

## UK's Modern Slavery Act - 31 March is Just a Week Away

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Commercial organisations carrying on business in the **United Kingdom** need to be aware of a new piece of compliance legislation – the [Modern Slavery Act 2015](#). The date 31 March 2016 is key in this new legislation as organisations are now required to produce a 'slavery and human trafficking statement' at the end of every financial year falling after that day.

### What is required?

The objective of the Act is to ensure transparency and accountability around the business activities of large organisations, not just to investors but also to other groups including employees, consumers and the public at large. It aims to create a level playing field between those organisations adopting ethical business practices and those that are not, driving investment towards more sustainable, responsible organisations.

Section 54 of the Act requires a commercial organisation in any sector, which supplies goods or services and carries on a business or part of a business in the UK, with a global turnover of £36 million or more to prepare a 'slavery and human trafficking statement' each financial year. This statement must set out the steps taken by the organisation in that year to ensure that slavery or human trafficking has not taken place in its supply chains or in any part of its own business.

This does not mean that the organisation must guarantee that the entire supply chain is slavery free. Instead, it means an organisation must set out the steps it has taken to ensure slavery and human trafficking is not taking place in relation to any part of the supply chain. However, if an organisation has taken no steps it must still publish a statement stating that to be the case.

The statement must be signed by a director and approved by the Board before being published on the organisation's website, with a prominent link to it included on the homepage. Organisations without a website must provide copies of the statement to anyone requesting one.

### When is this needed?

The requirement to provide this statement applies to organisations with a financial year ending on or after 31 March 2016. Those organisations will have to provide a statement at the end of that financial year and at the end of every financial year thereafter. So, for an organisation with a financial year end of 31 March 2016, the statement must set out the steps taken between 1 April 2015 and 31 March 2016. For an organisation with a financial year end of 31 May, the statement must set out the steps taken between 1 June 2015 and 31 May 2016, and so on. The statement is backwards looking. There is no requirement to project forward to set out steps that will be taken in future financial years to ensure the absence of slavery in the supply chain (although this information could be included voluntarily if appropriate).

Organisations with a financial year ending between 29 October 2015 (when the Act came into force) and 30 March 2016 will not need to produce a statement for that financial year but will need to produce a statement for each subsequent financial year. It is recommended that organisations produce their statement as soon as possible



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and in any event within six months of the end of the financial year to which it relates in order to ensure that the information in it remains current.

### **What if we don't do it?**

The Secretary of State is empowered to seek an injunction against a non-compliant organisation ordering it to produce a statement. Failure to comply with an injunction is contempt of court for which the sanction is an unlimited fine. In addition, as the public becomes increasingly aware of the existence of these statements, failure to produce a statement in any year is likely to adversely impact on an organisation's reputation, with possible adverse inferences being drawn.

### **How do we know what to do?**

The [Home Office has produced guidance](#) for organisations on their obligations under s54 of the Act. The guidance defines some key terms (such as what modern slavery is), explains how to calculate global turnover (so an organisation can assess if it falls within the scope of the Act) and gives tips (with examples) on drafting an acceptable statement.

### **What should we do now?**

As the end of its financial year approaches, an organisation must prepare to produce the statement required by the Act. Organisations that have taken relevant steps to ensure that slavery or human trafficking has not taken place in its supply chains or in any part of its own business need to collate the information about exactly what has been done, in preparation for drafting the statement. This, of itself, could be a significant task the first time round.

Organisations that have not taken such steps may be concerned that they have nothing to report. If they want to rectify that, they have until the end of their financial year to put some appropriate steps in place.

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