time someone reported something, and in what time frame are reports responded to? Do the workers have access to the supplier's code of ethics and report line? Do they know how and when to report? Check whether there have been complaints, reports, or suspicion of modern slavery, and how they were solved. Has there been a repeated offense?
- ◆ If there are vacancies, **observe the hiring procedure.** What information is provided to workers before they apply for and begin the job?
- ◆ **Inquire as to the last time a worker quit.** How long ago was it? During your worker interviews, ask them if there are special conditions required to leave their job. Compare the answer to what is included in the contract. Are there any differences?

- ◆ **Request access to any other internal or external review or audit.** What observations did they make? When and how were they resolved? Are there recurring observations? If so, why hasn't the supplier resolved them? Are there any observations that match with what you are detecting?

Conducting effective revisions is key to determining how high the risk of modern slavery is, but it is only the first part. The most important part is to remedy the observations detected. As an ethical company, you must demonstrate the actions you're taking to not contribute to, facilitate, or increase the risk of modern slavery in your company's supply chain.

**Observing is the most effective key control. It doesn't cost a thing and will give you more valuable insight into what is really happening.**

- ◆ **Therefore, follow up as quickly as possible** to resolve the observations detected. Based on the observations, evaluate whether it is necessary to change processes, improve controls, enhance the company's production or supply chain, etc.

Otherwise, the risk of modern slavery is not minimized.

#### 4. Train staff, suppliers, and anyone vulnerable to modern slavery risk

Training is essential for raising awareness and ensuring that people understand the importance of modern slavery. It also helps people understand what they need to do, how to react, and what the company expects from them.

Therefore, training content should be focused on the modern slavery risk the company may face. The training should help answer these questions: How could a modern slavery case be presented in your company? How would you address it?

It is only when employees know what modern slavery is, the impact it has, and how it can become a reality for their organization that they can help combat modern slavery by reporting what they know in time.

It's important to use feasible cases and red flags so people know how to detect it; know what to do; and, more importantly, become aware of the impact it can have. Some examples of red flags that can indicate a person is being subjected to modern slavery are:

- ◆ Being forced to work against their will;
- ◆ Being physically constrained, appearing unable to leave, or moving in a limited area;
- ◆ Showing signs of abuse (mental or physical) or being scared to interact with others;
- ◆ Seemingly being under the control or ownership of someone else;

- ◆ Having few personal belongings with them or having their identity documents retained;
- ◆ Working excessive long hours;
- ◆ Having salary or wages retained or earning little due to unexplained or illogical fees;
- ◆ Having debt with the employer; or
- ◆ Being dehumanized or bought and sold as property.

Include in the training what the regulations, policies, and code of ethics mention regarding modern slavery, as well as best practices on the topic. Make the training interesting and engaging to boost awareness.

But do not only rely only on face-to-face training! Use reminders such as posters in key areas of the company, including bathrooms (where people are less distracted and can read the message calmly), and on your website, blog, etc.

In addition to the training, have a report line and protect whistleblowers so people are more likely to speak up.

Keep in mind that it only takes one person to commit a violation or make an exemption for the company to be at risk. Lower that risk by providing training to everyone.

#### 5. Review existing policies, procedures, and the code of ethics

It's a fact; policies, procedures, and codes of ethics are too often written once and forgotten until someone asks for them. This shouldn't happen, because they are the company's foundation, its rules and guidance, and what everyone should comply with. Reviewing them should be a continuous exercise based on the risks that the company faces, including modern slavery.

Some key points to consider regarding a company's policies, procedures, and code of ethics:

- ◆ They should reflect and support each other (in no way should they contradict) and be aligned with regulations the company must comply with. Most importantly, they should not contribute to or increase the risk of modern slavery in the company's supply chain.
- ◆ They must be written in detail, clearly, and explicitly. For example, sections could be broken down into the following: human rights protection, noncompliance among suppliers, modern slavery, how to report, etc.
- ◆ If the company itself or its supply chain has a presence in other countries, the policies, procedures, and the code of ethics must be provided in the local languages and analyzed with a lens representative of the local culture and customs.
- ◆ They must be updated according to how the risks evolve, the results of significant observations, changes in the process or procedures, etc. Training on modern slavery awareness must also be updated according to these changes.
- ◆ They must be easily accessible to employees, customers, third parties, other stakeholders, and anyone else involved with the company.

The clearer the policies, procedures, and code of ethics are, the less confusion and misunderstanding there will be, and the easier it will be for those who work for the company to follow these guidelines.



