



Guide to the Modern Slavery Act 2015



The Modern Slavery Act 2015 consolidates the current offences of slavery and human trafficking. It lengthens the maximum prison sentence for such crimes, introduces new civil orders to increase law enforcement and includes provision for the creation of a new Anti-Slavery Commissioner. The Act also introduces a requirement for certain commercial organisations to publish a statement on their website detailing the steps taken to ensure that slavery and human trafficking is not taking place in their organisation or supply chains.

Who does the Act apply to?

Organisations will be covered by the Act if all of the criteria below apply.

Commercial organisation	This means an incorporated body such as a company, or a partnership.
Supplies goods or services	This test is quite broad and will capture many businesses.
Carries on a business (or part of a business) in the UK	Organisations based in the UK but operating abroad, and those based abroad but carrying on some part of their business in the UK, could both be caught by the Act. What it means to 'carry on a business' is not defined in the Act but it is the same wording as used in the Bribery Act.
Annual turnover of at least £36 million	Turnover means the amount derived from the provision of goods and services after deduction of tax and any trade discounts. It includes the turnover of the organisation and any subsidiary. The Secretary of State has the power to change the financial threshold currently set at £36 million.

What do affected organisations need to do?

Affected organisations need to disclose and publish a slavery and human trafficking statement.

Where should the statement be?	The statement must be published on the organisation's website if it has one. There must be a link to that statement in a prominent place on the homepage. If the organisation does not have a website they must provide a written copy of the statement within 30 days of receiving a request. If an individual group company has a turnover in excess of £36 million then they will need to publish their own statement rather than simply relying on the statement of their parent.
When does the statement need to be published?	The obligation to publish a statement generally applies from October 2015. The statement must be published for each financial year explaining what steps have been taken in that year. There are no transitional provisions as yet explaining what rules will apply for organisations with a financial year end close to October 2015 but such provisions may still be published.



Who must approve the statement?	The statement must be approved by the board of directors (or an equivalent managing body) of a company. In a partnership, the statement must be approved by all the partners or members.
What should the statement say?	<p>The content of the statement is not mandated but should either state:</p> <ul style="list-style-type: none">▪ the steps taken by the organisation during the financial year to ensure that slavery and human trafficking is not taking place in its own business or supply chain; or▪ that the organisation has taken no such steps. <p>The Act suggests the statement may include information about:</p> <ul style="list-style-type: none">▪ the organisation's structure, its business and its supply chains;▪ its policies in relation to slavery and human trafficking;▪ its due diligence process in relation to slavery and human trafficking;▪ the parts of its business and supply chains where slavery and human trafficking is a risk and what steps it has taken to address those risks;▪ its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against performance indicators as appropriate;▪ training on slavery and human trafficking available to staff. <p>Your organisation could comply with the Act, even if it states it does nothing. However, for most organisations, it is inconceivable from a reputational perspective for it to say it does nothing to alleviate slavery or human trafficking.</p>
What happens if you don't comply?	The court can force your organisation to publish the statement. You could also suffer reputational damage. At the moment, there are no financial penalties for non-compliance under the Act. However, there may still be a financial consequence if, for example, you fail to produce a statement, meaning third parties do not wish to be associated with your business, or if you produce a statement that is false, inaccurate or misleading.

What steps could you take and include in your statement?

In order to do and say something positive about the steps taken by your organisation you may wish to consider some or all of the following points.

What is the current nature of your business and supply chain?	<p>A good starting point is to think about what your organisation does, what its structure is and the nature of its supply chain. Understanding and being able to explain this will help you to identify risk areas and explain any existing steps taken to manage those risks.</p> <p>Gathering this information can be challenging, especially when you include your supply chain, so allow time to do so.</p>
What steps do you already take to minimise slavery and human trafficking?	<p>You probably already take steps which minimise the risk of slavery or human trafficking in your business and supply chain.</p> <p>Most organisations in the UK, for example, will generally comply with existing legislation. This will include steps such as paying the national minimum wage and checking that all employees have the right to work in the UK. You may also have in place a whistleblowing policy or a culture where concerns about illegal acts can be reported which may help to identify any breaches of criminal law taking place.</p> <p>For large organisations, the due diligence process of understanding what steps you currently take can be quite onerous. Start early and try and develop a reporting system that will allow you to keep track of developments.</p>
What do you want your business to be like?	Spend some time considering what your business approach should be. You could opt to do the bare minimum to comply with the Act, or to be a market leader. Alternatively, you may wish to start with the basics while aspiring to do more in future years. Whatever you decide, try to ensure that it is achievable while being sufficient to meet with your own standards and at the very least, not damage your reputation.



Do you need to update your policies?

Some larger organisations may wish to put in place a stand-alone anti-slavery policy. However, others may decide that an anti-slavery policy is not required. Instead, they may wish to incorporate reference to anti-slavery in existing policies. For example, a whistleblowing policy could be updated to clarify that anyone making a disclosure about slavery or human trafficking in the organisation or its supply chain will be protected.

What should individuals contracting with suppliers be aware of?

Individuals within your organisation responsible for contracting with suppliers should be made aware of the Act. You may wish to update procedures to ensure that such individuals consider slavery and human trafficking risks when entering into new supplier contracts and ensuring the contract contains appropriate provisions to reduce or remove the risk of slavery or human trafficking.

Do you need to change your standard terms and conditions with suppliers to ensure that they comply with the Act?

You may wish to update your standard terms to include an obligation on any suppliers to comply with the Act. In some cases, you may need to ask for changes to be made to suppliers' standard terms. Remember that suppliers with a turnover of less than £36 million may not be covered by the Act themselves, so in addition you could include a requirement for them to take reasonable steps to alleviate slavery and human trafficking in their business and supply chain. This will help to push the anti-slavery agenda down the supply chain.

Do you need greater control of your supply chain?

You may wish to limit the ability of suppliers to further sub-contract any agreements in order to ensure that you maintain sufficient control over the supply chain. This could take the form of preventing any sub-contracting, or action short of this such as ensuring that this can only be done with your consent, or that any sub-contractor must also abide by any anti-slavery provisions within the contract.

Do you want to audit suppliers?

In some cases, you may wish to have the right to audit suppliers (and potentially) terminate contracts based on any unfavourable results.

Do you wish to gather information from existing or potential suppliers?

Businesses are often accustomed to receiving questionnaires or tender documents from potential customers asking what steps they take to help the environment or tackle inequality. We may start to see similar questions being asked about slavery and human trafficking. You should be prepared to answer such questions about your own business. You may also wish to start asking these questions yourself.

This can also be a useful step to take if you are in contract with a supplier and unable to change the terms, but still wish to gather information on a voluntary basis.

Do you need to offer training?

In order to put your organisation in the best position to implement the steps that you decide to take, you should consider offering training to employees about the Act, how it will affect your business and any resulting changes to the way you operate.

How will you measure success?

You may wish to consider what indicators you will use to measure success and how you may end up changing your behaviours. Will you refuse to contract with organisations that do not comply with your standards? If not, what will you do to ensure that the steps you have taken are more than just statements?

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