



## Our Perspective

### The Modern Slavery Act: a compliance approach

*"It is simply not acceptable for any organisation to say, in the twenty-first century, that they did not know. It is not acceptable for organisations to ignore the issue because it is difficult or complex. And it is certainly not acceptable for organisations to put profit above the welfare and wellbeing of its employees and those working on its behalf."*

Rt Hon Theresa May MP, Home Secretary

The Modern Slavery Act 2015 (section 54, Transparency in Supply Chains - TISC) requires organisations operating in the UK, with a turnover of £36 million or more, to publish an annual statement setting out the steps that they have taken during that financial year to ensure that human trafficking and slavery are not taking place, either in their supply chains or in any part of their own business.

Sub-section 5(C) requires that the annual statement may include information about a company's due diligence processes in relation to slavery and human trafficking. What does this increase in transparency and supply-chain accountability mean for compliance processes?

#### The pros and cons

Guidance issued by the UK government states that businesses may choose to take additional action (over and above what is compulsory) and lays out the legislation's aim to *"create a race to the top by encouraging businesses to be transparent about what they are doing, thus increasing competition to drive up standards."*

Reassuringly, the same guidance also confirms that the aim is for companies to publish what action they have taken to check each part of their supply chain, rather than for them to vow that it is free of slavery.

Although this new regulation increases the compliance burden, it does also give organisations the opportunity to improve their differential edge. Consumers, investors, staff and suppliers are more aware of human rights issues than ever before. In a landscape of information overload, increased scrutiny and heightened competition, where reputations are being destroyed daily in the media, any processes that enhance an organisation's ethical pedigree can be seen in a positive light.

The budget involved, even where compliance screening red flags may lead to further specialised enhanced due diligence investigations, pales into

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#### Summary of application and responsibilities

- Applies to organisations that are incorporated or are partnerships
- Applies where such organisations are carrying out business in the UK supplying goods or services
- Applies where group turnover (including subsidiaries) is £36 million or more
- Such companies must publish an annual statement setting out the steps that they have taken in that financial year against human trafficking and slavery (even if the answer is none)
- Statements must be published on an organisation's website, or provided on request (where no website is available)
- Applies to financial years ending on or after March 31st 2016
- Sub-section 5(c) of section 54 of the Act requires that the annual statement may include information about an organisation's due diligence processes in relation to slavery and human trafficking in its business and supply chains
- The annual statement must be approved by the Directors or Partners of the organisation

insignificance when one considers the potential cost - both financial and reputational - of non-compliance.

## Methodology

Modern Slavery screening can be part of a compliance screening programme, although public record enquiries alone may not yield answers. Most jurisdictions have partial cover for civil litigation, and some also have the same for criminal litigation - usually in the high or appeals courts. However, many, like the UK, will not disclose a criminal conviction without the permission of the accused. Barring prosecution or activities that have been reported in the media, source enquiries are usually required to establish if such activity is being carried out.

Where red flags are uncovered, additional discreet investigations based on human intelligence are usually advised.

## Conclusion

A failure to comply with the legislation could result in a court injunction, and then an unlimited fine for being in contempt of court, as well as the subsequent loss of reputation and ethical credibility that can influence an organisation's long-term financial success. As transparency and trust become increasingly important cultural traits for business, we would urge all affected organisations to comply.



**Consultation meetings:**  
If you would like a free consultation with *Kasalana*, please email [info@kasalana.com](mailto:info@kasalana.com), or call +44 (0)1580 212832, quoting reference OP11C.

## Who we are

Formed in 2005, *Kasalana* is a specialist corporate intelligence company that conducts investigations globally on behalf of clients across all industries. We are experts in enhanced due diligence, background checks and litigation support, solving complex issues on behalf of our clients through investigation. Our clients include FTSE100, FTSE 250 and Fortune 500 corporations, global financial institutions, major law firms and leading private equity houses.

Prior to forming *Kasalana*, *Sam Pope* was Head of Business Intelligence, Deputy Director of Corporate Investigations and EMEA Director of Fraud & Forensic Services for a leading global security risk management company, where he led a team of 40+ investigators. A former defence journalist, Sam has extensive experience of investigating fraudulent activity including asset misappropriation, bribery and corruption, securities and investment fraud, regulatory and anti-trust violations. He frequently works in close collaboration with clients' other professional advisers. He is a member of the American Society for Industrial Security and the Association of Certified Fraud Examiners.

*Gareth Crooker* joined *Kasalana* in 2010 after working as Director of Corporate Investigations, South-East Asia, for a leading global security risk management company. He has been a business risk consultant for more than 20 years and specialises in pre-investment and compliance-driven due diligence and corporate intelligence. Gareth has also conducted bespoke research and analysis into the political, commercial and security risk environment in Europe and the Former Soviet Union. As well as his native English, Gareth has near-fluent French and Spanish, together with basic Italian and Dutch.

## Further reading:

[Click here for guidance issued by the government](#)

## Why we do what we do

At *Kasalana* we have a client-centric approach to intelligence and believe in giving our clients what they need. The information we supply is openly asked for and freely given, and all our work is overseen by senior consultants with many years' experience in their field. With an ethical approach to investigation, we support improvements in global business practices and security.

All our intelligence is individually sourced and produced at the time of commissioning to answer the specific needs of our clients. We work honestly and transparently using a global network of resources to provide timely and accurate information to international clients. To read case studies, please go to [www.kasalana.com](http://www.kasalana.com).

**Kasalana Limited**  
Bedgebury Business Park  
Bedgebury Road  
Goudhurst  
Kent  
TN17 2QZ

UK 0844 593 0230  
Int +44 (0)1580 212832  
E [info@kasalana.com](mailto:info@kasalana.com)  
W [www.kasalana.com](http://www.kasalana.com)  
[www.linkedin.com/company/kasalana-limited](http://www.linkedin.com/company/kasalana-limited)  
[@KasalanaRisk](#)