**techUK's response to the call for written evidence on the impact and effectiveness of the 2015 Modern Slavery Act**

**About techUK**

techUK is the UK’s leading technology membership organisation, with more than 1000 members spread across the UK. We are a network that enables our members to learn from each other and grow in a way which contributes to the country both socially and economically. By working collaboratively with government and others, we provide expert guidance and insight for our members and stakeholders about how to prepare for the future, anticipate change and realise the positive potential of technology in a fast-moving world. techUK launched in 2013 to champion the technology sector and prepare and empower the UK for what comes next, delivering a better future for people, society, the economy and the planet.

**Executive summary**

This inquiry is particularly relevant now due to the growing attention and concern surrounding modern slavery and forced labor within supply chains, alongside the frustrating delays in reforming the Modern Slavery Act 2015.

The Modern Slavery Act has significantly transformed corporate human rights reporting. As the global community increasingly moves towards mandatory human rights and environmental due diligence, the UK can take pride in initiating this momentum. The Act has served as a model for other jurisdictions, and through discussions with international stakeholders from both the private sector and governments, it is evident that the UK has led the way.

While there are some positive aspects to the UK's approach, the unfortunate failure to update legislation has caused the country to fall behind. Updating the laws would have enabled the UK to align more effectively with other jurisdictions, reducing the burden of navigating multiple regulatory regimes for companies and ultimately improving the human rights landscape.

As such, techUK advocates for the Act to be updated so there is closer alignment with other jurisdictions. While companies should be able to retain some flexibility in terms of reporting requirements, there needs to be a consistent and harmonised approach with those of other jurisdictions to alleviate unnecessary burdens resulting from duplicated reporting rules.

It is regrettable that legislation was not updated, and the upcoming government should prioritise an amended Modern Slavery Act. Industry stakeholders should be consulted to determine which recommendations from the independent review can be implemented and identify additional measures necessary to ensure that the UK possesses a modern slavery framework that both supports businesses and benefits society as a whole.

**Modern slavery considerations for the technology sector**

Before addressing the questions, techUK will outline the primary risks in the tech sector and emphasise how digital tools can enhance the implementation of the Modern Slavery Act.

**Modern slavery risks**

The technology sector stands out for its complex business structures and supply chains, incorporating hardware manufacturers, IT companies, software providers, system integrators, startups, telecoms, and data centres, all interconnected and reliant on each other. Modern slavery risks exist throughout the entire value chain of the tech industry, particularly impacting ICT and consumer electronics manufacturers. Below, we detail these risks and the strategies companies employ to assess and address them:

* *Raw materials extraction and conflict minerals:* The tech sector relies on minerals for the production of electronic equipment, which involve complex and often intricate supply chains. These supply chains expose the sector to modern slavery risks at multiple stages, including mining and material extraction through to refining and smelting, which makes it incredibly difficult to trace the provenance of materials made available on the open market. These activities frequently occur in conflict-affected and high-risk areas, amplifying the threat of modern slavery.
* *Manufacturing:* Electronics manufacturing predominantly occurs in Asia, often through subcontracted factories, even if final assembly is closer to end users. In these locations, many workers face hazardous and unstable working conditions, with indicators of exploitation such as recruitment fees, child labour, prolonged exposure to harmful substances, and insufficient protection from harassment or bullying. The situation is further exacerbated by the risks in Xinjiang, where Uyghurs work in labour camps with extremely poor conditions and are trafficked to other parts of China, while Filipino, Nepalese, and Indonesian workers remain vulnerable in South East Asia. For the tech sector, achieving visibility into lower tiers of their complex supply chains can be exceptionally challenging, as components, raw materials and activities are shared with hundreds of other companies.
* *Shipping and logistics:* When products are shipped, they are typically transported by sea, exposing them to maritime trade risks such as withholding pay or leaving mariners stranded. Closer to the UK, risks arise within the logistics, warehousing, and fleet management sectors, which commonly rely on agency immigrant labour, exacerbating the vulnerability to exploitation.
* *Misuse of technology:* The tech sector has changed its focus from only considering risks associated with suppliers (upstream) to now taking into account risks to end users (upstream), encompassing the entire value chain in its efforts to combat modern slavery. This shift acknowledges that technology products can be misused to facilitate human trafficking. Despite efforts within the industry to prevent such misuse, through initiatives like Stop The Traffik and Tech Against Trafficking, criminals continue to exploit technology to lure, track, and oppress their victims, while also avoiding law enforcement detection.
* *Office and service sector risks:* Tech firms that do not supply hardware encounter the same risks as other UK office-based organisations. While a mid-size cybersecurity firm operating in a serviced office might face lower risks compared to an international consumer electronics business, it is essential to recognise that low risk does not equate to no risk. Any service they procure involving agency, immigrant, or low-cost labour (e.g. catering, cleaning and maintenance services) carries modern slavery risks. Furthermore, with the increasing demand and utilisation of AI-based solutions, there is a growing requirement for additional underlying infrastructure and awareness of how automated tools may exacerbate the risks of modern slavery.
* *End of life*: The waste sector has seen the highest number of modern slavery prosecutions, underscoring the importance for manufacturers to ensure that their waste disposal operators, especially IT Asset Disposal (ITAD) firms, do not engage in such practices. For manufacturers, the risks primarily revolve around illegal e-waste exports.

