

**Welcome to the
business of certainty**

**Five ways to
improve your company's
statement in compliance
with the Modern Slavery
Act 2015**



BUREAU VAN DIJK



*By Ted Datta, Director of
GRC solutions*

Modern slavery, as we discussed in a **previous blog post**, still persists around the globe, even as the end of the second decade of the 21st century approaches. Spurred on by the lure of easy profit and the failure of authorities

in many countries to stop or even slow their inhumane and illegal activities, present-day traffickers and companies that benefit from the use of forced labour continue to coerce, mistreat and enslave millions of men, women and children all over the world.

Due to the widespread nature of this practice, global companies with large and diverse **supply chains** have to exercise more caution about whom they do business with. Data should be at the heart of your efforts. But we'll come on to that.

Just last month, in an **open debate** at the UN, more than 80 countries admitted that something needs to be done to confront and combat modern slavery, with some nations, such as Australia signaling that they plan to create anti-slavery legislation. So, increasingly, in response to this human rights crisis, countries around the world are committing to doing something about this problem.

However, the UK has been far ahead of the curve with this issue. Indeed, its trailblazing **Modern Slavery Act 2015** – which marks the world's first legislative attempt to crack down on the incidences and abuses of modern slavery within supply chains, both within its borders and externally – just reached its two-year anniversary of being passed in Parliament on 26th March 2017.

This act was designed specifically to help eradicate any incidences of modern slavery or forced labour in the supply chains of UK corporations (or corporations that transact business within or with the UK) that have turnovers of at least £36 million. The main manner in which the Modern Slavery Act 2015 attempts to accomplish this aim is by requiring that each company craft and publish on its website an **annual slavery and human trafficking statement**, detailing what measures it has taken over the previous financial year to identify and root out any incidences of human trafficking and modern slavery within its supply chain.



Non-compliance and reputational damage

This legislation relies heavily on the threat of reputational damage to keep companies in line and compliant with its regulations. Since the required statement must be posted online, the act counts on scrutiny from members of the public and the media to serve as its primary enforcement and policing tool. Whilst in the past that might have seemed a relatively toothless approach, in today's age of social media and internet news dominance, being named and shamed can pose a very real and damaging threat to companies' reputations. In fact, the **consequences** of your company's supply chain being even tangentially associated with the practices of modern slavery or forced labour can be devastating, not only to your corporate reputation, but also to your credibility and bottom line.

So, it's in your company's best interest to make sure that you competently and convincingly comply with the reporting requirements in the Modern Slavery Act 2015. And, since this legislation has been in force for more than a year now, several examples of companies' annual slavery and human trafficking statements are now available online for reference and comparison, and to serve as cautionary tales.

As a **compliance** professional, you can take these five steps to help make certain that your company's statement effectively and efficiently meets the requirements of this legislation:

1. Customise your statement

One of the best ways to show that your company is committed to following not only the letter of the law, but also its spirit, is by crafting a statement that illustrates a high degree of effort and original thought. A report that uses generic language, perhaps even parroting the official government wording, runs the risk of suggesting to onlookers that its authors couldn't be bothered to put in the work necessary to properly confront and deal with this vital human rights issue.

A bespoke statement, on the other hand – especially one that reflects your company's particular due diligence steps, as well as the unique structures and methods that you've designed and put in place to monitor your supply chain for signs of modern slavery and forced labour – can send a powerful message that your company is completely dedicated to doing its part to stamp out this inhumane practice.

2. Meet the basic requirements of the legislation

Whilst this may seem too obvious to merit a mention, some of the error-ridden samples that have been posted online to date, suggest that perhaps we need to underline this point. To put it plainly: your statement must meet, at the very least, the basic requirements set forth by the Modern Slavery Act 2015. Observers have been quick to catch and jump on any signs of carelessness in the initial published statements. For example, **commentators have noted** the somewhat dispiriting fact that “one in four statements was not signed by a named person”.

Although you shouldn't expect much, if any, credit for presenting a mistake-free statement that checks off all of the mandatory points required by the law, offering anything less would almost certainly guarantee that your company would attract exactly the sort of negative attention and reputational hit that you'd presumably like to avoid.

3. Demonstrate progress from year to year

Since the Modern Slavery Act 2015 mandates that companies create and display statements annually, it's important that your yearly report be dynamic and demonstrate progress in your methodology, approach and results.

To do this, you can start by laying out a set of tangible goals, complete with timelines and concrete thresholds for success. That way, in future statements, you should be able to clearly show areas where you've made improvements and highlight those sectors or elements where you intend to redouble your efforts in the future.

