

Environmental and human rights corporate reporting law: will the recent developments enhance supply chain efficiency?

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Introduction

Corporate reporting about human rights and environmental issues is an increasingly important aspect of corporate transparency. Annual reports, sustainability reports, social reports and other publications of companies around the world frequently address human rights issues along with other social, economic and environmental practices of interest to stakeholders.¹ There is a global trend to move away from voluntary disclosure of non-financial information towards a stronger emphasis on mandatory disclosure.²

Recent developments have led to new perspectives on how human rights relate to businesses, with implications for reporting. There is pressure on companies not only to be more transparent and responsible but to build long-term resilience into their businesses. Reporting on environmental and human rights activities is not only important in order to comply with regulations but also to manage reputation. Being able to report on a long-term understanding of risks provides greater confidence to shareholders, investors and customers.³

There are many different legal and voluntary frameworks that cover environmental and human rights reporting. This article covers the key aspects of the EU Non-Financial Reporting Directive (NFR Directive) and the Modern Slavery Act 2015 (Act) and explores their impact on supply chain efficiency.

Trends in non-financial reporting

To provide some context for the development of the NFR Directive, when the EU proposal was published, the European Parliament, in its two resolutions on respectively 'Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth'⁴ and 'Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery' acknowledged the need to increase transparency

in this field and called on the Commission to bring forward the legislative proposal. The EU CSR strategy sets out an agenda for action, including 'improving company disclosure of social and environmental information'.⁵

The proposed purpose of the NFR Directive was:

- to increase the transparency of certain companies
- to increase diversity in boards of companies
- to increase the company's accountability and performance.

What does the NFR Directive cover?

Directive 2014/95/EU⁶ on disclosure of non-financial and diversity information entered into force on 6 December 2014. The EU is currently consulting on non-binding guidelines for reporting on non-financial information. The consultation will close on 15 April 2016.⁷

Those subject to the NFR Directive will be required to produce a non-financial statement containing information 'to the extent necessary for an understanding of a company's:

- development
- performance
- position and
- impact of a reporting company's activity relating to the following matters:
 - environmental
 - social policy
 - employees
 - respect for human rights
 - anti-corruption and bribery policies.

The statement will include:

- a brief description of the organisation's business model
- a description of the policies pursued in relation to the above-mentioned matters, including the due diligence processes implemented
- the outcome of those policies
- the principal non-financial risks listed above which are linked to the reporting company's operations including, where relevant and proportionate, a reference to:
 - business relationships

1 See eg D G Szabo, K E Sorensen 'New EU Directive on the disclosure of non-financial information (CSR)' *European Company and Financial Law Review* (2015 12(3)) 307–40; Y Biondi 'Better accounting for corporate shareholding and environmental protection' *European Company Law* (2014 11(2)) 129–32; P Ambrose 'Shift in EU's attitude to CSR' *Accountancy Ireland* (2013, 45(6)) 36–7.

See also Global Reporting Initiative <https://www.globalreporting.org/resource/library/Reporting-On-Human-Rights.pdf>.

2 http://www.ecciblog.law.ed.ac.uk/2014/10/26/recent-developments-in-sustainability-reporting/#_edn3.

3 <https://www.globalreporting.org/standards/G3andG3-1/g3-1-guidelines/Pages/Human-Rights-and-Reporting.aspx#sthash.Zb0FvEmq.dpuf>.

4 <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2013-0017+0+DOC+XML+V0//EN>.

5 EU 'Commission Staff Working Document on Implementing the UN Guiding Principles on Business and Human Rights – State of Play'.

6 <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0095&from=EN>.

7 http://ec.europa.eu/finance/consultations/2016/non-financial-reporting-guidelines/docs/consultation-document_en.pdf.

- products or services which are likely to cause adverse impacts in those areas
- how those risks are managed and
- non-financial key performance indicators relevant to the particular business.

Although the reporting is mandatory, flexibility is given to companies who pursue the 'comply and explain' approach.⁸

Where a company does not pursue policies in relation to one or more of these matters, it must provide a 'clear and reasoned' explanation for not doing so. Companies can rely on the UN Global Compact,⁹ the UN Guiding Principles on Business and Human Rights,¹⁰ the OECD guidelines for Multinational Enterprises¹¹ and ISO26000,¹² and they must disclose which framework they have relied on. The implication, therefore, is that companies will have to set up policies and procedures that meet the requirements of at least one of these frameworks.

