

Government issues new modern slavery guidance on supply chain transparency

Jon Tuck, Partner, and David Yadid, Senior Associate, at Baker McKenzie LLP explore the new government guidance on modern slavery compliance in the supply chain

In December 2024, the House of Lords Modern Slavery Act 2015 Committee published a report evaluating the Modern Slavery Act. It concluded that, once world-leading, the UK had 'fallen behind' in its approach to modern slavery, and called for updates to the government's guidance on drafting a modern slavery statement. In response, the Home Office issued a revised version of its statutory guidance 'Transparency in Supply Chains' on the 24th March 2025.

This marks the first full revision of the guidance in nearly a decade, following its original publication in October 2015. Whilst it is important to note that the underlying legislation remains unchanged, the updated guidance is a product of decade-long advancements in corporate responsibility, supply chains and human rights due diligence.

In this article, we examine the current legal framework under the Act, unpack the key changes introduced by the new guidance, and consider their implications for businesses – including developments around remediation, the role of artificial intelligence (AI), and the growing momentum toward legislative reform.

Who must comply and what is required?

Section 54 of the Modern Slavery Act 2015 requires commercial organisations of a certain size to publish an annual modern slavery statement within six months of the end of their financial year. This must be both approved by the board of directors (or equivalent management body) and signed off by a director.

In short, publishing a statement is compulsory for any organisation that:

- carries on a business or part of a business in the UK;
- supplies goods or services; and
- has an annual turnover of £36 million or more.

The statement must set out the steps the organisation has taken during the financial year to prevent modern slavery and human trafficking in its supply chains and operations.

Beyond this, the legislation does not mandate the specific content a statement should contain, nor does it prescribe its structure or quality. This sets it behind more progressive modern slavery regimes such as Canada, Australia or France. For example, in France, companies must implement a 'vigilance plan', which must report on certain specific areas but also places a legal duty on businesses to take preventative and remedial action to address modern slavery risks.

The Modern Slavery Statement Registry

Reporting entities must publish their modern slavery statement on a prominent page on their website. However, the updated guidance encourages all organisations to also upload their statements to the government's online registry (the Home Office Modern Slavery Statement Registry), calling it "a powerful tool for transparency, bringing together modern slavery statements in one place".

Whilst this remains entirely voluntary, it could foreshadow a future mandate to report through the central registry in line with the House of Lords Committee's latest recommendations. This would see the UK following in the footsteps of Australia, where, since 2019, reporting entities have been legally required to send their statements to the Attorney General's Department for publication on a central online register.

Spotlight on compliance

Under Section 54(11) of the Modern Slavery Act, the Secretary of State has the power to apply to the High Court for an injunction (or in Scotland, for specific performance) against organisations that fail to publish a modern slavery statement.

However, as acknowledged in the government’s official response to the House of Lords Modern Slavery Act Committee Report:

“This power has not been used to date due to the cost to the taxpayer of seeking injunctions and the difficulties assessing compliance within the current legislative framework”.

The revised guidance offers some of the clarity that has previously been lacking and, in doing so, is a step towards making enforcement more viable. That said, it would be a jump to suggest that this is likely to lead to any imminent enforcement action in the absence of further legislative reform, particularly in light of the estimated scale of non-compliance.

Nonetheless, compliance (or the lack thereof) is moving into the spotlight. The Home Office is taking a more active role, now offering a dedicated point of contact in the revised guidance to assist with reporting queries, which was absent before.

In addition, the House of Lords Committee has recommended the introduction of proportionate sanctions, including financial penalties, for organisations that fail to comply with their duties under the Act, as well as the creation of a dedicated enforcement body.

Together, these developments point not only to a growing enforcement arsenal, but also to a more involved

government that may be increasingly prepared to use it.

Structure – a levelled approach

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As with the 2015 guidance, the new guidance addresses the six main content areas a statement may cover per Section 54(5) of the Modern Slavery Act:

- organisational structure;
- policies;
- assessing and managing risk;
- due diligence in relation to modern slavery (including approach to remediation);
- training; and
- monitoring and evaluation.

Notably, however, the new guidance offers a more structured approach in addressing each

of these areas by categorising disclosures into different levels.

Take, for example, the section on organisational structure:

Level 1 – Companies are advised to describe their structure (e.g., size, countries of operation, trading entities) and give an overview of their supply chains (e.g., countries of supply, how goods/services are sourced, produced, and distributed).

Level 2 – In addition to the Level 1 disclosures, companies are encouraged to provide detailed supply chain mapping (e.g., distinguishing

long-term partners, contracts and spot purchases, and detailing which operations are direct versus outsourced).

Companies can use these levels to distinguish between what is essentially ‘good practice’ and ‘leading practice’.

This levelled approach reflects a policy shift towards continuous improvement where businesses are encouraged to identify areas of strength or weakness, assess their progress against Key Performance Indicators, and act to improve year-on-year. It is therefore unsurprising, that the new guidance is far more prescriptive than its predecessor, which only offered a limited set of disclosures a company ‘could make’.

Remediation and stakeholder engagement

The inclusion of “remediation” within the due diligence mentioned above is another notable addition in the new guidance. It is suggested that companies outline their remediation measures and explain the outcomes of any remediation efforts, including whether remedies were satisfactory to victims of modern slavery.

In the old guidance, remediation was mentioned in passing; there was advice on providing remedies to victims, but it was not a defined part of what to report in the statement. To comply with both the ‘letter and spirit’ of the new guidance, it is evident that victims’ voices should be at the heart of remediation efforts.