The types of metrics that might prove useful could include, for instance, a concrete commitment to train a specific number of procurement team members about your modern slavery procedures by a certain deadline or promising to implement a new transparency policy forcing all suppliers to disclose their own staffing methods and those of third parties, such as beneficial owners or subcontractors.

The key objective here is to offer finite benchmarks to indicate forward movement from one statement to the next.

4. Enlist buy-in from key areas of your company

As you're no doubt well aware, it would be next to impossible to create a well-rounded and successful annual slavery and human trafficking statement without the wholehearted participation of and buy-in from certain crucial segments of your company. The complex and intricate realities of conducting business operations in today's globally interconnected marketplace demand that, in order to stay abreast of the constant flood of regulations, such as those aimed at eradicating slavery, compliance teams must maintain open lines of communication with other departments throughout the company.

Only by securing the willing support of every sector of your company can you discover red flags, such as new suppliers being added to your supply chain that, on further review, might warrant extra due diligence methods or enhanced research.

Similarly, without the cooperation and collaboration of many critical areas of your company, you'd be hard pressed to find the information you need to produce the accurate, up-to-date and authoritative statement that not only meets the requirements of the Modern Slavery Act 2015, but also satisfies the discerning scrutiny of an engaged public and press.

5. Proactively audit your supply chain

In order to satisfy keen observers that you're doing everything possible to gain awareness of and root out any traces of modern slavery within your supply chain, it would be helpful for you to show that your company has a firm grasp on the finer details, as well as all the ins and outs of your procurement processes.

This takes on more importance when you consider that, even though it's not strictly mandated by the Modern Slavery Act 2015, the law does include a provision which recommends that companies' statements provide information about those sections of their supply chains that might present a greater danger of involvement with some sort of forced labour or human trafficking activity.

By providing clear evidence that your company fully understands where its goods and services come from and what sorts of suppliers and third parties it's doing business with, you'll go a long way towards reassuring the public that you're on top of the situation. Graphs and maps are useful tools to depict the intricacies of your supply chain, as well as the danger areas that you're aware of and working to avoid or overcome.

You could even make reference to a third-party data resource in your audit. And this is where Orbis comes in.

How Orbis can help you craft a statement that complies with the Modern Slavery Act 2015

There are a number of obstacles to steering your company clear of any connection to modern slavery, especially through your supply chains.

Two spring to mind. Both are significant but if you crack them, you'll have a better chance both of staying compliant and of crafting a statement that demonstrates this compliance.

The first is very basic but easy to get wrong. Seemingly simple, it hinges on identifying the right suppliers – or entities – on which to focus your compliance research. But relying on patchy, unreliable, low-quality data, it's like building a house without the right foundations.

The other lies in learning how to smoothly and successfully navigate the treacherous and often opaque waters of company ownership rules, which can obscure the true nature of supply chain members and other third parties with whom you do business.

The Modern Slavery Act 2015 (and other comparable legislation which is reportedly in the works in many nations around the world) doesn't accept ignorance as a mitigating factor for non-compliance. In fact, one of the main functions of this law is to force companies to take responsibility and be more proactive about discovering just exactly whom they are doing business with.



Our **Orbis database** offers information on more than 200 million companies worldwide, including comprehensive **ownership data** and up-to-date **environmental, social and governance (ESG)** metrics. You can harness Orbis's structured, rich information to help you both tackle the substantial challenge of rooting out connections to trafficking or forced labour in your supply chain, as well as to more easily and quickly craft a successful and thorough statement in compliance with the Modern Slavery Act 2015.

Better master data means: identifying the right entities; greater visibility on your suppliers; and access to much of the most crucial information you need to perform the necessary due diligence on them. It's a sensible investment.

White papers

Some other resources that might prove valuable, as you go about the yearly process of drafting and posting your company's annual slavery and human trafficking statement, include two extensive white papers we recently published.

In ***Really getting to know your third parties: protecting your business reputation in an increasingly complex world of corporate compliance***, we demonstrate how to reveal key missing links in your supply chain and how to conduct further research into the third parties you deal with. The white paper specifically considers:

- Gathering corporate ownership data
- How you can plug your third-party knowledge gaps
- Technology that has emerged to address your business challenges

[Download the white paper](#)



And, in ***Getting to grips with the challenge of beneficial ownership***, we:

- Describe the challenge of establishing beneficial ownership
- Explain how beneficial ownership is crucial to compliance for a range of regulations
- Discuss best practices for entity data management

[Download the white paper](#)



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Find out more:

bvd@bvinfo.com

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