



## Briefing for Second Reading Modern Slavery (Transparency in Supply Chains) Bill Friday 8 July 2016

### Overview

The Modern Slavery (Transparency in Supply Chains) Bill offers an important opportunity to enhance the supply chain reporting requirement in the Modern Slavery Act 2015.

This coalition welcomes the provisions that are set out in the Bill. The Bill would require:

- commercial organisations and public bodies to include a statement on slavery and human trafficking in their annual report and accounts (Clause 1); and
- contracting authorities to exclude from procurement procedures economic operators who have not provided such a statement (Clause 2).

We believe that if the UK Government is to continue to be an international leader on action against modern slavery, then government itself must be bound by the reporting requirement. It should also publish a list of companies that are covered by the requirement – this data exists and publishing it would assist investors, campaigners and the media in scrutinising and holding to account all companies on their slavery and human trafficking statements, not just those who are well known names.

### Clause 1

We welcome Clause 1, which we believe would enable investors, campaigners and customers to scrutinise the statements alongside the accounts and to raise questions about the statement at companies' AGMs.

For businesses and charities, all filings must be lodged with Companies House and the Charity Commission respectively. This would mean all statements are available in a central location.

This requirement would not be onerous on businesses or charities who are already filing reports and materials with these bodies nor would it require creating of a new separate system.

### Clause 2

We welcome Clause 2 which would act as a powerful incentive to comply with the reporting provisions of the Modern Slavery Act, and would be likely to increase awareness of the supply chain provisions amongst a wide range of actors.

It is important that national and local government lead by example and embedding this commitment within procurement contracts would be a powerful symbol of their commitment

to addressing slavery and trafficking. It would also increase the reach of the measure further into supply chains, thus increasing its effectiveness. This requirement already exists in the US.

### Questions to the Government

- Few slavery and human trafficking statements cover the Act's suggested areas for inclusion<sup>i</sup>. Is there an opportunity to use conditions within the public procurement process to ensure more widespread use of these suggested issues for inclusion in a slavery and human trafficking statement
- The UK Government awards £45 billion worth of contracts to businesses each year – around three per cent of the UK's GDP – making public procurement a major component of the UK economy. <sup>ii</sup> How can the Government better use this leverage with businesses to strengthen slavery and trafficking statements?

### Background

Section 54 of the Modern Slavery Act 2015 requires every organisation carrying on a business in the UK with a total annual turnover of £36m or more to develop a slavery and human trafficking statement each year. The statement should set out what steps organisations have taken to ensure modern slavery is not taking place in their business or supply chains.

This very welcome measure was given much attention during the passage of the Modern Slavery Bill through the House of Lords, and there was cross-party support for an effective measure and consistent reporting requirements, as well as a mechanism to allow the public, campaigners and others to be able to access statements readily so that they could be compared across sectors and companies.

The Home Office issued comprehensive guidance on the measure<sup>1</sup>, and civil society groups have also published a guide for commercial organisations on the transparency in supply chains clause, including on how companies can use the new provision to link reporting to the wider due diligence needed to eradicate human trafficking, forced labour and slavery from their supply chains<sup>2</sup>.

Early indications are that the majority of initial company statements on modern slavery in supply chains appear not to meet the Act's requirements, according to analysis undertaken by the CORE Coalition and Business & Human Rights Resource Centre<sup>3</sup>.

### About us

The Transparency in Supply Chains coalition is a group of human rights, development and anti-slavery civil society organisations that campaigned for the inclusions of the supply chain reporting requirement in the Modern Slavery Act.

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

<sup>2</sup> [http://corporate-responsibility.org/wp-content/uploads/2016/03/CSO\\_TISC\\_guidance\\_final\\_digitalversion\\_16.03.16.pdf](http://corporate-responsibility.org/wp-content/uploads/2016/03/CSO_TISC_guidance_final_digitalversion_16.03.16.pdf)

<sup>3</sup> <http://corporate-responsibility.org/wp-content/uploads/2016/03/CORE-BHRRRC-Analysis-of-Modern-Slavery-Statements-March2016.pdf>

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- <sup>i</sup> (a)the organisation's structure, its business and its supply chains;  
(b)its policies in relation to slavery and human trafficking;  
(c)its due diligence processes in relation to slavery and human trafficking in its business and supply chains;  
(d)the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;  
(e)its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate;  
(f)the training about slavery and human trafficking available to its staff.
- <sup>ii</sup> Civil Service, Crown Commercial Service Website <http://www.civilservice.gov.uk/networks/gps> This figure is just for Central Government.