Proposed Amendments to the UK Modern Slavery Act: New Financial Penalties and Enhanced Reporting Obligations

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July 22, 2026

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Executive Summary

- **What's new:** On 30 June 2026, the UK government introduced proposed amendments to the Modern Slavery Act 2015 as part of the Immigration and Asylum Bill. The amendments would expand the disclosures required in slavery and human trafficking statements and introduce financial penalties for organisations that fail to comply.
- **Why it matters:** The proposed changes mark a clear shift from the current largely discretionary reporting model to a prescriptive one, by mandating the content of annual modern slavery statements. It would also, for the first time, introduce financial penalties for noncompliance, with maximum penalties for companies set at the greater of £1 million or 1% of total turnover. The amendments should be viewed in the broader context of international regulatory developments, including the ongoing implementation of the EU Forced Labour Regulation.
- **What to do next:** Organisations that are currently within scope of the requirement to publish modern slavery statements should consider familiarising themselves with the proposed expansion to the scope of required disclosures and note the risk of penalties for noncompliance. Board members should also be aware of the potential increase in demands for personal accountability for the accuracy of statements.

Background

The UK government proposed a number of amendments to the Modern Slavery Act 2015 (MSA) as part of the Immigration and Asylum Bill (the Bill) it introduced on 30 June 2026. This included changes to Section 54 of the MSA, which currently imposes a duty to prepare a modern slavery statement for each financial year on companies in any sector that:

- Supply goods or services.
- Carry on a business or part of a business in the UK.
- Have a total turnover of at least £36 million.

The statement is required to outline the steps the organisation has taken during the previous financial year to ensure that slavery and human trafficking is not occurring in its supply chains and in any part of its own business (or state that no such steps have been taken).

At present, the MSA, supported by statutory guidance published by the Home Office, outlines a nonexhaustive list of areas that may be included in the statement, such as the:

- Company's slavery and human trafficking policies.
- Due diligence processes in place related to modern slavery in its business and supply chains.
- Training available to its staff.

However, organisations retain discretion as to what their statement contains, and there are currently no statutory financial penalties that can be imposed directly on organisations for noncompliance.

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The adequacy of this framework has been the subject of criticism for several years, including from an independent government-commissioned review, a House of Lords select committee established in 2024 to examine the MSA and the Joint Committee on Human Rights, which in 2025 called for a more substantive human rights due diligence framework.

For further background on the MSA, see our 19 September 2024 client alert "UK Modern Slavery Act: The Future of Transparency in Supply Chains."

Key Proposed Changes

The key changes proposed by the Bill include:

- **Civil penalty regime**.[1] The most significant change is the introduction, for the first time, of financial penalties for noncompliance.
  - The secretary of state would be empowered to make regulations imposing a penalty on any organisation or public authority that, "without reasonable excuse," fails to comply with its obligations to publish a modern slavery statement.
  - The penalty could not exceed the greater of £1 million or 1% of the organisation's total turnover (or, for a public authority, its total budget), but only one penalty could be imposed per statement per financial year.
- **Mandatory disclosures.**[2] The Bill would replace the current voluntary framework with a detailed statutory content requirement. Modern slavery statements would need to address, on a mandatory basis:
  - The organisation's structure, operations and supply chains.
  - The parts of its operations and supply chains presenting a risk of slavery or trafficking, and the steps taken to assess and reduce that risk — or an explanation for why no such assessment has been carried out.
  - Its policies and due diligence processes addressing slavery and trafficking, or an explanation for their absence.
  - Training made available both to its own staff and, so far as reasonably ascertainable, to staff within its supply chains.
  - An assessment of the effectiveness of the organisation's efforts during the year, measured against indicators of its choosing, or state that the relevant entity has not taken any steps and give reasons for why it has not done so.
- **Statement approval**.[3] Statements would need to be formally certified — by board approval and director signature for companies, by the members for LLPs, or by a partner for other partnerships — and could only be approved or signed after the end of the relevant financial year.
  - A new requirement would oblige the individual signatory to declare that the statement is accurate to the best of their knowledge and belief, and to record the dates of approval and signature.
- **Extension to public authorities**.[4] The obligation to prepare a modern slavery statement is proposed to be extended beyond commercial organisations to public authorities[5] whose budgets exceed a threshold to be fixed by regulations.

EU Forced Labour Regulation

These amendments to the MSA come at a time when the European Commission (EC) is in the process of implementing the EU Forced Labour Regulation (FLR), which will prohibit the placing, making available or export of forced-labour-tainted products on the EU market from 14 December 2027.

Unlike the MSA, the FLR is not a reporting regime: It does not require companies to publish a statement or otherwise disclose their due diligence efforts. Instead, it operates as an outright product ban, applying to all products irrespective of origin and to all companies placing products on, or exporting products from, the EU market, including manufacturers, importers, distributors, retailers and online sellers.

Enforcement responsibility will be split:

- The EC will investigate suspected violations occurring outside the EU.
- National market surveillance authorities will investigate suspected violations within their own territories and enforce any resulting prohibition on their markets, with customs authorities policing the EU's external border.

The EC published detailed guidelines on the operation of the FLR on 26 June 2026, addressing matters such as the scope of the ban, coordination between the EC and national authorities, and the approach to investigations and enforcement.

Notably, the FLR does not itself impose a due diligence obligation, and companies remain free to decide how they satisfy themselves that their products are free of forced labour. The EC notes, however, that a company's due diligence could aid

[1] Bill, Section 49.

[2] Bill, Schedule 5.

[3] Bill, Section 45.

[4] Bill, Section 46.

[5] "Public authority" is defined broadly as any person exercising functions of a public nature, subject to a carve-out for security and intelligence agencies.

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its compliance with the FLR and has been clear that the FLR and the EU Corporate Sustainability Due Diligence Directive (CSDDD) are intended to operate as complementary regimes, with due diligence records built for CSDDD purposes expected to also assist companies in responding to an FLR investigation.

For further background on the EU's FLR, see our 12 December 2024 client alert "Europe Moves Toward Further Regulation of Forced Labour in Supply Chains."

Next Steps and Practical Implications

The second reading of the Immigration and Asylum Bill in the House of Commons commenced on 13 July 2026. We expect the proposals to have a realistic prospect of enactment, notwithstanding the recent change of prime minister.

In-scope organisations should consider the following steps:

- **Review existing modern slavery statements.** Current modern slavery statements should be mapped against the new content requirements to identify gaps, particularly around risk mapping, due diligence processes and effectiveness metrics. As statements may face scrutiny from nongovernment organizations and others, companies may consider that they need to enhance their related policies and procedures to avoid criticism.
- **Review public sector contracting arrangements.** Once public authorities are subject to their own reporting obligations, we expect that government procurement processes will incorporate more rigorous supply chain transparency requirements. Companies that contract with public authorities should be prepared for greater scrutiny in this regard.
- **Assess cross-jurisdictional compliance needs.** Companies should consider assessing their exposure to the FLR alongside the proposed reforms to the MSA, given the overlapping expectations regarding supply chain due diligence under both regimes.
- **Monitor further legislative developments.** The government has signaled that greater measures may be introduced in the future, with the July 2025 UK Trade Strategy announcing a review into the government's approach to responsible business conduct, with a focus on supply chains. These changes could eventually include mandatory human rights due diligence legislation and product import bans modelled on the FLR. Companies should continue to monitor developments and plan accordingly.

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