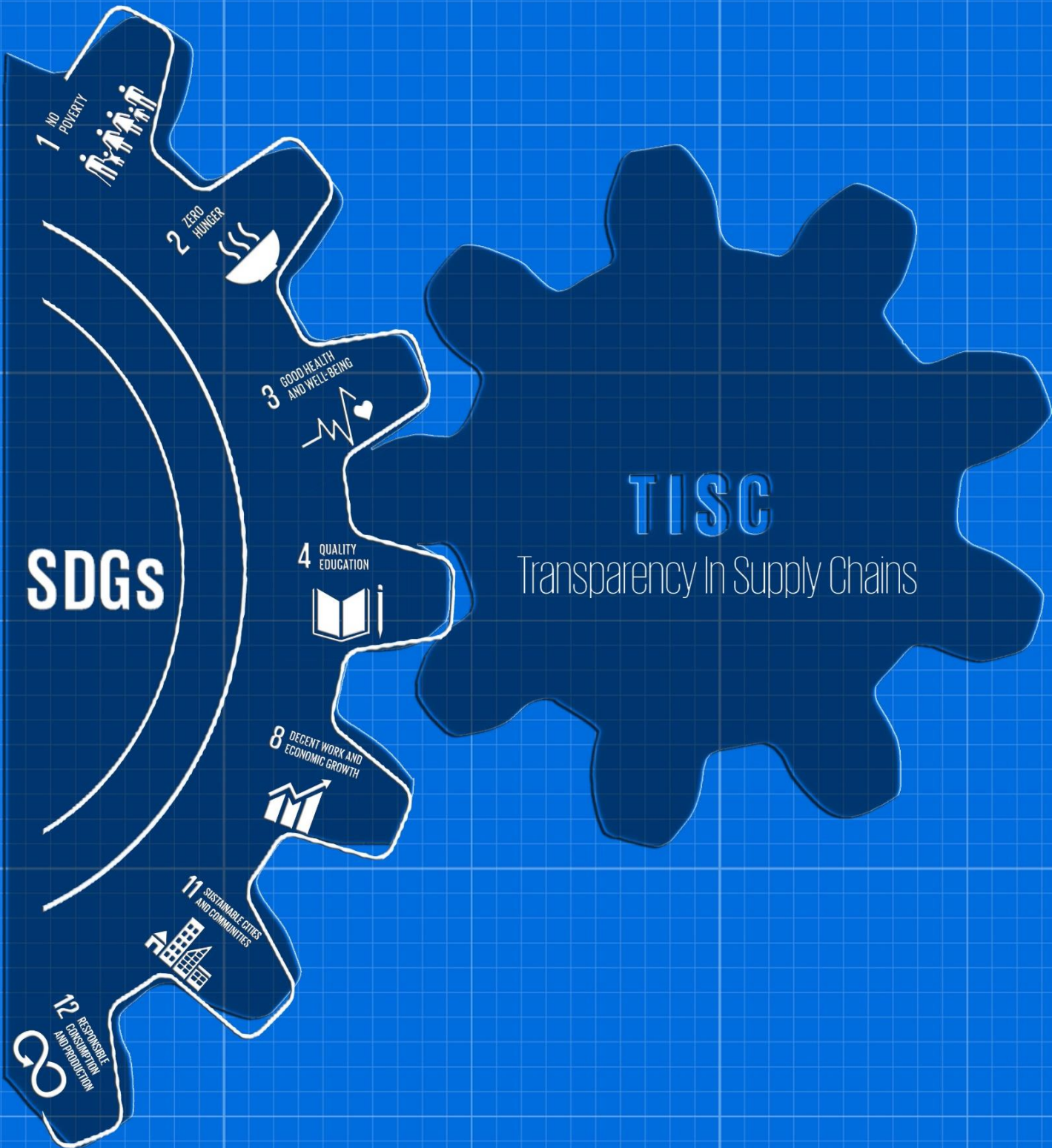


# Corporate Compliance with the UK Modern Slavery Act - 2017/18 -



# Corporate Compliance with the UK Modern Slavery Act – 2017/18

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*Authors:* Chris N. Bayer, Jesse H. Hudson, Michael A. Margherita, Madeline Culbreth

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## Executive Summary

Modern-day slavery (MDS) persists in global value chains. At times related practices are blatant, and in other instances, e.g. when an employer retains a passport or withholds wages, they are more subtle.

