



Modern Slavery Act Reporting in the Agricultural Sector

Rights Lab briefing on the findings of a study by Andrew Phillips and Dr Alex Trautrim, October 2019ⁱ

Transparency in supply chains (TISC) reporting in the agricultural sector which is considered high risk for labour exploitation, has increased year on year, with 89% of agricultural companies falling within the scope of the UK Modern Slavery Act (MSA) publishing a statement in 2019. However, the quality of statements has decreased annually.

The poor quality of statements suggests a box-ticking attitude to obligations under Section 54 of the MSA. Without greater government enforcement and guidance on TISC reporting, this downward trajectory is likely to continue.

Key research findings

The findings show an increase in transparency in supply chains (TISC) reporting in the agricultural sector, but poorer quality of statements:

- 89% of UK agricultural companies that fall within the scope of the Modern Slavery Act's corporate reporting requirement had published a modern slavery statement by June 2019, compared to 50% in 2017.
- Only 46% of these statements were compliant with the requirements of the Act¹.
- Therefore, overall, only 41% of the agricultural sector is abiding by the terms of Section 54 of the Modern Slavery Act.
- The quality of content in agricultural companies' statements was low in 2017 but has worsened year on year.
- Poor statements demonstrate a 'tick-box' approach, providing only generic comments about zero tolerance to modern slavery with no indications of meaningful actions.

¹ Publishing a statement on the homepage of company's website that is signed off by a senior member of the company and approved by the board.

Why is this important?

Given the high risk of labour exploitation and modern slavery in the agricultural sector, it is of pressing importance that agricultural companies take meaningful steps towards ensuring decent labour standards.

Companies have the opportunity to communicate their efforts through modern slavery statements however the year on year reduction in the quality of statements indicates a failure to meaningfully engage with anti-slavery action or take their obligations seriously. Increasingly, companies appear to be taking a tactical, 'tick-box' approach to their responsibilities under the Act – with minimum compliance at 41%.

In the absence of mandatory reporting criteria and effective mechanisms for enforcement, section 54 of the MSA continues to have limited effect in encouraging supply chain transparency and positive business action in this area.

Recommendations for Business

For agricultural businesses in scope of Section 54:

- **Make use of available guidance for companies on meeting the requirements of the Act to improve performance.**
- **Publish a statement, with SMART targets, and strive for continuous, year on year improvement.**
- **Be honest and clear in your reporting, ensuring that reporting corresponds with your actions.**
- **Engage with and learn from the experiences of industry peers.**
- **Secure an internal champion for the issue of modern slavery, and engage senior leadership in this role.**
- **Use a risk-based approach to anti-slavery work, to focus efforts and improve the quality of actions taken.**
- **Increase efforts to measure effectiveness of anti-slavery efforts.**

For organisations doing business with agricultural businesses:

- **Set a good example in your own statement.**
- **Encourage and support your suppliers to comply with all requirements of the Act.**
- **Consider compliance with the Act in the tender decision making process.**
- **Take an active interest in their statement and the targets they have set themselves each year.**

Research overview

According to the International Labour Organisation, the agricultural sector has the fourth highest proportion of victims of forced labour worldwide. The characteristics of work in this sector – low-skilled, low-paid, and seasonal – create significant vulnerability to modern slavery and other forms of exploitation. Workers can be forced to work long hours for little pay, and have limited job security; tasks are easily replicable and therefore labourers are deemed easily replaceable.

This study assessed how the agricultural sector in the UK has engaged with section 54 of the Modern Slavery Act (MSA)ⁱⁱ, by reviewing compliance (existence of a modern slavery statement that meets provision's three requirements – visibility, sign-off and board approval) as well as quality of modern slavery statements. The research started in June 2017, and was repeated in June 2018 and again, in June 2019.

Reporting Trends

In 2017, 51% of agricultural companies had produced a statement, which increased to 67% in 2018, and 89% in 2018 (although that this fell to 77% when out-of-date statements were excluded). All aspects of compliance have increased since 2017, with the biggest improvement being seen in terms of visibility (92% of companies have a link to their statement from their homepage or an obviously accessible page). Companies' poorest performance was on the requirement for board approval (only 54% of statements in 2019 recorded that they were approved by the board).

Overall compliance

To comply with section 54 of the Modern Slavery Act, a company must have an in-date statement and must meet all requirements of the provision. Combining data on the number of companies reporting and the extent of compliance shows that **overall compliance has doubled from 19% in 2017 to 41% in 2019, but still less than half of companies are complying with the Act.**

Quality of statements

Statements were analysed and graded against the six content areas recommended in the MSA and in government guidance for modern slavery statementsⁱⁱⁱ: business and supply chain structure, policies, due diligence processes, risk and risk management, measured effectiveness and performance indicators, and staff training.

Due diligence processes remain the highest scoring area, whilst effectiveness and performance indicators remain the least well addressed area. Very few companies discussed an approach to assessing the effectiveness of what they are doing to address modern slavery. Disappointingly, companies that are coming late to reporting do not appear to have learnt from those who started earlier, and there are limited examples of companies seeking out and replicating examples of good practice in order to drive up reporting standards.

Improving compliance

Compared to three other high-risk sectors - food processing and packaging, mining, and the hotel industry –reporting in the agricultural sector was about average in 2017 i.e. around the 50% mark. However, if we compare rates of modern slavery reporting to another example of mandated corporate social responsibility (CSR), namely reporting under the 2010 Gender Pay Gap (GPG) Regulations^{iv}, modern slavery reporting falls significantly short.

GPG Regulations require companies with more than 250 staff to report gender pay gap data online. On day one of the first year of reporting, there was a compliance rate of 87% for GPG reporting, which is significantly higher than the 51% response rate in the agricultural sector in the first year of modern slavery reporting. Unlike reporting under the MSA, there are sanctions for non-compliance with GPG regulations: those who have not reported by the annual deadline are to be contacted by the Equality and Human Rights Commission and required to report within the month. Continued non-compliance can result in the company being named and shamed, as well as subject to court action and potentially unlimited fines. Furthermore, unlike the MSA, GPG regulations mandate a single public repository for organisations' data, there is a government list of companies required to report, and there are specific requirements on what should be reported.

Additional enforcement measures in the GPG Regulations seem to have motivated more companies to take action in this area. It is therefore sensible to consider the introduction of similar guidance and enforcement measures for reporting under the MSA.

Companies should endeavour to improve their efforts to tackle modern slavery in supply chains and aim to reflect that in their reporting.

ⁱ Agriculture and Modern Slavery Act Reporting: Increasing engagement but poor quality from a high risk sector. October, 2019.

<https://www.nottingham.ac.uk/research/beacons-of-excellence/rights-lab/mseu/mseu-resources/2019/september/agriculture-and-modern-slavery-act-reporting.pdf>

ⁱⁱSection 54 requires businesses with a turnover of £36 million or more to publish an annual modern slavery statement explaining what steps, if any, they are taking to address modern slavery within their operations and supply chains. Statements must be signed by a director, approved by the board and linked from the company's homepage.

ⁱⁱⁱhttps://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/649906/Transparency_in_Supply_Chains_A_Practical_Guide_2017.pdf

^{iv} The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Available <https://www.legislation.gov.uk/ukdsi/2017/9780111152010>