



Home Office

# Transparency in supply chains consultation

## Government response

Published on: 22 September 2020

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# About this response

This document is the Government response to the transparency in supply chains consultation.

It will cover:

- the background to the consultation;
- a summary of the responses to the consultation;
- a response to the specific proposals raised in the consultation;
- the next steps following this consultation.

## Scope of this consultation

Sections 1 and 2 of this consultation response, on changes to the reporting requirements for commercial organisations, are on behalf of England, Scotland and Wales.

Section 3 of this consultation response, on extending the reporting requirement to the public sector, is on behalf of England and Wales. Scotland will consult separately on these proposals in due course.

Northern Ireland will engage and consult with affected Northern Irish commercial and public sector organisations on the proposals.

## Further copies

You can also request alternative format versions of this publication by email and by post.

By email: [supplychainsconsultation@homeoffice.gov.uk](mailto:supplychainsconsultation@homeoffice.gov.uk)

By post: Modern Slavery Unit, 4th Floor, Peel, 2 Marsham Street, London, SW1P 4DF

## Respondents

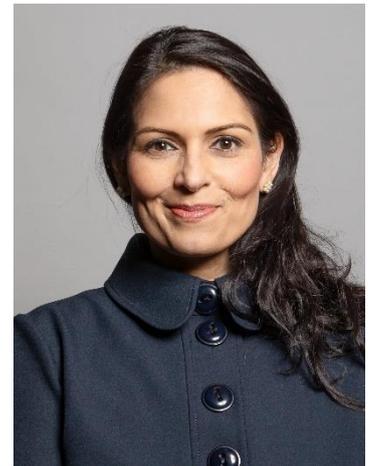
Organisations which submitted written responses are listed in **Annex A**. The organisations which attended roundtable discussions are listed in **Annex B**.

A summary of the written responses is contained in **Annex C**.

## Complaints or comments

If you have any complaints or comments about the consultation process you should contact the Home Office at the above address.

# Home Secretary foreword



In 2015, the UK became the first country in the world to require businesses to report on their progress to identify and address modern slavery risks in their operations and supply chains. The legislation acted as a call to action for businesses, investors and the international human rights community. It shone a light on modern slavery risks in the private economy and led thousands of businesses to report on their work to develop their approach.

It has now been five years since the introduction of the Modern Slavery Act 2015, and it has become more important than ever that businesses take responsibility for conditions in their supply chains.

We marked this anniversary by achieving another global first, in publishing a modern slavery statement for central Government. In his foreword the Prime Minister set a clear challenge:

‘It’s not enough for government and businesses to simply say they don’t tolerate modern slavery. As we take stock of both the challenges faced and achievements made, we must match our words with actions.’

The challenges presented by COVID-19 have made 2020 an unprecedented year. Sadly, we have seen how quickly this abhorrent crime can evolve, as ruthless perpetrators adapt their approach to profit from changes in global demand. The crisis has brought home the hidden risks in the global and more local supply chains producing the goods that we use every day, from the impact of cancelled orders to the deeply concerning allegations of exploitation in Leicester’s garment industry.

This Government is determined to do everything we can to eliminate this shocking crime for our communities and from the global economy. Today, we will be taking an important step, by committing to an ambitious package of measures to strengthen and future-proof the Modern Slavery Act’s transparency legislation. We will extend the reporting requirement to public bodies to leverage public procurement and address risks in public sector supply chains. We will also mandate the specific topics statements must cover, set a single deadline for reporting and require organisations to publish directly to the new Government reporting service, to empower investors, consumers and civil society to scrutinise the action taken across both the private and public sector.

Some of these measures are global firsts and I am proud of the UK’s world-leading approach, but that does not mean that we will stop here. Modern slavery is a complex and often hidden crime that affects every sector and every supply chain differently. While some businesses have made significant progress, others have failed to keep pace and have rightly faced serious consequences. This Government will continue to look at what further measures are needed to strengthen our response and create a level playing field for responsible businesses free from the threat of unscrupulous competition.

# Background

1. The consultation paper 'Transparency in supply chains consultation' was published on 9 July 2019. The consultation period closed on 17 September 2019. This report summarises respondent views on the consultation proposals and the Government's next steps.
2. The consultation sought views on proposed changes to transparency in supply chains reporting, including:
  - the areas statements must cover;
  - potential features for the new Government-run reporting service for modern slavery statements;
  - a single reporting deadline;
  - civil penalties;
  - the extension of reporting to the public sector.
3. We received a total of 724 responses to the consultation. This included 530 responses from consumers following a campaign led by Traidcraft Exchange and Fashion Revolution. The remaining 194 responses comprised 13% submitted on behalf of individuals and 87% on behalf of organisations. The responses submitted on behalf of organisations (including joint responses submitted by more than one organisation) represented businesses (53%), public bodies (18%), NGOs (8%), charities (4%), universities (1%), trade unions (2%), and trade associations/membership bodies (14%). **Organisations which submitted a written response are listed in Annex A.**
4. The Government also ran eight roundtable events in London, the North East, the North West, and in Scotland and Wales in partnership with the Scottish and Welsh governments. Views shared in these roundtables were considered alongside written responses. **Organisations which attended a roundtable discussion are listed in Annex B.**
5. Some respondents did not address all of the questions contained in the consultation. Therefore, figures are based on the responses received for each question. **A summary of the written responses, including how many responses were received for each question, can be found in Annex C.**
6. **A summary of the Government's commitments in response to this consultation can be found at Annex D.** Many of these commitments require changes to section 54 of the Modern Slavery Act 2015. These changes will be made when parliamentary time allows.

# Section 1: Content of statements

## **Section 1 of the consultation set out proposals to strengthen the impact of modern slavery reporting by mandating specific topics for organisations to report against.**

We asked questions to understand organisations' current approach to reporting and sought views on the expected impact of introducing mandatory reporting areas. This section also asked which areas should be mandated and whether there would be any challenges to reporting in this way.

Overall, respondents supported the introduction of mandatory reporting areas and most agreed with the areas that are currently suggested, but not mandated, in section 54 (5) of the Modern Slavery Act<sup>1</sup>. In their answers, respondents discussed how mandatory areas would increase the comparability of statements, incentivising organisations to demonstrate progress in their annual reporting. In terms of challenges, respondents highlighted the risk of encouraging a "tick-box" approach and the possibility that less experienced organisations might find it difficult to report on certain areas.

## **Effectiveness of mandating the areas that statements must cover**

### **78% of respondents agreed that mandating the areas that statements must cover would encourage organisations to take effective action** (question 2).

Many respondents provided compelling evidence for the opportunity to equip investors and others to assess steps taken. In their response, ASOS said:

'Consistent information on these six areas will allow for meaningful benchmarking by civil society, as well as facilitating and accelerating peer to peer learning and collaboration at an industry and cross-sector level, as there will be greater clarity on what organisations are doing to address risks.'

In their response, Principles for Responsible Investment emphasised the positive behavioural incentives to mandatory areas:

'Greater detail in the reporting requirements will bring helpful clarity and understanding for companies, strengthen the incentive for them to proactively identify and disclose risks, and encourage companies to take a longer-term approach to combatting modern slavery. This will help investors make an informed assessment of the risks the companies face and how they are managing them.'

Other key benefits raised by respondents included making the reporting requirements and expectations of businesses clearer, with some responses suggesting that the mandated areas would be useful in acting as a checklist of key elements of a comprehensive approach.

A minority of respondents raised concerns, including potential challenges to reporting on some areas (for example effectiveness), the difficulty of obtaining certain information from suppliers and the risk of encouraging a "tick-box" approach to compliance. Others thought

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<sup>1</sup> <https://www.legislation.gov.uk/ukpga/2015/30/section/54/enacted>

that while introducing mandatory areas would raise awareness of the relevant areas, this would not necessarily drive effective action.

