MODERN SLAVERY ACT 2015

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Labor, Employment and Workplace Safety Alert

By: Paul Callegari

The Modern Slavery Act 2015 (the "**Act**") comes into force on 1 October 2015 and requires organisations to publish a statement in each financial year setting out the steps they have taken to tackle the problem of slavery and human trafficking in their business, as well as that of their supply chains.

WHO DOES IT APPLY TO?

Organisations carrying on all or part of their business in the UK, which:

- Supply goods and/or services; and
- Have a minimum global turnover of £36 million (including the turnover of any of its subsidiary undertakings).

WHAT CONSTITUTES "SLAVERY" AND "HUMAN TRAFFICKING"?

The Act does not define what is meant by "slavery". However, it does refer to offences of "slavery, servitude and forced or compulsory labour". "Human trafficking" concerns the arrangement or facilitation of the travel of another person with a view to exploiting them.

WHAT SHOULD THE STATEMENT INCLUDE?

The statement must confirm the steps taken by the business during the year (if any) to ensure that slavery and/or human trafficking are not taking place in its supply chains or in its own business. In addition to this, the Act lists six areas that businesses may also wish to include information on in its statement:

- The business' structure, its business and its supply chains;
- Its policies in relation to slavery and human trafficking;
- Its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
- 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;
- Its effectiveness in ensuring that slavery and human trafficking are not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate; and

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- The training about slavery and human trafficking available to its staff.

The Government is due to publish guidance setting out in more detail the information that might be included in a slavery and human trafficking statement in October and a further alert will follow once that guidance is published.

Transitional arrangements will also be introduced for organisations to allow businesses sufficient time to prepare their statements where their financial year end is within close proximity to 1 October 2015. Details of these provisions are yet to be provided however.

WHO NEEDS TO APPROVE THE STATEMENT AND WHERE SHOULD IT BE PUBLISHED?

The statement must be approved by the board of directors (if a corporate body) or equivalent management and signed by a director (or equivalent). The statement must be published on the business' website, with a link to it in a “prominent place” on the homepage. If the organisation does not have a website, it must provide a copy of the statement to anyone who makes a written request for one within 30 days of receiving the request.

PRACTICAL STEPS

Surprisingly, there are no criminal or financial penalties for non-compliance and the obligation to produce a statement can only be enforced by an injunction in the civil courts. There are, however, clear reputational issues in failing to comply.

Businesses that are likely to be affected should therefore consider the steps they need to take in order to comply with their obligations under the Act, which may include:

- Reviewing the steps taken by the organisation and its supply chains (if any) to ensure that slavery and human trafficking are not taking place;
- Updating the organisation's corporate social responsibility policy, so that it addresses slavery and human trafficking;
- Updating template agreements with its supply chain so that it clearly sets out the organisation's position in relation to slavery and human trafficking;
- Carrying out risk assessments of the areas of the organisation or suppliers that pose the highest risk of slavery and/or human trafficking and consider the steps that could be taken in order to address these risks;
- Appoint a member of staff who can oversee the review and implementation of any steps necessary to address any potential risk of slavery and/or human trafficking; and
- Providing training to relevant members of staff.

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KEY CONTACTS



PAUL CALLEGARI
PRACTICE GROUP COORDINATOR - LABOR, EMPLOYMENT, AND WORKPLACE SAFETY AND MANAGING PARTNER, LONDON OFFICE

LONDON
+44.20.7360.8194
PAUL.CALLEGARI@KLGATES.COM

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