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Modern Slavery Act is now in force, are you ready for reporting?

What is modern slavery?

Modern Slavery is the term used to cover any adult or child who is forced to work against their free will or are working very long hours for little or no pay in dire conditions under verbal or physical threats of violence to them or their families. In the UK the sectors that are frequently used as examples of where instances of modern slavery occur are agriculture, construction, hospitality and manufacturing.

Who does the act apply to?

The Modern Slavery Act 2015 applies to all commercial organisations supplying goods or services and covers slavery, servitude, forced and compulsory labour and human trafficking. Most commercial entities will be satisfied that their own organisations are slavery-free but cannot always state this same certainty for their supply chain and out sourced providers. The Act covers organisations carrying out any part of their

business in the UK, applies to all sectors, as well as applying to both goods and services supply chains.

Does this happen in Construction?

Anyone can become a victim of modern slavery. However, victims of this crime are often Eastern European men who are promised a job in the UK and then forced by traffickers to work as labourers, or in factories for instance, for little or no money. Through threat, violence or coercion they may be forced to live in squalid accommodation and have their identity documents taken from them.

While it may be unlikely large companies are directly employing trafficked people, contractors and sub-contractors (or the agencies supplying labour) could find themselves targeted by unscrupulous gang masters who may be offering a ready supply of labour at knocked down rates.

What are the penalties?

The Act creates a criminal offence of knowingly holding another in slavery or servitude, requiring another to perform forced or compulsory labour and arranging or facilitating the travel of another with the view to their being exploited. The test for the offence is one of hind sight as an individual should have or ought to have known that slavery or trafficking was occurring.

The penalties for corporations include financial penalties but also individual criminal offences for Directors, Company Secretaries and Managers. There are also confiscation orders for vehicles, aircraft and ships used in the movement or facilitation of modern slavery as well as compensation for victims that can also include housing and psychological support costs.

Do you have a turnover above £36m?

The offences apply to all commercial organisation but there is an added requirement for all organisations with a turnover above £36m to have a slavery and human trafficking statement each year. The statement must be approved by the board and published prominently within 6 months of year end. The contents are not prescribed in law but it may contain the steps the organisation has implemented over the preceding financial year to ensure that slavery and human trafficking has not taken place in its business or in any of its supply chain. It may also include the policy, an outline of the due diligence process and a reflection on the effectiveness of these steps and the risk to parts of the business. If no steps have taken place the organisation must still submit a return stating that no action has taken place.

At Altion Law we provide clear, no-nonsense, expert legal advice and representation to help you get the best result.

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This factsheet is for general guidance only and should not be treated as a definitive guide or be regarded as legal advice. If you need more details or information please seek independent formal legal advice.

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What are the risks?

There are many risks for not complying aside from the threat of criminal sentences and potential imprisonment for directors, company secretaries and senior managers.

- **Reputational risk** – pressure and campaign groups will be targeting organisations and there will be negative public attention for those entities that are seen to be flagrantly disregarding the requirements.
- **Legal** – increased risks of litigation and breaching of procurement terms and contracts.
- **Financial** – decreased access to investor funds, some banks will refuse to provide banking facilities to companies with significant risks in these areas, as well as a revenue loss from decreased clients or customers.
- **Operational and procurement** – disruption to supply chains, labour disputes and loss of workforce on the operational side. Additionally, many companies will find that a

statement or policy becomes a evidential requirement of any tendering or procurement exercise.

How to comply?

Corporations need to respond to demonstrate ethical leadership and review their business compliance in order to address modern slavery risks and manage the transition towards greater transparency in this area.

- Ensure there is clear responsibility at a senior level and board approval of a policy.
- Establish what the business is currently doing to address modern slavery. This can also include any existing work on human rights reporting as part of other corporate reporting requirements.
- Undertake due diligence to map supply chains if not already done and risk assess and prioritise those based upon severity. The due diligence must be reasonable and proportional, there is no one size fits all. The due diligence

must reflect the severity and likelihood of risk depending upon the size, nature and type of operations.

- Create a plan for risk management and take action to stop or prevent immediate harm and remedy where possible or use leverage or influence to mitigate the remaining harm. Where a risk is so severe, the relationship must be terminated if the risk cannot be remedied.
- Finally track performance and be prepared to report and answer questions publically on your progress.

Whilst the public reporting requirement is only for commercial entities with a turnover of above £36m, the criminal offences can be applied to any corporate entity or individual and compliance with modern slavery therefore applies to all commercial organisations regardless of size.

How can Altion Law help?

Our legal and consulting experts can provide practical and strategic

programmes, tailored to your commercial and sector specific needs. These include:

- Bespoke training appropriate for board level through to risk manager or site manager level and draft policies and codes of conduct.
- Assistance with undertaking a human rights/modern slavery risk assessment, and generating a risk map of prioritised exposures together with recommendations and options to ensure compliance.
- Advise on global supply chain compliance and due diligence measures.
- Create and implement internal monitoring tools, including key performance/compliance indicators
- Carrying out interviews with key stakeholders, suppliers and local leadership, both for pre-emptive situations and where risk measures are raised.

About Altion Law

For expert legal advice call us on 01908 414990 or contact us online at www.Altion-law.co.uk and we'll be happy to help you.

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