More generally, respondents thought that mandatory reporting areas should be introduced in a way which supported organisations to prioritise their activity according to risk and impact, rather than resulting organisations taking a risk-based approach being subject to unfair criticism for perceived weaknesses in other areas.

## Areas to mandate

**Most respondents thought that all six reporting areas currently suggested in guidance should be mandatory** (question 3a). However, respondents were clear that organisations should be able to develop their approach over time and retain flexibility over where to target activity and resource. Effectiveness (area 5) and training (area 6) were slightly less popular, although most respondents (75% and 79% of respondents respectively) still considered that these areas should be mandated. Effectiveness was frequently raised at roundtable discussions as both one of the most challenging areas to report on and as one of the most important.

**49% of respondents proposed additional required areas** (question 3b). The most frequently suggested additional area was remediation, followed by future plans, disclosure of instances of modern slavery, whistleblowing mechanisms and collaboration with external partners.

**74% of respondents did not think any of the areas should be combined** (question 3c). Generally, respondents considered that each area should be given separate consideration, and some suggested that combining any of the areas would dilute the requirement.

The consultation also asked questions to gather evidence about the resource currently required to develop a modern slavery statement (questions 1a and 1b) and the additional resource that might be required to report on the six areas if these were mandated (question 1c).

Of the 112 respondents who confirmed that they have published a modern slavery statement, **50%** confirmed that their statement already covers the six areas which are suggested, but not mandated, in the current legislation.

Respondents were asked how many individuals currently worked on their statement, and for how many days. However, many written responses either did not provide estimates or expressed the difficulty of providing estimates. Roundtable participants also considered that this was difficult to calculate. For respondents who did provide estimates, the range was significant and there was little consensus.

The consultation also asked how many individuals, and how many days, would be required to prepare their statement if they were required to report on all six areas. Similarly, respondents found this difficult to calculate and there was little consensus.

## Flexibility

**57% of respondents agreed that organisations should be able to choose not to report on one or more of the required areas if they provide an explanation for omitting this area** (question 4).

Those in favour of providing this flexibility typically suggested some variation of “comply or explain,” suggesting that organisations should report on all areas in some capacity, even if to explain why activity had not been undertaken or could not be disclosed.

In their response, the Confederation of British Industry emphasised the importance of retaining flexibility:

‘Mandating the content of statements must still enable businesses to take account of specific supply chain risks. The strength of the current narrative approach is that it has compelled companies to be transparent about, establish or improve due diligence processes relative to their individual business. Its emphasis on transparency as a mechanism to change behaviour, rather than as a compliance exercise, has contributed to increased scrutiny on modern slavery among company directors.’

A minority of respondents suggested that organisations should be able to not report on an area at all, for example if it was not relevant to their organisation or if they could not provide information under this area. Lack of resource or experience (e.g. for organisations new to reporting) and the potential sensitive nature of activities were highlighted as possible reasons for organisations not being able to report on an area.

## Challenges of reporting on mandated areas

**74% of respondents considered that there would be challenges to mandatory areas of reporting** (question 5).

The main challenges raised were lack of resource and lack of experience, followed by the importance of being able to prioritise activity, the difficulty of obtaining and disclosing certain types of information, and potential reluctance to report on areas where impact and improvement could be difficult to demonstrate.

However, some responses suggested that challenges to reporting on mandated areas would be positive, as organisations would be encouraged to address knowledge gaps and improve their approach. Some responses also highlighted that organisations already reporting on all six areas would not be impacted.

## Conclusion

**We will mandate the areas that modern slavery statements must cover. 78% of respondents agreed that mandatory reporting areas would encourage effective action against modern slavery.** If organisations have taken no steps within an area, they must state this clearly. They will also be encouraged to provide a reason for this. This

requirement will require legislative change and will be introduced when parliamentary time allows.

**We will ensure that the mandatory areas encompass the existing voluntary areas, even if the structure changes (for example if two or more areas are combined). Most respondents considered that all six of the areas currently suggested in guidance should be mandated.** The structure of the required areas will be designed in conjunction with the development of the Government-run reporting service.

**We will consider how the reporting areas can be amended to incorporate some of the additional topics suggested.** We would expect remediation to be covered by the existing voluntary reporting areas (under due diligence). However in designing the format of the required areas we will consider whether changes are needed to provide clarity.

**We will publish updated guidance for businesses and public sector organisations in 2020, including best practice approaches to reporting against the future required areas.** The guidance will highlight the importance of transparency, risk-based action and industry-level collaboration to address shared challenges. The guidance will also encourage organisations to be open about their priority next steps for the coming year (although we will not mandate organisations to report on this).

## Section 2: Transparency, compliance and enforcement

**Section 2 of the consultation covered proposals to increase compliance and transparency.** These included the development of the new Government-run reporting service<sup>2</sup> for statements published under the Act, proposals to establish a single reporting deadline on which all annual statements should be published and potential civil penalties for non-compliance. Respondents were asked what features the Government-run service could offer, what the potential benefits and challenges of a single reporting deadline could be and what kind of civil penalties would be appropriate.

Respondents mostly agreed that publishing statements on a Government-run reporting service would not present any challenges and shared positive views as to how this platform could best serve businesses, consumers, investors and civil society.

While respondents agreed that a single reporting deadline could make the reporting process clearer and external scrutiny easier, some also raised potential adverse consequences, mostly relating to resource implications and the potential impact of these on reporting quality.

There was broad consensus on the need to introduce measures to improve compliance, however there was less consensus on whether any civil penalty should be capped at a maximum prescribed amount. While the majority of respondents agreed that civil penalties should also apply to public bodies, should they be required to report, views were mixed as to what kind of penalty would be most appropriate to the public sector.

**In addition to the written responses and roundtable discussions, we received 530 responses from members of the public following a campaign led by Traidcraft Exchange and Fashion Revolution. These responses were identical in content and focussed on questions 6, 7, 8 and 10.**

### Government-run reporting service

**82% of respondents did not think that there would be any challenges to publishing statements on a government registry** (question 6).

The vast majority of respondents considered there would be no challenges if the process was straightforward. A minority of respondents raised resourcing concerns, and a few responses highlighted the importance of a robust user-authorisation process.

Roundtable participants considered that there would need to be a balance between the value of a more rigorous submission process (for example requiring organisations to provide key information as part of their submission) and the associated resource implications.

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<sup>2</sup> <https://www.gov.uk/government/speeches/pm-speech-at-ilo-centenary-conference-11-june-2019>

**The majority of respondents supported most of the features proposed for the reporting service** (question 7). 63% of respondents suggested additional features including access to guidance and advice, the ability to view whether statements meet relevant legal requirements, and the option to filter by certain metrics (for example by size or industry).

Most respondents expressed support for features that would enable comparability, highlighting how these would facilitate scrutiny and incentivise increased transparency. A minority of respondents were concerned about the challenge of making meaningful comparisons between such a diverse range of organisations and the possibility that organisations with different levels of resource or risk being compared without appropriate context.

The Traidcraft/Fashion Revolution campaign responses called for consumers to be able to easily access information enabling them to make ethical decisions, and proposed that a Government-run reporting service hosting published statements in one place would be the best means of achieving this. The campaign responses called for the Government-run reporting service to: facilitate comparison between businesses based on size and sector, include a list of all businesses within the scope of the Modern Slavery Act, including those that have not complied with the law by publishing a statement, and provide guidance on best practice.

## Single reporting deadline

**63% of respondents agreed that a single reporting deadline would clarify the reporting process and 75% of respondents agreed it would make it easier for external parties to monitor whether statements are up to date** (questions 8a and 8c).