**How the sector addresses modern slavery**

For firms manufacturing high-tech ICT and consumer electronic products, there are multiple tiers within their supply chains. The direct supplier of an original equipment manufacturer is considered tier one, while the supplier's supplier is tier two, and so forth. Gaining comprehensive insight beyond tier two poses significant challenges due to the extensive network of factories producing small components, which often serve multiple manufacturers across various sectors. Nonetheless, companies are enhancing their transparency efforts, and techUK members employ various approaches to address modern slavery. Below are some common approaches:

* *Policies and procedures for supplies:* Policies, supported by codes of conduct and contractual terms (e.g. banning the use of recruitment fees), provide firms with the authority to enforce prohibitions against modern slavery. Translating policies and procedures into tangible actions can be challenging, but they establish expectations and empower firms to take decisive measures, including terminating relationships with suppliers involved in modern slavery should efforts to change behaviours and elevate supplier practices prove ineffective. It is important to highlight that immediate termination of contracts with suppliers facing modern slavery risks is seen as a last resort, as it could potentially be more harmful to victims of modern slavery.
* *Industry collaboration:* Bodies such as the Responsible Business Alliance share intelligence and audit costs, as well as disseminate best practice among members through a standardised Code of Conduct which specifies what risks of forced labour are not tolerated. techUK runs a Responsible Business Conduct Group to aid members with their responsibilities and compliance with the Modern Slavery Act via peer-to-peer statement workshops and sharing materials.
* *Changes to corporate governance:* Establishing a robust governance process that continually assesses, reviews, and adapts supply chains is essential. This process must be driven at the board level because increased transparency can uncover challenging decisions and discoveries that some companies may find unsettling. Discussions with the Board and Executive Committees are evolving from providing updates on regulatory compliance to engaging in more strategic dialogues regarding readiness for emerging legislation and trends. These discussions now encompass a broader understanding of how human rights intersect with areas such as climate change, technology, and geopolitics.
* *Supplier engagement:* When manufacturing complex products like TVs or semiconductors, it is common to have 5-10 tiers of suppliers (totaling thousands of suppliers), often located in high-risk areas. Cascading training, although no longer considered best practice, remains prevalent, alongside training and upskilling of tier 1 and 2 suppliers.
* *More auditing and spot checks:* During the COVID-19 pandemic, traditional auditing became challenging due to limited access, making it difficult for Directors to sign statements. Further, the changing geopolitical landscape has made it impossible for social and environmental auditors to operate in certain high-risk jurisdictions. However, members have reported that they have already implemented or plan to increase the number of spot checks, particularly in response to the Uyghur Forced Labor Prevention Act in the USA, which has significant market access implications for non-compliant firms.
* *Internal training and awareness:* While the quality and impact of training and awareness efforts may vary, engaging multi-functional teams in addressing modern slavery is crucial for achieving a comprehensive understanding and implementing effective mitigation strategies across the board.
* *Worker voice:* Apps, anonymous interviews, whistleblowing hotlines, and covert methods for providing feedback or expressing concerns to brands and management are becoming more prevalent. Websites like LaborVoices and grievance mechanisms such as RBA Voices are utilised to assess factories seeking employment, and many brands have implemented various channels for individuals to report concerns about factory conditions.
* *Developing tools to aid supply chain transparency:* Technology tools can play a significant role in facilitating supply chain transparency tools across various industries. Emerging technologies, such as AI, hold enormous promise in this regard. For instance, AI can assist firms in delving deeper into their supply chain partners through sub-tier mapping, assessing suppliers against compliance databases, and determining whether they pose a high risk.

