

Board Briefing – Modern Slavery Statement

1. Introduction

- 1.1 This Briefing accompanies Polaris Britain Limited's Slavery and Human Trafficking Statement for the financial year ending 31 December 2022 prepared in accordance with the requirements of section 54 of the Modern Slavery Act 2015. This Briefing summarises the legislative requirements and sets out what needs to be done by the Board to approve the Statement ahead of its publication.
- 1.2 The Modern Slavery Act 2015 is the UK Government's renewed attempt to combat the crimes of slavery, servitude, forced or compulsory labour and human trafficking. Introduced in the UK in March 2015, the Act:
- (a) recognises that businesses have a role to play in tackling these crimes;
 - (b) consolidates the UK's current offences relating to trafficking and slavery; and
 - (c) provides for the protection of modern slavery victims.
- 1.3 For businesses, the most important provision is contained in section 54 which came into force on 29 October 2015. This requires the publication of an annual "slavery and human trafficking Statement".

2. Requirement for a slavery and human trafficking statement

- 2.1 Section 54 requires large businesses to state publicly each year the steps (or the lack of steps, if nothing has been done) that they have taken to ensure that slavery and human trafficking is not taking place:
- (a) in any of the organisation's supply chains, and
 - (b) in any part of its own business.
- 2.2 This section aims to ensure that businesses are transparent about what they are doing to tackle modern slavery and human trafficking at all levels of their operations but, as explained by the Home Office guidance ("Transparency in supply chains: a practical guide"), does not mean that organisations must guarantee that their entire supply chains are slavery free.
- 2.3 The requirement to produce a statement applies to financial years ending on or after 31 March 2016.

3. Who must publish a statement?

- 3.1 A company must publish an annual statement if it falls within the definition of "commercial organisation" which is defined as:
- (a) a body corporate – wherever incorporated;
 - (b) carrying on business or a part of its business in the UK;

- (c) which supplies goods or services; and
 - (d) has a minimum total turnover of £36 million per year.
- 3.2 Total turnover is defined as the organisation's turnover as well as the turnover of its subsidiary undertakings. "Turnover" means the amount the company makes from providing goods and services within the ordinary activities of its organisation or subsidiary undertakings, after deducting trade discounts, VAT and any other taxes. Turnover refers to the company's global turnover, not just UK turnover. There is no need for the company to carry on a certain level of business in the UK; any business will count.
- 3.3 Companies may be caught by the Act either:
- (a) directly, because they are themselves doing business in the UK; or
 - (b) indirectly, because they form part of the business or supply chain of another group company which is doing business in the UK.
- 3.4 There is no statutory definition of what constitutes doing business in the UK. As regards bodies incorporated outside the United Kingdom, whether such bodies can properly be regarded as carrying on a business or part of a business in any part of the UK will be answered, according to the Home Office guidance, by applying a common sense approach. Having a UK subsidiary will not, in itself, mean that a parent company is carrying on a business in the UK, since "a subsidiary may act completely independently of its parent or other group companies".
- 3.5 Where a number of companies in a group are required to produce a statement, the parent may produce one statement that subsidiaries can use to meet this requirement (provided that the statement fully covers the steps that each of the organisations required to produce a statement have taken in the relevant financial year). However, each statement must be approved by the board of each relevant company and signed by one of the directors of that company. It may therefore make administrative sense for each group company to produce its own statement in a standard format with possibly an overarching introduction and summary from the parent company.

4. Application of the Act to the Polaris Group

- 4.1 Of all the companies in the Group, Polaris Britain Limited is the one most obviously covered by the Modern Slavery Act. It is:
- (a) a body corporate – wherever incorporated (in this case incorporated in the UK);
 - (b) carrying on business or a part of its business in the UK;
 - (c) which supplies goods or services; and
 - (d) has a total turnover exceeding £36 million per year.

5. When and where must a statement be published?

- 5.1 There are no prescribed time limits by which a commercial organisation must publish its statement. However, the Home Office guidance states that a company:

- (a) should publish its Statement as soon as reasonably practicable after the end of its financial year;
 - (b) may decide to publish the Statement alongside its annual or non-financial reports; and
 - (c) is encouraged to report within six months of the financial year end to which the Statement relates.
- 5.2 The Statement must be approved by Polaris Britain Limited's board of directors and signed by a director. It must then be published on its website, including a link to the statement in a prominent place on the homepage.

6. What must a statement contain?

- 6.1 A statement must list the steps the company has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business (or state that no such steps have been taken). The statement does not have to be in a specific form or length. In accordance with section 54(5) of the Act, the statement may, (but does not need to) include information about:
- (a) the company's structure, business and its supply chains;
 - (b) its policies in relation to slavery and human trafficking;
 - (c) any due diligence processes in relation to slavery and human trafficking in its business and supply chains;
 - (d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;
 - (e) its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate; and
 - (f) training about slavery and human trafficking available to the company's staff.
- 6.2 The Home Office guidance recommends that the statement should be succinct, written in simple language to ensure that it is easily accessible to everyone and should cover all the relevant points, linking to relevant publications, documents or policies if possible. The statement should be written in English, but may be provided in other languages that are relevant to the company's supply chain. Specifying the actions by specific country is suggested as helpful for readers to understand the context of steps taken.

7. Failing to produce a statement: injunctions or unlimited fines

- 7.1 The UK's Secretary of State may enforce the duty to prepare a statement in civil proceedings by an injunction (which if not complied with, in turn, is punishable by an unlimited fine). Aside from statutory sanctions, the main consequence of none or limited compliance is likely to be damage to a company's reputation and brand.

8. Next steps

8.1 The Board now needs to review the attached Statement and approve it.

8.2 A director will need to sign the Statement to confirm that it has been approved and it will need to be published in accordance with the requirements described above.