

# The UK Modern Slavery Act 2015

## The Transparency in Supply Chains clause & what it means for business

Sedex®

### Executive summary

This briefing explores the risks of human trafficking and forced labour in global supply chains, and provides an overview of the UK Modern Slavery Act and its implications for business.

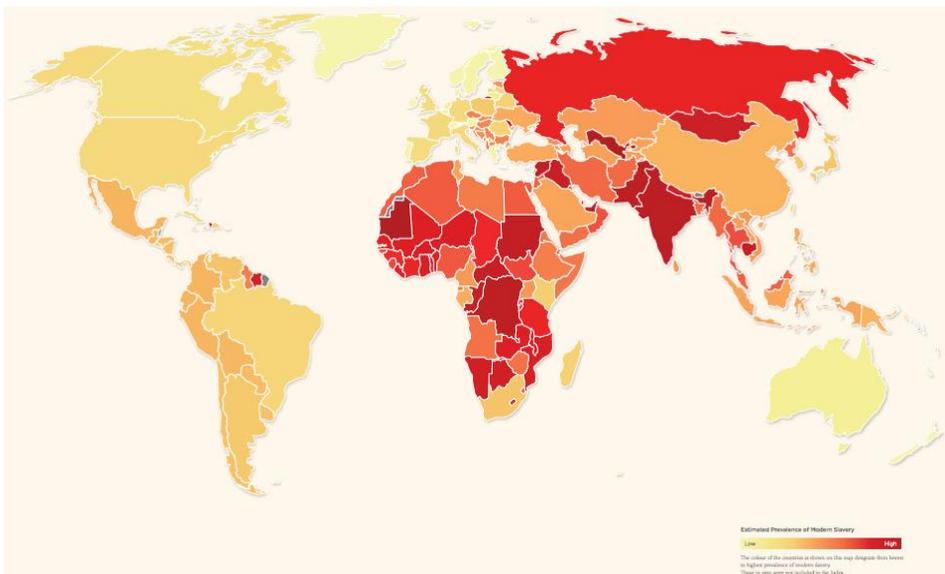
### In this briefing:

- Indicators of forced labour and factors that increase workers' vulnerability to labour exploitation
- Overview of the UK Modern Slavery Act and Transparency in Supply Chains clause and its implications for businesses
- What does reporting for the Transparency in Supply Chains clause require?
- Guidance on how Sedex can help companies meet the requirements of the Modern Slavery Act

### In the News...

- [Costco sued over claims shrimp is harvested with slave labour](#) (Bloomberg Business, 19 August 2015)
- [Putting slavery firmly on development agenda is just the beginning](#) (The Guardian, 17 August 2015)
- [U.K. anti-slavery disclosure law will apply to thousands of companies](#) (The Wall Street Journal, 30 July 2015)
- [Palm-oil migrant workers tell of abuses on Malaysian plantations](#) (The Wall Street Journal, 26 July 2015)
- [Survivors of modern-day slavery 'abandoned and risk being re-trafficked'](#) (The Guardian, 13 July 2015)
- [New global development goals must address modern slavery](#) (Reuters, 1 June 2015)
- [Thousands trafficked to the UK and kept in slavery, police report shows](#) (The Guardian, 30 Sept 2014)

## Modern slavery is a global problem and a challenge for businesses worldwide



**Nearly 36 million people worldwide, or 0.5% of the world's population, live in modern slavery.**

Source: [Global Slavery Index](#)

### Facts & figures:

- Almost 19 million victims are exploited by private individuals or enterprises
- 14.2 million are victims of forced labour exploitation in economic activities
- Forced labour generates US\$ 150 billion in illegal profits per year
- Domestic work, agriculture, construction, manufacturing and entertainment are among the sectors most concerned
- Migrant workers and indigenous people are particularly vulnerable to forced labour

Source: [ILO](#)

Forced labour is an extremely complex labour rights violation that can take many forms. Certain factors, independently or in various combinations, can increase the risk of forced labour through the employment cycle. Below are some indicators of forced labour:

Recruitment	Employment	Exit
<ul style="list-style-type: none"> <li>Workers charged illegal or excessive recruitment fees</li> <li>Workers uninformed or misinformed about terms of employment</li> <li>Workers not provided with understandable, legally compliant written contracts</li> <li>Fraudulently charging fees for travel, health checks, or work documentation</li> </ul>	<ul style="list-style-type: none"> <li>Excessive or illegal wage deductions</li> <li>Requirement to stay in company or broker-controlled housing</li> <li>Workers unable to enter or leave the premises freely</li> <li>Excessive overtime</li> <li>Identity documents confiscated or withheld</li> <li>Wage deductions used as a disciplinary measure</li> <li>Physically abusive or humiliating discipline and termination practices</li> </ul>	<ul style="list-style-type: none"> <li>Worker's visa and work permit is tied to a single employer</li> <li>Monetary penalties or withholding of wages for early contract termination</li> <li>Worker forced to pay for return travel to their home</li> <li>Undocumented migrants threatened with notification of authorities if they leave employment</li> <li>Workers forced to pay financial deposits or "security" fees as "runaway insurance"</li> </ul>

Source: [Sedex Modern Slavery Briefing](#)

Coming soon: *Forced Labour Indicators Guidance Note by Sedex*

**Sedex Audit Data** shows that non-compliances for Employment is Freely Chosen were only 0.27% of the total issues raised globally (2011-2013). Given that global supply chains are complex and multi-tiered, it is likely that this is just part of the story as there are many **other indicators of forced labour** in global supply chains. For example, issues relating to **lack of legally recognised employment agreements, wages and benefits - that can also indicate a risk of forced labour** - are 3.9% of total issues raised globally.

Source: [Sedex Modern Slavery Briefing](#)

The [ILO](#) defines forced labour as "all work or service which is exacted from any person under the menace of any penalty for which said person has not offered himself voluntarily."

But however complicated the forced labour issue is, it can be simplified into one question:

**"Do workers have the freedom to terminate employment (by means of notice of reasonable length) at any time without a penalty or a threat of penalty?"**

More on forced labour and human trafficking in [Sedex Modern Slavery Briefing](#)

**Modern Day Slavery**  
Briefing, April 2014

**Executive summary**

This briefing explores the risks of human trafficking and slavery in global supply chains.

**In this briefing:**

- **Causes and indicators:** Indicators of forced labour and factors that increase risk of slavery in global supply chains.
- **Impact:** Impact on human rights, labour standards, and challenges to global supply chains.
- **Challenges to global supply chains:** Challenges to global supply chains.
- **Recommendations:** Recommendations to global supply chains.

**What is human trafficking?**

Human trafficking involves the movement of a person, either across international borders or within the boundaries of a single country, by means of threat, deception or abuse of vulnerability for the purpose of exploitation.

**What is forced labour?**

The International Labour Organization (ILO) defines forced labour as "all work or service which is exacted from any person under the menace of any penalty for which said person has not offered himself voluntarily."

**In the news**

- **Wage as threat:** Workers in Peru forced to work in mines that produce much of world's gold? (New York Daily News, 17 Feb 2014)
- **Crabon and chocolate:** The sweet industry's bitter side? (Guardian, 26 Jan 2014)
- **"Inhumanly, Agriculture Firm Vulnerable to Human Trafficking"** (New York Times, 23 Jan 2014)
- **"Forced to Work: Slavery on Thailand's frontiers"** (BBC News, 23 Jan 2014)
- **"100,000 forced labor victims in Mexico's Fruit"** (CNN, 9 April 2013)
- **"Three men found in South Yemen slavery inquiry"** (BBC News, 23 Sep 2013)

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# The UK Modern Slavery Act and Transparency in Supply Chains Clause (TISC): implications for businesses

