



Home Office

Transparency in Supply Chains Consultation

This consultation begins on 9 July 2019

This consultation ends on 17 September 2019



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This publication is available at www.gov.uk/government/consultations/transparency-in-supply-chains.

Any enquiries regarding this publication should be sent to us at public.enquiries@homeoffice.gsi.gov.uk.

About this consultation

- To:** Responses are welcome from organisations, including businesses, charities and public sector organisations, as well as from consumers, investors, NGOs, charities, worker groups and other interested parties.
- Duration:** From 09/07/19 to 17/09/19
- Enquiries (including requests for the paper in an alternative format) to:**
- By email:
supplychainsconsultation@homeoffice.gov.uk
- By post:
Modern Slavery Unit, 4th Floor, Peel Building, 2 Marsham Street, London, SW1P 4DF
- How to respond:** Please respond by 10 September via the online form at www.gov.uk/government/consultations/transparency-in-supply-chains.
- To help us analyse the responses please use the online system wherever possible.
- Additional ways to respond:** If, for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible, you may download a word document version of the form and email it or post it.
- By email:
supplychainsconsultation@homeoffice.gov.uk
- By post:
Modern Slavery Unit, 4th Floor, Peel Building, 2 Marsham Street, London, SW1P 4DF
- Response paper:** A response to this consultation exercise is due to be published shortly at:
www.gov.uk/government/consultations/transparency-in-supply-chains.

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Foreword



In the years since it came into force, the UK's landmark transparency in supply chains legislation¹ has been a crucial part of our commitment to end modern slavery by 2030² - a goal that has long been a personal priority for the Prime Minister, Rt. Hon. Theresa May MP.

This legislation has helped to create a cultural change where labour rights are given greater prominence and organisations are transparent about their risks. Since 2015 we have seen our legislation spark unprecedented awareness of modern slavery risks, from global boardrooms to the international human rights agenda, and the UK is proud to be world-leading

in our response.

Although our legislation was primarily intended to galvanise large organisations to safeguard vulnerable workers in their global supply chains, we have seen transparency lead to consumer awareness campaigns, investment in tech solutions and business-led initiatives to support survivors.

Amid these new developments, in 2018 the Home Secretary commissioned an Independent Review of the Modern Slavery Act 2015³ to assess the Act's impact and ensure it remains responsive to a rapidly evolving threat. Alongside three other core themes, the Reviewers were asked to explore how the transparency measures have worked and whether they can be strengthened or implemented differently.

With our 2030 goal approaching and the publication of the Review's final report in May, it is time to take stock of the UK's leadership in this area and our ambitions for the future. We are determined to ensure a level playing field for responsible businesses by recognising effective anti-slavery activity and a commitment to improvement, but also by targeting non-compliance and further embedding the reporting requirements. We are interested in how we can best improve the quality of reporting, ensure compliance and apply the requirements to the public sector. In doing so, we want to ensure our approach is effective, proportionate and straightforward, and we welcome your views on how to achieve this.

We are grateful for your time and expertise as we seek views from all parties impacted by and interested in transparency reporting, from businesses to the public sector, charities, NGOs, consumers and investors. Please consider which measures will drive engagement and compliance, accelerate action and progress, and ultimately improve outcomes for vulnerable workers in supply chains both in the UK and overseas.

Victoria Atkins

Minister for Crime, Safeguarding and Vulnerability

¹ [The Modern Slavery Act 2015](#)

² [Sustainable Development Goal 8.7](#)

³ [The Independent Review of the Modern Slavery Act 2015: final report](#)

Introduction

Under the Modern Slavery Act 2015, the UK became the first country to require organisations to publicly report on the steps they are taking to prevent modern slavery⁴ in their operations and supply chains. This landmark legislation was designed to empower investors, consumers and NGOs to scrutinise the efforts being taken by large businesses to prevent forced labour and protect workers in their operations and supply chains.

