

SUPPLY CHAIN VIGILANCE AND TRANSPARENCY



Many retail companies, particularly in the Fashion & Beauty sector, will source products overseas in emerging markets. However, increased scrutiny from consumers, competitors, customers, activists and the media means that retailers need to pay extra attention to the composition and behaviour of their supply chain. Integrating sustainability and vigilance into your partnership with suppliers is a progressive way to protect your business and respond to consumer views.

- ▶ In recent years, corporate social responsibility and the visibility retailers have over their supply chains came into sharp focus with consumers and governments signalling that turning a blind eye will no longer be acceptable practice.
- ▶ Section 54 of the Modern Slavery Act came into force in October 2015. This requires that businesses which have a turnover above a threshold of £36 million make a public statement setting out the steps that they are taking to ensure modern slavery and human trafficking are not taking place in their business or supply chains.
- ▶ There are no specific penalties in the Act. However, the wider impact of activists or journalists uncovering that a business has failed to publish a statement or that the statement is false (particularly as it must be approved by a company's board and signed by a director) could be serious for a business.
- ▶ Under the UK Bribery Act 2010, UK businesses can be held liable for bribery committed on their behalf anywhere in the world. Failure to take adequate steps to prevent bribery can result in criminal liability, fines and public embarrassment.
- ▶ Environmental concerns, such as the sourcing of materials, use of toxic chemicals and pollution control, are also increasing in importance with businesses investigating how sustainability values can be incorporated into their supply chains.
- ▶ tier suppliers but also suppliers of raw materials and processes, and identifying any risk areas.
- ▶ Businesses should develop Codes of Conduct and when engaging new suppliers undertake due diligence to flag any prospective issues.
- ▶ Your standards in respect of labour and working conditions, environmental protections, product quality and safeguards against bribery and corruption should be included in the supply agreement with a right to undertake without notice audits.
- ▶ Codes and contracts must not be seen as simply paying lip service to the issues. Regular audits should be undertaken and records retained of findings and any remedial steps directed with follow up to ensure that they have been implemented. If a supplier continuously breaches and/or disregards its obligations then ultimately it may not be the right partner
- ▶ Supply chain vigilance should be seen as partnership with suppliers and a part of building a strong long lasting relationship. With practices becoming standard across the industry key partners should not see such terms or requirements as being unreasonable or unnecessary.

Leading practice with a full advisory offering handling all issues facing the retail sector. Stands out for its extensive expertise in national and international corporate transactions

How we can help

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| <ul style="list-style-type: none">▶ Advising and drafting Codes of Conduct and Supplier Best Practice Manuals.▶ Advising on the preparation and wording of statements under the Section 54 of the Modern Slavery Act.▶ Choosing and supervising the right local lawyers for you, asking them the right questions and delivering premium, consistent output.▶ Providing regular updates on macro-environmental factors and legislative change in-country, as required▶ Working collaboratively with your other advisors to provide joined-up and actionable advice and guidance | <ul style="list-style-type: none">▶ Implementing good governance systems and protocols▶ Specialist Global Investigations team with experience advising companies with the UK's anti-corruption legislation, including the preparation of internal policies and procedures and training.▶ Assistance in supply chain mapping and risk assessment▶ Training on key areas for vigilance within a business.▶ Using on-market precedents and approaches▶ Sharing industry know-how and market practice |
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Who to contact

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