As the guidance itself states:

“There is no ‘one size fits all’ approach to remediation. It is imperative to seek the perspectives of individuals affected by the harm or their representatives to understand and decide on the appropriate remedial action. The individuals who have experienced harm, and their satisfaction with the remedy offered should be at the centre of the organisation’s approach. This is why in some cases it may be more appropriate to ensure remediation of harms and better

(Continued on page 4)

(Continued from page 3)

standards for workers over contract termination which could increase worker vulnerability to exploitation”.

More broadly, this ties in with a greater push for stakeholder engagement.

The guidance recognises modern slavery as a systemic issue, one that cannot be addressed by individual businesses acting in isolation. In the organisational policies section of the guidance, businesses are encouraged to identify which stakeholders they have engaged with in order to develop and implement their modern slavery policies.

The guidance also helpfully provides supporting resources, linking an interactive map from ‘The Responsible and Ethical Private Sector Coalition’ of organisations that may be able to support with anti-slavery activity.

International framework alignment

The guidance explicitly aligns itself with international frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Responsible Business Conduct. Established in 2011, these have been hugely influential pieces of soft law.

Whilst the old guidance did mention the UNGPs in passing (as a voluntary reporting framework) and listed them as resources, it was not a prominent feature. The new guidance, by contrast, links each section of its guidance to these frameworks, explaining how each of its six content areas relate to the OECD due diligence steps or the relevant UNGP principles.

In the light of this, businesses would do well to familiarise themselves with these frameworks. Not only are they now positioned as the gold standard for addressing modern slavery risks but, for businesses horizon-scanning, they offer a strong indication of the trajectory of any future legislative change in this area.

AI and due diligence

The new guidance makes no explicit reference to the use of artificial intelligence (AI) – a missed opportunity to showcase the growing global momentum around the use of technology in human rights compliance.

A number of organisations, particularly in the technology and non-profit sectors, are already deploying AI in two key ways: to enhance supply chain due diligence and to streamline modern slavery reporting.

Looking firstly at due diligence, anti-slavery charity Made in a Free World has developed a software platform that uses machine learning to analyse data points, including spend patterns and shipping data. From this, it generates multi-tier ‘heatmaps’ that highlight where modern slavery risks are most likely to occur.

Other organisations are using AI in similar ways to detect modern slavery in their supply chains, for example, by creating end-to-end visibility graphs from raw materials to final product, and surfacing risks in upstream layers which are often overlooked.

These kinds of capabilities directly support the increasing expectations set out in the updated guidance, which calls for a more structured approach to identifying risk and encourages businesses to look beyond their immediate suppliers to build a more granular picture of their supply chain.

Enhanced visibility can also unlock measurable cost savings by flagging inefficient suppliers or excess intermediaries, making adoption a more compelling sell at board-level.

However, AI is no silver bullet and its insights are only as strong as the data it receives. It follows that AI should complement, not replace, on the ground investigations and meaningful engagement with workers and suppliers.

AI – the future of modern slavery reporting

Beyond due diligence, AI is being used to streamline reporting itself. This is becoming particularly valuable as businesses grapple with increasingly complex requirements, often across multiple jurisdictions.

Many already use generative AI tools in their day-to-day operations, which, used in the right way, can assist with structuring disclosures or comparing past reports against

best practice to identify what is missing. There is also purpose-built software emerging that automates drafting with AI report-building tools aligned with various legal frameworks (including the UK’s Modern Slavery Act).

By aggregating key metrics, which can be compared against previous periods, this could enable businesses to better evidence the kind of year-on-year improvement that the new guidance calls for.

In the years to come, we are also likely to see AI driving greater

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external accountability. As the House of Lords Committee noted, many modern slavery statements remain 'inconsistent' and 'boilerplate', failing to engage meaningfully with the six reporting areas outlined in the guidance.

Against this backdrop, new AI-driven tools are emerging that could benchmark quality and put pressure on businesses to improve. At Lancaster University, for example, researchers have developed a proof-of-concept tool that uses AI to 'score' modern slavery statements, identifying areas for improvement. In future, similar tools could be used by Non-Government Organisations and regulators at scale to monitor compliance and hold businesses to account. This direction of travel is also supported by the prevailing winds of international policy.

The UK is a signatory to the OECD AI principles, which promote the "use of AI that is innovative and trustworthy and that respects human rights and democratic values". With the OECD playing a leading role in both modern slavery reporting and AI, it is not hard to imagine future guidance that merges the two, including AI as a key part of how modern slavery compliance should be assessed, reported, and policed.

Whilst these developments show promise, they are not without risk. Concerns include the overidentification of forced labour, the production of false positives, and the potential for bias or discrimination in automated systems. For businesses using AI, it is clear that the technology must be deployed with care, grounded in reliable data and maintained under human oversight.

Key compliance takeaways for organisations

- The law in the UK hasn't changed and so the guidance remains just that: 'guidance'. It follows that there is no need to redraft or amend existing statements. However, the new guidance is a strong indication of the likelihood of greater scrutiny and focus on this area going forward, meaning that companies may want to bolster
- their reporting data and processes in coming years.
- Review the guidance, using the opportunity to take stock of your current approach to modern slavery and reporting. Identify what is going well and where you too may have 'fallen behind'.
- Engage with stakeholders, including suppliers, NGOs and those with lived experience of modern slavery, to inform your strategy and strengthen your response.
- Align with international standards, especially the UNGPs and OECD, to draft leading statements and future-proof your disclosures.
- Leverage AI to stay ahead of the curve, streamline your reporting, and transform how you identify and manage risk within your supply chains.

Jon Tuck

David Yadid

Baker McKenzie LLP

jon.tuck@bakermckenzie.com

david.yadid@bakermckenzie.com