The Modern Slavery Act 2015: reporting requirements

Under section 54 (Transparency in Supply Chains) of the Modern Slavery Act 2015, certain commercial organisations must publish an annual statement setting out the steps they are taking to prevent modern slavery in their operations and supply chains known as a modern slavery statement.

Currently, the Act requires organisations to publish an annual statement if all the of the following criteria are met:

- it is a 'body corporate' or a partnership, wherever incorporated or formed;
- it carries on a business, or part of a business, in the UK;
- it supplies goods or services; and
- it has an annual turnover of £36 million or more.

Organisations must publish their statement on their website via a prominent link from their homepage, or, if they do not have a website, a written copy must be provided within 30 days to anyone who makes a request for one.

Statements must also be approved by the Board of Directors, or equivalent, and signed by a Director, or equivalent. The Home Office expects organisations to publish their annual statement within six months of their financial year end.

Why transparency?

We know that senior leadership is crucial to changing business culture and driving action. The requirement for modern slavery statements⁵ to be signed by a director and approved by the Board of Directors has put this issue firmly on the boardroom agenda.

Addressing the risks of modern slavery is a long-term challenge. The annual reporting requirement enables organisations to demonstrate year-on-year progress regardless of whether they are already industry-leading in their response or currently in the early stages of understanding their risks. Organisations are now publishing their second and third statements and many have transformed their response, from mapping tiers of their supply chain to introducing targeted responses to high-risk practices.

⁴ Modern slavery is an umbrella term encompassing the offences of slavery, servitude and forced or compulsory labour and human trafficking as set out in the Modern Slavery Act 2015.

⁵ Slavery and human trafficking statement published under section 54 of the Modern Slavery Act 2015.

We also welcome the efforts of an increasing number of public sector organisations that have already voluntarily published their own statements, including over 100 local authorities as well as many police forces and NHS bodies.

To support this activity the Home Office has developed a Modern Slavery Assessment Tool to help public bodies in England and Wales assess and respond to risks in their supply base. The Home Office has also launched refreshed ethical procurement training in partnership with the Chartered Institute of Procurement & Supply (CIPS), Cabinet Office and the Crown Commercial Service, and worked with Cabinet Office to develop dedicated guidance for commercial and procurement staff to identify and manage risks in government supply chains. Further detail on the UK Government's work to address modern slavery risks in its own supply chains will be set out in the voluntary statement covering central UK Government departments, due to be published later this year.

The Scottish Government has revised their national sustainable procurement tools and supporting guidance to ensure these take account of human trafficking considerations, including whether existing contractors have published a modern slavery statement. The Scottish Government's national sustainable procurement tool helps public sector organisations optimise the economic, social and environmental outcomes of their procurement activity, and the accompanying Sustainable Procurement Guidance includes guidance for public bodies on the purchase of products and services where there may be concerns about human rights, working conditions and exploitation.

The Welsh Government launched their 'Ethical Employment in Supply Chains – Code of Practice' in March 2017 in support of the Well-being of Future Generations (Wales) Act 2015. All public sector organisations in Wales as well as businesses and third sector organisations in receipt of Welsh public sector funding are expected to sign up to the Code, which centres on guaranteeing good employment practices across six key areas. In signing up to the Code, organisations agree to comply with 12 commitments designed to eliminate modern slavery and support ethical employment practices.

Globally, the UK's Modern Slavery Act has sparked a trend for transparency. As more governments around the world introduce their own transparency measures, the UK Government and devolved administrations are committed to working with international partners to promote a harmonised approach which creates the right incentives for businesses to increase their ambition and accelerate progress towards ending modern slavery by 2030.

The Independent Review of the Modern Slavery Act 2015

In July 2018, the Home Secretary commissioned the Independent Review of the Modern Slavery Act⁶. The aim of the Review, which focussed on four themes, including the transparency provisions of the Modern Slavery Act (section 54), was to identify where the Act is working well, what can be improved in the implementation of the Act and whether specific areas of the legislation need to be strengthened. The Review was undertaken by Frank Field MP, Maria Miller MP and Baroness Butler-Sloss.

