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## Modern slavery reporting obligations - a far reaching initiative

Reporting requirements under the UK's Modern Slavery Act will come into force this month. These obligations apply to all companies that carry on some business in the UK and that have a worldwide turnover in excess of £36m. There is no minimum threshold for the volume of turnover or activity that needs to be linked to the UK, so the Act will be far reaching in its effects.

Under the Act, companies are required to publish an annual statement explaining the steps they have taken to eliminate modern slavery in their business and also within their supply chains. The concept of modern slavery encompasses a range of exploitative behaviour including slavery, servitude, forced or compulsory labour, sexual exploitation, securing services from children and vulnerable people, and human trafficking.

The aim of the Act is to tackle the problem of modern slavery by placing the onus on companies to explain not only the steps they are taking to eradicate it, but also making them accountable for the activities within their supply chains worldwide. Although there is no positive obligation for a company to proactively take any steps to eliminate modern slavery, the idea is that a company reporting publicly that it is doing nothing will, inevitably, suffer commercially – particularly if compliance activities become embedded as a standard part of supply chain, customer, and corporate social responsibility expectations.

The government is due to publish guidance within the coming weeks that will set out good practice for these annual statements – both in terms of what they cover, and how and when they should be published. Based on the legislation, and experience gained over the last couple of years from compliance with equivalent requirements under the California Transparency in Supply Chains Act, the annual statements will, at a minimum, need to cover:

- details about the company's structure and supply chains;
- the policies it has in place to address modern slavery;
- the due diligence steps it takes to investigate modern slavery in its business and supply chains;
- the modern slavery risks it has identified, and how it is managing those risks;

- how effective it has been in preventing modern slavery within its business and supply chains, measured against appropriate performance indicators; and
- the training it offers to its staff.

If the company is not undertaking any such steps, it will still need to make a public statement to that effect. The statement will need to have the endorsement of the Board, and must be displayed prominently on a company's website. Failure to publish the statement can result in enforcement by the Secretary of State through civil proceedings, but arguably the reputational damage from not engaging with the spirit and objectives of the Act will be the biggest incentive to comply.

Whilst the Californian equivalent has been in place for a couple of years, the UK's Act will catch more companies, and goes further in terms of the expectations for 'best practice' in tackling modern slavery.

Although transitional provisions will offer some protection against an undue rush to achieve compliance, the sooner this is built into companies' existing monitoring and reporting procedures, the easier that transition should be.

Practical tips:

- review your existing supply chain management procedures and contractual arrangements – consider if you can tweak existing procedures to bring in modern slavery risk analysis and management;
- develop a clear policy setting out your corporate position on modern slavery, with support from the top - publicise this to your staff, customers, and supply chain and supplement it with training; and
- build transparency and eliminate modern slavery in supply chains in your overall compliance and audit functions, and ensure that this is on the agenda for the next round of annual reporting.

Greenberg Traurig Maher has experience advising clients on a range of compliance issues, including the provision of statements under the Californian Transparency in Supply Chains Act. If you have any queries, please contact Lisa Navarro or Naomi Feinstein.

This *GTM Alert* was prepared by [Lisa Navarro](#) and [Naomi Feinstein](#) in Greenberg Traurig Maher's London office. Questions about this information can be directed to:

- > [Lisa Navarro](#) — +44 (0) 203 349 8757 | [navarrol@gtmlaw.com](mailto:navarrol@gtmlaw.com)
- > [Naomi Feinstein](#) — +44 (0) 203 349 8700 | [feinsteinn@gtmlaw.com](mailto:feinsteinn@gtmlaw.com)
- > Or your [Greenberg Traurig Maher](#) attorney

For More Information

Greenberg Traurig Maher LLP  
200 Gray's Inn Road, 7th Floor  
London WC1X 8HF  
United Kingdom  
T +44 (0) 203 349 8700  
F +44 (0) 207 900 3632  
[www.gtmlaw.com](http://www.gtmlaw.com)

<b>Albany</b> +1 518.689.1400	<b>Delaware</b> +1 302.661.7000	<b>New York</b> +1 212.801.9200	<b>Silicon Valley</b> +1 650.328.8500
<b>Amsterdam</b> + 31 20 301 7300	<b>Denver</b> +1 303.572.6500	<b>Northern Virginia</b> +1 703.749.1300	<b>Tallahassee</b> +1 850.222.6891
<b>Atlanta</b> +1 678.553.2100	<b>Fort Lauderdale</b> +1 954.765.0500	<b>Orange County</b> +1 949.732.6500	<b>Tampa</b> +1 813.318.5700
<b>Austin</b> +1 512.320.7200	<b>Houston</b> +1 713.374.3500	<b>Orlando</b> +1 407.420.1000	<b>Tel Aviv<sup>^</sup></b> +03.636.6000
<b>Berlin<sup>-</sup></b> +49 (0) 30 700 171 100	<b>Las Vegas</b> +1 702.792.3773	<b>Philadelphia</b> +1 215.988.7800	<b>Tokyo<sup>⌘</sup></b> +81 (0)3 3216 7211
<b>Berlin-GT Restructuring<sup>-</sup></b> +49 (0) 30 700 171 100	<b>London<sup>*</sup></b> +44 (0)203 349 8700	<b>Phoenix</b> +1 602.445.8000	<b>Warsaw<sup>~</sup></b> +48 22 690 6100
<b>Boca Raton</b> +1 561.955.7600	<b>Los Angeles</b> +1 310.586.7700	<b>Sacramento</b> +1 916.442.1111	<b>Washington, D.C.</b> +1 202.331.3100
<b>Boston</b> +1 617.310.6000	<b>Mexico City<sup>+</sup></b> +52 55 5029.0000	<b>San Francisco</b> +1 415.655.1300	<b>Westchester County</b> +1 914.286.2900
<b>Chicago</b> +1 312.456.8400	<b>Miami</b> +1 305.579.0500	<b>Seoul<sup>∞</sup></b> +1 82-2-369-1000	<b>West Palm Beach</b> +1 561.650.7900
<b>Dallas</b> +1 214.665.3600	<b>New Jersey</b> +1 973.360.7900	<b>Shanghai</b> +86 21 6391 6633	

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