

“Business and Human Rights” professional team



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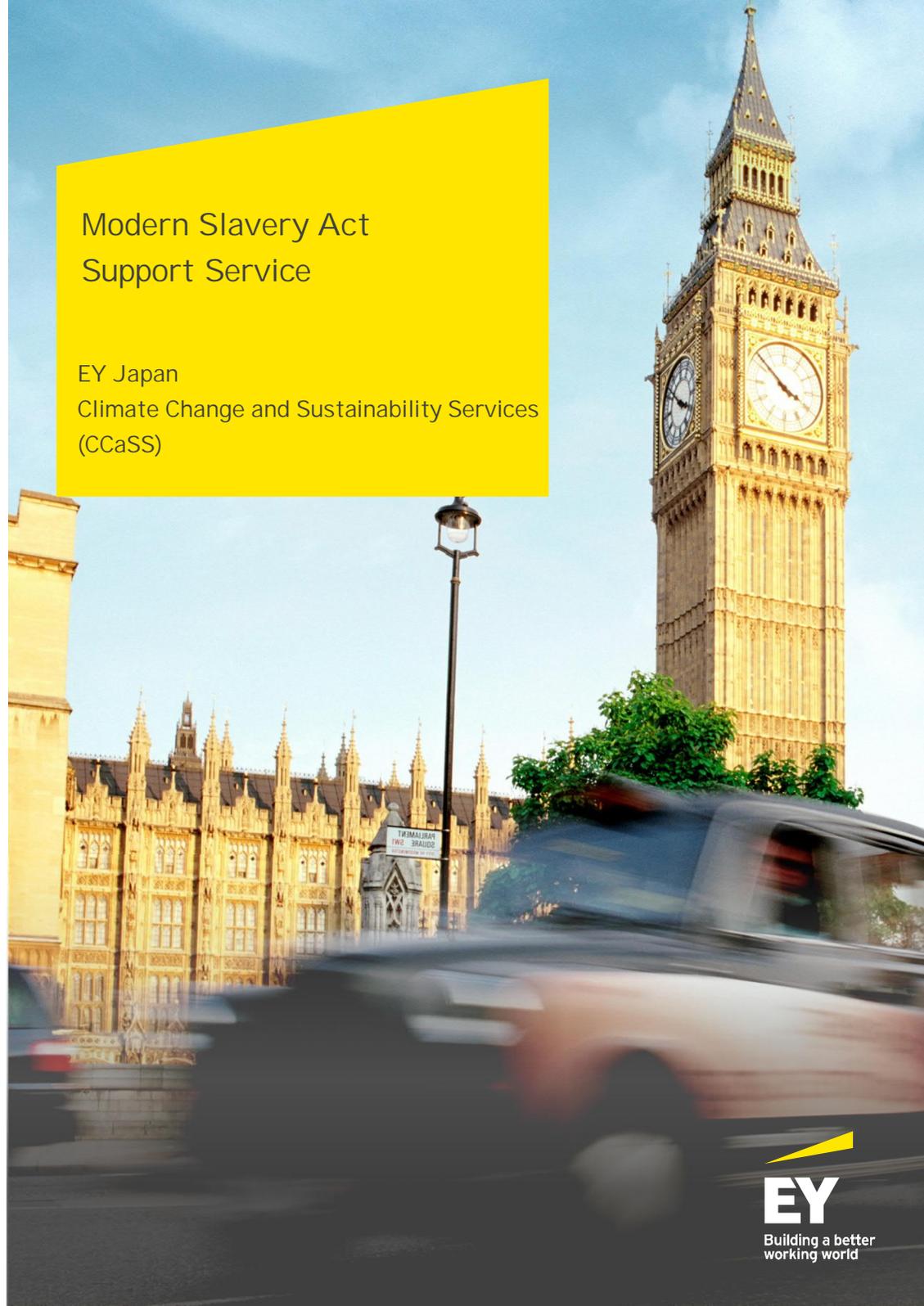
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Modern Slavery Act Support Service

EY Japan
Climate Change and Sustainability Services
(CCaSS)



Modern Slavery Act 2015

Modern slavery today

25mn workers are in modern slavery¹

According to the Global Slavery Index (GSI), 24.9 million people are in forced labour, one of typical forms of modern slavery.