Diversity requirements

Companies subject to the NFR Directive are also required to provide a description of their diversity policy, including, for example, aspects concerning age, gender, geographical diversity and educational and professional background. This information must be included in the corporate governance statement.

Where companies do not have a diversity policy they will be obliged to explain why this is the case.

Which companies are covered by the obligations?

The obligations apply only to large undertakings with over 500 employees and that are public interest entities. The requirements outlined in Article 19(a) also apply to public interest entities that are parent undertakings of a large group, 'exceeding on its balance sheet dates, on a consolidated basis, the criterion of the average number of 500 employees during the financial year' (inserted as Article 29(a)).

Some 6,000 companies are expected to fall subject to the NFR Directive's requirements.

What is a public interest entity?

A press release issued by the Council on 29 September 2014 defines public interest entities (PIEs) as companies including:

- listed undertakings
- banks
- insurance companies or
- undertakings that are of significant public relevance because of the nature of their business, their size or their corporate status.

The UK has not created any PIEs to date.

What about third party verification?

It will be mandatory for auditors to check that the non-financial statement has been provided. It is up to Member States whether they should 'require that the information included in the non-financial statement or in the separate report be verified by an independent assurance services provider'.

When will the NFR Directive become effective at national level?

Member States have until 6 December 2016 to transpose the NFR Directive into national legislation. Organisations falling subject to the legislation will only start reporting and need to be in compliance as of their financial year 2017. The UK Department for Business, Innovation & Skills issued its consultation on the NFR Directive in February 2016.¹³

How does the NFR Directive's requirements differ from the current UK standards on non-financial reporting?

The UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 require listed, large and medium-sized companies to report on their non-financial information, which includes environmental and social information. Only listed companies have to provide key performance indicators (KPIs) and information about human rights.¹⁴ There is therefore a possibility that a greater number of large companies will be caught by the provisions of the EU proposal, particularly in relation to reporting on human rights.

A further distinction will be that companies within the scope of the NFR Directive will need to disclose the outcomes of their policies as regards the matters they have to report on. There will be additional disclosure requirements for quoted companies trading on an EEA regulated market regarding diversity policies and the outcome of those policies.¹⁵ The table below highlights the issues that will need to be considered.

Questions to ask:

- Does the organisation in question have more than 500 employees?
 - Does the organisation in question constitute a large undertaking that is a PIE?
 - What policies does the organisation in question have in place to address environmental, social, human rights and bribery issues?
 - Does the organisation in question have a diversity policy?
 - Has the organisation considered how to get the report audited?
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8 <http://business-humanrights.org/sites/default/files/media/documents/eccj-assessment-eu-non-financial-reporting-may-2104.pdf>.

9 <https://www.unglobalcompact.org/what-is-gc/mission/principles>.

10 http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf.

11 <http://www.oecd.org/corporate/mne/>.

12 <http://www.iso.org/iso/home/standards/iso26000.htm>.

13 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/500760/BIS-16-35-non-financial-reporting-NFRDirective-consultation-February-2016.pdf.

14 See guides on the regulatory requirements for UK Companies at www.clt-envirolaw.com.

15 <https://www.frc.org.uk/Our-Work/Codes-Standards/Accounting-and-Reporting-Policy/Clear-and-Concise-Reporting/Narrative-Reporting/EU-NFR-Directive-on-non-financial-reporting.aspx>.

The purpose of the reporting requirements of the Companies Act 2006 and the NFR Directive are different. The purpose of the reporting requirements under the Companies Act 2006 is to inform members of the company and to help them to assess how directors have fulfilled their duty to promote the success of the company (section 414C(1)). The purpose of the NFR Directive is to provide a statement containing information to the extent necessary for an understanding of the company's development, performance, position and impact of its activities (Article 19a(1) and Article 29(1)). The different purposes are arguably aimed at different stakeholders and will impact how the reports are produced.

Although the EU framework is broadly similar to the current UK framework as set out in the Companies Act 2006, the NFR Directive requires that the non-financial statement discloses the principal risks linked to the company's operations. This should include 'where relevant and proportionate, its business relationships, products and services, which are likely to cause adverse impacts'. Environmental risks should be disclosed where they are likely to cause adverse impacts. This differs from the Companies Act 2006's requirement to include 'analysis using financial and other KPIs' (section 414C(4)–(6)).

