

***Modern slavery: how
to prepare a s54
statement***

Today's presenters



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Business and Management Faculty



ICAEW KNOW-HOW BUSINESS AND MANAGEMENT FACULTY

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Business and management

This section brings together the most up-to-date thought leadership, technical resources and professional guidance for ICAEW members in business. It also includes the more specialist information provided by ICAEW's Business and Management Faculty.



Need to know

- Business and Management Faculty**
The Faculty provides a mix of technical and soft skill resources to help members meet their CFO requirements and keep ahead of the changing world of business. Resources include our monthly magazines, special reports, quarterly briefings as well as our popular webinar and events programme.
- Coronavirus (COVID-19) hub**
Coronavirus is not just a world health emergency, it is an economic one too. The economic impacts are plain to see and emergency provisions are being made worldwide in an attempt to support individuals, business and anyone who depends them. ICAEW is monitoring the situation closely and collating resources as conditions unfold.
- Core Accounting and Tax Service (Bloomsbury)**
From May to October 2020 members in Bloomsbury have free access to Bloomsbury Professional's comprehensive online library, comprising over 60 titles from leading commercial law, tax and accounting subject matter experts.

ICAEW KNOW-HOW BUSINESS AND MANAGEMENT FACULTY

Commercial insight



EXPANDING THE CFO'S HORIZONS

SPECIAL REPORT
SEPTEMBER 2020

Tourism in the UK - post covid



How UK tourism should respond to lockdown lifting.

[Read article](#)

Articles

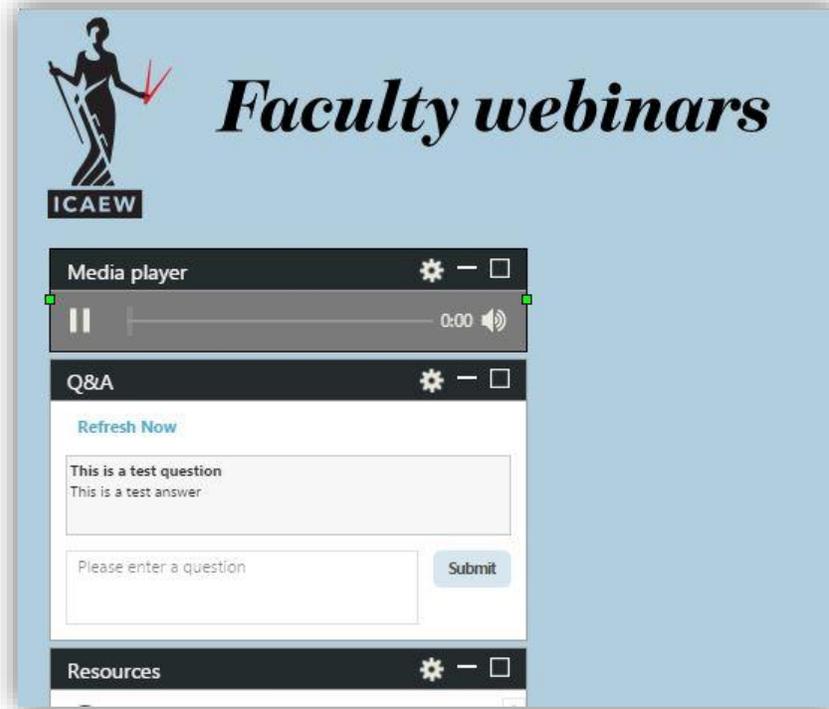
- > What is a post furlough world?
- > The future of agriculture
- > How to communicate better

Resources

- > PDF of July/August magazine
- > July/August technical update
- > View our past webinar recordings