**The most frequently raised challenge to a single reporting deadline was the risk of separating transparency reporting from other reporting or data collection processes, and therefore carry resource implications or result in duplicated work** (question 8b).

Respondents highlighted a range of benefits to a single reporting deadline, including the potential of a single reporting deadline to raise compliance, clarify the requirement and enable increased scrutiny and accountability.

Some responses also raised the potential for a single reporting deadline to drive increased media focus and greater momentum and scrutiny around modern slavery reporting. A joint submission (submitted on behalf of CORE Coalition, Anti-Slavery International, Amnesty International, Business and Human Rights Resource Centre, Christian Aid, Environmental Justice Foundation, Fairtrade Foundation, FLEX, Freedom Fund, Freedom United, Traidcraft Exchange, TUC, UNICEF and UNISON) explained:

‘A single reporting deadline should make the processes clearer for reporting entities and provide a clear target for organisations in the TISC provision’s scope. It will enable easier comparison between statements since all will cover the same time period. It will also enhance the public impact of reporting since all reports will be

published together, with the potential of drawing wider attention to the issue of modern slavery and to good practice by businesses.’

Other responses also raised the benefit of driving public engagement, with the Traidcraft Exchange/Fashion Revolution campaign responses supporting a single reporting deadline on the basis that it would make compliance easier to identify:

‘It is important that members of the public are able to tell whether an organisation has met their legal responsibilities. This would be easiest if all organisations have to publish their statement by a certain date.’

Public scrutiny is crucial to transparency, as the purpose of transparency is to empower consumers, investors and civil society to scrutinise the approach taken by organisations, including whether they have met their legal obligations. Without a clear deadline, it has proven challenging to hold organisations to account for publishing late or not at all.

Respondents also discussed the value of increased comparability. By requiring organisations to publish on the same day, interested parties could better compare the activities and progress of similar organisations. For example, where organisations conducted comparable due diligence in the same regions, those which identified issues could be shown to potentially have undertaken more effective due diligence.

In terms of challenges, these mostly related to the risk of a single reporting deadline separating modern slavery reporting from other end of year reporting processes, resulting in challenges for businesses. The British Retail Consortium responded:

‘A single reporting deadline needs to be considered carefully since businesses financial years directly relate to their reporting schedules and necessary information that is used to evidence impact of work conducted throughout the year requires access to the data.’

A minority of respondents also highlighted the risk of a single reporting deadline creating clashes between reporting and implementation timescales, resulting in organisations publishing statements which reported on unfinished activity.

A similar minority raised concerns about challenges to ensuring board and director sign off and the risk of transparency reporting becoming less embedded across organisations. The Confederation of British Industry (CBI) raised this concern, concluding, ‘Should a business be required to publish its statement to a timeline that does not accord with its year-end (or corporate governance cycle), it would risk less effective board-level scrutiny.’

Compared to businesses and membership bodies, public sector organisations were generally less likely to think a single reporting deadline would present challenges, if sufficient lead time would be provided and the chosen deadline did not clash with other key deadlines.

## Civil penalties

**Throughout the consultation process, respondents were clear that there was a need for greater enforcement of the current requirement.** The issue of compliance and enforcement was highlighted at all of the roundtable groups and in the Traidcraft

Exchange/Fashion Revolution campaign, as well as in the written responses submitted on behalf of organisations and individuals.

In their response, CBI explained why they supported stronger enforcement:

‘Business fully supports the effective enforcement of the MSA as the best means to drive up compliance. This is a shared business and government objective which would improve awareness of supply chain risks and due diligence processes across UK supply chains and protect compliant businesses from operating on an uneven playing field.’

CBI recommended that government should first target ‘unintentional non-compliance’ by taking a staged approach, starting with warnings.

Many respondents shared the view that enforcement should be used to increase compliance (rather than to penalise non-compliance). Amnesty International UK explained:

‘Penalties should be designed to serve a purpose; i.e. to provide incentives for compliance with S54 so that a much higher proportion of companies do comply. Whatever system of penalties is adopted should be geared towards better enforcement.’

**On whether to cap any variable penalty for failing to publish a modern slavery statement or failing to publish a fully compliant statement, 61% of respondents agreed that penalties should be capped at a maximum prescribed amount** (question 10a). While 70% of business respondents and 75% of trade associations and membership bodies agreed that any penalties should be capped, only 36% of NGO respondents and 46% of public sector respondents supported a cap.

Explanations most frequently suggested that fines should be calculated according to the organisation’s size or turnover. The Traidcraft Exchange/Fashion Revolution campaign responses considered that, given the seriousness of the issue, a minimum fine set at a percentage of annual turnover should be enforced.

A minority suggested a capped fine could help organisations to calculate the consequence of not reporting. While some of these respondents thought that it would be fair for businesses to understand the potential consequence for non-compliance, others were concerned that this would allow organisations to factor this risk into their activities and absorb the cost of a penalty, instead of complying.

**68% of respondents agreed that a civil penalty scheme should also apply to public sector organisations** (question 11). This comprised around 80% of business, NGO and trade association/professional membership respondents, compared to 42% of public sector correspondents.

Most respondents thought that the introduction of a civil penalty regime for the public sector would bring benefits including providing consistency with the private sector, demonstrating commitment and ensuring accountability.

A significant proportion of respondents suggested that penalties against the public sector should be non-financial, for example publishing the names of non-compliant bodies.

## Conclusion

**We will mandate organisations captured by section 54 of the Modern Slavery Act 2015 to publish their statement on the Government-run reporting service. 82% of respondents considered that there would be no challenges to publishing statements on this service.** As with other measures requiring legislative change, this will be introduced when parliamentary time allows.

**We will incorporate feedback from this consultation into the ongoing research and design of the Government-run reporting service.** The Home Office will also carry out further research with potential service users (both those publishing and viewing statements) to better understand how the service can support organisations.

**We will introduce a single reporting deadline. 63% of respondents agreed that a single reporting deadline would clarify the reporting process and 75% agreed that it would make it easier for external parties to monitor whether statements are up to date.** At the same time, instead of the current requirement for organisations to report on activity undertaken during their respective financial years, we will introduce a shared reporting period of 1 April – 31 March. Companies House data shows that March is the most common month for UK businesses' financial year end, meaning that the reporting period and deadline will be less likely to conflict with these businesses' financial year end.

**We will give organisations six months to prepare their statement on activity undertaken during this period, by setting a single reporting deadline of 30 September.** By setting the single reporting deadline six months after the end of the reporting period, we intend to mitigate some of the potential challenges a single reporting deadline might present.

**Views on the nature and level of civil penalties were mixed.** NGOs and public bodies held different views to businesses on extending penalties to the public sector and introducing a maximum cap. On 16 July 2019, the Department for Business, Energy & Industrial Strategy (BEIS) launched a public consultation seeking views on whether establishing a new single enforcement body for employment rights could improve enforcement and create a level playing field for the majority of businesses who are complying with the law. This set out the potential benefits of such an approach, including extended state enforcement, better support for businesses and co-ordinated enforcement action. **We will consider enforcement options in line with the development of the Single Enforcement Body for employment rights and issue a further update in due course.**

In addition to the above measures, the Government will amend legislation to make the current requirements clearer and increase accountability. Organisations are currently required to publish statements that are approved by the Board and signed by a Director, but it is often unclear whether these approvals have been obtained. **We will amend legislation to require modern slavery statements to state the date of Board (or equivalent) approval and Director (or equivalent) sign off.**

Organisations are also currently able to produce a group statement where more than one entity in the group is required to publish a statement. However, the legislation does not require group statements to explicitly name the entities covered, meaning it is often challenging to determine whether such entities are compliant with their obligations. **We will amend legislation to require group modern slavery statements to name the entities covered.** These changes to clarify the current requirements will help fulfil the purpose of transparency by enabling civil society, investors and consumers to more easily identify whether a statement has met the minimum requirements, who it has been approved by and which organisations it covers.

