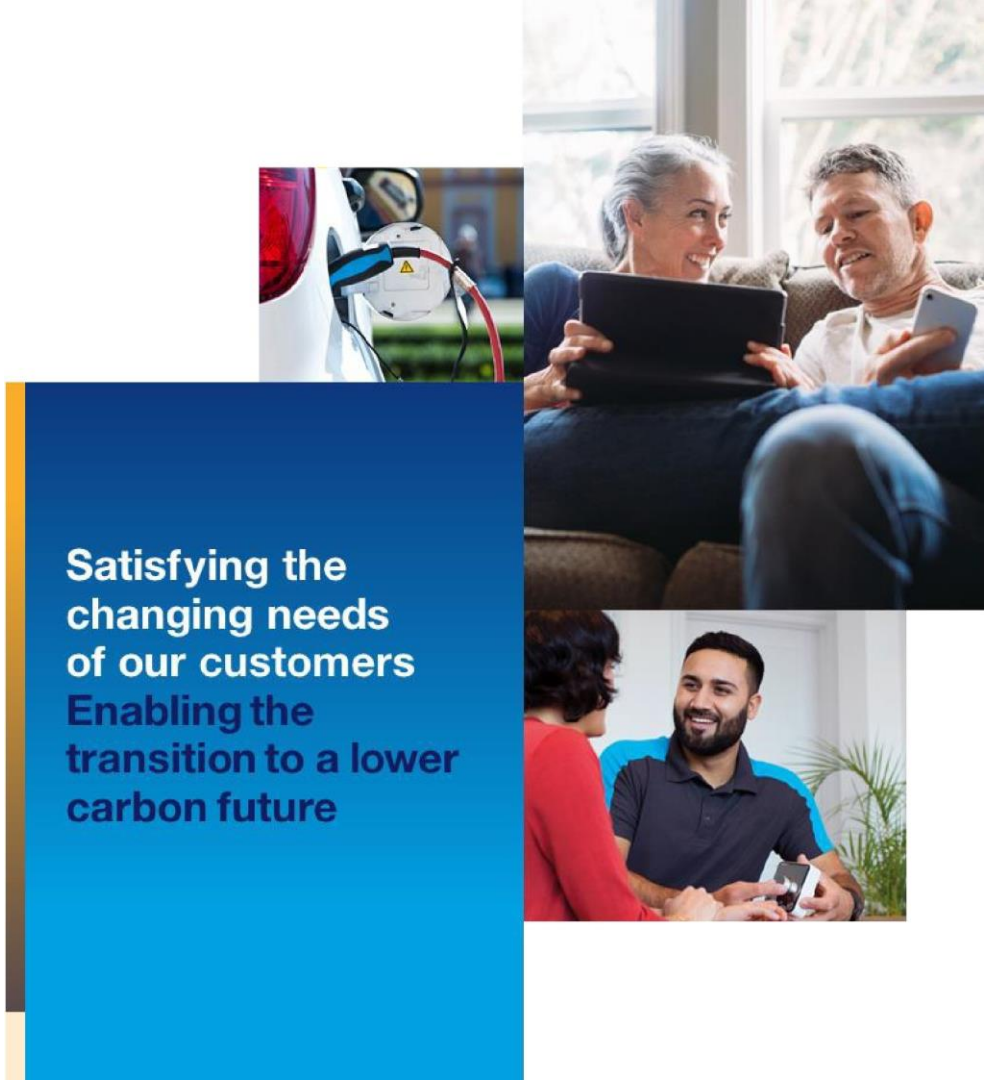
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Responsible Labour Practice Toolkit for Suppliers

