

**Which businesses need to comply with section 54 of the Modern Slavery Act?**

Any commercial organisation with a total annual turnover of £36m or more, carrying on a business or part of a business in the UK, and providing goods or services.

**How does an organisation comply with the provision?**

An organisation complies with the legislation by producing an annual statement setting out the steps taken during that financial year. The statement must be approved by the board and signed by a director or equivalent. The statement must be published with a link to the statement in a prominent place on the home page of the organisation's website.

**What if an organisation has taken no steps during the financial year?**

The organisation can produce a statement stating that they have taken no steps during the financial year and, as a result, would be in compliance with the provisions.

**Is there a time limit for producing a statement?**

No, there is no specific time limit set in legislation for producing a statement. However, the legislation requires an organisation to produce a statement for each financial year of the organisation. Home Office guidance suggests that organisations should expect to publish a statement within six months of the date of the end of the organisation's financial year end.

**Can an organisation produce a transparency statement alongside, or as part of, their annual accounts?**

Yes, an organisation can include their transparency statement in their annual accounts or publish it alongside their annual accounts. However, they must still place a link to the statement (or the part of the annual statement that covers the transparency statement) on their website home page.

**What is the penalty for not producing a statement?**

The Secretary of State can apply to the courts for an injunction requiring an organisation to publish a statement. If the organisation fails to comply with the courts direction they will be in breach of the court and liable to an unlimited fine.

**Do I have to put a link to the statement on my home page?**

Yes. The legislation clearly sets out that each organisation caught by the provision must provide a link to the statement in a prominent place on the home page of the website.

**Does the £36m turnover solely relate to business undertaken in the UK?**

No. The total turnover is global annual turnover for the organisation.

**Does the legislation only apply to UK businesses?**

No. It applies to any organisation carrying on a business or part of a business in the UK. The organisation does not have to be a UK-registered or owned business.

**If I am a parent company with subsidiaries can I produce one transparency statement, covering the group as a whole?**

Every commercial organisation required to produce a statement must do so, regardless of whether the organisation is part of a group structure. If you are a parent company with a number of subsidiaries you can produce one statement covering you and your subsidiaries. However, the statement must clearly state which organisations the statement covers, all the steps taken in relation to each of the organisations or subsidiaries, and must be approved by each of the relevant boards, and published on each of the organisations' websites with a link on each relevant home page.

**What if my company owns a subsidiary that operates wholly outside of the UK and so does not carry on any of its business in the UK? Does that subsidiary have to produce a statement?**

Whether a parent is required to include a subsidiary that operates wholly outside of the UK will depend on the relationship between the parent and subsidiary. The requirement will be based on whether there is a direct relationship between the parent and company, for example decisions taken by the parent company or money flowing between the two entities. In this type of scenario, the subsidiary is part of the parents organisation and/or supply chain and so any statement should cover the steps taken by the subsidiary operating outside of the UK. Each organisation will need to take legal advice if they are unsure as to whether they should report on a particular subsidiary. Our view is that, as good practice, the parent should always report on each of its subsidiaries regardless of where they are doing business.

**What type of activities should be included in a transparency statement?**

A transparency statement should include any steps taken by an organisation in the financial year they are reporting on. There is no exhaustive or definitive list of activities or steps. However, the legislation and guidance sets out that organisations may want to consider including in their statement information about their organisational structure, assessing and managing risk, due diligence, KPIs, organisational policies and training.

**Can I decide not to include steps in my transparency statement if they resulted in negative activity?**

No. The legislation requires an organisation to include all the steps taken, positive or negative. Failure to include steps would result in the organisation not complying with the legislative requirements.

**Do I have to audit all of my suppliers and supply chains?**

No. The legislation does not require you to undertake audits or any other activity in relation to your organisation or supply chains. That is why the legislation is non-prescriptive, allowing organisations across all sectors to determine the best course of action for their business and for their sector.

**Which other countries have similar legislation?**

The State of California is the only other area that has introduced transparency legislation, which was introduced in January 2012. Other countries are looking at whether to introduce transparency legislation, such as France, Canada, and Australia.