## Section 3: Public sector supply chains

**Section 3 of the consultation sought views on extending the transparency reporting requirement in the Modern Slavery Act to public bodies.** This was proposed as a natural step towards increasing transparency and improving conditions for vulnerable workers. The potential for change is huge. The UK public sector accounts for around £250 billion of annual spend and we have an unparalleled opportunity to harness this spending power to eradicate modern slavery in public sector supply chains.

We asked whether public bodies should be required to report under the Act and what the threshold and approval requirements should be. Respondents were also asked whether public bodies should be subject to a civil penalties regime, if introduced.

Almost all respondents supported bringing public bodies into scope. Respondents generally considered that reporting requirements and any enforcement measures should be aligned with those applied to the private sector.

### Whether public bodies should report

**98% of respondents agreed that the requirement to publish a modern slavery statement should be extended to large public bodies not currently captured by the legislation** (question 11a). The most commonly cited benefits were transparency and accountability for public spending; consistency with the private sector; the importance of addressing risks in public sector supply chains; and the opportunity to use public procurement as a lever to improve business practices.

The Ethical Trading Initiative explained:

‘Public sector spending is significant and so there is considerable scope for leverage over the business practices of public sector suppliers – requiring large public sector organisations to report would be an important next step in mitigating the risk of modern slavery in supply chains.’

The Local Government Association shared this view:

‘Local government has the opportunity to use its extensive buying power to help mitigate the risks of modern slavery occurring in its supply chains by adopting new processes and procedures, in both procurement and supplier/contract management, and it is right that councils - and other public authorities - should do so.’

**The main challenge raised was the risk of public bodies lacking the resource, knowledge or experience to address modern slavery risks in their complex supply chains** (question 11c). In this respect, some respondents emphasised that public bodies often procure goods across a wide range of sectors and may not hold the same level of supply chain knowledge as businesses operating within specific sectors. Respondents therefore raised the importance of training and capacity-building. However, respondents generally considered that these challenges were offset by the benefits of public sector

transparency and most public bodies and businesses supported extending the requirements to public bodies.

## Threshold for public sector reporting

**64% of respondents agreed that budget size should be used as the metric for public sector reporting and 64% agreed that public bodies with a budget of £36m or more should be captured** (question 12a and 12b).

Almost half of respondents cited parity with the private sector as a reason to set the threshold at £36 million. Some respondents also suggested that this threshold would ensure proportionality because it would capture public bodies with the necessary capacity to implement the requirement.

**A minority of respondents suggested an alternative metric for public sector reporting** (question 12c). The most commonly suggested alternative was that all public bodies should report, regardless of budget or other thresholds. Other suggestions included lower budget thresholds, financial thresholds based on procurement spend and non-financial thresholds, including level of risk and number of employees.

## Reporting process for public bodies

**71% of respondents agreed that public bodies should be able to publish a 'group statement'** (question 13), with the majority citing consistency with the private sector as their rationale. Others suggested that allowing public bodies to publish group statements could reduce administrative processes, prevent duplication and increase consistency across certain types of public bodies. In their joint response, Gwent Police and the Police and Crime Commissioner for Gwent said:

'Any opportunities to collaborate in the current public sector climate would enable a more effective use of resources and will enhance learning and shared practice in this area between relevant organisations.'

South Tyneside Council responded:

'Public sector organisations should be able to publish a group statement, given that many such organisations are often inextricably linked, particularly where shared procurement functions are in place.'

A few responses suggested there should be specific circumstances under which public bodies should be able to publish a group statement, for example where procurement functions are shared.

A minority of respondents did not think that public bodies should be able to report as a group. Concerns with group reporting mostly related to the risk of reduced oversight of the risks and actions of individual entities. Some respondents also expressed uncertainty as to how group reporting for public bodies would work in practice.

**92% of respondents agreed that public sector modern slavery statements should be approved by the most senior managing body and signed off by the accounting officer, chief executive or equivalent role** (question 14). Respondents highlighted the

importance of accountability and senior buy-in, as well as consistency with the private sector. In their response, Sedex Global explained:

‘To drive change in organisations and across business, it is essential for senior leadership to own the fight against modern slavery so that it demonstrates the company’s values to its employees. This then has a trickle-down effect about the importance of combatting modern slavery.’

## Conclusion

**We will extend section 54 of the Modern Slavery Act 2015 to public bodies, following the support of 98% of respondents.** As with other measures requiring legislative change, this will be introduced when parliamentary time allows.

**We will use a budget threshold of £36 million to determine which public bodies will be required to report, following the support of 64% of respondents.** Government will produce guidance to help public bodies establish whether they would be captured by this requirement.

**We will allow public bodies to publish ‘group statements,’ following the support of 71% of respondents.** For example, a central government department may publish a group statement with their arm’s length bodies. Government will publish guidance to help public bodies decide when and how to report as a group.

**We will require public sector modern slavery statements to be signed off by the accounting officer, chief executive or equivalent role and approved by the senior management body, following the support of 92% of respondents.** This aligns with the legal requirements currently applicable to commercial organisations.

# Annex A: Written responses on behalf of organisations

ABTA – The Travel Association

Acorn Recruitment Ltd

AirTanker LTD

Amey

Amnesty International

Amnesty International UK

AMP Capital

Anti-Slavery International

Apleona HSG Ltd

Ardea International

Arts Council of Wales

ASOS

Assent

Assent Compliance

Avon

BHP Group Plc

Birmingham & Solihull Clinical Commissioning Group

Birmingham City Council

Birmingham Community Safety Partnership

Blackburn with Darwen Clinical Commissioning Group

Bourne Education Trust

Brent Council

Bristol City Council

British Retail Consortium

BT

Burnt Tree Group, Ltd.

Business and Human Rights Resource Centre

Business in the Community

Buy with Confidence

BVCA  
CAEW  
Cardiff Council  
Confederation of British Industry  
CCLA Investment Management  
Rathbone Brothers PLC  
Cennox  
CGI  
Chorley & South Ribble Clinical Commissioning Group  
Christian Aid  
City of Bradford Metropolitan District Council  
Clarion Housing Group  
Cleveland Anti-Slavery Network  
Cleveland Police and Crime Commissioner  
Coffey International Development Limited  
Colchester Borough Council  
Comcast  
CORE Coalition  
Dee set  
Devon County Council  
Direct Line Group  
Director of Labour Market Enforcement  
DLA Piper UK LLP  
Drax Group plc  
East Lancashire Clinical Commissioning Group  
Electricity North West Limited  
Enterprise Rent-A-Car Ltd.  
Environmental Justice Foundation  
Fairtrade Foundation  
Federation of Sports & Play Associations  
Fife Council  
Focus on Labour Exploitation (FLEX)

Fortem Solutions Limited  
Freedom Fund  
Freedom United  
Fresca Group  
Fylde & Wyre Clinical Commissioning Group  
Blackpool Clinical Commissioning Group  
Gleaner Ltd  
GLOBAL CSR  
Greater Preston Clinical Commissioning Group  
Gwent Police  
H & K international  
Hammerson PLC  
Hanwha Techwin Europe Ltd  
Haulfryn Group Limited  
Hermes Investment Management  
Hewlett Packard Enterprise Company  
Home Builders Federation  
Hope for Justice  
HR GO Plc  
Humber Modern Slavery Partnership  
Institute for Human Rights and Business (IHRB)  
Institute of Environmental Management & Assessment (IEMA)  
Institution of Occupational Safety and Health (IOSH)  
International Justice Mission UK  
Invertec Interiors Ltd  
IPIECA  
IRVINGQ Ltd  
Itsu  
John Lewis Partnership  
Jollyes Pet Superstores  
Jones Lang LaSalle  
Joseph Robertson (Aberdeen) Ltd

