

## UK Modern Slavery Act Disclosure Requirements In Effect

### Insights

6.13.16

The UK Modern Slavery Act, which was signed into law on March 26, 2015, is now in effect. In addition to setting forth muscular penalties and enforcement mechanisms to address practices including “slavery, servitude, and forced or compulsory labour” and “human trafficking”, the Act requires qualifying commercial organizations to publically disclose what actions they have taken to eliminate prohibited practices from their businesses and supply chains—or to disclose that they have taken no action. According to guidance published by Home Secretary Rt Hon Teresa May MP, the disclosure requirement is intended to “require businesses to be transparent about what they are doing and will increase competition to drive up standards” in this area of human rights.

The Act’s disclosure requirement applies to every organization carrying on a business within the UK with a “total annual turnover” or total revenue of £36 million or more, including any organization that is part of a “group structure” that meets these requirements. Starting with businesses whose fiscal years end on March 31, 2016 or later, all organizations must submit these “Modern Slavery Act Transparency Statements” to the Secretary of State annually at the end of their fiscal year. While this disclosure requirement **does not** “mean that the organisation in question must guarantee that the entire supply chain is slavery free,” it does require that these statements “should capture all the actions [the company] has taken,” including where the organization has taken no steps. The statements will be “public-facing documents” and must be published on the organization’s website with “a link in a prominent place on its homepage.” However, the government will take no role in requiring companies to take steps to address slavery and other prohibited practices. Rather, this new public transparency will allow “consumers, investors and Non-Governmental Organisations to engage and/or apply pressure where they believe a business has not taken sufficient steps.”

The Act requires that these statements must be signed by an “appropriate senior person” within the organization. For a corporate organization, other than an LLP, the report must be approved by the board of directors and signed by a designated director or equivalent. For LLPs, the report must be approved by the members and signed by a designated general partner.

Covered organizations that fail to file the required statement may be subject to injunctive proceedings by the Secretary of State requiring them to produce their report. Organizations that do not comply with an injunctive order may be held in contempt of court and subject to a potentially “unlimited” fine. Additionally, if an organization discovers an instance of slavery in the UK, it should be reported to the police immediately. If an organization identifies or suspects slavery outside the UK, “the response should be tailored to the local circumstances,” which may involve contacting NGOs, industry groups, and local governments.

While there is no specific layout or format for these statements, Home Secretary May’s guidance provided the following “top tips”:

- Keep the statement succinct but cover all the relevant points – if you can provide appropriate links to relevant publications, documents or policies for your organisation, do so.
- Writing the statement in simple language will ensure that it is easily accessible to everyone. The Plain English Campaign (at <http://www.plainenglish.co.uk/>) is well-positioned to assist with this.
- The statement should be in English but may also be provided in other languages, relevant to the organisation’s business and supply chains.
- Specifying actions by specific country will help readers to understand the context of any actions or steps taken to minimise risks.

Home Secretary May’s full guidance on complying with this new requirement can be found here

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/471996/Transparency\\_in\\_Supply\\_Chains\\_etc\\_A\\_practical\\_guide\\_final](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc_A_practical_guide_final)

Companies with questions about filing the required statement and complying with the Modern Slavery Act should contact their Fisher Phillips attorney.