

# Linklaters

## Anti-Slavery Commissioner's first report: private sector scrutiny to continue



Private sector engagement, aimed at encouraging further supply chain transparency and targeting the threat of money laundering of the proceeds of modern slavery, remains one of the Commissioner's top priorities.

As the UK Modern Slavery Act moves into its second year, Kevin Hyland OBE, the Independent Anti-Slavery Commissioner for the UK, has stated that his focus will shift to ensuring the potential victims of exploitation are identified and assisted properly. Clients should be aware, however, that the focus on the private sector will remain consistent, if not enhanced, and the Commissioner appears to be intent on encouraging NGO activity with respect to transparency and reviewing modern slavery statements for outliers and non-compliance. Consequently, clients will wish to ensure they keep up with the crowd and the invigorated expectation of compliance and transparency.

### Cross-industry engagement

In his Annual Report 2015-2016, Kevin Hyland OBE, the Independent Anti-Slavery Commissioner for the UK, stated his intention to prioritise engagement with a range of sectors including the financial, automotive and retail sectors.

In the past year, the Commissioner communicated with over 1,000 companies carrying on business in the UK in relation to his expectations for companies regarding modern slavery and human trafficking. These communications have included:

- > approaching key seafood industry businesses to tackle modern slavery within their supply chains, including establishing the North Atlantic Maritime Project to increase operational activity and communication between the private sector, law enforcement and civil society
- > working with automotive sector companies, after allegations surfaced regarding the use of slave labour in car washes in Kent
- > dealing with tea retailers over reports of exploitation in tea plantations in India
- > meeting with the sustainability leaders from the big five supermarkets to discuss commitments to respond to modern slavery risk

Investigations and allegations made by Al Jazeera, BBC and Radio 4 highlighted modern slavery issues in the automotive and tea retail companies. The Commissioner's engagement exemplifies the growing working relationship between the government and public sector, where NGOs and media organisation identify private sector companies for the Government to hold accountable for issues of modern slavery and human trafficking.

### Database of statements

In line with the move towards increased public scrutiny and company accountability, the Commissioner has committed to introducing and promoting the utilisation of a system allowing for easy scrutiny and comparison of Slavery and Human Trafficking Statements in 2017. While NGOs have already established such databases, the Commissioner's support of public scrutiny of the statements reinforces the reliance the government is placing on the public "naming and shaming" of underperforming companies. The comparison feature in the Commissioner-supported system will facilitate the public's ability to identify less forthcoming companies and those underperforming with respect to steps taken to ensure that there is neither modern slavery nor human trafficking in their operations or global supply chains, as compared to their peers.

"Transparency however, is not an end in itself but rather a means of **creating accountability.**"

**Kevin Hyland OBE**, Independent Anti-Slavery Commissioner

## Liaison with financial institutions

Among other measures, the Modern Slavery Act amended the list of “lifestyle offences” in Schedule 2 of the Proceeds of Crime Act to include offences under the MSA. This year, the UK government’s 2016 anti-money laundering and counter terrorist action plan recognised that the proceeds of crime from modern slavery has become one of the most significant money laundering threats globally.

The Commissioner’s focus has therefore turned to financial institutions and banking professionals, who are being asked to cooperate with the UK government with regard to money laundering and modern slavery and human trafficking risks. The Commissioner stated his intention to improve the UK’s response to tackling the criminal proceeds of modern slavery. Financial institutions may consequently experience increased pressure, not only as regards regulatory compliance but to take action more proactively to develop a more sensitised approach to screening against proceeds of trafficking.

For more information on the Modern Slavery Act, please see our earlier publications which are available on our Business and Human Rights website.

## Key contacts



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