The 2013 strategic reporting regulations in the UK introduced a requirement for quoted companies to report on their GHG emissions. Companies must include information about the annual quantity of emissions in tonnes of carbon dioxide equivalent resulting from the purchase of electricity, heat and steam or cooling by the company for its own use. The NFR Directive does not require companies within its scope to report on this information.

Reach outside Europe

Those larger companies that do not have their headquarters situated within the EU will be impacted by the mandatory reporting requirements. This is also true for companies based outside the UK that are subject to the requirements of the Modern Slavery Act 2015. Non-EU headquartered corporations that do business in the EU through local subsidiaries will need to consider whether the parent company or each subsidiary will be responsible for reporting. Under the NFR Directive, subsidiary undertakings are exempt from mandatory reporting if they are covered by a consolidated statement.¹⁶

That the increased emphasis on how non-financial factors can influence the long-term sustainability of a company is not only reflected by the NFR Directive but in increasingly targeted legislation aimed at tackling abuse of human rights in organisations and their supply chains. The Modern Slavery Act that was passed in 2015 has established a benchmark for organisations tackling human rights abuses in their supply chains. The link between slavery and environmental destruction is beginning to be made.¹⁷ In many poor countries vulnerable families are pushed into

slavery as a result of environmental destruction¹⁸ and slave labour is also deployed in work that destroys the environment, for example illegal logging in the Amazon forests. This simply perpetuates the cycle of devastation. Therefore, understanding how issues are linked will help drive supply chain efficiency.

The UK Modern Slavery Act 2015: new disclosure on modern slavery

Slavery is not a thing of the past: it is in fact a very real global phenomenon facing the world today.¹⁹

The US Trafficking in Persons Report 2015²⁰ places a special emphasis on human trafficking. It is by no means a comfortable read. John Kerry, the Secretary of State for the US states that the report places a special emphasis on human trafficking in the global marketplace and that there is no time for complacency. A detailed study of the contents of the report immediately explain this approach.

The adoption of the Palermo Protocol²¹ is seen as being part of the efforts to combat human trafficking. The reality, however, is that whilst the fight against human trafficking intensifies, there are millions of people who continue to toil in appalling circumstances, 'exploited for the enrichment of others'.

There is an estimate in the report by the International Labour Organization that forced labour in the private economy reaps some US\$150 million in illicit profits each year.²² This figure has increased from a previous estimate of US\$32 billion prior to 2014. Do we need to do the maths? The billions that are lost in legitimate means of making money taint the purchases we make and corrupt the global economy.

Purpose of the Modern Slavery Act 2015

The Modern Slavery Act 2015 came into force on 26 March 2015. It is designed to address the problem of human trafficking and slavery in the 21st century. Section 54 sets out provisions regarding supply chain transparency. The transparency in supply chains (TISC) clause could have far-reaching implications for suppliers of goods and services. Following a consultation on the TISC section, in July 2015 the UK Government introduced a turnover threshold of £36 million. Subsequently, the government has published further regulations and guidance entitled 'Transparency in supply chains etc: a practical guide'.²³ The Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations (SI 2015/1833)²⁴ were passed in October 2015 setting out the reporting timescales and the turnover threshold. The relevant commencement order includes a transitional provision stating that the provision does not

16 <http://www.environmentalleader.com/2015/08/06/impact-of-the-eu-NFRDirective-on-non-financial-reporting/>.

17 <http://www.sedexglobal.com/is-climate-change-a-human-rights-issue/>.

18 <http://www.theguardian.com/global-development/2015/nov/13/perpetrators-modern-slavery-devastating-environment-deforestation-pollution>.

19 See further the author's article in *The Environmentalist* (15 January 2016).

20 <http://www.state.gov/j/tip/rls/tiprpt/2015/index.htm>.

21 <http://www.osce.org/odihr/19223?download=true>.

22 <http://www.ilo.org/global/topics/forced-labour/lang-en/index.htm>.

23 <https://www.gov.uk/government/publications/transparency-in-supply-chains-a-practical-guide>.

