

Update on Corporate Reporting under the Modern Slavery Act 2015

Under the Modern Slavery Act, a commercial organisation will be required to prepare a slavery and human trafficking statement for each financial year ending on or after 31 March 2016 stating the steps it has taken to ensure that slavery and human trafficking is not taking place in its business and supply chain (or issue a statement that it has taken no such steps).

Introduction

As discussed in our previous Briefing on this topic ([click here](#)), under section 54 of the Modern Slavery Act 2015 (the Act), a commercial organisation which:

- (a) supplies goods or services; and
- (b) has a turnover of not less than an amount that will be prescribed by regulations (see below),

must prepare a slavery and human trafficking statement for each financial year, stating the steps that it has taken during that financial year to ensure that slavery and human trafficking is not taking place in any part of its own business and in any of its supply chains (or issue a statement that it has taken no such steps) (the Reporting Requirement).

The Reporting Requirement came into force on 29 October 2015.

Our previous Briefing contains further information regarding the Reporting Requirement.

Transitional provisions

On 22 October 2015, the Government issued [regulations](#) providing that the Reporting Requirement does not have effect in respect of a financial year ending before 31 March 2016.

Neither the Act, nor the regulations issued by the Government specify when after a financial year end a

commercial organisation must publish its statement. In practice, we would expect organisations to align the Reporting Requirement with their annual reporting requirements and publish the statement at the same time as their annual report is published.

Accordingly, while commercial organisations subject to the Reporting Requirement with a 31 December 2015 financial year end will not have to prepare a statement in respect of their 2015 financial year, such organisations will need to consider how to prepare to comply with the Reporting Requirement for the purposes of making a statement in 2017 in respect of the 2016 financial year.

Commercial organisations subject to the Reporting Requirement with a financial year ending on or after 31 March 2016 will need to consider now how to prepare to comply with the new Reporting Requirement in respect of the 2015-2016 financial year.

The turnover threshold

On 28 October 2015, the Government also issued [regulations](#) confirming that for the purposes of determining whether a commercial organisation is subject to the Reporting Requirement under the Act, the turnover threshold is £36 million (which will include the turnover of that organisation and the turnover of any of its subsidiary undertakings).

Conclusion

It is expected that the Government will soon provide further guidance on the implementation of the Reporting Requirement. Meanwhile, commercial organisations should start thinking about the implications of the Act now, and in particular, consider:

- Is your organisation subject to the Reporting Requirement?
- Will your organisation publish a statement of the steps it has taken in preference to stating that no such steps have been taken?
- What due diligence will your organisation need to carry out to prepare a statement?

- Does your organisation have policies in relation to slavery and human trafficking and how are those implemented? If not, how might the organisation go about establishing such a policy?
- Does your organisation educate and train staff about slavery and human trafficking? Are the right staff being trained?
- What existing risk management procedures could be revised to address modern slavery and human trafficking?

For further detail regarding the considerations above, please click [here](#) for our Briefing on the topic.

Authors



Rae Lindsay
Partner

T: +44 20 7006 8622
E: rae.lindsay@cliffordchance.com



Jo En Low
Senior Associate

T: +44 20 7006 1647
E: joen.low@cliffordchance.com



Anna Kirkpatrick
Senior PSL

T: +44 20 7006 2069
E: anna.kirkpatrick@cliffordchance.com

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www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

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*Linda Widyati & Partners in association with Clifford Chance.