Kiril Mischeff  
Kirklees Council  
Knight Harwood Limited  
LBWF  
LGPS Central Limited  
Liberty Ltd  
Lion Re:Sources UK Limited  
Lloyds Banking Group  
Local Authority Pension Fund Forum (LAPFF)  
London Borough of Bexley  
London Borough of Lewisham  
London Borough of Tower Hamlets  
London Borough of Waltham Forest  
Lucozade Ribena Suntory Limited  
Mattel  
Mazars LLP  
Morcambe Bay Clinical Commissioning Group  
Motorola Solutions  
NASUWT  
National Grid  
National Savings & Investments  
National Union of Rail, Maritime & Transport Workers  
NBCUniversal  
NGK Spark Plugs (UK) Ltd  
Norcross plc  
Ocado  
OFFICE Holdings Ltd  
Office of the Police and Crime Commissioner North Wales  
Paragon Asra Housing  
Parsons Peebles Group  
Pennon Group Plc  
Permira

Police and Crime Commissioner for Gwent  
PricewaterhouseCoopers LLP  
Principles for Responsible Investment (PRI)  
PTT International Trading London Ltd  
Reed Global & SAFERjobs  
Repair Funding Ltd.  
Responsible Business Alliance  
RH Amar & Co LTD  
Ricardo plc  
Richard Mille EMEA Ltd  
Ricoh UK Limited  
RightsDD  
Rosti Automotive  
Royal Liverpool & Broadgreen University Hospitals NHS Trust  
Salford City Council  
Scottish Trades Union Congress  
Secom plc  
Sedex  
Shin-Etsu Handotai Europe Limited  
Shiva Foundation  
Simpson Oils  
Sky  
Slave Free Alliance  
South East Water  
South Tyneside Council  
Southwark Council  
SPI Lasers  
Star Academies  
Stella McCartney Ltd  
Stop the Traffik  
Stronger Together  
Tech UK

The American Apparel & Footwear Association (AAFA)  
The Association of Convenience Stores  
The Association of Investment Companies (AIC)  
The Barnet Group  
The British Medical Association  
The Chartered Institute of Procurement and Supply  
The Ethical Trading Initiative (ETI)  
The Gangmasters and Labour Abuse Authority (GLAA)  
The Investment Association  
The Law Society  
The Local Government Association  
The Universities and Colleges Admissions Service (UCAS)  
Thompsons Solicitors  
Trades Union Congress  
Traidcraft Exchange  
Transformotion  
Transport for London  
Trade Union Congress (TUC)  
Tulip Ltd  
UNICEF  
Unicef UK  
UNISON  
United Utilities Group PLC  
University of Newcastle upon Tyne  
Unseen  
Valpak Limited  
Verisio  
Vocalink Limited  
Vodafone  
VW UK  
Warwickshire Office of the Police and Crime Commissioner  
Welsh Government

West Lancashire Clinical Commissioning Group

West Midlands Anti-Slavery Network

Whitby Seafoods Ltd

World Wise Foods

YPO

# Annex B – Organisations which attended roundtable discussions

ASOS

Atalian

Barclays

BBC

Bidfresh

British Retail Consortium

Brodies

Burberry

Business & Human Rights Resource Centre

Business in the Community

Cabinet Office

Cardiff Council

Chartered Institute of Building

Chartered Institute of Procurement & Supply

Confederation of British Industry

Co-op

CORE Coalition

Corporate Human Rights Benchmark

COSLA

Darlington Borough Council

DEFRA

DHSC

Durham County Council

DWF

Dyfed Powys police

Employment Agency Standards Inspectorate  
ESC international  
Ethical Trading Initiative (ETI)  
Federation of Small Businesses  
Focus on Labour Exploitation (FLEX)  
Gateshead Council  
GMCA  
Greater Manchester Chamber of Commerce  
Hartlepool Borough Council  
Institute for Human Rights and Business (IHRB)  
International Justice Mission  
Kent Fire and Rescue Service  
Laing O'Rourke Construction Limited  
London Universities Purchasing Consortium  
Manchester Airport  
Manchester Health and Social Care Partnership  
Marshalls  
Middlesbrough Council  
N Brown  
NBC Universal  
NEPO  
Newcastle City Council  
NHS Blood and Transplant  
NHS England and NHS Improvement  
NHS National Services Scotland  
NHS Wales Procurement Services  
NHS Wales Shared Services Partnership  
North Tyneside Council

Northumberland County Council  
Office of the Independent Anti-Slavery Commissioner  
Office of the Police and Crime Commissioner  
Oriel  
Programme Challenger  
Public Health England  
RCT council  
Redcar & Cleveland Council  
Reed  
Regatta Group  
Scottish Government  
Sedgwick  
Servest  
Shift  
Slave Free Alliance / Hope for Justice  
South Tyneside Council  
South Wales Police  
SSE energy  
Stantec  
Stirling University  
Stockton-on-Tees Borough Council  
Stop the Traffik  
Stronger Together  
Sunderland City Council  
Tech UK  
Tesco  
The Gangmasters and Labour Abuse Authority (GLAA)  
The Growth Company

The Local Government Association

The National Association of Schoolmasters Union of Women Teachers

The Rights Lab, University of Nottingham

TISC Report

Trade Union Congress (TUC)

Transport for London

University of Manchester

Vodafone

Walmart

Welsh Government

WG Corporate Procurement

WPP

# Annex C – Summary of written responses

## Introduction

In addition to the roundtable participants (listed in **Annex B**) and the 530 Traidcraft Exchange/Fashion Revolution identical campaign responses, the consultation received **194 written responses**, either via the online form or by email:

- **87% were submitted on behalf of organisations** and **13% on behalf of individuals**.
- **The responses submitted on behalf of organisations comprised** businesses (53%), public bodies (18%), NGOs (8%), charities (4%), universities (1%), trade unions (2%), and trade associations/membership bodies (14%).
- **Some organisations submitted joint responses**. All organisations which submitted a written response, whether individually or jointly, are listed in **Annex A**.
- **Different questions received different numbers of responses**. Therefore, figures are based on the written responses received for each question. The number of written responses received for each question is included in this annex, to give context to the figures used.
- **The consultation included some multiple-choice and some free text questions**. We have included the most common responses to the free text questions, and the proportion of responses which fell outside these views.
- **Many free text responses made more than one point**. For example, many free text responses identified multiple benefits or multiple challenges. Therefore, the percentages for how many responses expressed each view may add up to more than 100%.

## Section 1: Content of statements

**1a) Are you an organisation which currently publishes a statement? If so, which of the following areas do you currently report on?**

- 1. The organisation's structure, its business and its supply chains;**
- 2. Its policies in relation to slavery and human trafficking;**
- 3. Its due diligence processes in relation to slavery and human trafficking in its business and supply chains;**
- 4. 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;**
- 5. 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;**
- 6. The training and capacity building about slavery and human trafficking available to its staff.**

**69%** of respondents to this question answered yes, and **31%** answered no (based on **173** responses to this question).

This question was multiple-choice, with respondents indicating which of the six areas set out in Home Office guidance they currently report on. Respondents were able to select more than one area: **89%** of respondents answered that they reported on area 1; **95%** on area 2; **87%** on area 3; **81%** on area 4; **63%** on area 5 and **83%** on area 6 (based on **117** responses to this question). Overall **50%** of respondents to this question reported on all six areas.

