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3HR Legal Weekly

Commercial

The importance of complying with the Modern Slavery Act

The Modern Slavery Act 2015 (the "Act") was enacted in March 2015, and it requires commercial organisations that supply goods or services and have a minimum global turnover of £36 million to prepare an annual slavery and human trafficking statement. The statement must set out the actions that have been taken to prevent slavery and human rights abuses, both within their own operations and in their global supply chains. If the organisation has taken no such steps, it must still publish a negative statement to that effect.

Beyond the ethical and corporate social responsibility elements of the Act, it will soon start having economic consequences. This is partly due to the requirement that companies must report on slavery in their global supply chains. This means that an important part of a modern slavery statement is an investigation to establish whether the company's suppliers are slavery-free.

This means that your customers will now be checking to see whether you are complying with the Modern Slavery Act. If you have published a statement showing that you are aware of your responsibilities and can show that you and your supply chains are slavery-free, then this will make you a more attractive prospect to customers. Your company would immediately help a customer comply with its own responsibilities, and continue to say that its supply chain is slavery free. If you have not published a statement then your customers, if they even choose to contract with you, will have to investigate you and your supply chains themselves, something which can be quite difficult.

Many companies are now including a requirement to produce evidence showing that you and your supply chains are slavery-free in their tendering processes, so it will pay to get ahead on this issue.

The government has suggested that all companies who qualify should publish statements within six months of the end of their financial years. It also has the power to seek court injunctions against non-compliant companies forcing them to publish statements. If the injunction is not obeyed, then a company could receive an unlimited fine for contempt of court.

Another way that a company could be affected is via negative publicity. As a statement must be produced even if it says that the company has taken no steps to ensure it is compliant, the Act is effectively designed to publicly shame those who have not published a full and proper statement.

It is only a matter of time before the national newspapers pick up on this and start publishing the names of those companies who have not produced statements, and could therefore be accused of profiting from slavery and human trafficking. In the current climate, such companies would be easy targets.

Should you require any assistance publishing your own Modern Slavery Act statement, or indeed any other commercial area, please refer to our 3HR Commercial Law team.

Brexit Update

On 1 February the House of Commons passed the Withdrawal Bill for the first time, after two days of debates in parliament. The Bill passed unchanged, after the proposed amendments were rejected. At the final count 47 Labour MPs and the Liberal Democrat, SNP, Green, Plaid Cymru, SDLP and Independent MPs voted 'nay'. Only one Conservative, Ken Clarke, voted against the government.

It will now go to a second reading in the Commons, and go to the House of Lords to give the peers an opportunity to debate and amend the Bill. However, given the majority of 384 votes after the first reading, it is likely that the Withdrawal Bill will be passed before the beginning of March, allowing Theresa May to stick to her timetable of activating Article 50 before the end of that month.

The government released its much-anticipated white paper on 2 February, which outline its plans for the Brexit negotiations.

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