



# UNITED KINGDOM EMPLOYMENT LAW

## Modern Slavery Act 2015 Reports

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The Modern Slavery Act 2015 (The Act) was enacted to fight modern slavery. [Section 54](#) of the Act requires some commercial organisations to produce an annual statement outlining their efforts to combat modern slavery. Organisations that fail to comply with Section 54 requirements face possible injunctions against their operations and unlimited fines.

This Employment Law Summary provides an overview of the Act, with a special emphasis on what organisations need to know about the annual transparency in supply chains statement (TSCS). Compliance with Section 54 is enforced by the [Home Office](#).



### MODERN SLAVERY

The Act defines modern slavery as slavery, servitude, forced, or compulsory labour and human trafficking. Under the Act, organisations must make sure their workers' labour environment is safe and respects safety and human rights laws, including freedom of movement and freedom of communication.

For this to happen, organisations must be able to identify the practices and conditions that may amount to modern slavery. Under the Act, modern slavery includes:

- Behaviour and conditions that deprive workers of freedom (i.e. the organisation acts as if it 'owns' the worker);
- Coercion. Coercion takes place when a worker is led to believe he or she is obliged to provide services or live on another's property, with the idea that it is impossible for the worker to change his or her condition. Coercion may be accomplished with direct threats of violence or through more subtle forms of compulsion. The result of coercion is that a worker performs not because he or she volunteers, but because he or she fears a menace or penalty.
- Human trafficking. Human trafficking requires arranging or facilitating the travel of another person with the intent to exploit that person. Human trafficking can take place even when the person consents to travel or whether exploitation actually takes place.

### AFFECTED ENTITIES

Under the Act, organisations must produce a TSCS if they:

- Are a 'body corporate' or partnership, wherever incorporated;
- Carry on a business, or part of a business, in the United Kingdom;
- Supply goods or services; and
- Have an annual turnover of **£36 million or more**.

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The act defines turnover as 'the amount derived from the provision of good and services falling within the ordinary activities of the commercial organisation or subsidiary undertaking, after deduction of trade discounts, value added tax and any other taxes based on the amounts so derived'.

To determine its turnover, an organisation must add to its turnover the turnover of any of its subsidiary undertakings, including those operating wholly outside the United Kingdom. However, for purposes of the Act, franchisers only need to consider their own turnover. Franchisees will be required to comply with TSCS requirements only if they independently meet the turnover requirements.

### ANNUAL TSCS REQUIREMENTS

The Act requires an annual TSCS to dissuade organisations from ignoring potential modern slavery issues that may exist or can develop within their supply chains. For this reason, TSCS responsibility extends not only within each organisation, but also throughout that organisation's supply chain.

An organisation is required to publish a TSCS for each financial year it operates. Publishing a TSCS is not a guarantee that the organisation's entire supply chain is slavery free. Instead, producing a TSCS is an assertion that the organisation is aware of what modern slavery is, a recognition of where it can occur within its supply chain and, when appropriate, a description of what the organisation is doing to prevent it, reduce it or eliminate it.

### Transparency

Transparency is a crucial principle underlying these annual reports. This means that organisations must indicate what is actually happening within their businesses. For this reason, an organisation that has taken no steps to combat modern slavery is still required to publish a TSCS stating it has taken no steps to combat modern slavery.

### Format

The Act does not prescribe a specific format for a TSCS, but it does require organisations to publish them on their websites, if they have one. However, organisations are encouraged to include 'clear, detailed and informative statements' regarding their legal compliance.

TSCSs must be public-facing documents. This means that they must be written in plain, simple language that can be easily understood. Similarly, organisations are encouraged to produce concise, rather than lengthy reports.

Additional compliance tips and reports include:

- Including all the steps taken for compliance;
- Providing links to relevant organisation publications, documents or policies; and
- Providing the statement in English and additional languages used throughout the supply chain.

### Content

The Act does not dictate what organisations must include in their TSCSs, or how they should be structured. However, organisations are urged to consider including information about:

- Their structure, business and supply chains;
- Their slavery and human trafficking policies;
- Any due diligence processes in relation to slavery and human trafficking in its business and supply chains;
- Identified supply chain areas where modern slavery might take place, and the steps taken to assess and manage that risk;
- Their effectiveness in combating, preventing, eliminating, or reducing slavery and human trafficking in their business or supply chains; and



- Any training provided to their staff regarding modern slavery.

As stated before, the items mentioned are recommendations, not requirements. Organisations should build their reports to address their particular needs and circumstances.

### Statement Approval

The Act requires senior managers within each affected organisation to ensure everyone in the organisation is aware of the risks of modern slavery.

For this reason, once drafted, each organisation must present its TSCS for approval to its own leadership. An organisation's leadership will be required to review, approve and sign these statements before they are published. The individuals responsible for approving a TSCS vary depending on the organisation's structure, as shown in the table below.

ORGANISATION TYPE	APPROVING OFFICER	SIGNING OFFICER
Body corporate (other than limited liability partnerships)	Board of directors	Director
Limited liability partnership (LLP)	Members	<ul style="list-style-type: none"> <li>• Designated member</li> <li>• General partner (for LLPs under the Limited Partnership Act 1907)</li> <li>• Partner (any other kind of partnership)</li> </ul>

### TSCS Publication

TSCSs are meant to be easily accessible to the public, consumers, employees, non-governmental organisations (NGOs) and investors. To this end, affected organisations must publish their TSCSs on their websites, and include links in a prominent place on their home pages. Affected organisations that do not have a website must make a printed copy available to anyone who requests it within 30 days.

Organisations with more than one public-facing website may choose the most appropriate website to comply with publication requirements. However, linking to the published TSCS from other websites is also recommended.

A 'prominent' link can be a link that is directly on an organisation's home page or part of an obvious drop-down menu on the home page. The link should be clearly marked to make it and its content apparent. The Home Office has recommended using language such as 'Modern Slavery Act Transparency Statement'.

Affected organisations are urged to publish their TSCSs as soon as practicably possible after the end of their financial year. For enforcement purposes, the Home Office is encouraging organisations to report whether their TSCSs have been published within **six months** of their financial year-end. Organisations should also consider publishing their TSCSs at the same time as their other annual reports.

### PENALTIES

Organisations that are required to publish a TSCS, but fail to do so, may be subject to injunction orders. The injunction will be issued to force a non-complying organisation to publish its TSCS.

Organisations that defy or fail to comply with an injunction will be held in contempt of a court order, a violation that is punishable by an **unlimited fine**.