



Modern Slavery Unit,
4th Floor, Peel Building,
2 Marsham Street,
London, SW1P 4DF

By email: supplychainconsultation@homeoffice.gov.uk

19th September 2019

Dear Sir / Madam,

Re. Transparency in Supply Chains Consultation

The British Private Equity and Venture Capital Association (“BVCA”) is the industry body for the private equity and venture capital industry in the UK. With a membership of over 750 firms, the BVCA represents the vast majority of all UK-based private equity and venture capital firms, as well as their investors and professional advisers. Over the past five years (2014-2018), BVCA members have invested over £38bn into nearly 2,800 companies based in the UK. Our members currently back around 4,330 companies, employing close to 1.6 million people on a full-time equivalent basis (“FTEs”) across the world. Of these, around 843,000 FTEs are employed in the UK. Of the UK companies invested in during 2018, around 87% were SMEs.

This submission has been prepared by the BVCA’s Legal & Accounting Committee, which represents the interests of BVCA members in legal, accounting and reporting matters relevant to our industry.

We are broadly supportive of the policy aims that are addressed by the Modern Slavery Act 2015 and our members are also generally supportive of transparency and narrative reporting obligations that are appropriate and proportionate.

We have limited our responses to those questions that we believe are of particular relevance to our members.

Q2. Would mandating the areas that statements must cover encourage organisations to take effective action? Please explain your answer and include details of any alternative proposals to encourage further action.

In our view the current requirement to report on the basis of six suggested areas seems to be fit for purpose and this suggested framework provides organisations that are seeking to demonstrate their efforts and policies sufficient guidance to do so. Mandating that reporting on specific topics is compulsory is unlikely to have a material impact on encouraging actual effectiveness and could have a disproportionate reporting burden on companies whose exposure to this risk is more limited. In particular there are certain topics on which reporting may be unduly burdensome (see response to question 3(a)).

Q3(a). If the legislation was amended to mandate the areas that statements must cover, which of the six areas currently set out in Home Office guidance should be required?

- A. Your organisation's structure, its business and its supply chains;**
- B. Your organisation's policies in relation to slavery and human trafficking;**
- C. Your due diligence processes in relation to slavery and human trafficking in your business and supply chains;**
- D. The parts of your business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps taken to assess and manage that risk;**
- E. Your effectiveness in ensuring that slavery and human trafficking is not taking place in your business or supply chains, measured against any performance indicators as considered appropriate;**
- F. Training and capacity building about slavery and human trafficking available to your staff.**

If the six areas set out in the Home Office guidance were to become compulsory, we consider that it would be appropriate to limit those mandatory areas to A, B, C and F. These are areas which we consider organisations can describe and publicise without undue burden.

Section D requires organisations to explain the parts of their business and supply chains where there is a risk of slavery and human trafficking taking place and the steps taken to assess and manage that risk. It may be that the disclosure of these steps is counterproductive to ensuring the adequacy of such steps and therefore we consider that this area should be a suggested area for reporting only, so that organisations can adapt appropriately to their risk profile, size and sensitivity.

Section E requires reporting on the effectiveness of ensuring that slavery and human trafficking is not taking place, measured against any performance indicators as considered appropriate. This appears to us to place an undue burden on organisations, who may not have the resource and expertise to report on this and may be required to incur significant costs in making this assessment. Reporting itself gives rise to potential liability and a duty of care and while we understand the need for transparency, imposing a mandatory public reporting requirement on the efficacy of policies imposes unnecessary additional burdens and unrelated liabilities on companies which are disproportionate to the aim of facilitating transparency. As such we consider this should not be a mandatory topic.

Q3(b). Are there any further areas not mentioned above that should be required? If yes, please state which.

We do not consider that any additional areas are required.

Q3(c). Should any of the six suggested areas (and any additional areas suggested) be combined? Please explain your answer.

No, we do not believe any of the six suggested areas should be combined.

Q4. Should organisations be able to choose not to report on one or more of the required areas if they provide an explanation of omitting this area? Please explain your answer.

As explained in our response to 3(a) we consider that certain areas should not be mandatory and their omission should not require any specific explanation.

Q5. Would organisations face any challenges if it became mandatory to report on specific areas? If so, what would you consider these to be?

See response to Question 3(a). We consider there may be some risks in disclosing transparently all the steps taken as required by D. Further we consider that ensuring any report on E is thorough and wholly accurate would involve additional cost and burden, which might be disproportionate and give rise to additional liabilities for business.

Q6. Would there be any challenges associating with requiring organisations (including businesses) in scope of the Act to publish their modern slavery statement on the Government registry? Please explain your answer.

We do not consider that this would impose any additional challenges.

Q7. In addition to the ability to publish and view modern slavery statements, which features should a central registry should include?

- A. Modern slavery statements are accessible automatically through an application programme interface (for example, to support analysis by third parties)**
- B. Organisations who have reported are available as a downloadable list**
- C. Guidance to help organisations to prepare more effective modern slavery statements**
- D. Guidance to help consumers better understand modern slavery amendments**
- E. Functions to enable easier comparison of modern slavery statements**
- F. Any other features – please specify**

We have no particular view on this question, although consider that features C, D and E may be helpful in achieving the aim of transparency and assisting consumers and other to compare and benchmark statements. We consider that “best practice” guidance would be preferable.

Q8(a). Would establishing a single reporting deadline make the reporting process clearer for organisations captured by the legislation?

We consider that the disadvantages of imposing a single reporting deadline outweigh the potential benefits for the public at large and achieving the aim of the legislation. Companies in the UK must comply with extensive narrative reporting obligations. Enabling organisations to determine when is least burdensome for their own organisation (taking into account other reporting requirements, their business cycle and other factors) will encourage better quality reporting.

Q8(b). If you are an organisation required to publish a statement, what would be the challenges of publishing on a single reporting deadline, including any additional resource or cost implication? Please explain your answer.

We consider that if a reporting deadline coincided may require companies to incur additional cost to facilitate compliance with this reporting requirement or may impact the quality of reporting.

Q8(c). Would single reporting deadline make it easier for external parties to scrutinise whether an organisation has published an up to date statement? Please explain your answer.

We consider that a requirement to update the statement on an annual basis would ensure comparability without imposing an undue administrative and reporting burden.

- Q9. If a single reporting deadline is introduced, which annual date should be used?**
- A. March 31 (most UK-registered companies' financial year end)**
 - B. 30 September (six months most UK-registered companies' financial year end)**
 - C. December 31 (the end of the calendar year)**
 - D. 30 June (six months after the end of the calendar year)**
 - E. 30 March for public sector organisations, and 4 April for other types of organisations (in alignment with Gender Pay Gap reporting deadlines)**
 - F. Other – please specify**

We do not consider a single deadline to be appropriate.

Q10(a). Should any variable penalty for failing to publish a modern slavery statement or failing to publish a fully compliant statement be capped at a maximum prescribed amount? Please explain your answer.

We consider that any penalty should be proportionate and capped at a reasonable amount reflecting the administrative nature of the reporting requirement.

Q10(b). If yes, what do you think the maximum sum should be? Please explain your answer.

See answer to Question 10(a).

The BVCA would of course be willing to discuss this submission with you further and, if you so wish, please feel free to contact Gurpreet Manku (gmanku@bvca.co.uk) at the BVCA.

Yours faithfully,



Amy Mahon
Chair, BVCA Legal and Accounting Committee