Response to the Transparency in Supply Chains consultation

Traidcraft Exchange are an international development NGO with a focus on ensuring that trade and business can play their part in tackling poverty around the world. We believe that British businesses must be held to a high standard to ensure that they do not contribute to modern slavery, and that government regulation is the appropriate and proportionate way of achieving this.

For these reasons, we advocated for the introduction of the 2015 Modern Slavery Act, and we continue to campaign to ensure that the Act is as effective as possible.

In summer 2019 we ran a joint campaign with Fashion Revolution, called ‘Who Made My Clothes?’. This called for the government to:

- Publish a list of those companies which have failed to meet their reporting obligations under s54 of the Act
- Publish a database of existing Modern Slavery Statements that is freely searchable by members of the public

This petition was signed by more than 4700 Traidcraft Exchange and Fashion Revolution supporters, and was handed into the Home Office on 16th September 2019. This demonstrates the broad public support for

We are members of the CORE coalition and have endorsed their response to this consultation. The following contributions are to supplement that response and focus on the issues covered in our campaign. As such, responses are given only to questions 6, 7, 8b and 10a.

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?

It is important that consumers, NGOs, investors and other parties concerned with modern slavery are able to quickly and easily check whether a business that they are considering purchasing from or using has followed the basic requirements of the law when it comes to tackling modern slavery.

As Theresa May said in a speech at the International Labour Organisation in June 2019:

“...the most powerful voice of all belongs not to business or government, but to the consumer. It is customers who ultimately decide whether a business succeeds or fails – and if enough of us turn our backs on companies that exploit forced labour, modern slavery will cease to be commercially viable.”

The best way of doing this would be a government-run database that is open, searchable and machine-readable. There is no reason to suspect that this might be a problem for businesses to report, given that businesses already have to publish the same statement on their own website.

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

A central registry should be free to use and fully searchable. It should facilitate comparison between businesses based on size and sector.

Furthermore, a registry must 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.

8b) Would 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.

Yes. The existence of a single reporting deadline would make it far simpler for external organisations to judge whether a company has complied with the law. Furthermore, it would make it easier for government to judge whether a business has failed to comply with s54 of the Modern Slavery Act and take appropriate action to enforce the law. It may also be suspected that the introduction of a single deadline would allow for greater public and media attention on the issue of modern slavery, which in turn would encourage businesses to focus on their reporting requirements.

We do not have a view on which date would be the most appropriate; this should be decided in consultation with organisations required to report.

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.

The penalties for failing to publish a modern slavery statement should effectively incentivise compliance.

The government’s own estimates indicate that, to date, 25% of UK companies have failed to comply with section 54 of the Modern Slavery Act, while estimates for the non-UK registered organisations failing to comply don’t exist. This indicates that the legal requirements are not being taken sufficiently seriously by businesses.

Furthermore, modern slavery is a very severe crime and fines should reflect this seriousness. Indeed, even asking about ‘maximum fines’ indicates that the government is approaching this problem in completely the wrong way. Establishing a maximum fine would allow businesses with no intention to comply with the law to simply factor that fine into their annual budgeting processes. A more effective and dissuasive way of improving the poor level of compliance with the Act should be to enforce a minimum fine set at a percentage of annual turnover. The failure of a large business, with turnover of more than £36m, to even produce a statement, shows a complete disregard for the law and the problem of modern slavery. A large fine seems an appropriate method of incentivising businesses to pay more attention. Moreover, the experience of the Groceries Code Adjudicator (which is able to fine UK supermarkets up to 1% of their turnover) is that sanctions of this order of magnitude are an effective way of ensuring that executives prioritise compliance with s54 (which is, after all, a not especially onerous requirement).

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