This study focuses on the corporate response to the existence of MDS using Section 54 of the UK Modern Slavery Act (MSA) as a magnifying glass. The basic premise of the law is that the existence of MDS in global value chains is an issue requiring attention and remediation. To quote the then UK Home Secretary and now Prime Minister Theresa May “*It is simply not acceptable for any organisation to say, in the twenty-first century, that they did not know.*”

This assessment systematically benchmarks the compliance, conformance, and good practice performance on the part of 6,501 organisations that issued a statement pursuant to Section 54 of the MSA. Care was taken such that the assessed cohort constituted a representative sample of the 16,900 organisations believed to be subject to the law.

Alignment or gaps are identified in three dimensions:

1. Legal Disclosure Compliance (Dimension 1) is predicated on the four reporting requirements according to Section 54;
2. Disclosure Conformance (Dimension 2) concerns the six topics recommended by the UK government to be discussed as per Part 6, Section 54 (“(5) An organisation’s slavery and human trafficking statement may include information about”);
3. Anti-slavery/anti-human trafficking (AS/AHT) good practice (Dimension 3) encompasses dozens of AS/AHT measures various organisations have already field deployed.

The findings show that basic *legal compliance* was generally robust, with a mean score of 83.8% (see *Figure 1*). A comparatively weaker showing was evident with regard to *disclosure conformance*, in which only 14% of organisations scored a 70% and above, with a mean score of 48.6% (see *Figure 2*).

Yet the fact that even wholly domestic UK organisations reported MDS risks in basic business activities such as cleaning, catering, and construction, as well as in supply

Figure 1: Legal disclosure compliance, %

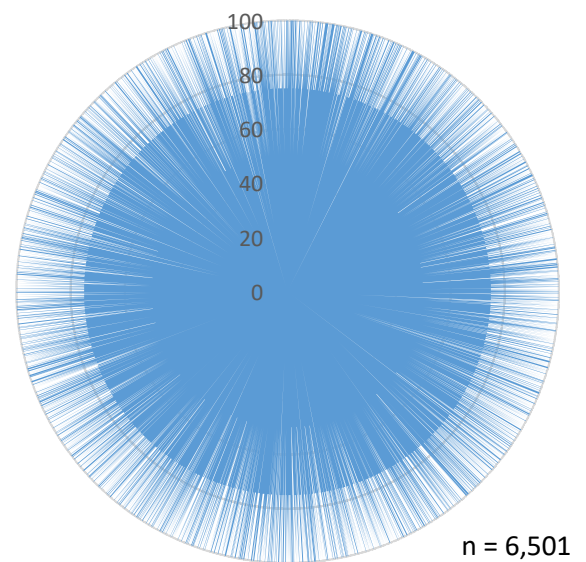
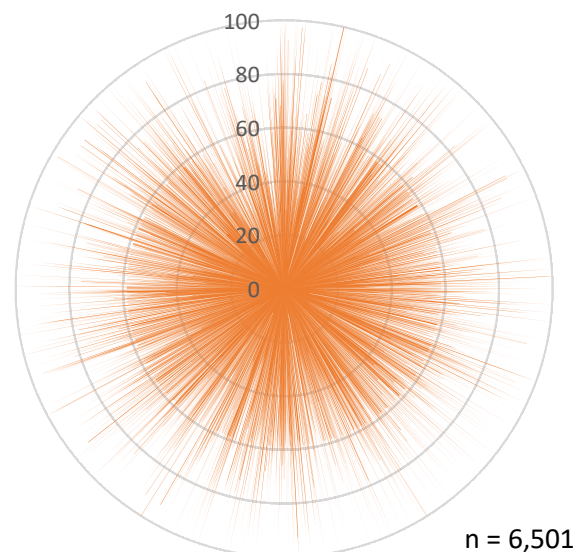


Figure 2: Disclosure conformance, %



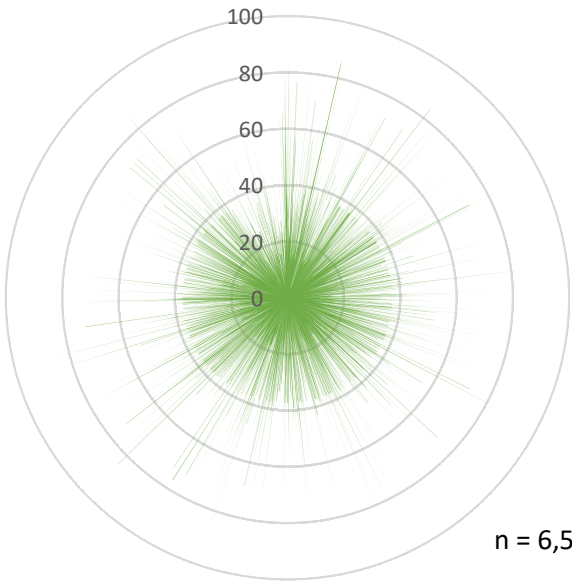
chains for everyday items such as furniture and office supplies, underlines the reality that almost every organisation could directly or indirectly be exposed to such risks.