⁶ [The Independent Review of the Modern Slavery Act 2015: final report](#)

On 22 May 2019 the final Review report was published. The transparency recommendations included clarifying the scope of organisations required to report, increasing compliance, further embedding transparency requirements into business culture, improving reporting quality and extending the requirement to publish a modern slavery statement to public sector organisations.

Supply chains consultation

Four years on from the introduction of the Modern Slavery Act we have made significant progress, but while many organisations are publishing comprehensive statements, some organisations are failing to take their responsibilities seriously. In response to the Independent Review of the Modern Slavery Act, the UK Government has committed to strengthening the Act's transparency provisions.

To inform changes to the legislation, this consultation will gather views on measures designed to future-proof our approach and enhance the impact of transparency.

We want to ensure that the transparency requirements and reporting process is as clear and straightforward as possible for organisations in scope of the legislation. Any changes to the present approach would be phased to enable affected organisations to prepare.

We will continue to maintain flexibility. This is particularly important given the breadth of our legislation – with around 17,000 UK organisations required to report. We recognise that the maturity of different organisations' approach to addressing their modern slavery risks varies considerably. Therefore, we also want to ensure a proportionate approach to enforcement and compliance.

Most importantly, we want our approach to create the right incentives and support for organisations to identify and address modern slavery risks, strengthen their approach over time, and effectively safeguard vulnerable workers in their operations and supply chains.

We welcome comments from organisations who currently publish a statement or may be required to do so in future, as well as all other interested parties, including consumers, investors, NGOs and charities. We are interested in the impact of transparency on consumer and investor engagement, the cost and resource implications of transparency reporting, and how current and proposed measures can drive compliance, engagement and action.

The consultation is being carried out by the UK Government and contains proposals which relate to a mixture of reserved and devolved matters. Separate consideration is being given to aspects of Transparency in Supply Chains policy in Northern Ireland and Scotland. Upon receipt of the consultation responses, we will liaise with the devolved administrations as appropriate.

Section 1: Content of statements

Thousands of statements have now been published under the Act, many reflecting targeted activity and long-term strategies. We have seen organisations use their annual statements to plan activity, transparently disclose their supply chain risks and report against strategic targets. However, in the context of too many organisations failing to go beyond the minimum compliance requirements with each reporting year, we want to increase the comparability of statements to drive action and support effective external scrutiny.

At present it can be challenging for consumers, investors and civil society to effectively compare and benchmark statements when approaches to transparency reporting remain so variable. At the same time, mapping and addressing modern slavery risks is a complex undertaking and we are committed to setting clear guidelines to enable organisations to plan and record their activity.

Currently, the Act's transparency requirements⁷, and associated statutory guidance, suggest that organisations report on the following six areas in their modern slavery statement:

1. The organisation's structure, its business and its supply chains;
2. Its policies in relation to slavery and human trafficking;
3. Its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
4. The parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;
5. Its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate;
6. The training and capacity building about slavery and human trafficking available to its staff.

To facilitate transparent, comprehensive reporting, we are considering making reporting on specific topics compulsory.⁸

We believe that introducing mandatory reporting areas will encourage comprehensive reporting and prioritised action, as well as aiding external scrutiny by bringing consistency to reporting. In 2018 the Business & Human Rights Resource Centre reported that whilst 41% of FTSE 100 reported on their slavery and trafficking policies, only 17% reported on effectiveness, highlighting inconsistency across the reporting areas and a lack of uptake in voluntarily covering the Home Office's suggested content.⁹

⁷ [The Modern Slavery Act 2015](#), Section 54

⁸ [The Independent Review of the Modern Slavery Act 2015: final report](#), recommendation 18

⁹ [FTSE 100 & the Modern Slavery Act: From disclosure to action](#)

We also recognise that different organisations and sectors face different risks and will be at different stages in terms of developing their response. To retain adequate flexibility, we think it is important to allow organisations to justify why they have not reported on one or more of the criteria. We also want to ensure the required reporting areas are comprehensive and encourage businesses to be creative and ambitious in their response.

