

UK modern slavery review interim report issued – strengthening enforcement recommended

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Introduction

Recently the group of UK Members of Parliament tasked by the UK government (through the Home Office) with doing an independent review of the UK Modern Slavery Act issued their “Second interim report: Transparency in supply chains”, which can be found here: <https://www.gov.uk/government/publications/modern-slavery-act-2015-review-second-interim-report>. This article sets out the highlights of the report’s recommendations.

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 modern slavery statement demonstrating what they are doing to ensure that there is no slavery or human trafficking in the business or the supply-chain; this 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 was December 2018 and who meet the criteria to publish a slavery statement are required to publish a statement to cover the period of January-December 2018, which they should issue 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 expected non-compliance list). If this is a statement following on from any previous one(s) it/they will have to show progress on the previous one(s).

Last autumn the UK government updated its official guidance, which can be found here: <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide>.

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/>

What does the second interim report say?

In addition to the above-mentioned on-going legislative process to amend the Modern Slavery Act 2015, the UK Government set up an independent review of the legislation and the reviewers have issued their second interim report which concerns the issue of transparency in supply chains; the final report is due in March 2019. In sum, the highlights of the second interim report’s recommendations are as follows:

- Scope – in order to clarify which companies fall within the scope of the disclosure/transparency obligation an internal UK government list of businesses who fall within scope should be established;
- Modern slavery statement quality – in order to improve the quality of modern slavery statements the wording of the legislation should be changed to make mandatory the six areas set out under the legislation (due diligence, risk assessment, training etc.) for businesses to report about;
- Embedding reporting – the UK Companies Act 2006 should be amended to include a requirement for businesses to refer to their modern slavery statements in their annual reports. Businesses should also have a designated board member responsible for the modern slavery statement. Failure to comply with the disclosure/transparency obligation or to act “when instances of slavery are found” should also be made an offence under the UK Company Directors Disqualification Act 1986;

- Transparency – a central government-run repository should be set up where businesses are required to upload their modern slavery statements, which should be easily accessible to the public and free of charge;
- Monitoring and enforcing compliance – the Independent Anti-Slavery Commissioner should monitor compliance and report annually. The Modern Slavery Act 2015 should also be amended to strengthen enforcement by way of initial warnings, fines (as a percentage of turnover), court summons and director disqualification. Sanctions “should be introduced gradually over the next few years so as to give companies time to adapt to changes in the legislative requirements”. The government should also set up or assign an enforcement body to impose sanctions on non-compliant bodies – fines levied for non-compliance could be used to fund the enforcement body; and,
- Government and the public sector – the compliance disclosure/transparency obligation should be extended to the public sector. The government should also strengthen its public procurement processes to make sure that non-compliant businesses are not eligible for public contracts.

Takeaways

It seems clear that there is a move to strengthen the compliance disclosure/transparency obligation notably concerning enforcement. The UK government has also stepped up its game in its action last autumn of writing to a large number of businesses complaining about their non-compliance which it has said it will follow-up by publishing a list of non-compliant companies – we have written about this here: <http://www.corderycompliance.com/uk-government-warning-and-annual-slavery-report/>. Organizations should follow these developments and also make sure that they publish their slavery statements by the end of March 2019.

On another note, modern slavery compliance is steadily taking hold globally – Australia is the latest place to have in place such legislation (see here for this: <https://www.legislation.gov.au/Details/C2018A00153>).

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

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