icaew.com/joinbam

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PENTLAND BRANDS



ICAEW

~~Modern Slavery Webinar~~




Pentland

Today's talking **points**



Pentland Brands

Introduction to Modern Slavery

Modern Slavery Act (MSA) Requirements

MSA Future Requirements

Our First Modern Slavery Report

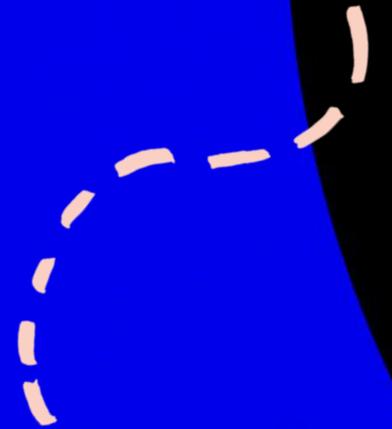
Case Study

Due Diligence

Continuous Improvement

Final Reflections

Building a family of brands
for the world to love generation
after generation



Our brands



SPORTS



World's leading swim brand

100% owned



World's leading rugby brand

100% owned



Team sports brand

100% owned

OUTDOOR



Outdoor performance brand

100% owned



Cycling apparel brand

85% owned

BRAND PORTFOLIO



Global lifestyle brand

Joint venture



Italian sports fashion brand

Worldwide ownership
(excluding Japan)



Sports fashion footwear

100% owned

LIFESTYLE



UK's leading brand of youth footwear

UK licensee



Californian casual brand

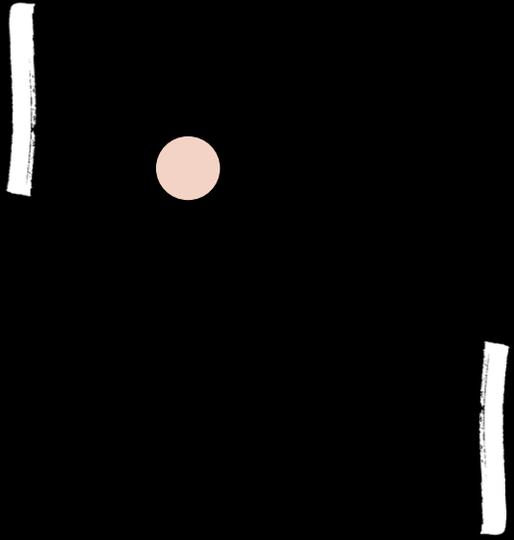
92% owned



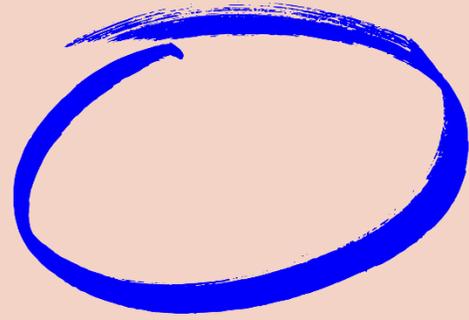
British fashion brand

100% owned

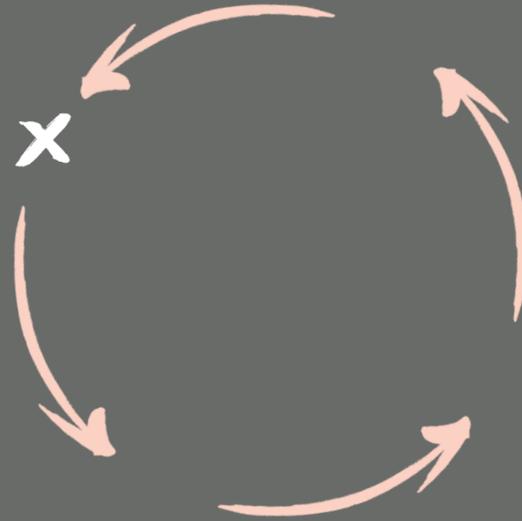
OUR PRINCIPLES



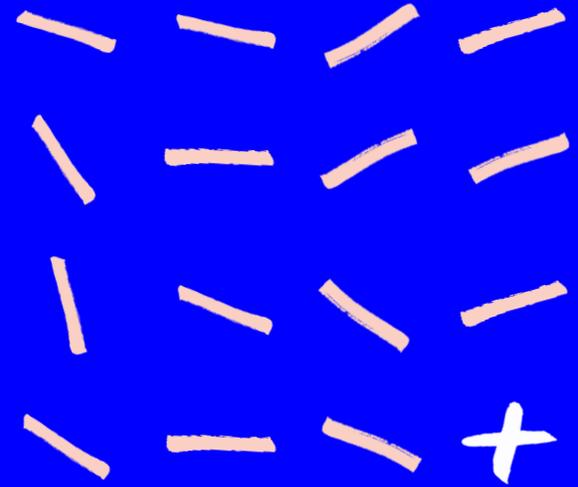
**SUCCESS IS
A TEAM GAME**



**WITH CLARITY
AND COURAGE**



**BETTER AS
STANDARD**



**IN GOOD
CONSCIENCE**

What is Modern Slavery?

