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The UK's Modern Slavery Act 2015: Are you ready to report on your supply chain?



The Modern Slavery Act 2015 will require many companies to take steps to enhance scrutiny of their supply chains.

The Modern Slavery Act requires commercial organisations: (i) carrying on all or part of a business in the UK; (ii) which supply goods or services; and (iii) which meet a minimum turnover threshold of £36m, to prepare and publish a 'slavery and human trafficking' statement for each financial year. This must state what they have done to ensure there is no modern slavery in their supply chain or organisation.

Companies who expect to fall within the scope of the reporting requirement are starting to prepare for it (and complex groups will need to establish which group members fall within their reporting perimeter). [Government guidance](#) was published on 29 October 2015, which is the date on which the reporting obligation commenced. Here are some practical steps companies may wish to consider with regard to their supply chains.



The Act suggests the statement may include information about an organisation's supply chains.

A good knowledge of your supply chain is the first step towards effective supply chain risk management.



The Act suggests the statement may include information about the parts of the supply chains where there is a risk of slavery and human trafficking taking place.

This will also help inform your understanding of what steps you should take to ensure slavery and human trafficking is not taking place in your supply chains.

Gain a good understanding of who your suppliers are.

As well as more obvious suppliers of raw materials or manufacturing services, don't forget suppliers who may be closer to home, such as outsourced office services.

Some companies will have many thousands of suppliers and will need the support of their procurement function (or equivalent) to find a practical approach to this process (e.g. grouping suppliers by category, size or importance to the business and by risk rating).

How far down your supply chain should you look beyond your direct suppliers? The term can be read very broadly, and there is no definition in the Act. The approach you choose to take will likely depend on the perceived level of risk, leverage and available information in each case.

Identify which parts of your operations or supply chains are at greater risk of modern slavery or human trafficking.

You will need to consider factors such as sector, the type of goods and services being provided, jurisdiction and the nature of employment (for example, sourcing temporary employees through an intermediary may be higher risk in some cases).

You could use a range of resources to help you do this, including in-house expertise, publicly available information, subscription databases and for more complex supply chains, consultants. You may find the [Global Slavery Index](#) useful, as well as the Government's [Modern Slavery Website](#).

Check steps you already take

The Act requires the statement to describe the steps the organisation has taken to ensure slavery and human trafficking is not taking place.

The statement may also describe the steps taken to assess and manage this risk, relevant policies, due diligence processes, performance indicators and training.

Set the tone from the top

The Act requires the statement to be approved by the board of directors and signed by a director (or equivalent, in each case).

This is to help ensure that a clear 'tone from the top' is set for your organisation and its suppliers.

Start planning to address gaps

The Act does not require organisations to implement measures to ensure slavery and human trafficking are not taking place in their supply chains.

However, to ensure a proactive approach to managing risks (including reputational risks), and to keep pace with emerging best practice, many will wish to address any identified gaps in their compliance and risk management systems.

Find out what your organisation already does to ensure slavery and human trafficking is not taking place in its supply chains.

You may find that your organisation already takes some steps to do this, or has measures which cover similar ground.

For example, you may already have a supplier code of conduct, or a human rights policy which addresses these issues, at least in part. You may conduct supplier due diligence before entering new relationships, your supply contracts may require suppliers to adhere to minimum labour standards, and you may conduct audits of supplier facilities.

Once you have identified what you already do, taking into account the risk profile of your supply chains, you will be able to determine whether to update or expand your processes and what to prioritise.

Ensure senior management is briefed at an early stage.

You will probably wish to ensure that your board (or equivalent body) is aware that it will be required to approve your organisation's slavery and human trafficking statement at the relevant time.

Your board members may wish to be kept updated as you prepare for and draft your statement.

Many organisations will also need to update briefings and training on slavery and human trafficking issues in business units and functions who interface with suppliers, and who deal with the public, to ensure consistency of understanding and messaging.

Ensure your compliance and risk management systems are up to date.

If you have identified gaps in the steps you already take on slavery and human trafficking, you may want to develop a plan to address these.

For example, you may expand existing supplier codes and policies to specifically address slavery and human trafficking, or draft these if you don't already have them.

To ensure your policy commitments are implemented, consider whether to update or put in place systems and processes. For example, you might build slavery and human trafficking risks into your supplier due diligence and audit processes. It may also be beneficial to engage in capacity-building measures with certain suppliers.

For further information and discussion of the Modern Slavery Act 2015, see our [earlier note](#) which is available on our Business and Human Rights [website](#).

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