**1b) How many individuals, for how many days, were involved in collecting the information included in your statement?**

**119** respondents provided a free text response to this question. However, many respondents were unable to estimate this. For responses which did include estimates, the range was significant and there was little consensus.

**1c) If you were to report on all of the six areas set out above, how many individuals do you think would be needed over how many days to collect the information required for the statement?**

**119** respondents provided a free text response to this question. However, many respondents were unable to estimate this. For responses which did include estimates, the range was significant and there was little consensus.

**2) Would mandating the areas that statements must cover encourage organisations to take effective action? Please explain your answer and include details of any alternative proposals to encourage further action.**

**78%** of respondents to this question answered yes, and **22%** answered no (based on **162** responses to this question).

**152** respondents provided a free text response to this question. **47%** of these responses concerned advantages to mandatory areas, including providing a checklist for activity and promoting learning, comparability, transparency and clarity.

**13%** of these responses emphasised the importance of guidance on how far to go and messaging on the importance of the issue.

**13%** of these responses made the case for retaining flexibility.

**11%** of these responses concerned disadvantages to mandatory areas, including the risk of undermining strategic action by encouraging a “tick-box” approach and the difficulty of reporting against (and improving in) some areas. A few of these responses stated that this approach would create resource implications without prompting effective action.

The remaining views were each raised by less than **10%** of respondents, including views relating to the importance of enforcement and responses suggesting requiring data and compulsory metrics to be included in statements.

**3a) If the legislation was amended to mandate the areas that statements must cover, which of the six areas currently set out in Home Office guidance should be required?**

This question was multiple-choice, with respondents indicating which of the six areas currently set out in Home Office guidance should be required. Respondents were able to select more than one area:

**84%** of respondents thought that area 1 (structure, business and supply chains) should be required; **94%** for area 2 (policies); **87%** for area 3 (due diligence); **88%** for area 4 (risks); **75%** for area 5 (effectiveness) and **79%** for area 6 (training). Overall **60%** of respondents thought that all six areas should be mandated (based on **163** responses).

**3b) Are there any further areas not mentioned above that should be required? If yes, please state which.**

**48%** of respondents to this question answered yes, and **52%** answered no (based on **154** responses to this question).

**95** respondents provided free text responses proposing additional areas. The areas most commonly proposed were (in order of popularity): remediation; future activity; disclosure of incidents of modern slavery identified; disclosure of known or associated risks, and action taken in response; whistleblowing and grievance mechanisms; external collaboration and partnerships; governance and accountability; and data/evidence.

**3c) Should any of the six suggested areas (and any additional areas suggested) be combined? Please explain your answer.**

**26%** of respondents to this question answered yes, and **74%** answered no (based on **153** responses to this question).

**102** respondents provided a free text response to this question.

**44%** of these responses supported keeping the areas the same (generally on the basis of all of the proposed areas being important and deserving individual consideration).

**40%** of these responses proposed areas that could be combined.

The remaining views were each raised by less than **10%** of respondents, including views relating to the importance of providing flexibility.

**4) Should organisations be able to choose not to report on one or more of the required areas if they provide an explanation for omitting this area? Please explain your answer.**

**57%** of respondents to this question answered yes, and **43%** answered no (based on **156** responses to this question).

**128** respondents provided a free text response to this question.

Approximately **60%** of these responses suggested that organisations should report on all areas in some capacity (for example to explain why no steps have been taken or why information cannot be provided).

Approximately **10%** of these responses suggested that organisations should be able to omit certain areas if an area is not relevant, or if they are unable to provide the information (for example due to lack of resource or experience, or due to confidentiality concerns relating to the sensitivity of activity or worker safety).

The remaining views were each raised by less than **10%** of respondents, including responses suggesting that organisations should only be able to not report if they met a defined justification set out in guidance.

## **5) Would organisations face any challenges if it became mandatory to report on specific areas? If so, what would you consider these to be?**

74% of respondents to this question answered yes, and 26% answered no (based on 148 responses to this question).

138 respondents provided a free text response to this question.

36% of these responses raised resource and capacity related challenges.

18% of these responses suggested that there were either no challenges or that any challenges were proportionate to the benefits.

12% of these responses raised the difficulty of obtaining certain information (regardless of resource).

11% of these responses raised the importance of clarity and accompanying guidance.

The remaining views were each raised by less than 10% of respondents, including views relating to concerns around disclosing sensitive information; the difficulty of reporting on areas where it is challenging to demonstrate impact; and the risk of drawing resource away from priority areas by requiring organisations to report against all areas.

## **Section 2: Transparency, compliance and enforcement**

### **6) Would there be any challenges associating with requiring organisations (including businesses) in scope of the Act to publish their modern slavery statement on the government registry? Please explain your answer.**

18% of respondents to this question answered yes, and 82% answered no (based on 153 responses to this question).

121 responses explained their answer.

75% of these responses suggested that there would be no challenges if the process was straightforward.

The remaining views were each raised by less than 10% of respondents, including views relating to resourcing concerns and the importance of a robust user-authorisation process.

### **7) In addition to the ability to publish and view modern slavery statements, which features should a central reporting service should include?**

- A. Modern slavery statements are accessible automatically through an application programme interface (for example to support analysis by third parties)**
- B. Organisations who have reported are available as a downloadable list**
- C. Guidance to help organisations to prepare more effective modern slavery statements**
- D. Guidance to help consumers better understand modern slavery statements**
- E. Functions to enable easier comparison of modern slavery statements**
- F. Any other features - please specify**

This question was multiple-choice, with respondents indicating which features (more than one) the central reporting service should include. Respondents were able to select more than one feature:

**75%** of respondents thought A should be included; **76%** for B; **89%** for C; **72%** for D; **63%** for E. **56%** chose F (based on **172** responses).

For the respondents that proposed other features (option F), the features proposed most often were (in order of frequency): access to guidance and advice, the ability to view whether statements meet relevant legal requirements, the option to filter by certain metrics (for example by size or industry), the ability to download a list of organisations required to report, and comparability indicators.

The remaining views were each raised by less than **10%** of respondents, including views relating to concerns around comparability indicators or templates (due to the difficulty of making meaningful comparisons in the context of such a complex issue) and the view that statements should be uploaded as searchable text.

**8a) Would establishing a single reporting deadline make the reporting process clearer for organisations captured by the legislation?**

**63%** of respondents to this question answered yes, and **37%** answered no (based on **158** responses to this question).

**8b) If you are an organisation required to publish a statement, what would be the challenges of publishing on a single reporting deadline, including any additional resource or cost implication? Please explain your answer.**

**139** respondents provided a free text response to question:

- **39%** of these responses raised clashes with other data collection processes and the associated resource implications of realigning or duplicating relevant processes.
- **12%** of these responses related to clashes with budget or implementation timeframes.
- **16%** of these responses suggested there would be no challenges.

The remaining views were each raised by less than **10%** of respondents, including views relating to other challenges to meeting a single reporting deadline, including Board and Director availability, receiving data from suppliers or business areas within deadline (or other deadline clashes), the risk of making modern slavery reporting less embedded across an organisation and potential reduction in reporting quality. The remaining views also included responses citing potential benefits (generally these were improvements in compliance, comparability or clarity).

**8c) Would a single reporting deadline make it easier for external parties to scrutinise whether an organisation has published an up to date statement? Please explain your answer.**

**75%** of respondents to this question answered yes, and **25%** answered no (based on **155** responses to this question).

**109** respondents provided a free text response to this question.

**57%** of these responses related to the benefits of a single reporting deadline in terms of making external scrutiny easier.

**20%** of these responses suggested a single reporting deadline was not necessary to support scrutiny.

The remaining views were each raised by less than **10%** of respondents, including views relating to the publicity benefits of a single reporting deadline; views relating to the burden of a single reporting deadline.