“Modern slavery is an umbrella term that includes forced labour, debt bondage, servitude and human trafficking. The prohibition of forced labour forms Clause 1 of the ETI Base Code - Employment is freely chosen - as it is the most egregious labour rights violation. Forced labour describes a situation in which a worker performs work or services involuntarily and under a threat of some form of penalty. Modern slavery captures the most extreme forms of labour exploitation – one end of a spectrum, at the other end of which is decent work.”

[Ethical Trading Initiative](#)

What is Modern Slavery

Child Labour

The enforced exploitation of a child for their labour, for someone else’s gain

Forced Marriage

A marriage without the consent of one or both parties

Descent-based slavery

Those whose ancestors were enslaved and remain in slavery by descent

Bonded Labour

When a person is forced to work to pay off a debt

Forced Labour

Any work or service which people are forced to perform against their will

Human Trafficking

Transporting, recruiting or harbouring people for the purpose of exploitation

Prevalent Modern Slavery Risk

Of the types of modern slavery, these four are the most prevalent in our industry and require our attention so that we can mitigate them in our supply chains



Forced labour

Work or service which is exacted from any person under the threat of a penalty and/or not offered by himself/herself voluntarily.

Bonded labour

Work or service extracted from any person as a security against a loan or due to inheritance of debt from a relative.

Child slavery & child labour

Work or service extracted from any person under 15 years old/or below the minimum age of employment, where work interferes with full time schooling or harms their health and development.

Trafficked labour

Work or service extracted from any person through force, fraud or coercion.

Modern Slavery Act Requirements

Modern Slavery Act Requirements

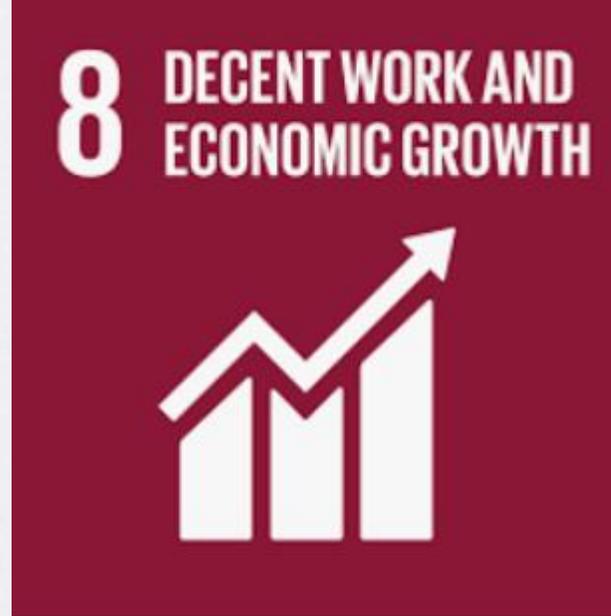
Your MSA Statement should cover:

- ✶ Organisation structure and supply chains
- ✶ Policies in relation to slavery and human trafficking
- ✶ Due diligence processes
- ✶ Risk assessment and management
- ✶ Key performance indicators to measure effectiveness of steps being taken
- ✶ Training on modern slavery and trafficking

Checklist

- ✓ **Be Transparent**
Disclose information about any modern slavery risks you have identified and what actions you have taken in response to them
- ✓ **Be Targeted**
Target your actions where they can have the most impact by prioritising your risks
- ✓ **Be Progressive**
Make year-on-year progress to address those risks and improve outcomes for workers in your business and supply chains

Modern Slavery Act Requirements



A commercial organisation is required to publish an annual statement.

Update your modern slavery statement every year

Publish your modern slavery statement on your UK website

Place the link on a prominent place on your homepage
You must provide a copy of the statement in writing to anyone who requests one within 30 days if you don't have website

Get approval from the board of directors

Your statement should clearly state that board approval has been given with the date of approval.

Keep previous statements on your website s

Your progress can be monitored.