June 2021



How to use this toolkit

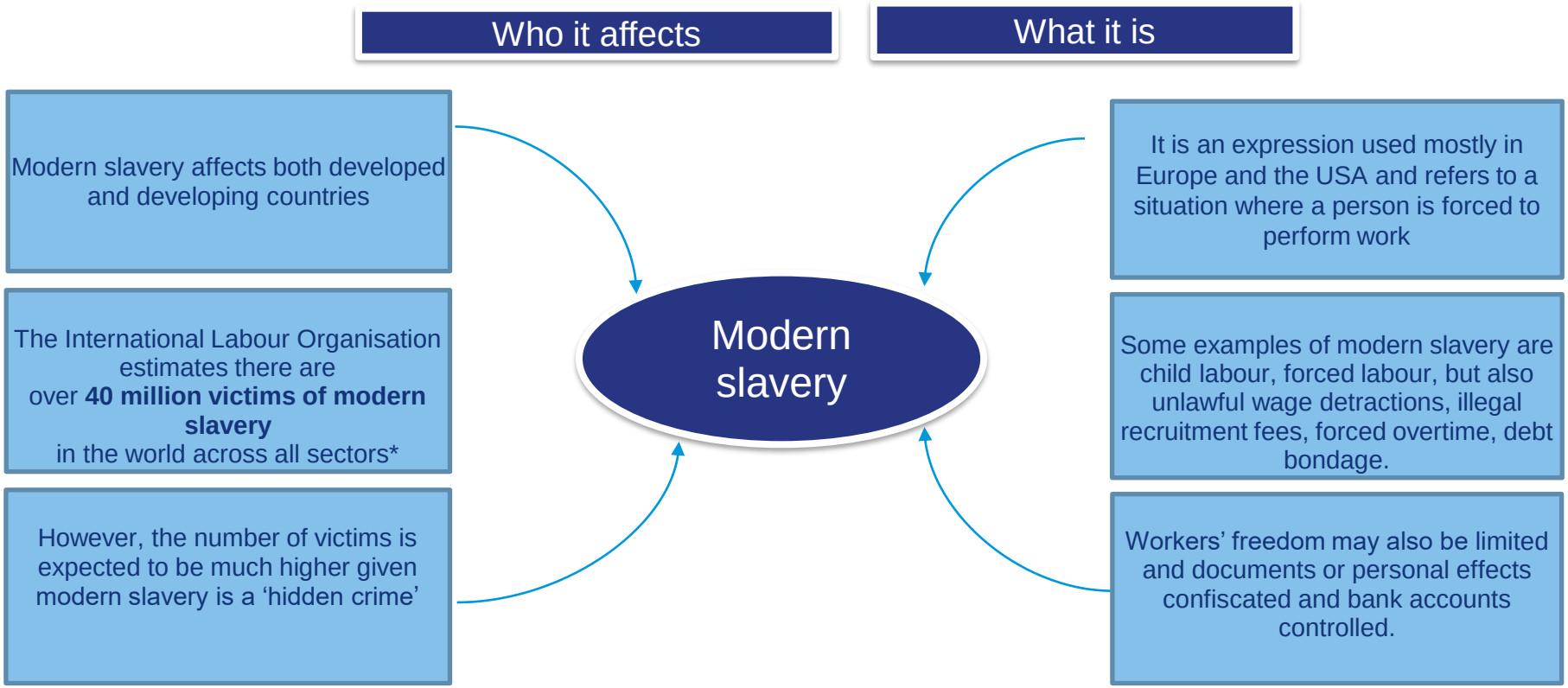
- Take care to read and understand each slide.
- Note which elements your business currently undertakes.
- Create a Continuous Improvement Plan with KPIs and deadlines to monitor your progress in achieving key parameters.
- Share this toolkit with your Tier 1 suppliers and request they undertake the same exercise to move towards continuous improvement and better labour practices for all.

Companies need to show their customers, consumers and investors that they are leaders in addressing human rights issues and they are a key priority in their business and supply chain. Centrica reviews key CSR metrics when selecting suppliers to work with and our Supplier Code of Conduct sets out our expectations.

Working collaboratively to tackle forced labour and advocating for responsible labour practices across your industry will help raise awareness and drive improvements in working conditions and recruitment practices across the supply chain.