**9) If a single reporting deadline is introduced, which annual date should be used?**

- A. 31 March (most UK-registered companies' financial year end)**
- B. 30 September (six months after most UK-registered companies' financial year end)**
- C. December 31 (the end of the calendar year)**
- D. 30 June (six months after the end of the calendar year)**
- E. 30 March for public sector organisations, and 4 April for other types of organisations (in alignment with Gender Pay Gap reporting deadlines)**
- F. Other – please specify**

This was a multiple-choice question, with respondents able to select **one** option: **17%** chose A; **18%** chose B; **11%** chose C; **13%** chose D; **7%** chose E and **35%** chose F to suggest an alternative (based **148** responses).

Of the responses that proposed an alternative (option F), **38%** of these suggested a deadline tied to financial year end (as per the current requirement), in place of a single reporting deadline.

The remaining views were each raised by less than **10%** of respondents, including proposals to tie the deadline to Anti-Slavery Day (18 October); proposals to tie the deadline to the tax year; and proposals to have no deadline at all.

**10a) Should any variable penalty for failing to publish a modern slavery statement or failing to publish a fully compliant statement be capped at a maximum prescribed amount? Please explain your answer.**

**61%** of respondents to this question answered yes, and **39%** answered no (based on **140** responses to this question).

129 respondents provided a free text response to this question.

**22%** of these responses suggested that the penalty should vary based on the size or turnover of the organisation.

**14%** of these responses suggested penalties should be variable and gradual, based on time and requirements missed, for example by starting with warnings.

**14%** of these responses proposed that a capped penalty would be the fairest approach.

**10%** of these responses suggested other options to civil penalties, including guidance, incentives, and partnerships.

The remaining views were each raised by less than **10%** of respondents, including views relating to:

- Severity: the penalty should be serious, to reflect the importance of the issue and drive compliance;

- Proportionality: fines should be proportionate and take an organisation's circumstances and steps into account;
- Reputational impact: penalties should consist of public naming and using the registry to flag non-compliant organisations;
- Public contracts: penalties should consist of exclusion from public contracts;
- Use: any fines collected in relation to a penalty should be redirected towards public funds or related work;
- Clarity: penalties should be clear and offences should be tied to the legal requirements;
- Reporting quality: fines would not improve reporting quality and could even lead to a 'tick-box' approach or discourage transparency.

**10b) If yes, what do you think the maximum sum should be? Please explain your answer.**

41 respondents proposed a maximum sum. These ranged from zero (suggested by a few respondents) to over £10 million. The mode of the maximum sums proposed was £1000. The mean of the maximum sums proposed was £5000.

77 respondents provided a free text response to this question.

30% of these responses suggested that the maximum sum should be proportionate to size or turnover.

25% of these responses suggested that the maximum sum should be enough to be effective (but not burdensome).

11% of these responses suggested that any new penalties established for the transparency in supply chains legislation should be aligned with an existing penalty regime.

Each of the remaining views were each raised by less than 10% of respondents, including calls for:

- Penalties to consist of public naming/reputational consequences;
- Penalties to cost more than compliance;
- Penalties to vary according the requirements missed/the circumstances of the organisation.

**11) If the reporting requirements are extended to the public sector, should a civil penalty scheme also apply to public sector organisations? Please support your view.**

68% of respondents to this question answered yes, and 32% answered no (based on 141 responses to this question).

117 respondents provided a free text response to this question.

65% of these responses cited benefits of extending penalties to the public sector. These included consistency with the private sector, accountability for public bodies, the signal that it would send in terms of demonstrating the importance of the issue, and the behavioural incentive this could create for public bodies to take action.

**21%** of these responses suggested that any penalty on the public sector should not be financial (for example using public naming instead of fines).

The remaining views were each raised by less than **10%** of respondents, including responses suggesting that penalties should be extended to the public sector if they were proportionate.

### **Section 3: Public sector supply chains**

#### **11a) Should the requirement to publish a modern slavery statement be extended to large public sector organisations that are not currently captured by the legislation?**

**98%** of respondents to this question answered yes, and **2%** answered no (based on **161** responses to this question).

#### **11b) What would the benefits of extending the reporting requirements to large public sector organisations not currently captured by the legislation be?**

**144** respondents provided a free text response to this question. These responses raised the following benefits:

- **29%** of these responses raised reduced modern slavery risks in public sector supply chains;
- **18%** of these responses raised using procurement as a lever to improve wider supply chains;
- **17%** of these responses raised consistency with the private sector;
- **17%** of these responses raised accountability and transparency;
- **10%** of these responses raised the benefit of the public sector setting an example and demonstrating the importance of the issue.

The remaining views were each raised by less than **10%** of respondents, including responses relating to the benefits of increased awareness and responses suggesting there would be no benefits.

#### **11c) What challenges could public sector organisations face in producing a modern slavery statement?**

**124** respondents provided a free text response to this question.

**35%** of these responses cited challenges relating to resource and capacity.

**17%** of these responses cited challenges relating to the complexity of supply chains and the need for knowledge and experience.

**16%** of these responses suggested that the challenges faced by public bodies would be similar to other organisations required to report.

The remaining views were each raised by less than **10%** of respondents, including responses suggesting that there would be no challenges, or only challenges that would be proportionate to the benefits; responses citing the importance of guidance and support and responses highlighting the administrative challenges (for example, coordinating across different teams and systems).

**12a) Should budget be used to determine the threshold for which large public-sector organisations should be required to publish a modern slavery statement?**

64% of respondents to this question answered yes, and 37% answered no (based on 132 responses to this question).

**12b) If yes, should the budget threshold be £36 million? Please explain your answer.**

64% of respondents to this question answered yes, and 36% answered no (based on 112 responses to this question).

94 respondents provided a free text response to this question.

46% of these responses suggested this was appropriate and consistent with the private sector.

10% of these responses suggested that further consultation should be given to the threshold.

12% of these responses suggested that a non-financial threshold should be used (for example employee number).

The remaining views were each raised by less than 10% of respondents, including responses proposing a lower financial threshold; responses suggested that all public bodies should report (no threshold); responses proposing a risk-based threshold; and responses expressing uncertainty or indifference.

**12c) If no, what alternative metric should be used to determine the threshold for reporting?**

56 respondents provided a free text response to this question. The alternative metrics suggested were:

- **No threshold**, but instead require all public bodies to report (27% of responses);
- **Employee number** (17% of responses).

15% were unsure or felt further consideration was required.

The remaining views were each raised by less than 10% of respondents, including responses proposing using level of risk as the threshold; responses proposing using procurement spend or size as the threshold; and responses proposing using turnover as the threshold.

**13) Should public sector organisations be able to publish a 'group statement'? Please explain your answer and if you are a public sector organisation please include any relevant examples of the group structure which you might report under.**

71% of respondents to this question answered yes, and 29% answered no (based on 133 responses to this question).

99 respondents provided a free text response to this question.

21% of these responses raised benefits relating to consistency with the private sector as a benefit to group reporting.

**17%** of these responses suggested that public sector organisations should not be able to report as a group, for example because of the risk of reduced transparency around the work of each public body within the group.

**21%** of these responses suggested that public bodies with shared supply chains or procurement functions should be able to report as a group.

**10%** of these responses proposed an example group structure public bodies might report under.

The remaining views were each raised by less than **10%** of respondents, including responses citing benefits to public bodies being able to publish group statements (greater consistency across the group; reduction in duplication and administration), responses calling for more clarity around what group reporting would mean for the public sector and what level of coverage would be expected, and responses suggesting that public bodies should be able to report as a group if the report contained sufficient detail.