- The UK [Modern Slavery Act](#) is one of the most far reaching pieces of legislation in the world addressing issues of slavery in the 21<sup>st</sup> century
- It consolidates current slavery and human trafficking offences, and introduces new preventive measures, support systems and a regulatory body
- The legislation includes new measures including trafficking reparation orders, which encourage the courts to use seized assets to compensate victims and prevention orders to ensure that those who pose a risk of committing modern slavery offences cannot work in relevant fields, such as with children and gangmasters
- The Act includes the [Transparency in Supply Chains Clause](#), which as of October 2015 requires any company with a turnover of more than £36 million **that “supplies goods and services” and “carries on a business, or part of a business, in any part of the UK” to publish an annual slavery and human trafficking statement**
- In this statement, the company needs to publicly disclose the steps, if any, taken to ensure slavery and human trafficking are not taking place in any of its supply chains or in any part of its own business
- This disclosure law encourages covered companies to incorporate anti-slavery measures into their compliance programs
- Annual statements must be approved by the board and signed by a director
- Under the Companies Act 2006, directors can be held criminally liable for signing off on wrongful or misleading information in their annual reports
- While a disclosure stating that the company does nothing to prevent such practices is legally compliant under the law, such a disclosure can leave a company susceptible to negative publicity not only from the company’s own customers, but also from human rights organisations and watchdog groups created specifically to monitor such disclosures

**Over 12,000 companies and their UK and international supply chains** will be affected by the Modern Slavery Act. Many companies are already working on their statements to ensure that they are in place for their next annual reporting cycle.

**What is your business doing to ensure its supply chain is free of human trafficking and modern slavery?**



## What does reporting for the transparency in supply chains clause require?

*Although companies have flexibility what to include in the statement, the following areas might be included:*

- The company’s structure, business and its supply chain
- Policies related to slavery and human trafficking in its business and supply chains
- Due diligence processes relating to slavery and human trafficking in their supply chains
- Reporting on the parts of supply chain where there is a risk of slavery and trafficking taking place and how to assess and manage such risk
- Training for staff about slavery and human trafficking
- Reporting on effectiveness in ensuring that slavery and trafficking are not taking place in their businesses or supply chains

Source: [TISC](#)

# How can Sedex help companies meet the requirements of the UK Modern Slavery Act?



How to prepare...		How Sedex can help...
Map the supply chain to multiple tiers		<b>Supply chain visibility</b> and <b>mapping</b> to multiple tiers – a critical step in understanding who suppliers are and supporting the evaluation risk.
Identify the parts of a company's supply chains where the <b>risks</b> are most severe or most likely to occur		<b>Self assessment</b> information collected within the <b>standardised Self-Assessment Questionnaire (SAQ)</b> can indicate forced or bonded labour, such as holding identity documents, wage deductions, etc.
		<b>Risk Assessment Tool</b> enables members to report on trends across supply chain and look for possible self assessment or audit non-compliance indicators of forced labor.
		<b>Reporting tools</b> enable members to providing in-depth, analytical reports that highlight trends, alert potential risks and help prioritise resources.
Conduct <b>audits</b> to evaluate supplier compliance with legal and company standards		Hosting of <b>audit information</b> to aid in data verification.
Remediate and manage <b>non-compliances</b>		Providing <b>SMETA</b> – a free, publicly available 4 pillar audit methodology, including examples of employment is freely chosen non-compliances and grading of non-compliances from critical to minor. The <b>SMETA Private Employment agencies supplement</b> is also available for members on the Sedex Resources Hub.  <b>Corrective Action Plans (CAP) tools</b> aid in tracking progress on supplier efforts to manage identified non-compliances.
Raise awareness of human trafficking and forced labor throughout supply chains		<b>Capability Building Tools:</b> <a href="#">Sedex Supplier Workbook</a> is a free, publicly available guide that allows companies to inform themselves on issues and support awareness raising and capacity building throughout the supply chain.

**If you have any specific questions about how Sedex can help you meet the requirements of the UK Modern Slavery Act, please contact your account manager or the Sedex helpdesk.**

## More publicly available Sedex resources:

- [Modern Slavery Briefing](#)
- [Supplier Workbook](#)
- [Blogs, articles & videos](#)

## More external resources:

- [Tackling Modern Slavery in Supply Chains](#) (Walk Free)
- [Mapping the Provisions of the Modern Slavery Act Against the Expectations of the UN Guiding Principles on Business and Human Rights](#) (Shift Project)
- [The Modern Slavery Act: the on-going journey of what it will mean for business](#) (CLT EnviroLaw)



## Sedex global statistics:

- >38,000 buyer and supplier members in over 150 countries
- >30 major industry sectors
- Over 46,700 sites
- Sedex members represent more than 24 million workers worldwide