Modern slavery in a nutshell

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*__ILO__: https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_574717/lang--en/index.htm

Child labour

We have a zero-tolerance policy for child labour. Young workers should perform light tasks and never work in hazardous conditions

EXPECTED PRACTICE

- Have a similar commitment to us to prohibit and have due diligence in place to help prevent child labour
- Never hire young workers below the legal minimum working age as specified by the ILO*
- Have effective procedures in place to verify the age of workers at the time of recruitment
- Young workers between 15-18 must be employed in compliance with legal requirements
- Conduct regular due diligence checks to ensure there is no child labour in your supply chain

BEST PRACTICE

- Train employees, management and recruitment agencies in minimum age requirements
- Introduce penalties for agencies or recruitment personnel if they hire underage workers
- If children were previously recruited in your factory, conduct follow up welfare checks
- Consider seeking advice from a local NGO or human rights expert on how you can prevent and remediate child labour

*ILO Labour standards: https://www.ilo.org/global/standards/lang--en/index.htm

Forced labour including forced overtime

We do not condone forced overtime. Comply with the applicable laws for working and overtime hours

EXPECTED PRACTICE

- Be aware of and apply the legal requirements for overtime hours, overtime premium pay and rest days in your country
- All overtime work is voluntary, in compliance with relevant laws (including those setting out overtime limits) and workers can opt out at any time
- Keep records of all the shifts and hours worked by each worker

BEST PRACTICE

- Have a policy prohibiting any forms of forced or compulsory labour
- Have a policy setting out working hours, rest days and holidays
- If excessive overtime occurs at your factory, implement an action plan to gradually reduce it by understanding and tackling the root causes
- Be mindful that certain workers* may be more exposed to modern slavery risk such as forced overtime
- Record accurately all shifts and hours worked via an electronic timesheet or system

▪ E.g. female, LGBT and ethnic and minority, young, refugees, migrant, seasonal, part-time, fixed-term, temporary, domestic and third party outsourced workers and those with disabilities

Workers freedom and confiscation of personal effects

Workers should always be free to leave after their shift ends and to leave employment permanently should they choose to

EXPECTED PRACTICE

- Workers always have freedom of movement around facilities
- Don't confiscate workers' personal identification documents and belongings
- Recruitment agencies must not require them to lodge deposits
- Workers can leave the workplace after their shift or permanently in accordance with contract terms and agreed notice
- Workers wishing to leave employment will not pay penalties or be subject to any punishment

BEST PRACTICE

- Have a policy that prohibits the retention of workers' personal effects
- Communicate the policy widely and make sure it is accessible to all workers

Incorrect wages, pay detractions and limitations to workers' freedom

Workers will receive fair and correctly calculated wages and overtime pay in accordance with the law

EXPECTED PRACTICE

- Pay workers correct wages. Overtime is paid according to the industry minimum standard and applicable laws
- Provide workers with written contracts reporting their pay and benefits in a language they understand
- Provide workers with payslips detailing their pay and benefits
- Do not delay wage payments or pay workers the incorrect amounts; any mistakes should be immediately rectified
- No deductions to workers' wages to be made other than those permitted by the law

BEST PRACTICE

- Pay wages that provide some extra income rather than just meeting workers' basic needs
- Issue internal communications that clarify basic pay, overtime pay and lawful deductions in a language understandable by all workers
- Reward good behaviour rather than using penalty systems for poor performance
- Avoid cash or cheques when paying workers

Unethical hiring practices and unlawful recruitment fees

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Workers should not be charged fees as a condition of receiving employment, including by any recruitment agency

EXPECTED PRACTICE

- Do not charge workers any fees or take any deposit as a condition to receiving employment
- If using a recruitment agency, ensure it is a registered business entity and don't charge workers recruitment fees
- Check with workers that they were not charged unlawful fees or asked to lodge a deposit when commencing employment

BEST PRACTICE

- Develop a policy which sets ethical recruitment standards
- Run training on ethical recruitment practices internally and with any recruitment agencies
- In your contract with recruitment agencies, specify that no recruitment fees and other unlawful practice are permitted
- Perform checks on recruitment agencies, including checking existing workers contracts
- Verify with your workers that they are not being forced to work by a third party or paying fees/in debt to them

Workers' bank accounts controlled by third parties

Workers should be paid into their dedicated bank accounts, registered in their own names, not in accounts controlled by third parties

EXPECTED PRACTICE

- Ensure wages are paid into workers' dedicated bank accounts
- Query any bank accounts that are not in the name of the worker

BEST PRACTICE

- If the bank account where you should pay workers wages is not in their name and you have concerns, they are a victim of Modern Slavery, contact the relevant authorities

