

Supply Chain Legislation Questionnaire

Country : UK

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Question 1

Are there any legal requirements to protect human rights and the environment in the supply chain in your country?

Answer 1

Yes.

Question 2

What are the most important rules and regulations?

Answer 2

The Bribery Act 2010 – Makes bribery in the UK and in other jurisdictions (in connection with UK companies) an offence and imposes corporate liability if an organisation fails to prevent bribery. Requires a UK company to put adequate procedures in place to prevent bribery.

The Modern Slavery Act 2015 – An offence to be involved in slavery or human trafficking and, if the UK company has a turnover of over £36m then an obligation to investigate your supply chain partners and publish an annual Slavery and Human Trafficking Statement on your website.

The Environmental bill (coming soon – delayed due to COVID) – An obligation to carry out supply chain due diligence to check for risks of illegal deforestation in connection with a variety of products and processes.

The Data Protection Act 2018 – Implements GDPR and extends responsibility and liability for the protection of data both within and travelling outside of the UK which will include supply chain partners who receive information.

Question 3

What is the legal consequence of an infringement?

Answer 3

The legal consequences of an infringement can be wide ranging and includes fines, in the case of a failure to publish an annual statement – an injunction to force its publication, and the potential for the criminal prosecution of directors and officers of the UK companies that breach the above legislation.

The reputational risks are also significant. Companies who were supplied by the Bangladeshi clothing supplier who was breaching local labour and fire safety laws and suffered a building collapse in 2013 which killed more than 1100 people suffered social media campaigns and boycotts of their products. The expectation in the UK was that their corporate social responsibility duties extended much further than their legislative responsibility.

Question 4

Are there any implications for contract design? What is the applicable law in your country?

Answer 4

Yes.

UK businesses with supply chains outside of the UK will and do have to carry out extensive and ongoing due diligence in respect of their supply chain partners.

Supply chain agreements will be drafted to capture and record the partners understanding of their obligations and will impose obligations to not only fully comply with all local laws, but to also meet, where appropriate, the standards of behaviour contractually set by the UK company.

The contract will also frequently provide for auditing and regular reporting up the supply chain and a contractual right to intervene and impose sanction in the event of breach.

The contract will be one which requires transparency and fair dealing from all parties and which properly protects the UK business.

5 May 2021