Future Modern Slavery Act Requirements

Key points:

Mandates areas that modern slavery statements must cover – encompasses the existing voluntary areas

Introduces a single reporting deadline of 30th September

Extends section 54 of the Modern Slavery Act 2015 to public bodies. (threshold of £36 million).

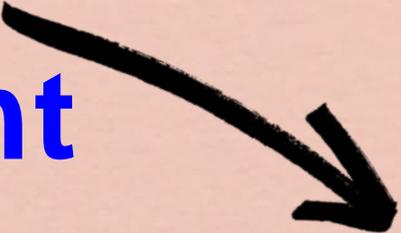
Transparency in Supply Chains Consultation

Mandates organisations to publish their statement on the Government-run reporting service.

Requires modern slavery statements to state the date of Board (or equivalent) approval and Director (or equivalent) sign off.

Requires public sector modern slavery statements to be signed off by the accounting officer, chief executive or equivalent role and approved by the senior management body

Our First Modern Slavery Statement



Our Ambition

Transparent

Show how we address modern slavery without shying away from issues

Informative

Provide information on our supply chain and share best practice

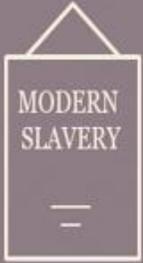
Comprehensive

Detail our supply chain and business set up and salient risks



How We Achieved It

1



Internal engagement and awareness with all employees regarding Modern Slavery.

Engagement

2



Modern Slavery training for all employees involved directly in supply chains and procurement.

3



Communicate stance to all suppliers, to ensure compliance and clarity on expectations around Modern Slavery.

Understanding

4



Report on our progress for managing Modern Slavery, showing due diligence.

5



Further develop our supply chains due diligence, human rights programme and auditing process.

Commitment

6



Develop a process of remediation and support for victims of Modern Slavery, in accordance to the companies operations and supply chain.

Case Study

Case Study: Thailand

Evaluated risk

The factory was identified by our assessment tool as high risk.

High proportion of international migrant workers

Modern Slavery Indicators found

Discussed with the factory who committed to fixing.

Enhanced factory investigation

Focused on the whole employee experience.





Collaboration for Change

Group interviews with middle management to review

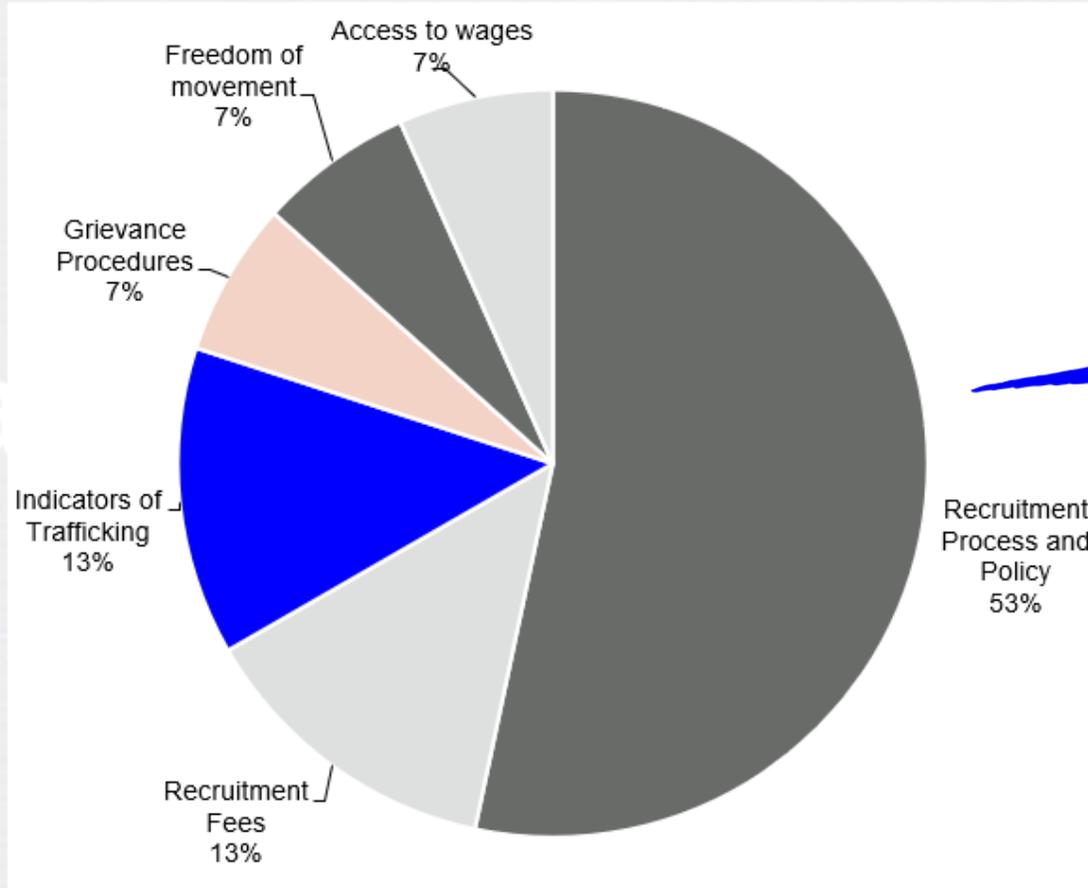
- Recruitment, selection and hiring (incl. use of recruitment agencies)
- Documentation and worker files
- Company documentation including:
 - Company policies
 - Employment contracts
 - Documentation and records
 - Any retained employee property