Discrimination and harassment

All employees* should be treated equally, with fairness and respect

EXPECTED PRACTICE

- Employees should be treated with respect, not discriminated against or subject to verbal or physical abuse
- Have in place a policy that prohibits discrimination and harassment in the workplace
- Employee benefits should be equally distributed according to applicable laws
- Employees are free to join or not join a union or an association to represent their interests
- Have a report mechanism for workers to raise grievances and concerns anonymously and without fear of reprisal

BEST PRACTICE

- Check and verify workers' welfare, i.e. they are not being coerced, mistreated by or discriminated against by third parties or recruitment agencies
- If facing situations where the right of freedom of association may be limited, consider (in compliance with the law) creating other means to enable effective representation of workers interests
- Have a **Policy supporting a culture of diversity and inclusiveness**, including fair representation of female, young, LGBT and ethnic and minority, refugees, migrant, seasonal, part-time, fixed-term, temporary, domestic and third party outsourced workers and those with disabilities to name a few

** irrespective of age, gender, race, competency, experience, religion, disability, union membership, nationality, sexual orientation, marital status, gender identity, political opinion, ethnic origin and social background*

In Your Supply Chain

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EXPECTED PRACTICE

- Communicate your commitment to your suppliers and ask them to also commit to tackling forced labour.
- Ask your suppliers to identify a person in their business for you to work with to tackle forced labour.
- Ask your suppliers to identify where in their business the risk of forced labour is high and work to reduce the risk.
- Train your suppliers on Responsible Recruitment Practices and ask they only work with labour providers who meet certain criteria.
- Ask your suppliers if they monitor third-party labour providers and develop a policy to eliminate recruitment fees for the workers.
- Ask your suppliers to develop a remediation plan for when forced labour is found in the supply chain.

BEST PRACTICE

- Communicate your commitment to your suppliers and **ask them to commit to tackling forced labour publicly (in writing)**
- Suppliers to create a **working group**, with employees from different areas, to work with you to tackle forced labour.
- Ask your suppliers to **share the areas where the risk of forced labour is high** and **collaboratively** work to reduce these risks.
- Train your suppliers on Responsible Recruitment Practices, ask they only work with labour providers who meet certain criteria **and train their managers to informally talk to staff to ensure workers feel comfortable disclosing any issues from the recruitment process.**
- Ask your suppliers if they monitor third-party labour providers and **implement** a policy to eliminate recruitment fees for the workers. **Ask your suppliers to engage with the labour provider directly about recruitment fees.**

Some useful takeaways

- ❑ **Share this guidebook** inside your business and **with your tier 1 suppliers as a minimum**
- ❑ **Have a Code of Conduct** or a Policy that set standards for your suppliers, including any recruitment agency you might use
- ❑ **Be particularly mindful of certain workers** such as migrant, female, LGBT and ethnic and minority, young, refugees, seasonal, part-time, fixed-term, temporary, domestic and third party outsourced and those with disabilities to name a few, **who could be more vulnerable** to discrimination and other forms of unacceptable labour practice
- ❑ **Have** regular **staff meetings** with all workers **to assess their general welfare and wellbeing** and to understand if they have any concerns regarding their working situation
- ❑ Make sure **all employment contracts**, terms and conditions **are clearly communicated to workers** before commencing employment and that they are written in a language understandable to all
- ❑ **Be transparent on how pay is calculated**, have a notice or communication detailing what the minimum wage is as well as when wages will be paid
- ❑ **Have a grievance mechanism in place** so that workers can raise concerns anonymously without fear of reprisal
- ❑ **Ensure** that **an anonymous whistleblowing procedure is in place** and that it is well communicated to workers

Some useful links

The ILO: www.ilo.org/global/lang--en/index.htm

SA8000 standard www.sa-intl.org

The International Organization of Employers: www.ioe-emp.org/policy-areas/international-industrial-relations

UN Global Compact Human Rights Dilemmas Forum specific 'dilemma' situations and suggestions for responsible business action) www. hrbdf.org/dilemmas/freedom-of-association

Ethical Trading Initiative (ETI): www.ethicaltrade.org/issues/child-labour

Freedom of Association Briefing: www.ethicaltrade.org/resources/freedom-association-briefing

Business and Human rights resource Centre: www.business-humanrights.org

Antislavery international www.antislavery.org

Global slavery index: www.globalslaveryindex.org/