

# CORONAVIRUS INFORMATION & UPDATES

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## Spotlight on UK supply chains as UK authorities investigate lockdown working conditions

The UK National Crime Agency and other law enforcement agencies are considering whether to take action in respect of allegations of modern slavery and unsuitable working conditions in textile factories in Leicester, England. It has been suggested that these conditions have contributed to a spike in rates of transmission of COVID-19 in the city. In its public statement, the National Crime Agency noted “Tackling modern slavery is one of our highest priorities, and we are committed to working with partners across law enforcement, the private, public and charity sector to pursue offenders and protect victims wherever they may be.”

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At least one major UK clothing retailer has commenced an internal investigation in connection with apparent links to the factories identified. The statement by the UK National Crime Agency underscores that the potential for modern slavery in supply chains is not limited to manufacturing facilities in emerging markets. It also underscores the health risks to workers and society at large from modern slavery.

As we highlighted in our [alert](#) in May, the pandemic has brought new and heightened modern slavery risks for businesses. Among other things, UK and Australian authorities have indicated that businesses should take account in their modern slavery statements the particular ways in which COVID-19 may have exposed them to greater levels of risk, for example through (1) relationships with new or different suppliers to ensure continuity of provision of materials or to satisfy higher than usual demand, (2) restrictions on the ability thoroughly to audit suppliers and (3) changes to governance arrangements in relation to supply chain compliance.

The increasing focus on modern slavery in supply chains is part of the broader movement in many countries toward additional legislation to address human rights issues in supply chains. Earlier this year, a British think tank suggested the possible introduction of a new offence of failure to prevent human rights breaches (albeit without criminal sanctions attached to it). For full details, see our [alert](#). The focus on working conditions in UK factories during the COVID-19 lockdown also will reignite debate about whether or how to expand the scope of the UK Modern Slavery Act 2015 and to adopt similar requirements in other countries. There also is significant political impetus for legislative change in many jurisdictions to introduce additional mandatory reporting human rights due diligence requirements (see summaries in our alerts on proposals in [Norway](#) and [Switzerland](#) and at [EU](#) level).

Discussions about possible changes to legislation will continue. In the meantime, it is likely that various UK enforcement authorities will remain focused on working conditions in manufacturing settings in particular. This is important not only for those manufacturers but also for those they supply. Section 54 of UK MSA requires that boards of all commercial organisations doing business in the UK with annual revenues of more than £36 million approve the annual modern slavery statement describing steps taken to ensure that slavery and human trafficking is not occurring in their supply chains or businesses. If investigations reveal that modern slavery, health and safety or other offences have been committed in the factories of manufacturers, questions are likely to follow about how much those in charge of the companies they supply knew or ought to have known about those breaches.

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