24 <http://www.legislation.gov.uk/ukdsi/2015/9780111138847/regulation/1>.

have effect in respect of a financial year ending before 31 March 2016.²⁵

The advent of the legislation follows the implementation of the California Transparency in Supply Chain Act of 2010 and the mounting demand for companies to improve working conditions in their supply chains. However, the Modern Slavery Act 2015 was the first to apply disclosure law to the issue of trafficking and slavery in commercial supply chains in the UK.²⁶

Who will be subject to the legislation?

Commercial organisations carrying on all or part of a business in the UK and that supply goods or services with a turnover equal to or more than £36 million will be subject to the disclosure requirement. The legislation will apply to commercial organisations operating in the UK. The Act does not restrict the requirements to listed or large companies (ie, it is not aligned with the thresholds adopted in the Companies Act 2006). However, as the turnover threshold relates to global turnover, parent companies with subsidiaries doing business in the UK will have to consider their response to the Act. As under the NFR Directive, there are implications for parent companies.

Unlike the applicable provisions in the California Transparency in Supply Chains Act 2010, which is limited to retail and manufacturing businesses, the TISC section in the UK Act is not limited by sector or product.²⁷ Companies providing environmental services (large environmental consultancies and law firms) or producing environmental products will have to comply with the provisions of the Modern Slavery Act 2015.

The key requirements and enforcement provisions of the Act are set out to help companies that may have to comply with both the Act and the NFR Directive so as to establish commonalities.

How is slavery and human trafficking defined?

There is no single definition in the Act. The Act sets out what is meant by 'slavery' and 'exploitation' and defines the offence of 'human trafficking' if a person arranges or facilitates the travel of another person with a view of being exploited. The guidance sets out more detailed definitions.

For businesses, not having a single or clear definition may be a concern. From the challenges that have arisen in the environmental legal framework, trying to reach a uniform definition of what 'sustainable development' and 'sustainability' mean has not made things easy for businesses. The ongoing confusion that 'sustainability' is interpreted as meaning 'environmental issues' has not helped the proponents of 'sustainability' who seek to ensure that any business venture covered by the term will encompass both the social and the economic aspects of a company's objectives.

What must a 'slavery statement' include?

The legislation does not prescribe what exactly needs to

be covered in the statement. Section 54(5) highlights that the statement may include the following:

- (a) information about an organisation's structure, business and supply chains
- (b) its policies on slavery and human rights in relation to both its business and its supply chain
- (c) areas of risk and steps taken to assess and manage those risks
- (d) existing due diligence processes in relation to human trafficking and slavery in its business and supply chain
- (e) training made available and provided to staff
- (f) the effectiveness of policies and steps taken, including KPIs.

The guidance provides further information on the types of activities that could be included in each heading under Annex E.

Where must the statement be published?

The guidance suggests that the statement must be easily accessible and published where it is readily visible. This might seem unproblematic, but in some big companies there is the question of whether the statement must appear on the company's main home page. The guidance also suggests that there should be some signposting where subsidiary companies are featured as links to the home page of a big company. If a business does not have a website it must provide a copy of the statement to anyone who requests one in writing within 30 days.

Who approves or signs off the statement?

In addition, the legislation requires that the statement be signed off by those responsible for the business, for example, the board of directors.

When must the statement be published?

The Act requires that commercial organisations must prepare a statement for each financial year of the organisation. The Regulations have, however, included transitional provisions that provide that organisations with a financial year end from 29 October 2015 up to and including 30 March 2016 will not be required to make a slavery and human trafficking statement for the financial year 2015/16.²⁸

Enforcement: what are the implications if a business does not comply?

There is no personal liability for directors, unlike the disclosure provisions in the Companies Act 2006 where directors can be held liable for negligence in the event of providing false or misleading information. Directors who fail to take steps to complete a strategic report under the amendments to the Companies Act 2006 can also be guilty of an offence. Neither of these enforcement options exists under the provisions of the Act. The Secretary of State can bring civil proceedings in the High Court for an injunction or specific performance in Scotland.

²⁵ See further the author's article in *The Environmentalist* (15 January 2016).

²⁶ Chris Bayer 'Corporate compliance with the California Transparency in Supply Chains Act of 2010' *Supply Chain* 24/7 (2 November 2015).

²⁷ www.ct-environmental.com.

²⁸ http://www.legislation.gov.uk/uk/si/2015/1816/pdfs/uk/si_20151816_en.pdf.

