

Supply Chain Due Diligence

Releasing growth, backing business and ending forced labour

Forced Labour Reform Proposal

- **Built with businesses:** The Independent Anti-Slavery Commissioner (IASC) has written to the FTSE 100 to understand how forced labour regulation affects them in other jurisdictions and what they want to see in the UK. The IASC has held interviews and roundtables with them, engaged with Small and Medium Enterprises (SMEs), Trade Unions and Parliamentarians.
- **A global view:** The IASC has also spoken to international partners in the EU, Australia, Canada, and the United States who already have or are developing similar legislation in this space.

Why the change is needed

- The Government wants to make the UK the best place in the world to do business.
- Supply chains are the lifeblood of our global economy, but UK businesses are being undermined by forced labour in these global systems, denying human dignity, flooding markets with ethically questionable goods and eroding economic resilience.
- Global advanced economies have started to close the door – and now IASC is responding to calls from businesses by proposing an alignment of the UK's labour regulatory framework with international partners as part of a proposal on how the Government can tackle forced labour in supply chains.
- By defending a level playing field and setting the standard in the enforcement of supply chain due diligence, the Government has an opportunity to make a bold statement - backing UK businesses and setting the stage for strong UK economic growth in a global system of trade.

Why legislate against forced labour

1. Growth is threatened by structural drag on the UK economy

- **Exploitative supply chains are anti-growth:** Modern Slavery costs the UK an estimated £60 billion each year—around 2 per cent of GDP. This is not simply a moral or social issue; it is fundamentally an economic one. The average cost to each region is £92.8 million (England), £67.8 million (Wales), £65 million (Scotland), and £62.3 million (Northern Ireland).
- **UK businesses need protection:** The UK currently imports approximately £20 billion worth of goods each year that are at risk of being produced through forced labour. Once the EU's import ban comes into effect in 2027, the UK risks becoming a dumping

ground for goods tainted with forced labour, which would undercut responsible British businesses.

- **Unfair competition is unsustainable:** This proposal safeguards UK PLC from unfair competition while aligning with the Government's central objective of driving sustainable economic growth.

2. Business needs clarity in a fragmented legal and regulatory landscape

- **Disparate regulation:** The existing system is a patchwork of inconsistent rules—currently scattered across different public bodies, from NHS procurement to Great British Energy's due diligence requirements - a single, clear, UK-wide standard is needed.
- **Legal uncertainty:** Businesses want robust enforcement within a clear and predictable compliance environment without fear of unfair liability or disproportionate penalties.
- **Uneven playing field:** Responsible UK companies are put at a competitive disadvantage by foreign rivals profiting from forced labour and human rights abuses in their value chains.

3. Workers need protection from exploitation the UK will not accept goods made with child or forced labour at home or abroad.

- **Products associated with endemic forced labour:** The Government needs to be empowered to impose targeted restrictions on certain goods where there is high risk of them being made with forced labour.
- **Justice for Victims:** Victims deserve remediation and a right to bring legal claims against those responsible for harm.
- **Workers have no voice:** Exploitation is currently neither prevented nor addressed through accessible, rights-based channels. Businesses have no incentive to engage meaningfully with affected workers or to have meaningful grievance mechanisms.

Next Steps

- The IASC will submit their proposal to the Department of Business and Trade and the Cabinet Office. This will also help inform the direction of the Responsible Business Conduct Review.
- The proposal also includes model legislation to be adopted in the next King's Speech which has been done in collaboration with the law firm Omnia and charity Unseen.
- To book a meeting in with the Independent Anti-Slavery Commissioner contact: Kathryn.Parkinson2@iasc.independent.gov.uk