Modern slavery is a global issue

Migrant workers in high income countries are considered one of the vulnerable groups to modern slavery risks. Recruitment fees incurred by various intermediary agents are often imposed on workers, which may put them in a debt-bondage labour (forced labour), a form of modern slavery.

US\$354 billion worth of imports in G20 at risk of modern slavery¹

The ILO estimates that that G20 countries are collectively importing US\$354 billion worth of products at risk of modern slavery annually.

Source:

*1: The Global Slavery Index www.globallslaveryindex.org/

Core Resources

UK Modern Slavery Act
Transparency in Supply Chains etc. A practical guide
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/649906/Transparency_in_Supply_Chains_A_Practical_Guide_2017.pdf

Modern Slavery Act Australia
Commonwealth Modern Slavery Act 2018
<https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

Background

Modern slavery is defined as the offences of servitude including human trafficking, forced labour and forced sexual exploitation. According to the Global Slavery Index (GSI), 24.9 million people are in forced labour, one of typical forms of modern slavery. GSI also estimates that G20 countries are collectively importing US\$354 billion worth of products at risk of modern slavery annually.

The Modern Slavery Act 2015 (the **Act**) contains provisions that require certain businesses to produce a statement setting out what steps have been taken to ensure there is no modern slavery in their own business or in their supply chain.

The Act came into force on 29 October 2015 but there are transitional provisions which give time for businesses to comply with the new rules. Businesses with a year end of 31 March 2016 will be the first businesses required to produce a statement for the 2015/16 financial year.

The Act requires any commercial organisation (wherever incorporated), that carries on a business or part of a business in the UK, supplying goods or services, and has an annual global turnover which exceeds a threshold of £36mn (which includes the turnover of any subsidiaries regardless of where they are based) to produce a slavery and human trafficking statement for each financial year.

Consideration will need to be given as to which entities in a group structure (including both UK and non-UK entities) will potentially need to be included in a group statement or have a standalone statement.

What is required?

A slavery and human trafficking statement is a public facing document which must be made available on the business's website. The statement has to be approved either by the company Board and signed by a Director, or in the case of LLPs, by its members and signed by a designated member.

The legislation is not prescriptive about the layout or specific content of the statement but it must set out all the steps an organisation has taken to ensure there is no modern slavery in its business or supply chains. If no such steps have been taken, this should be stated. The legislation does, however, contain details of items that a commercial organisations **may** want to include, and NGOs have begun to rank companies' statements against these items.

Failure to comply with the Act

If a qualifying business fails to produce a slavery and human trafficking statement, the UK Secretary of State may seek an injunction through the High Court requiring the business to comply. Failing to comply with the injunction would risk being in contempt of court and is punishable by an unlimited fine. There will undoubtedly be a reputational risk for any business which is reported as having failed in its obligations.

