

## Commercial

### Modern Slavery Act—Many UK subsidiaries and branches affected



#### ***What is the Modern Slavery Act and what does it require?***

The Modern Slavery Act 2015 (“MSA” or the “Act”) enacted in March 2015 requires commercial organisations that supply goods or services with a minimum global turnover of £36 million annually to prepare an annual slavery and human trafficking statement. They must state actions taken to prevent slavery and human rights abuses within their operations and in their group global supply chains. If the organisation has taken no such steps, it must still publish a negative statement to that effect.

#### ***What is the deadline for the disclosure required?***

The MSA requires disclosure of the statement for each financial year ending on or after 31st March 2016. This entails a deadline in September 2016 for organisations with a financial year end of 31<sup>st</sup> March 2016 as the UK Government is encouraging reporting within 6 months of the financial year end. The statement must be approved and signed by a Director,

member or partner and published with a prominent link on the website homepage or provided within 30 days to anyone who requests it.

#### ***I do not sell anything directly into British markets. Does the Act still apply to my business?***

MSA wording is broad in order to encompass global operations with UK subsidiaries and branches. The Act’s disclosure requirements apply to all businesses with a UK base of operations which count as a “commercial presence” regardless of whether they provide goods or services in the UK. In the case of a non-UK parent with a UK subsidiary whose combined turnover reaches the £36 million threshold and the existence of a UK commercial presence, the parent should almost always comply. In this instance a unified statement may be prepared for related entities including steps taken by each group subsidiary.

#### ***What compliance strategy should companies with over £36 million in annual global turnover establish?***

Companies meeting the criteria must publicly state actions taken in their operations and in group global supply chains to combat slavery and human trafficking. Businesses that fall within the Act’s requirements should focus on developing systems, policies and procedures to ensure that their businesses and supply chains are free from slavery and human trafficking. This involves mapping of supply chains and speaking to suppliers about the relevant standards. Management teams should consider the following:

- Key individuals within the business who will be responsible for compliance;
- Their business structure, key relationships, worldwide operations and activities;
- Checking for existing policies on modern slavery or procedures such as supplier codes of conduct;
- Policies such as whistleblowing and grievance procedures providing a framework for the reporting and raising of concerns over slavery and human trafficking; and
- The role of HR in introducing policies and conducting training, implementing risk analysis audits, due diligence, maintaining hotlines and monitoring processes.

#### ***How is the UK Government keeping track of compliance and enforcement of the Act to combat slavery?***

In July 2016 the UK Government published a review determining that the Act had fixed an international benchmark in combatting slavery and human trafficking. It also found that UK law enforcement agencies had used the MSA to increase prosecutions and support more victims of slavery. The Business and Human Rights Resource Centre (BHRRC) has a register maintained with over 500 MSA statements which can be viewed at <https://www.business-humanrights.org/en/uk-modern-slavery-act-registry>.

#### ***Where can I obtain further information on compliance with the Modern Slavery Act?***

For further advice in this area, please contact your usual 3HR Consultant or our commercial team.

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