As more countries introduce their own legislation, we recognise that by considering introducing legislative changes we may have an opportunity to harmonise our approach. Aligning the areas on which organisations are required to report with reporting requirements in other jurisdictions could minimise the time spent by multinational organisations meeting different reporting requirements and maximise the time spent on action.

Questions

1a) Are you an organisation which currently publishes a statement? [Y/N] If so, which of the following areas do you currently report on:

- A. Your organisation's structure, its business and its supply chains;
- B. Your organisation's policies in relation to slavery and human trafficking;
- C. Your due diligence processes in relation to slavery and human trafficking in your business and supply chains;
- D. The parts of your business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps taken to assess and manage that risk;
- E. Your effectiveness in ensuring that slavery and human trafficking is not taking place in your business or supply chains, measured against any performance indicators as considered appropriate;
- F. Training and capacity building about slavery and human trafficking available to your staff.

1b) How many individuals, for how many days, were involved in collecting the information included on your statement?¹⁰

1c) If you were to report on all of the 6 areas set out above, how many individuals do you think would be needed over how many days to collect the information required for the statement?

2) Would mandating the areas that statements must cover encourage organisations to take effective action? Please explain your answer and include details of any alternative proposals to encourage further action.

¹⁰ With a day being 7.5 hours.

3a) If the legislation was amended to mandate the areas that statements must cover, which of the six areas currently set out in Home Office guidance should be required?

- A. Your organisation's structure, its business and its supply chains;
- B. Your organisation's policies in relation to slavery and human trafficking;
- C. Your due diligence processes in relation to slavery and human trafficking in your business and supply chains;
- D. The parts of your business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps taken to assess and manage that risk;
- E. Your effectiveness in ensuring that slavery and human trafficking is not taking place in your business or supply chains, measured against any performance indicators as considered appropriate;
- F. Training and capacity building about slavery and human trafficking available to your staff.

3b) Are there any further areas not mentioned above that should be required? If yes, please state which.

3c) Should any of the six suggested areas (and any additional areas suggested) be combined? Please explain your answer.

4) Should organisations be able to choose not to report on one or more of the required areas if they provide an explanation for omitting this area? Please explain your answer.

5) Would organisations face any challenges if it became mandatory to report on specific areas? If so, what would you consider these to be?

Section 2: Transparency, compliance and enforcement

When the Modern Slavery Act was passed in 2015, the transparency in supply chains legislation was designed to empower consumers, investors and civil society to hold businesses to account. We welcome the valuable analysis and benchmarking reports published by academics, NGOs and other stakeholders on the impact of the Act and performance across individual sectors.

Publishing on the new online registry

We want to build on existing engagement by academics, NGOs and other stakeholders by making statements as visible and accessible as possible. The UK Government will be developing an online registry for modern slavery statements published under the Act, and in parallel we intend to amend the legislation to mandate publication on this registry¹¹.

As well as making it easier to monitor compliance, the centralised registry will increase the accessibility of statements, enabling consumers, investors and civil society organisations to scrutinise and compare the action being taken by comparative organisations.

We are considering how we could incorporate indicators of reporting quality into the registry.

Single reporting deadline

Alongside a new centralised registry, we propose the introduction of a single reporting deadline on which all organisations must publish their statement each year. Different reporting deadlines can make it more difficult to compare the action being taken across different organisations and monitor compliance with the annual requirement. We consider that a single reporting deadline would bring clarity to the legislation and facilitate increased scrutiny and engagement. A single reporting deadline would also enable the Home Office to offer more timely and targeted support to organisations in scope of the legislation.