**Answers to questions**

**1. The extent to which the Modern Slavery Act 2015 has been impacted by recent legislation.**

Since 2015, the UK has remained static with modern slavery reporting requirements. The UK has seen the adoption of three pieces of legislation that are broadly related to human trafficking and exploitation:

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| Online Safety Act 2023 | Includes provisions requiring online services to introduce measures to prevent their services being used as a platform to groom and exploit children. |
| Illegal Migration Act 2023 | Includes provisions about victims of slavery and trafficking, providing for the denial of protection and support, as well as deportation. |
| Procurement Act 2023 | Introduces grounds for mandatory exclusion of bidders that engage in labour market, slavery and human trafficking offences. |

While the Modern Slavery Act catalysed valuable guidance, such as the publication of PPN 02/23 by the Cabinet Office outlining how bidders for public sector contracts can conduct modern slavery due diligence, these efforts fall short compared to the advancements observed in other jurisdictions and across the industry as a whole.

The EU has established itself as a frontrunner in human rights (including addressing modern slavery risks) through various regulations, including the Corporate Sustainability Due Diligence Directive (CSDDD/CS3D), the Corporate Sustainability Reporting Directive (CSRD), Conflict Minerals Regulation, as well as the Forced Labour Regulation. These disclosure requirements go way beyond the UK Modern Slavery Act, and show an all-encompassing approach.

Other countries, notably Canada and Australia, have enacted legislation that follows a transparency approach but surpasses the requirements of the UK. New Zealand is also in the process of changing their law around modern slavery. Although the UK initially had a first-mover advantage, the delayed implementation in these other countries has provided them with the opportunity to evaluate what has and has not worked with the UK Modern Slavery Act and to build upon it.

The industry has also actively embraced voluntary reporting frameworks (e.g. KnowTheChain and Corporate Human Rights Benchmark) and standards (e.g. UN Guiding Principles on Business and Human Rights, ILO Fundamental Conventions, OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and BS 25700 Organisational Responses to Modern Slavery) to enhance transparency in supply chains and provide safeguards for potential victims of modern slavery.

**2. Whether the Act has kept up-to-date with developments in modern slavery and human trafficking, both within the UK and internationally.**

As evidenced above, the Modern Slavery Act 2015, introduced to Parliament over a decade ago, has not kept pace with significant advancements in technology, the evolving geopolitical landscape and legislative developments in other jurisdictions.

The Act has also failed to meet the needs of an increasingly prevalent culture of corporate transparency. Ethical practices and responsible sourcing that align with consumers’ values and investor expectations are becoming more and more relevant. In today's climate of heightened consumer and investor scrutiny, the absence of an updated legal framework for modern slavery due diligence could see the UK as a lower performing market for sustainability-minded funds.

Considering the above, the Modern Slavery Act 2015 is no longer suited to address the current needs and challenges, rendering it inefficient for its intended purpose. The global landscape has shifted towards rigorous sustainability reporting and due diligence standards, and the UK is yet to catch up with these trends.

**3. The efficacy of the provisions of the Act relating to supply chains.**

techUK will primarily focus on Section 54 regarding corporate transparency.

Although there are valid concerns about the perceived absence of sanctions and some companies merely fulfilling the minimum requirements for compliance, the "blank sheet of paper" approach (where firms need to proactively set out steps rather than respond to pre-prepared requirements) has compelled leaders in large businesses to take stock and think about the risks within their supply chains.

This method of detailing the actions taken has encouraged a more holistic approach, moving away from the ‘tickbox’ exercise that we know to be ineffective in other reporting laws. The £36m threshold is well understood, and the quality of reporting has improved as companies have gained maturity in their reporting processes.

However, firms are encountering challenges with certain aspects of Section 54. Although tracking progress against concrete metrics is considered key, demonstrating year-on-year improvements has proven to be difficult for some techUK members, and there needs to be flexibility for firms to disclose how they report on improvements or changes in approach year to year.