## 6. Involve upper management

Companies that have leaders who provide a clear vision and drive for addressing modern slavery issues, as well as showing personal responsibility, are more likely to make further progress than those that don't. So assign the responsibility of modern slavery risk to someone in upper management. Beyond addressing the risk, this will help:

- ◆ Make valuable resources more easily accessible when they are needed,
- ◆ The company to demonstrate that it really cares about modern slavery risk, and
- ◆ Raise awareness among employees.

In addition, appoint compliance ambassadors within the company to help address other employee's issues or concerns.<sup>6</sup> Sometimes it is easier for people to talk to a peer than to their boss, a director, or someone in an area other than their own. Those with concerns can have very valuable firsthand information about what is happening in their environment that can help to identify and manage slavery risks in supply chains.

### Why should companies care about modern slavery?

First, because the company's reputation and image can be significantly damaged, and it can also put the company at ethical, operational, and legal risks, not to mention the sanctions that could be imposed. Certain countries such as the United States, Australia, Brazil, Canada, or the United Kingdom, among others, are pushing to make sure companies are transparent about their supply chains. In some countries, there is an "ethical brand" for "slave-free products."

People are becoming more conscious about their responsibility to buy a product from a company that doesn't use modern slaves, such as minors, migrant workers, or other exploited employees. In fact, consumers are seeking companies with higher ethical standards. Therefore, a company that has zero tolerance for modern slavery — and shows it — improves its brand recognition and creates a positive business reputation.

Second, most forced labor cases have a connection to the private sector. In order to attract more customers, companies lower prices and speed up production to make a quicker delivery. This increases the probability of exploiting employees; hiring cheap labor (usually immigrants, women, or children) and temporary employees; involving middlemen; or outsourcing some processes without taking the time to check whether there is modern slavery risk. The most common risk area for modern slavery is the lowest levels of the supply chain, where workers don't know their rights or the protection they are entitled to.

When modern slavery happens, the impact is not only for the company but also for the whole industry. And this negative impact can lower sales, see drops in shares, and can lead a company to bankruptcy.

Third, the pandemic has generated a global economic crisis that will continue for years. This means that several key triggers for modern slavery will increase, such as poverty, unemployment, insecurity, immigration, and corruption, and these will generate an increased supply of people vulnerable to exploitation, such as workers, immigrants, and children.

Even employers can be at risk of exploiting their current employees.

For these reasons, all companies should care about modern slavery. Beyond these reasons, it's inhuman to treat other people as slaves or to make them work under horrifying conditions. As the United Nations' *Guiding Principles on Business and Human Rights* mentions, "Business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved."<sup>7</sup>

**The most common risk area for modern slavery is the lowest levels of the supply chain, where workers don't know their rights or the protection they are entitled to.**


### Something to think about

No country is free from modern slavery. It can affect any type of business, in any supply chain. Modern slavery crosses borders and occurs on a large scale, affecting millions of people all around the world.

Companies have a vital role in it; modern slavery is a ruthless way of lowering costs and maximizing profits, all at the dreadful expense of human lives. The drive to tackle modern

slavery shouldn't be just reputation, image, or sanctions; it should be more than that. The driver should be helping people get out of horrendous circumstances, because it's the right thing to do. Only when companies focus more

on people will this crime be minimized.

Is your company supporting modern slavery? Hopefully it isn't and is taking actions to stop modern slavery, to help those who can't help themselves, and to free more people. 

**Endnotes**

1. "Forced labour, modern slavery and human trafficking," International Labour Organization, accessed September 9, 2021, <https://bit.ly/3hf8xxm>.
2. Kate Hodal, "One in 200 people is a slave. Why?" *The Guardian*, February 25, 2019, <https://bit.ly/3BTqmKs>.
3. Minderoo Foundation, *The Global Slavery Index 2018*, accessed September 9, 2021, 7
4. Ethical Trading Initiative, *Managing Risks Associated with Modern Slavery: A Good Practice Note for the Private Sector*, accessed September 9, 2021, 18, <https://bit.ly/3wy0qkU>.
5. Mónica Ramírez Chimal, "Do you know how to audit a third party in the supply chain?" *CEP Magazine*, October 2018, 34-36, <https://bit.ly/38URufK>.
6. Mónica Ramírez Chimal, "Compliance ambassadors wanted!" *CEP Magazine*, November 2020, 26-29, <https://bit.ly/3yDf8sB>.
7. United Nations, *Guiding Principles on Business and Human Rights*, 2011, 13, <https://bit.ly/3tqEpEL>.