Modern Slavery Act 2018 in Australia

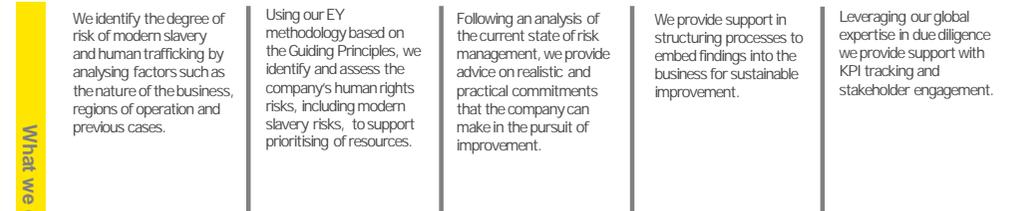
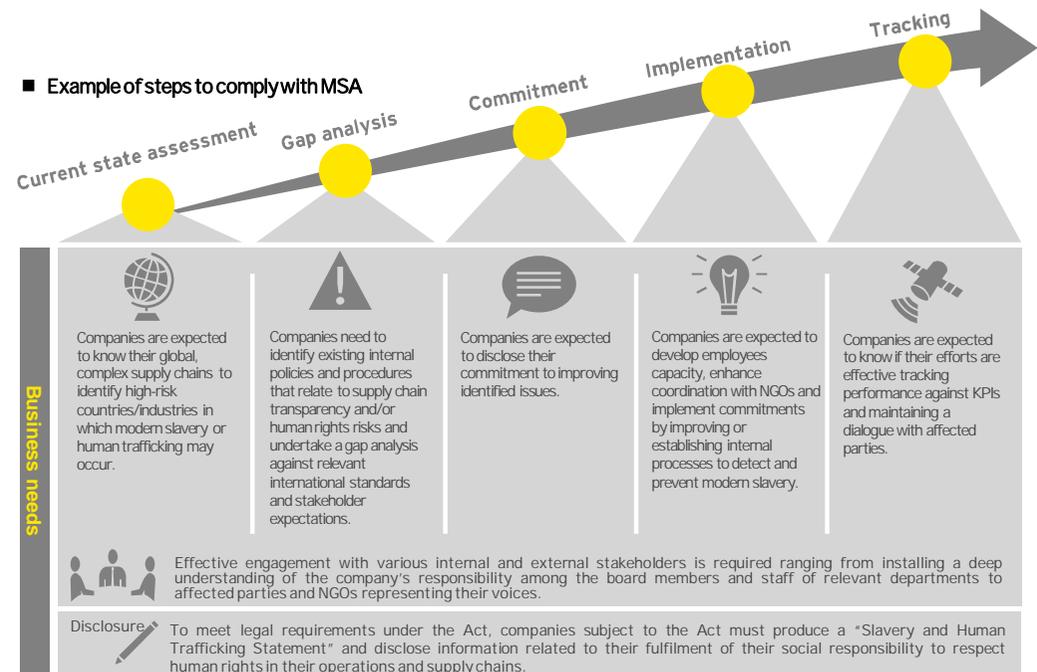
Following UK Modern Slavery Act 2015, another Modern Slavery Act has been established in Australia in 2018 and has already been entry into force. Disclosure items are mostly common in both Acts. Australian Modern Slavery also requires companies subject to the Act to not only disclose its annual statements in their website but also submit them to public registry prepared by the Australian Government.

EY Support

How we can help

The objective of these provisions of the Act is, inter alia, to tackle modern slavery by pushing businesses towards greater transparency and encouraging them to use their leverage to improve conditions further down the supply chain. The Act is one of an increasing number of regulations encouraging or compelling companies to identify risks to people in their business operations and take appropriate measures to address them. Many companies are positioning compliance with the Act as part of their more comprehensive human due diligence in accordance with the UN Guiding Principles on Business and Human Rights ("**Guiding Principles**").

EY Japan provides a global perspective and practical advice on human rights due diligence for modern slavery and human trafficking as well as support for the preparation of a Slavery and Human Trafficking Statement. Our human rights experts have been directly involved in the establishment of global business and human rights standards such as the Guiding Principles.



Training: To advance internal stakeholders' understanding about human rights responsibilities, EY Japan provides training and seminars containing a smart mix of theory and practical examples illustrating the link between the issues and their day-to-day.

Stakeholder dialogue: EY can plan and expertly facilitate constructive, interactive stakeholder dialogue that meets global standards.

Disclosure: Our human rights experts are directly involved in the formulation of global business and human rights standards and can support the preparation of a Slavery and Human Trafficking Statement that best highlights the company's existing and future efforts.