

DID YOU KNOW?

Reputational damage is a growing fear, with 74 per cent of UK board members citing it as their chief concern, according to a Deloitte survey. They have a right to be concerned—reputation is closely tied to a business' success.

For example, choosing to support a supply chain that is guilty of using a labour force composed of victims of slavery or human trafficking can have damaging long-term effects for a business. Read the two articles below to learn more about reputational damage and an upcoming regulation to increase corporate transparency.

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Reputational Damage Is the Biggest Global Risk, Survey Finds

Reputational damage is the biggest risk to businesses across the globe, according to a recent Aon survey. And for a good reason—the decisions that organisations make, from an advert to the structures of their supply chains, shape their reputations.

The difficulty with defending reputations is that they are intangible but still valuable—their size and worth is determined largely by the public.

The foremost cause for the increased threat that reputational damage poses to organisations is the growing rise of transparency in business—whether it is through government regulation or social media. Therefore, it would behoove organisations to make their business practices as transparent as possible.

To minimise the risk of suffering reputational damage, you should heed the following guidance:

- Publish a regular report for the public that details what changes your organisation has made and what current practises are in place.
- Review each component of your supply chain to identify any possible risks that may contribute to reputational damage, such as slavery and human trafficking.
- Build a rapport with the local media and develop an online presence.



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Eliminating Slavery in Supply Chains

The Modern Slavery Act 2015, expected to come into force this October, will require certain organisations to publish annual reports detailing the steps taken to ensure that neither slavery nor human trafficking have taken place within their businesses or supply chains. All organisations are required to submit reports if they do the following:

- Supply goods or services
- Work in the United Kingdom
- Earn a profit above a certain minimum amount, which is yet to be determined

Organisations must provide information pertaining to at least one of these six components of their businesses:

1. The structure of the organisations, their businesses and supply chains
2. Their policies concerning slavery and human trafficking

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Consumer Rights Act 2015 Receives Royal Assent

The Consumer Rights Act 2015 received Royal Assent on 26th March 2015 and will go into force on 1st October 2015. Over the coming decade, the act is expected to raise the economy an additional £4 billion by streamlining eight disparate pieces of legislation into one cohesive piece. The act, labelled by the government as the biggest overhaul of consumer rights in a generation, introduces new consumer protection rights.

These new consumer rights are composed of five major changes:

1. Digital content (e.g. online films, games, music downloads and e-books) that is found to be faulty will be able to be repaired or replaced.
2. Consumers will be able to request that 'substandard' services be redone, or—if an agreement cannot be reached—they are awarded price reductions for substandard service.
3. A 30-day window will be introduced for consumers to return faulty goods and receive full refunds.
4. If the repair of a faulty product is unsuccessful, or if the replacement is found to be faulty, the consumer—even if more than 30 days have elapsed—is entitled to some compensation.
5. Terms and conditions that are found to be unfair or hidden within the small print of a contract will be able to be challenged by consumers.

In addition to the five consumer rights amendments, the act includes two amendments that directly benefit businesses:

1. Public enforcers must provide 48 hours' notice to businesses when they plan to carry out routine inspections, although they will still be able to conduct surprise inspections if they suspect illegal activity.
2. Businesses that are at a competitive disadvantage from breaches in competition law will be offered fast, low-cost remedies.

The act's seven amendments will require businesses in every industry to change the way they operate. It puts a greater emphasis on businesses to produce and sell high-quality products, make lasting repairs and increase the transparency of their businesses with consumers. For more detailed information, visit www.gov.uk/government/news/biggest-overhaul-of-consumer-rights-in-a-generation.

Eliminating Slavery in Supply Chains

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3. What processes are in place to manage instances of slavery and human trafficking
4. The steps taken to assess and manage the risk of slavery and human trafficking that may exist in either their businesses or supply chains
5. How effective they have been in ensuring that slavery and human trafficking is not taking place within their businesses
6. What training they provide to educate staff about slavery and human trafficking

Regardless of how much information an organisation chooses to include in its report, the document must be published on the company website and include a link to it on the home page. If an organisation does not have a website, it must supply the report to anyone that requests a copy within 30 days.

The Modern Slavery Act 2015 is yet another regulation following the increasing trend toward corporate transparency—expect this trend to continue. To prepare, organisations should assess any possible risks associated with slavery, servitude, forced labour or human trafficking that may occur in their businesses or supply chains.