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UK Businesses are Woefully Unprepared for the Modern Slavery Act’s Reporting Requirement Ahead of Key Date

- One in five UK supply chain managers are unaware of the new rules
- 27% do not fully understand what their business is required to do to
- One in four cannot name a single step they have taken to comply with the law
- More than half say they lack the skills to deal with modern slavery in their supply chains
- 68% of supply chain managers call for legal and financial penalties for non-compliance

Urgency and action appear to be scant in British businesses before new government rules come into force this spring designed to stamp out modern slavery in supply chains, according to the Chartered Institute of Procurement & Supply (CIPS).

From 1st April, businesses with a turnover of more than £36m will be required to report annually on the steps they have taken to ensure modern slavery is not taking place in their business or supply chains. With just over two months to go, however, the supply chain managers responsible appear underwhelmed and unprepared for compliance with the Act’s requirements.

Almost one in five (19%) UK supply chain managers who fall under the new rules* are unaware of the requirements, with 38% unable to say when their first modern slavery report will be due. Indeed, 40% have not even read the government guidance. As a result, more than a quarter (27%), admit that they do not fully understand what their business is required to do. Even if they did find modern slavery in their supply chain, more than half (52%) of UK supply managers admit they would not know what to do.

The new rules are part of the Modern Slavery Act passed in March 2015. The Act aims to prevent the use of forced labour in the UK economy by encouraging businesses to take a greater interest in the practices of their suppliers at home and abroad. However, the impact of the Act appears to be limited so far with only a very small percentage of British businesses proactively taking steps to tackle the issue.

Just a third of supply chain managers claim to have mapped their suppliers to understand the potential risks and exposure to modern slavery, while only 41% have ensured all workers in the UK in their supply chain receive the minimum wage and apply robust immigration checks. Less than 28% of businesses in this group claim to have provided training to employees and local suppliers on modern slavery, despite a quarter of the procurement professionals surveyed citing lack of skills as the main obstacle in dealing with the issue.

Failure to comply with the Act currently holds no automatic sanction. 68% of supply chain managers surveyed said they agreed that companies who fail to comply with the new rules should face legal or financial penalties.

David Noble, Group CEO of the Chartered Institute of Procurement & Supply (CIPS) said:

“The Modern Slavery reporting requirement means that businesses can no longer afford to ignore slavery issues, morally and commercially. If they are unable to convincingly outline the steps they are taking to
eradicate human exploitation from their supply chain, they risk damaging both their reputation and their bottom line.

“The Act means it’s no longer acceptable for businesses to ignore what they can’t see. It’s true that the modern supply chain is becoming longer and more complicated, but it is possible to take definite steps to put a process in place to achieve the level of transparency and traceability to ensure that their procurement practices do not contribute to modern slavery at any stage in their supply chains.

“Our findings suggest that good intent is not yet translating into action. With little motivation and no sanctions to speak of, this requirement rests on goodwill and general awareness. Consumers, communities and businesses deserve better.”