

## **UK government warns 17,000 businesses about slavery disclosure/transparency non-compliance & issues annual slavery report**

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### **Introduction**

Earlier this autumn the UK government (through the Home Office):

- Wrote to the CEOs of some 17,000 business “telling them to open up about modern slavery in their supply chains, or risk being named as “in breach of the law”; and,
- Issued its “2018 Annual Report on Modern Slavery”.

### **What is UK modern slavery compliance all about?**

Under the UK Modern Slavery Act 2015 compliance disclosure/transparency requirements an organization with UK £36 million turnover that sells goods or services in the UK is required to annually publish a slavery statement demonstrating what they are doing to ensure that there is no slavery or human trafficking in the business or the supply-chain, which also applies to organizations based outside the UK selling goods and services into the UK. As the UK’s official guidance on the disclosure requirements states, organizations must “paint a detailed picture” of all the steps that they have taken. This compliance obligation has now been in force since 29 October 2015 and many organizations who fall under it have already previously published their statements in the last few years.

Those organizations whose financial end-of-year will be this December 2018 and who meet the criteria to publish a slavery statement will be required to publish a statement to cover the period of January-December 2018, which they should do by the end of June 2019 at the latest, although the UK government’s preference is that publication is done by 31 March 2019 (which would avoid the risk of being listed on the UK government’s non-compliance list). If this is a statement following on from any previous one(s) it will have to show progress on the previous one(s).

The UK is also currently in the process of amending the UK Modern Slavery Act 2015 with a view to giving modern slavery compliance enforcement more teeth, which we have written about here: <http://www.corderycompliance.com/update-on-proposal-to-amend-modern-slavery-act-2015/>

### **UK government compliance warning**

According to the UK government it is currently estimated that 60% of companies who fall under the disclosure/transparency requirement have published a statement and whilst there are many examples of good practice some of these statements are poor in quality or fail to even meet the basic legal requirements. The UK Minister for Crime, Safeguarding and Vulnerability, Victoria Atkins, is quoted as saying:

“Some businesses are already leading the way in taking action by being open and transparent about what they are doing to identify, tackle and prevent forced labour in their supply chains, but too many are still failing to meet their basic legal obligations. That’s why the Home Office is sending letters to businesses today with a clear message that continued non-compliance will not be tolerated.”

In addition to the above-mentioned legislative action to amend the UK Modern Slavery Act 2015, the UK government is also reviewing the Act, including the disclosure/transparency requirement, which we have written about here: <http://www.corderycompliance.com/uk-modern-slavery-legislation-review-2/>. In this context the UK government says that:

“To ensure we continue to tackle this evolving crime [those doing the review] will consider whether laws should be further strengthened to ensure companies take action to address forced labour from supply chains at home and abroad. The review will consider a full range of options to drive compliance including tougher sanctions. Further,

the Home Office intends to publish a list of non-compliant companies failing to publish a Modern Slavery Statement at the end of the financial year.

The UK government's statement about its compliance drive can be found here:

<https://www.gov.uk/government/news/home-office-tells-business-open-up-on-modern-slavery-or-face-further-action>

## UK government modern slavery report

The highlights of the UK government's "2018 Annual Report on Modern Slavery", which can be found here: <https://www.gov.uk/government/publications/2018-uk-annual-report-on-modern-slavery>, about what the UK government has done to combat modern slavery and human trafficking are as follows:

- The most robust estimate to date of the scale of modern slavery in the UK was produced by the Home Office in 2014 which suggested that there were between 10,000 and 13,000 potential victims of modern slavery in the UK in 2013 – the UK's National Crime Agency assesses that the actual scale of modern slavery in the UK is gradually increasing and, if drivers remain at their current levels, will continue to do so over the next three years;
- Specified public bodies have a duty to notify the Government if they encounter an adult victim of modern slavery – in 2017, 1,694 potential adult victims were referred via duty to notify, bringing the total number of potential victims identified in 2017 to 6,837;
- In the year to March 2018, police in England and Wales recorded 3,337 modern slavery offences, a 49% increase on the previous year, and police Scotland recorded 60 offences and the Police Service of Northern Ireland (PSNI) recorded 31 offences; and,
- Business activity to combat modern slavery as reported under the disclosure/transparency requirement has seen: (a) increasing examples of best practices, which include companies implementing the "Employer Pays" principle to prevent worker-paid recruitment fees which can contribute to debt bondage; (b) more sector-led initiatives to tackle exploitation in supply chains, for example, 'Tech Against Trafficking' which brings the tech sector together with Non-Governmental Organisations (NGOs) and academics to examine how technology solutions can be used to fight modern slavery; and, (c) Members of the Business Against Slavery Forum working together to support survivors of slavery rebuild their lives through initiatives such as the Co-op's Bright Future programme, giving survivors a path to employment and the HSBC's survivor bank accounts.

## Takeaways

Although the disclosure/transparency has been criticized as being without teeth, the UK government's action in writing to a large number of businesses is a first step in upping enforcement, which will likely be reinforced following review of the Act and its amendment – it is only a question of time. Watch out also for the government's publication of a list of non-compliant companies – naming and shaming will become government driven.

Finally, remember that those organizations whose financial end-of-year will be this December 2018 and who meet the criteria to publish a slavery statement will be required to publish a statement to cover the period of January-December 2018, which they should do by the end of June 2019. If this is a statement following on from any previous one(s) it will have to show progress on the previous one(s).

We have also written about modern slavery and Brexit here: <http://www.corderycompliance.com/brexit-and-modern-slavery-compliance-2/>

Training is a vital part of any compliance, which is equally true of modern slavery compliance. Crucially, employees and suppliers need to know how to spot the signs that modern slavery may be taking place, which we have made a short film about that can be found here: <http://www.corderycompliance.com/spotting-the-signs-of-modern-slavery/>

For other articles that we have written about modern slavery compliance please see here: <http://www.corderycompliance.com/category/modern-slavery/>

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