Enforcement

We are seeking views on how we can improve the process and tools for tackling non-compliance.

The Independent Review recommended that Government should strengthen its approach to organisations failing to comply with section 54 of the Act and set up or assign an enforcement body to impose sanctions on organisations who fail to publish a modern slavery statement.

Currently, the power to enforce the transparency in supply chains provisions lies with the Home Office - the Secretary of State may bring civil proceedings in the High Court for an

¹¹ As well as on their website if they have one.

injunction requiring an organisation to comply with the duty to produce a modern slavery statement.

The Review recommended a gradual approach, including initial warning letters, with the additional option of civil penalties (set as a percentage of turnover). We are interested in whether the introduction of civil penalties could be an effective tool to increase compliance with the requirement to publish a modern slavery statement, and if so, what a proportionate approach to enforcement would be.

One option would be the introduction of a variable monetary penalty. This could be capped at a maximum prescribed sum. Should a new civil penalty scheme be introduced, the Home Office would send warning letters providing opportunities to ensure compliance ahead of taking any formal enforcement action. Any enforcement scheme would also be appealable, in line with other civil penalties. If introduced, a new civil penalty scheme would not come into force until a minimum of one year after any other potential changes to the transparency requirements reporting requirement (including any changes to the types of organisations required to publish an annual modern slavery statement and the required content of that statement).

The power to enforce the transparency in supply chains provisions of the Modern Slavery Act currently sits with the Home Office. The Review recommended that an enforcement body should be set up or assigned to impose these proposed new civil penalties. The issue of who should carry out enforcement will be considered when we bring forward proposals for a Single Labour Market Enforcement Body.

Questions

6) Would there be any challenges associating with requiring organisations (including businesses) in scope of the Act to publish their modern slavery statement on the Government registry?

7) In addition to the ability to publish and view modern slavery statements, which features should a central registry should include?

- A. Modern slavery statements are accessible automatically through an application programme interface (for example to support analysis by third parties)
- B. Organisations who have reported are available as a downloadable list
- C. Guidance to help organisations to prepare more effective modern slavery statements
- D. Guidance to help consumers better understand modern slavery statements
- E. Functions to enable easier comparison of modern slavery statements
- F. Any other features, please specify

8a) Would establishing a single reporting deadline make the reporting process clearer for organisations captured by the legislation?

8b) If you are an organisation required to publish a statement, what would be the challenges of publishing on a single reporting deadline, including any additional resource or cost implication?

8c) Would single reporting deadline make it easier for external parties to scrutinise whether an organisation has published an up to date statement?

9) If a single reporting deadline is introduced, which annual date should be used?

- A. March 31 (most UK-registered companies' financial year end)
- B. 30 September (six months most UK-registered companies' financial year end)
- C. December 31 (the end of the calendar year)
- D. 30 June (six months after the end of the calendar year)
- E. 30 March for public sector organisations, and 4 April for other types of organisations (in alignment with Gender Pay Gap reporting deadlines)
- F. Other

10a) Should any variable penalty for failing to publish a modern slavery statement or failing to publish a fully compliant statement be capped at a maximum prescribed amount? Please explain your answer.

10b) If yes, what do you think the maximum sum should be? Please explain your answer.

11) If the reporting requirements are extended to the public sector, should a civil penalty scheme also apply to public sector organisations? Please support your view.

Section 3: Public sector supply chains

The public sector also has a crucial role to play in addressing the risks of modern slavery in its supply chains. The UK Government is committed to preventing modern slavery occurring in public sector supply chains. In 2018 the Prime Minister announced at the G20 that the UK central government will publish a voluntary statement in 2019. We have also committed that from 2020/21 onwards individual ministerial departments will publishing their own individual annual modern slavery statements.

