

10 November 2015

Briefing Note

CECA Member Briefing:

Transparency In Supply Chains

Introduction

Every organisation carrying on a business in the UK with a total annual turnover of £36m or more will be required to produce a slavery and human trafficking statement for each financial year.

Businesses with a year-end of 31 March 2016 will be the first businesses required to publish a statement for the 2015-16 financial year.

The statement must set out the steps that have been taken during the financial year to ensure that modern slavery is not occurring in supply chains and within organisations themselves.

A business in question does not have to guarantee that the entire supply chain is slavery free. Instead, it must set out all the steps it has taken in relation to any part of the supply chain.

Consumers, investors and non-governmental organisations are likely to engage and/or apply pressure where they believe a business has not taken sufficient steps.

Who is required to comply?

Any business in any part of a group structure will be required to comply with the provision and produce a statement if they:

- are a body corporate or a partnership;
- carry on a business, or part of a business, in the UK;
- supply goods or services; and
- have an annual turnover of £36m or more.

Total turnover is calculated as:

- a) the turnover of that organisation; and
- b) the turnover of any of its subsidiary undertakings (including those operating wholly outside the UK).

If any business in any part of a group structure meets these requirements, it is legally required to produce a statement. Where a parent and one or more subsidiaries in the same group are required to produce a statement, the parent may produce one statement that subsidiaries can use to meet this requirement (provided that the statement fully covers the steps that each of the organisations required to produce a statement have taken in the relevant financial year).

Parent and Subsidiary organisations

Each parent and subsidiary organisation (whether it is UK based or not) that meets the requirements set out above must produce a statement of the steps they have taken during the financial year to ensure slavery and human trafficking is not taking place in any part of its own business and in any of its supply chains.

If a foreign subsidiary is part of the parent company's supply chain or own business, the parent company's statement should cover any actions taken in relation to that subsidiary to prevent modern slavery. Where a foreign parent is carrying on a business or part of a business in the UK, it will be required to produce a statement.

There is nothing to prevent a foreign subsidiary or parent from producing a statement, even if they are not legally obliged to do so.

If a parent company is seen to be ignoring the behaviour of its non-UK subsidiaries, this may still reflect badly on the parent company. As such, seeking to cover non-UK subsidiaries in a parent company statement, or asking those non-UK subsidiaries to produce a statement themselves (if they are not legally required to do so already), would represent good practice and would demonstrate that the company is committed to preventing modern slavery.

Writing a slavery and human trafficking statement

The Government has not been prescriptive about the layout or specific content of a slavery and human trafficking statement.

A statement may include information about:

- a) the organisation's structure, its business and its supply chains;
- b) its policies in relation to slavery and human trafficking;
- c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
- d) 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;
- e) 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;
- f) the training and capacity building about slavery and human trafficking available to its staff.

Top Tips:

- Keep the statement succinct but cover all the relevant points – if you can provide appropriate links to relevant publications, documents or policies for your organisation, do so.
- Write the statement in simple language will ensure that it is easily accessible to everyone.
- The statement should be in English but may also be provided in other languages, relevant to the organisation's business and supply chains.
- Specifying actions by specific country will help readers to understand the context of any actions or steps taken to minimise risks.

Sign off and publication

The statement must be approved and signed by a director, member or partner of the organisation.

The statement must be published on an organisation's website with a link in a prominent place on the homepage.

For the full Government guidance on the matter, visit: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc__A_practical_guide__final_.pdf

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