

# *The Modern Slavery Act*

How should businesses  
respond?

N



The Modern Slavery Act is a global-leading piece of legislation. It sets out a range of measures on how modern slavery and human trafficking is dealt with in the UK.

Whilst not all of the Act is directly relevant for business, section 54 entitled 'Transparency in supply chains etc.' impacts the corporate sector. This briefing document sets out how it may affect your business.

## What are the requirements?

1 guide<sup>1</sup> describes the requirements for businesses.

Here is our summary of what you need to know:

### 1 Does your business have to comply?

Your business has to comply if it meets the two criteria below. These rules apply to public and private companies, and partnerships, wherever they are incorporated or formed and in whatever sector they operate.

- Global turnover of over<sup>1</sup> £36mn; and
- Carries on a business<sup>2</sup>, or part of a business, in any part of the United Kingdom.

<sup>1</sup> Total turnover is calculated as net turnover of the commercial organisation, meaning the total amount of revenue derived from all global sources (including subsidiary undertakings), after deduction of trade discounts, value added tax and any other taxes based on the amounts so derived. This is a commonly used and understood definition from the Companies Act for businesses to determine their size for the purposes of comply

### 2 What do you have to do?

All obligated businesses must publish a 'slavery and human trafficking statement' for each financial year. This statement should disclose:

- Either the steps your business has taken during the financial year to ensure that slavery and human trafficking is not taking place in your own operations and in your supply chain; or
- That you have taken no such steps.

Whilst you will fulfil your regulatory requirement by publishing a statement explaining that your company is taking no steps, this introduces additional reputational risk – we do not expect many companies to take this option.

### 3 What is the timeline for action?

Any business with a financial year ending on or after 31 March 2016 will need to publish a 'slavery and human trafficking' statement. The Act states that businesses should publish their statements as soon as reasonably practicable after the end of each financial year for which they are producing the statement. While the Act does not set a deadline for this, businesses should look to publish their statements within six months. In practice, we expect most businesses to publish their statement at the same time as their annual report and accounts.



## **4** *What should be included in the statement?*

The Government has stressed that the contents of the statement is not prescribed and that it is up to each company to decide on the content of its statement. However, the Act describes six areas which we recommend you consider including:

- Your business' structure and a summary of its operations and its supply chains – this provides some useful context to the reader;
- Any policies relevant to slavery and human trafficking – this may be a stand-alone policy or relevant elements of other policies e.g. supply chain or human resources policies;
- Due diligence processes in relation to slavery and human trafficking in your business and supply chains – this is to show you understand who your suppliers are and who is working for them e.g. through supplier audits;
- The parts of your business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps you have taken to assess and manage that risk – this may include risks by country and/or by sector;
- The effectiveness of your approaches in ensuring that slavery and human trafficking is not taking place in your business or supply chains, measured against such performance indicators as you consider appropriate – this may include KPIs which are specific to slavery and human trafficking or may describe consideration of whether existing KPIs impact vulnerability to slavery or human trafficking; and
- Training about slavery and human trafficking – training can take a range of different forms depending on the target audience, but businesses should consider training key employees within their own organisation and, in some cases, their suppliers' employees.

## **5** *Who should approve your statement?*

The Act states:

- If your business is a body corporate other than a limited liability partnership, it must be approved by the board of directors (or equivalent management body) and signed by a director (or equivalent);
- If your business is a limited liability partnership, it must be approved by the members and signed by a designated member;
- If your business is a limited partnership registered under the Limited Partnerships Act 1907, it must be signed by a general partner; and
- If your business is any other kind of partnership, it must be signed by a partner.

## **6** *Where should you publish the statement?*

You should publish the statement on your website with a prominent link to it on your homepage.

## **7** *What happens if you do not comply?*

Theoretically, the Secretary of State could force you to disclose the statement through an injunction. However, the Government have made it clear that it is hoping that pressure from stakeholders will encourage businesses to comply without it needing to bring civil proceedings in the High Court.



# How can we help you?

## Reporting



### Publishing a compliant report that meets stakeholder expectations

Our team understand the legal requirements and Government's expectations of the Act. Having contributed to the development of the Practical guide, we understand the intentions of Government. We are also speaking to numerous businesses and trade associations about this issue and so can tell you how the market is responding. Specifically, we can:

- Draft or review slavery and human trafficking statement.
- Advise you on positioning your statement against the Act and your peers.
- Engage your stakeholders to understand their expectations of the statement and associated activities.
- Support your broader human rights reporting, including reporting under the UN Guiding Principles on Business and Human Rights Reporting Framework.

## Governance



### Developing a framework to support your activities on slavery and human trafficking issues

We can help you identify and then institute efficient and effective governance frameworks. We will work alongside our experts on human rights, including on the UN Guiding Principles on Business and Human Rights, to develop the structure you need to enable successful activities. Specifically, we can:

- Draft or review a policy on slavery and human trafficking, or advise on how your existing policies (e.g. Responsible Supply Chain Policy) can be adjusted to address this issue\*.
- Determine the most appropriate resources, responsibilities and decision-making processes.
- Develop your internal reporting framework and KPIs to monitor on-going performance\*.
- Set up your reporting and remediation frameworks where cases of slavery or human trafficking are identified.

## Implementation



### Supporting your steps to eradicate slavery and human trafficking from your operations and your supply chain

We have the expertise to support you in the delivery of the activities proposed by the Act and the Practical guide. We understand that your activities need to be relevant to your unique context and will draw on our experience of human rights projects with clients in a range of sectors, and from FTSE100 companies to smaller companies and partnerships. Specifically, we can:

- Assess the most salient risks in your operations and supply chain\*.
- Determine a strategy for performing due diligence and implement it where needed\*.
- Assess and strengthen human rights obligations in supplier contracts.
- Support your engagement with suppliers in order to build their capacity and achieve compliance with policies.
- Develop and deliver training to your staff and, where appropriate, into your supply chain\*.
- Provide you with technology systems to support on-going performance improvement and monitoring.

\* These are the areas where our advice can directly support the key elements of a statement

## For more details, please contact



**Patrick Shaw-Brown**  
Sustainability and Climate Change

T: +44 (0)20 7212 1353  
E: [patrick.j.shaw-brown@uk.pwc.com](mailto:patrick.j.shaw-brown@uk.pwc.com)



**Emily Coates**  
Sustainability and Climate Change

T: +44 (0)20 7213 5207  
E: [emily.j.coates@uk.pwc.com](mailto:emily.j.coates@uk.pwc.com)

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. You should not act upon the information contained in this publication without obtaining specific professional advice. No representation or warranty (express or implied) is given as to the accuracy or completeness of the information contained in this publication, and, to the extent permitted by law, PricewaterhouseCoopers LLP, its members, employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it.

© 2015 PricewaterhouseCoopers LLP. All rights reserved. In this document, "PwC" refers to the UK member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/](http://www.pwc.com/) structure for further details.

151029-180156-EC-OS