The Modern Slavery Act 2015: What does it mean for your business?

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Overview

In this session we will cover:

> Background to the new modern slavery and human trafficking reporting requirements
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> Who needs to comply and by when?
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> What must be contained in a modern slavery and human trafficking statement?
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> What action can you take to back up your statement?
What constitutes modern slavery?

Someone is in modern slavery if they are:

• forced to work (e.g. through mental or physical threat);

• owned or controlled by an “employer”, usually through mental or physical abuse or the threat of abuse;

• dehumanised, treated as a commodity or bought and sold as “property”; or

• physically constrained or has restrictions placed on his/her freedom of movement.

The practice still continues today in one form or another in every country in the world, including the UK.
Growing awareness and action
Slavery is on the rise… (cont’d)
The Modern Slavery Act 2015 “TISC” provisions
Core requirement and background

“The provision seeks to create a race to the top by encouraging businesses to be transparent about what they are doing, thus increasing competition to drive up standards”

Senior level accountability is emphasised; senior management sign-off is required
Key legal materials

Modern Slavery Act 2015, section 54

Who must publish a statement?

An organisation must comply with the TISC provision of the Modern Slavery Act if they:

- are a body corporate (wherever incorporated) or a partnership
- carry on a business, or part of a business, the UK
- supply goods or services
- have an annual turnover of £36 million or more
Determining Scope

Where are the modern slavery risks in your own business and supply chain?
Case study: Lending institutions

Suppliers
- Branded goods
- Security
- Cleaning services
- Office supplies

Bank
- Multiple office locations?
- Boundaries of “own business”?

Customers
- Borrowers
Case study: Food business

Suppliers – how far down?

Direct Commodity Supplier

Extended Supply Chain

Cleaning services

Security

Manufacturing sites

Offices

Retailers Consumers

Customers

Own Business
When and where to publish

Businesses with a year end of 31 March 2016 will be the first to publish their statements

Publication must be as soon as reasonably practicable after the end of each financial year (within six months is encouraged)

The statement must be on the organisation’s homepage in a prominent place

Subsidiary statements can be combined into a parent statement
How to prepare to make your statement
What should your statement cover (cont’d)?

- **Must** cover the steps the organisation is taking
- **May** go beyond – both the Act and the Guidance suggest matters that could be covered
- Although this is expressed as being optional, NGOs may benchmark against it
- Government’s stated aim is to create a race to the top
- No one size fits all
- But no need to guarantee supply chains are slavery and human trafficking free
Where to start? - Identifying and mitigating risk

1. Risk exposure in own business supply chain
2. Map high risk Country/sector focus areas
3. Identify potential gaps in existing management
4. Discussion with Stakeholders/Suppliers
5. Action Planning / Tool / training development
6. Reporting
What happens if you don’t comply?

> Secretary of State may seek an injunction requiring the organisation to comply

> Failure to comply with the injunction is punishable by an unlimited fine

> NB legal compliance does not turn on how well the statement is written or presented (provided it sets out the steps taken or that no steps have in fact been taken)

But:

> NGO/activist group pressure

> Reputational risks
Any questions?
Trends to watch out for
Growing stakeholder scrutiny/consumer demands

Nestle Accused of Putting Fish From Slave Labor in Cat Food

Bed maker that supplies retailers including John Lewis and Next 'used Hungarians as slave labour paying them £2 a day and forcing them to live in inhumane conditions'

Costco faces a lawsuit alleging it knew about slavery practices in supply chain
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Sabine Hoefnagel is the Managing Partner for ERM in the UK and Ireland. She has 20 years’ experience in social performance management, human rights, sustainable finance and international development.

Sabine works with clients to assist them to identify issues, to set policy and develop procedures and tools that respond to both business needs and stakeholder expectations and to consistently improve performance.

She also leads ERM’s internal Global Human Rights and Business Network.