Furthermore, our members have found the requirement for the statement to be prominently displayed on the homepage to be ineffective. Some members have shared that the link to the statement on the homepage receives only single or double-figure clicks, while considerably more individuals access modern slavery performance information through a social sustainability/human rights section of a broader sustainability report. Reporting best practice is evolving too with many firms wrapping up modern slavery into a human rights impact assessment, which sees modern slavery being addressed as part of a wider human rights approach based on the UN Guiding Principles. Considering the increasing interconnectedness between human rights and sustainability issues, there is potential value in exploring the integration or merging of these two areas within corporate reporting frameworks, especially in view of the government working on developing UK Sustainability Disclosure Standards.

**4. The efficacy of the other key provisions of the Act, including definitions, sanctions, reporting, enforcement, and the statutory defence for victims.**

Designated organisations such as local authorities and the police could benefit greatly from improved utilisation of technology to pursue offenders, protect victims and support reintegration. However, the adoption of digital tools has been slow and public sector bodies have lacked the resources and knowledge to implement and use the tech, even when it has been made available.

Technologies like translation services, predictive analytics for anticipating where and when offenses may occur, and case management systems as victims move through the National Referral Mechanism (NRM) and interact with charities have been inadequately implemented.

It is essential for the government to recognise the transformative impact of technology on monitoring supply chains and ensuring transparency in business operations. The government should actively champion the integration of tools designed to detect human rights violations and incorporate them into its own systems (e.g. customs checks). By investing in and advocating for the widespread adoption of technology-driven solutions, the government could significantly enhance its capacity to combat human rights abuses and fortify transparency across various sectors.

**5. The role of the Independent Anti-Slavery Commissioner, including whether the post is sufficiently resourced, and the process of appointment.**

techUK has no view about whether the independence of the Commissioner is essential. However, engagement has been poor with the private sector on forced labour and supply chain risks. techUK hopes the newly appointed Commissioner is more open to private sector discussions as cross-industry collaboration in this area is crucial.

**6. Suggestions for improvements that could be made to the Act to help it to better achieve its aims.**

Although international developments and commitment to responsible business practices have pushed the tech industry to better monitor supply chains and address ethical concerns, the Modern Slavery Act 2015 needs to be updated to ensure the highest possible level of protection for vulnerable individuals and a fair and equitable playing field for all businesses.

Human rights should not be a mere ‘tickbox’ exercise. It is worth highlighting that a move towards a more prescriptive approach will inevitably lead to increased ‘tickbox’ approaches, which is why companies should be given a degree of flexibility.

Complex supply chains and human rights issues are global problems, and there needs to be a harmonised approach to due diligence and modern slavery across borders to amplify action. Regulatory enhancements should align with global standards, enabling companies to implement the most appropriate actions to address specific risks as needed.

While the government may view mandatory due diligence as burdensome, it is important to note that any company operating in the EU will be required to comply with the CS3D and report in line with CSRD standards. Consequently, UK firms may find themselves spending time and resources to comply with reporting rules that are not aligned with their own, while also meeting higher standards than those mandated in the UK. Furthermore, if jurisdictions like the EU set a new global standard, the UK might potentially become a destination for products that do not comply with more stringent laws.

In view of the above, we recommend the following revisions to the Modern Slavery Act 2015:

* Introduce an employee headcount threshold alongside the turnover threshold, making it applicable on an "and/or" basis.
* Require businesses to embed modern slavery due diligence into internal policies and risk management systems to prevent it from being a once-a-year activity. techUK members believe this approach will be very effective if aligned with international standards.
* Remove section 54(4)(b) which allows companies to report they have taken no steps to address modern slavery in their supply chains.
* Require businesses to explicitly state the time frame to which their modern slavery statement applies. That said, companies should have the flexibility to choose their preferred reporting timelines. Some techUK members expressed a preference for aligning their reporting with their fiscal years, the calendar year, or reporting deadlines in other jurisdictions (most commonly CSRD).
* Gradually introduce non-compliance measures (e.g. warnings and financial penalties) for companies that fall short in their modern slavery due diligence efforts. The government, NGOs, and the public should retain the ability to 'name and shame’ companies that neglect their obligations in combating modern slavery.