Many public sector organisations have already started to identify and address the modern slavery risks in their supply chains. Building on this positive trend, the Independent Review of the Modern Slavery Act¹² recommended that section 54, the transparency in supply chains requirements, should be extended to public sector organisations with an annual budget exceeding £36 million.

Proposed approach to public sector reporting

The UK's Government's proposed approach to public sector modern slavery reporting has been set out below. The proposed approach mirrors the current private sector transparency requirement as closely as possible. The Home Office will publish further guidance and resources to support ministerial departments and public sector organisations to report effectively under the Act. The Government will continue to develop resources to support public and private sector organisations identify and mitigate their modern slavery risks.

The UK Government proposes that the reporting requirement is extended to capture a wide scope of public bodies which have a budget of £36 million or more, unless they are already captured by the existing legislation. Public bodies will be those which exercise functions of a public nature or who are providing, under contract with a public authority, any service whose provision is a function of that authority; such as those covered by the Office for National Statistics Public Sector Classification Guide¹³ or those defined as public bodies in the Freedom of Information Act. This would include, for example, Central Government Departments and their Arm's Length Bodies (ALBs), local government bodies, including Combined Authorities, NHS bodies, police forces, and non-market and market public bodies (such as public corporations), which meet the budget threshold. Ministerial UK Government departments will be considered in scope of the reporting requirement regardless of their annual budget.

We consider that the same flexibility for group reporting currently available to organisations required to report should be extended to public sector organisations. This would mean, for example, that Government departments would be allowed to choose to publish a group

¹² [The Independent Review of the Modern Slavery Act 2015: final report](#), page 43

¹³ as defined in the [Office for National Statistics Public Sector Classification Guide](#) and the [Cabinet Office Public Bodies Handbook](#)

statement covering their Non-Departmental Public Bodies, Arm's Length Bodies, Trading Funds and Executive Agencies.

As with existing requirements, each individual body would remain responsible for ensuring an appropriate statement is produced, whether in isolation or as part of a group statement.

Questions

11a) Should the requirement to publish a modern slavery statement be extended to large public sector organisations that are not currently captured by the legislation?

11b) What would the benefits of extending the reporting requirements to large public sector organisations not currently captured by the legislation be?

11c) What challenges could public sector organisations face in producing a modern slavery statement?

12a) Should budget be used to determine the threshold for which large public-sector organisations should be required to publish a modern slavery statement?

12b) If yes, should the budget threshold should be £36 million? Please explain your answer.

12c) If no, what alternative metric should be used to determine the threshold for reporting?

13) Should public sector organisations be able to publish a 'group statement'?¹⁴ Please explain your answer and if you are a public sector organisation please include any relevant examples of the group structure which you might report under.

14) Should public sector modern slavery statements be approved by the most senior managing body and signed off by the accounting officer, Chief Executive or equivalent role?

¹⁴ Government departments will retain the flexibility to choose whether to issue one statement on behalf of the departmental family, or individual statements for their arm's length bodies.

Responding to this consultation

Responding online

Please respond by **17 September 2019** to this consultation using our online form at www.gov.uk/government/consultations/transparency-in-supply-chains.

Alternative ways to respond and additional copies

To help us analyse the responses please use the online system wherever possible. If, for exceptional reasons, you are unable to use the online system, for example because you use specialist accessibility software that is not compatible, you may download a word document version of the form and email it or post it.

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Further paper copies of this consultation can be obtained from this address and it is also available online at www.gov.uk/government/consultations/transparency-in-supply-chains.

Alternative format versions of this publication can be requested from supplychainsconsultation@homeoffice.gov.uk.

Comments and complaints

If you have any complaints or comments about the consultation process you should contact the Home Office using the above email or postal address.

Publication of response

A paper summarising the responses to this consultation will be published shortly at www.gov.uk/government/consultations/transparency-in-supply-chains.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 1998 (DPA) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information

you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Home Office.

The Home Office will process your personal data in accordance with the DPA and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