What does the Act not address?

There is no reporting requirement equivalent to the obligation set out in the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.²⁹ As it stands, failure to provide the statement will not lead to personal liability for directors. Unlike the human rights reporting requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Act does not include the responsibility of directors in the governance structure for companies.

Issues for business: reporting timelines/parent and subsidiary companies

Businesses that have complex group structures will have to work out whether only the parent company must submit reports or whether subsidiaries are also caught. There is also some confusion over the extent to which subsidiaries or parent companies abroad are caught by the provisions of the Act. Arguably, if these overseas companies are a critical part of an obligated UK company's supply chain, the statement should cover the steps the company is taking to address any incidents of human trafficking and slavery outside the UK, as well as within it.

The implications of the Act in respect of the procurement function is currently being discussed internally by companies. It is recognised by the Danish Institute for Human Rights that understanding and monitoring a company's supply chain is key to determining whether the company is at risk of human trafficking and slavery in its supply chains.³⁰ The company should ensure that it does not contribute to any forced labour or bonded labour practices. This includes, for example, compulsory overtime, human trafficking and a lack of free movement. One of the mechanisms to monitor and enforce good practice is the inclusion of requirements or indicators in contracts. For example, one of the suggested indicators to include in contracts to ensure continuous compliance is to ensure that the company has a public commitment to promote the human rights standards of its suppliers.

How can developing a robust approach to the Act help companies comply with the requirements of the NFR Directive?

Where companies decide to ensure that they are going to take steps to demonstrate that they are addressing modern slavery or human trafficking in their supply chains, and to report on this, they should be developing policies and procedures to ensure that any disclosure can withstand public and internal scrutiny. Both the Act and the NFR Directive require that companies provide a description of their policies and, in the NFR Directive, the results of these policies.

Will these developments drive supply chain efficiency?

During the consultation phase of the Modern Slavery Bill consultees were asked to provide information on what

companies should be reporting on and what would represent good practice.³¹ Organisations made the point that transparency about an organisation's structure, business and supply chains would enable a better understanding of linkages of relationships, which would help to address risks and responsibility to control these risks.³²

The Act requires that organisations provide this information and the NFR Directive does the same thing. Both of these pieces of legislation require information about the companies' policies and due diligence procedures. It is arguable that sound policies are an indicator and precursor of good practice.³³ The UN Guiding Principles on Business and Human Rights advocate that business enterprises should undertake human rights due diligence 'in order to identify, prevent, mitigate and account for how they address their adverse human rights impacts'. Where organisations put in place robust policies and procedures this should lead to more transparency and ultimately drive supply chain efficiency. Multinational corporations that demonstrate a commitment to social responsibility and ethical practices have the power to transform their supply chains. The experience of Nike in the 1990s is a useful example of how failure to address responsibility in its supply chain led to a major drop in its earnings. There was a 69 per cent loss which caused a lay-off of workers.³⁴ Nike took several steps to improve conditions in factories in response to these threats.³⁵

The shortcomings of the NFR Directive

The NFR Directive contains a number of shortcomings.³⁶ The first is its limited reach, in that it only applies to a limited number of large EU companies. The European Commission had originally proposed that the NFR Directive should apply to 18,000 companies – both listed and unlisted – but the amended scope will now only cover about 6,000 companies, including the 4,200 large companies incorporated in the EU.

Other shortcomings are that:³⁷

- there is no criteria of determining 'principal risk'
- reporting on risks from supply chains and business relationships is required if 'relevant and proportionate' without further specification. This could lead to differing interpretations
- although companies are encouraged to report in accordance with international standards of their choice, these standards differ significantly in their purpose, content and definitions.

31 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/448200/Consultation_Government_Response_final_2.pdf.

32 www.corporate-responsibility.org/wp-content/uploads/2015/05/150507_CORE-response-to-Modern-Slavery-and-Supply-Chains-Consultation.pdf.

33 *ibid.*

34 <http://www.forbes.com/sites/dougghtrie/2012/03/09/building-sustainable-and-ethical-supply-chains/#1fd381695cf2>.

35 https://www0.gsb.columbia.edu/mygsb/faculty/research/pubfiles/3147/The%20Rise%20of%20the%20Corporate%20Citizen_Nikes%20Evolving%20Supply%20Chain.pdf.

