

BRIEFING: EFFECTIVE TRANSPARENCY IN SUPPLY CHAINS LEGISLATION

The UK Modern Slavery Act 2015 introduced the Transparency in Supply Chains (TISC) provision that requires companies with an annual turnover of £36 million or more to produce an annual Modern Slavery Statement. The statement should outline what, if any, steps companies are taking to prevent 'slavery and human trafficking' in their business and supply chains.



Modern slavery statement: non-compliance and non-reporting

The Transparency in Supply Chains (TISC) requirement was an important addition to the Modern Slavery Act and a key step towards preventing human trafficking and forced labour.

However, a considerable number of companies have failed to comply with the legislation, and the quality of many company statements is poor.

Towards a more effective approach

As part of the 'Seeing through transparency: making corporate accountability work for workers' -project, FLEX explored how corporate accountability measures like the TISC requirement could be used more effectively to secure good working conditions for people in global supply chains.

Through consultation with workers, academics, company representatives and other experts in Bangladesh and the UK, the table overleaf outlining the **core components of effective transparency in supply chains legislation** was developed.



4 KEY STEPS

For effective transparency in supply chains legislation¹

MAIN COMPONENTS

1

COVERAGE

- Companies.
- Public bodies.
- Own operations and supply chain.
- Extraterritoriality: all companies operating in the set territory.

2

CONTENT

Sector-specific reporting requirements could be beneficial. Reports should at a minimum cover:

- Definition of workforce.
- What is done to identify risk of human trafficking and forced labour?
- What is done to monitor risk?
- What is done to address human trafficking and forced labour?
- What has been the outcome of these activities for workers? How and when will impact be measured?
- Instances of labour abuses and the outcomes for workers.

3

MONITORING AND ENFORCEMENT

- Annual publication of list of companies and public bodies required to report.
- Single central registry for statements.
- Independent oversight mechanism to review reports, report on compliance, commission research and recommend new measures.

4

CRIMINAL LIABILITY AND DEFENCE

- Companies criminally liable for human trafficking and forced labour offences.
- Compliant transparency report and 'adequate' due diligence as defence.
- 'Adequate' due diligence determined by prosecutors, but guidance and best practice developed by Government.
- The introduction of a due diligence defence for human trafficking and forced labour offences would 'indirectly impose(...)' a requirement to carry out due diligence.

1. The section on criminal liability & defence is informed by Genevieve LeBaron and Andreas Rühmkorf, 'Steering CSR Through Home State Regulation: A Comparison of the Impact of the UK Bribery Act and Modern Slavery Act on Global Supply Chain Governance', *Global Policy*, 8(3), 2017, p. 15-28 and cites from page 21. See BHRRC and ITUC, 'Modern Slavery in Company Operation and Supply Chains', 2017, available at bit.ly/2ptwxS4, for model mandatory due diligence provisions."