**14) Should public sector modern slavery statements be approved by the most senior managing body and signed off by the accounting officer, chief executive or equivalent role? Please explain your answer.**

**92%** of respondents to this question answered yes, and **8%** answered no (based on 141 responses to this question).

**96** respondents provided free text responses.

**77%** of these responses highlighted benefits relating to consistency with the private sector and the importance of senior engagement to drive accountability and cross-organisation buy-in.

**14%** of these responses suggested statements also including political sign-off where applicable.

The remaining views were each raised by less than **10%** of respondents, including responses suggesting that statements should include sign-off from those working directly on the statement.

# Annex D – Summary of commitments

For all measures which require legislative change, the Home Office’s intention is to introduce this when parliamentary time allows.

Measures to be implemented	Next steps
Content of statements	
<p><b>We will mandate the areas that statements must cover.</b> If organisations have taken no steps within an area, they must state this clearly. If they wish, they may provide a reason why.</p> <p>These areas will encompass the areas proposed in the consultation. The structure of the required areas will be designed in conjunction with the development of the Government-run reporting service.</p>	<p>Organisations will not be mandated to report against the new areas until the necessarily legislative changes have been made.</p> <p>However, to help organisations prepare for these changes, the Home Office will publish updated transparency in supply chains guidance.</p>
<p><b>We will publish new guidance, including best practice approaches to reporting against the required areas.</b> The guidance will highlight the importance of transparency, risk-based action and industry level collaboration to address shared challenges.</p>	<p>The guidance will be updated following legislative change.</p>
<p><b>We will require organisations captured by transparency legislation to publish their statements on the Government-run reporting service.</b> Feedback from this consultation will be incorporated into the ongoing research and design of the Government-run reporting service.</p>	<p>The Home Office is currently developing the new Government-run reporting service. All organisations will be encouraged to publish their statements on the new service (ahead of legislative change to mandate this) once it is launched.</p>
Transparency, compliance and enforcement	
<p><b>We will require organisations captured by transparency legislation to meet a single reporting deadline.</b> Organisations will report on the same twelve month period (April to March). Organisations will then have six months to prepare to their statement in time for a single reporting deadline of 30 September.</p>	<p>Legislative change will be required to mandate that organisations publish their statements according to the new deadline.</p>
<p><b>We will amend the existing requirements to improve clarity and enable scrutiny, specifically by:</b></p>	<p>As set out in the Home Office’s guidance, organisations are already expected to demonstrate their</p>

<ul style="list-style-type: none"> <li>- <b>Requiring modern slavery statements to state the date of Board (or equivalent) approval and Director (or equivalent) sign off;</b></li> <li>- <b>Requiring group modern slavery statements to name the entities covered.</b></li> </ul>	<p>compliance by stating the date of Board approval (or equivalent), Director sign off (or equivalent) and by providing the names of entities covered in group modern slavery statements.</p> <p>These requirements will be clarified in legislation alongside wider changes to the legislation.</p>
<p><b>We will consider enforcement options in line with the development of the Single Enforcement Body and issue a further update in due course.</b></p>	<p>Legislative change will be required to introduce civil penalties for non-compliance with section 54 and assign an enforcement body.</p>
<p>Public sector supply chains</p>	
<p><b>We will extend section 54 ‘Transparency in Supply Chains’ of the Modern Slavery Act 2015 to public bodies with a budget threshold of £36 million or more.</b></p>	<p>Legislative change will be required to bring public bodies into scope of the legislation.</p>
<p><b>We will publish guidance to help public bodies establish whether they would be captured by this requirement.</b></p>	<p>Ahead of the necessary legislative changes the Home Office will publish guidance to help public bodies establish whether they would be captured by this requirement.</p>
<p><b>We will allow public bodies to publish group statements.</b></p>	<p>This guidance will also include advice to help public bodies decide when and how to report as a group.</p>
<p><b>We will publish guidance to help public bodies decide when and how to report as a group.</b> Public bodies, including Government departments, will retain the flexibility to choose whether to issue individual statements or to report as a group on behalf of public bodies in their family.</p>	
<p><b>We will require public sector modern slavery statements to be signed off by the accounting officer, chief executive or equivalent role; and approved by the senior management body.</b></p>	

# Annex E – Review of the turnover threshold

Under section 54 (1) of the Modern Slavery Act 2015, commercial organisations falling within section 54 (2) of the Act must prepare an annual modern slavery statement.

The Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations set out the amount of total turnover for the purposes of making a commercial organisation subject to the Act's Transparency in Supply Chains Provisions. The Regulations also set out how the total turnover of a commercial organisation is to be calculated.

The objective of the Regulations is to set an appropriate threshold for the requirement to report on steps taken to address modern slavery. In 2014, a public consultation sought views on what an appropriate threshold would be, and following the support of respondents, the Regulations set the turnover threshold for commercial organisations required to report at £36m. This threshold was deemed appropriate because it captures a high enough number of organisations to ensure the impact of transparency, and because it is proportionate, with the duty applying to organisations with sufficient resource to meet their reporting obligations and the potential to influence their supply chains.

**Under the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations, the Secretary of State is required to carry out a review of the Regulations every five years and publish the conclusions.**

Regarding the extent to which the objectives of the Regulations have been met, the requirement is widely considered to be proportionate. Although this consultation did not contain a question on the turnover threshold, respondents commented on the appropriateness of the current threshold in the context of determining an appropriate threshold for public sector organisations. In expressing support for applying a £36m budget to public bodies, the Local Government Association stated,

‘The LGA believes that the current threshold of £36m is satisfactory and for consistency with the private sector threshold, and to remove any ambiguity, it should be used uniformly across the board.’

Rather than calling for the threshold to be lowered, respondents highlighted the fact that by targeting larger organisations, the requirement captures organisations that are able to positively influence their supply chains and support smaller organisations to improve:

‘Section 54 of the Modern Slavery Act is designed in a way that large companies are targeted by the legislation and in turn cascade the awareness and mitigation efforts of modern slavery down their supply chains to smaller businesses.’ (Stop the Traffik)

Respondents also considered how the gov.uk reporting service could engage smaller organisations:

‘The establishment of a central registry of modern slavery statements would increase compliance and potential for collaboration among companies. Companies, especially those smaller in size, could learn from their peers about identified risks, responses and good practices, thus increasing the quality of their statements and actions in time.’ (Unicef UK)

The lack of demand in the consultation responses for a different turnover threshold reinforced the findings of the Independent Review of the Modern Slavery Act, which reported:

‘On the issue of the turnover threshold for determining which companies are in scope of section 54, we did not hear many calls for it to be changed at present.’

However, while the current threshold has widely been deemed appropriate, many of the organisations caught by this threshold have failed to meet the requirement, undermining the objectives of setting this threshold. Given the challenges with compliance among organisations currently caught by this threshold, the Independent Review advised:

‘Government should primarily focus on improving compliance, quality and enforcement of obligations at the current threshold.’<sup>3</sup>

**The Government will therefore retain the threshold of £36 million and focus on improving compliance at this threshold.** This threshold remains appropriate as the effectiveness and fairness of the requirement relies on capturing a significant number of organisations which nonetheless have sufficient resource to meet the spirit of this requirement and influence their supply chains.

In light of the problems with compliance and the evidence gathered through the consultation for strengthening the legislation, the Government considers that the objectives of this threshold cannot be achieved with less regulation. Overall, the Independent Review and the consultation responses demonstrated the need for strengthened regulation, including the need to enhance the impact of transparency by introducing measures to increase compliance and enable effective external scrutiny and peer learning. A summary of the measures government intends to take forward are set out in Annex D.

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<sup>3</sup> <https://www.gov.uk/government/publications/independent-review-of-the-modern-slavery-act-final-report>



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