Worker interviews focused on:

- Understanding how the migrant workers were recruited, and how they journeyed from their home country to the factory.
- Understanding their working conditions and social habits.
- Asking migrants about what they expected when their contract came to an end.

Many migrants were on their second contract, so had factual experiences to report.

Case Study Thailand : Findings & Actions



Work with factory and NGO
implement a multilateral remediation plan

Reduce risk at country level
Training both staff and suppliers who all agreed to implement our migrant worker policy.

“As one of the founding members of ETI, Pentland continues to lead the way in its approach to modern slavery. Its last modern slavery statement was clear, honest and open about the nature of the company and the risks in its supply chain, and clearly demonstrated the steps it is taking to tackle one of the great human rights issues of our time. This is what good practice looks like, and I hope to see many more brands following Pentland's lead.”

Cindy Berman, Head of Modern Slavery Strategy, Ethical Trading Initiative

(commenting on our first Modern Slavery Report published in 2017)

External Response



“There are not many factories recruiting workers with zero fees [for workers]. Workers going to Castle Peak Holdings are doing very well as their recruitment costs, including passport, are covered by CPH. It would be good if all the factories could practice zero fees policies so workers can go without being in debt and can support their family better. We do hope that buyers, suppliers, and recruitment agencies can work together to make this happen.”

Due Diligence & Continuous Improvement

Embedding Due Diligence

Due Diligence ✓

Have a strategy

Learn from others

Collaborate

Keep the company engaged

Reporting ✓

Understand the purpose

Learn from others

Get feedback



Addressing business model or sector-specific conditions



Engaging with governments, NGOs and trade unions



Involving workers in finding solutions



Long-term, partnership-based relationships with suppliers



Local partnerships and collaboration



KPIs focused on impact rather than activity



Communication and transparency



Corrective action and remediation



Cross-functional committees



Due diligence

Continuous Improvement

Building these **good practice tools into your business** and supply chain can help **with continuous improvement year on year**

We have found **collaboration with others is key** to our own improvement. This can be informal sharing with among other companies or through formal programs of work.

Ensuring we have **responsible purchasing practices** is one area we are focusing on.

We know this is **very complex** and we don't have the resources to do this alone so we have joined ACT to help us with this.



Remember it is used by others in evaluating your business

You can use it to evaluate others

Final Reflections

- X** Make it part of Business as Usual
- X** Collaborate with others
- X** Seek out examples of Best Practice
- X** Use the MSA to help you with due diligence
- X** Follow the spirit of the Modern Slavery Act not just the letter of the law



THANK YOU



Website: www.pentlandbrands.com

LinkedIn: <https://www.linkedin.com/company/pentland-brands>

Instagram / Twitter: @pentlandbrands, @pentlandjobs

WeChat: PentlandAsia



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60 minute webinars – 10.00am

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Building an innovative team

7 July

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14 October

20 minute webinars – 12.30pm

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24 March

Data valuation: the key to more value creation

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Managing bribery and corruption in a downturn

12 May

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fear again*

21 September

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14 September

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