**Takeaways**

- ◆ Modern slavery can look like a normal job, and the victims are usually unwilling to report it for fear of being deported, among other reasons.
- ◆ Companies can be implicated in modern slavery, directly and indirectly, in their own operations, through their supply chains, by their business partners, by their representatives, etc.
- ◆ Mapping the production process helps to understand all the moving parts and identify the risks in the supply chain.
- ◆ Maintaining a slave-free supply chain is essential for companies to show that they don't contribute to nor facilitate modern slavery.
- ◆ Conducting effective revisions and training and involving upper management are key to deterring, detecting, and preventing modern slavery.

**SCCE & HCCA 2021–2022 BOARD OF DIRECTORS**

**EXECUTIVE COMMITTEE**

**Robert Bond, BA, CompBCS, FSALS, CCEP**

SCCE & HCCA President  
Partner, Notary Public, Bristows LLP, London, UK

**Walter Johnson, CCEP, CCEP-I, CHC, CHPC**

SCCE & HCCA Vice President  
Assistant Privacy Officer, Inova Health System, Falls Church, VA, USA

**R. Brett Short, CHC, CHPC, CHRC**

SCCE & HCCA Second Vice President  
UK HealthCare, University of Kentucky, KY, USA

**Louis Perold, CCEP, CCEP-I**

SCCE & HCCA Treasurer  
Principal, Citadel Compliance, Pretoria, South Africa

**Samantha Kelen, MBEC, CCEP**

SCCE & HCCA Secretary  
Chief Ethics and Compliance Officer, Cardinal Innovations Healthcare, Charlotte, NC, USA

**Kelly Willenberg, CHC, CHRC**

SCCE & HCCA Non-Officer of the Executive Committee  
Owner of Kelly Willenberg & Associates, Greenville, SC, USA

**Art Weiss, JD, CCEP-F, CCEP-I**

SCCE & HCCA Immediate Past President  
Principal, Strategic Compliance and Ethics Advisors, Henderson, NV, USA

**EX-OFFICIO EXECUTIVE COMMITTEE**

**Gerard Zack, CCEP, CFE, CPA, CIA, CRMA**

Chief Executive Officer, SCCE & HCCA, Minneapolis, MN, USA

**Stephen Warch, JD**

SCCE & HCCA General Counsel, Nilan Johnson Lewis, PA, Minneapolis, MN, USA

**BOARD MEMBERS**

**Niurka Adorno-Davies, JD, CHC**

AVP Compliance, Molina Healthcare, Charleston, SC, USA

**Odell Guyton, CCEP, CCEP-I**

SCCE Co-Founder, Compliance & Ethics Professional, Quilcene, WA, USA

**Gabriel L. Imperato, Esq., CHC**

Managing Partner, NelsonMullinsBroadandCassel, Ft. Lauderdale, FL, USA

**Shin Jae Kim, CCEP, CCEP-I**

Partner, TozziniFreire Advogados, São Paulo, Brazil

**Lisa Beth Lentini Walker, CCEP**

CEO and Founder, Lumen Worldwide Endeavors, Minneapolis, MN, USA

**Jenny O'Brien, JD, CHC, CHPC**

Retired - Chief Compliance Officer, United Healthcare, Minnetonka, MN, USA

**Judy Ringholz, RN, JD, CHC**

VP of Compliance and Ethics, Jackson Health System, Miami, FL, USA

**Lori Strauss, RN, MSA, CPC, CHC, CHPC, CCEP, CHRC**

Assistant Vice President Hospital Affairs, Chief Compliance Officer, Stony Brook Medicine, Stony Brook, NY, USA

**Greg Triguba, JD, CCEP, CCEP-I**

Principal, Compliance Integrity Solutions, Mill Creek, WA, USA

**Debbie Troklus, CHRC, CHC-F, CCEP-F, CHPC, CCEP-I**

President, Troklus Compliance Consulting LLC, Louisville, KY, USA

**Sheryl Vacca, CHC-F, CHRC, CCEP-F, CHPC, CCEP-I**

Chief Risk Officer, Providence St Joseph Health, Renton, WA, USA

**J. Veronica Xu, CCEP, CHC, CHPC**

Chief Compliance Officer of Saber Healthcare Group in Cleveland, Ohio, USA