36 <http://business-humanrights.org/sites/default/files/media/documents/eccj-assessment-eu-non-financial-reporting-may-2104.pdf>.

37 *ibid.*

29 <http://www.legislation.gov.uk/uksi/2013/1970/contents/made>.

30 <http://www.humanrights.dk/projects/public-procurement-human-rights>.

What does the future hold?

Although neither of these reforms to disclosure legislation is perfect, both of them open the door for change and future legislative developments in relation to non-financial issues. They will certainly enhance the drive for transparency in business, both in Europe and in the UK. The reforms should also be seen alongside the requirement that disclosure of human rights, social and environmental risks have become mandatory for large companies in the extractive industry.

The lack of information on a company's policies and due diligence may open up greater NGO action in this area and could possibly be used by victims of corporate misconduct to argue in legislative proceedings that the company in question was negligent and should therefore be liable for harm. The reforms in law may also increase awareness and discussion of human rights issues among senior management and boards of directors.³⁸

The Carbon Disclosure Standards Board³⁹ states that the directive will help investors by making 'more relevant information available from a larger number of European companies'.⁴⁰ It also believes that the NFR Directive should not be seen as a burden on companies but an opportunity to increase European companies' competitiveness in the longer term.

What should companies be doing?

CLT envirolaw has previously created a 10-step guide⁴¹ for companies on how to respond to the Modern Slavery Act 2015. These steps will be relevant to the NFR Directive in respect of human rights issues. They can also be extended to cover environmental issues.⁴²

- 1 Consider how a response to the 2015 Act/NFR Directive will fit within existing strategic objectives within the company, which may include adopting an approach to embed the UN Guiding Principles on Business and Human Rights.
- 2 Develop or update existing policies to address human rights issues, including slavery, forced and bonded labour, and human trafficking and environmental policies.
- 3 Identify relevant KPIs to monitor performance and help to ensure continuous improvement, for example:
 - 3.1 percentage and number of suppliers signed up to specific requirements included, for instance, in a code of conduct or contract

- 3.2 percentage and number of staff trained on the issue of human trafficking and slavery and environmental issues.
- 4 Work with relevant personnel to map the supply chain and determine where suppliers operate.
- 5 Identify the main areas of risk relating to environment, slavery and human trafficking: which of those countries and sectors pose a higher risk?
- 6 Ensure that all employees are made aware of the policies, the business risks associated with the incidence of human trafficking and slavery in operations and the supply chain and environmental breaches.
- 7 Develop or update any existing checklists, pre-qualification questionnaires and purchasing policies to require the procurement or purchasing department to engage with suppliers on environmental, slavery and human trafficking issues; for example, ensuring certain labour and environmental standards and good practices are being met, particularly in regions where there is a heightened risk of lack of enforcement of legal systems.
- 8 Develop or update supplier codes of conduct, tender requirements or any requests for proposals and supplier contracts to account for the issue of slavery, human trafficking and environmental issues, including, for example, requirements on meeting minimum labour and environmental standards in their supply chains.
- 9 Develop or update due diligence procedures to incorporate the risk of environmental issues, slavery and human trafficking to be engaged in any merger or acquisition or partnership or joint venture process.
- 10 Make training on human rights and environmental issues available to managers, employees and key suppliers.

Conclusions

Companies that are subject to both the Modern Slavery Act 2015 and the Non-Financial Reporting Directive who are beginning to 'take steps' under the requirements of the Act should be in a position to integrate their policies and procedures to address the legislative requirements under both pieces of legislation. This should create additional value to companies in general and help them to gain a better understanding of the risks they face and how these will need to be addressed. Strengthened disclosure practices will arguably have the potential to drive increased transparency about companies' impacts both internally and in their supply chains.

38 <http://shiftproject.org/article/pointing-way-forwards-non-financial-reporting>.

39 <http://www.cdsb.net/what-we-do/reporting-policy/eu-non-financial-reporting-directive>.

40 *ibid.*

41 <http://clt-envirolaw.com/?guide=10-steps-organizations-should-take-to-start-preparing-to-comply-with-the-uk-modern-slavery-act-msa>.

42 <http://clt-envirolaw.com/business-and-human-rights-e-learning-series-introduction-to-business-and-human-rights/>.