When considering *AS/AHT good practice performance*, great variation is observed between organisations. While some organisations (2%) did reach the 70% mark, the average score was 25.6% (see *Figure 3*). In other words, only a minority of organisations had reportedly implemented a whole host of anti-slavery measures.

Combining these three dimensions into a bubble graph further illustrates that organisations performed better on compliance and conformance than AS/AHT, the size of the bubble indicating the number of organisations occupying that spot (see *Figure 4*). There are several examples of organisations who excelled in this benchmarking exercise, indicating that progress in meeting the letter and spirit of the law is indeed achievable.

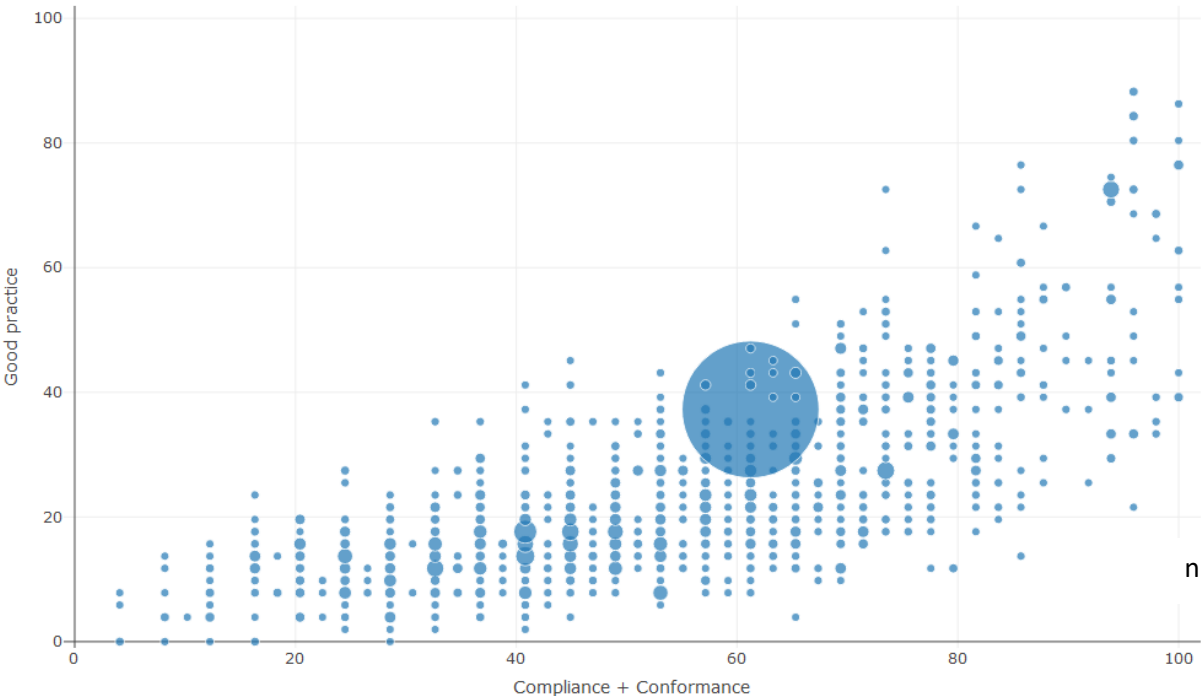
In the pursuit of rooting modern slavery out of value chains, an organisation is directly contributing to 7 of the 17 Sustainable Development Goals (SDGs). These UN-led, interrelated goals cover a broad range of social and economic development issues, and frame agendas and policies under the 2030 Agenda.

*Figure 3: AS/AHT good practice performance, %*



n = 6,501

*Figure 4: Compliance + conformance vs. AS/AHT good practice scores, % of absolute value*



n = 6,501

this graph, with the scores of individual organisations, is posted [here](#)

## Foreword

by Andrew Wallis, OBE

*Section 54 of the UK Modern Slavery Act requires all businesses that operate in the UK, with worldwide turnover of more than £36 million per annum, regardless of size of footprint in the UK, to report annually on the steps they are taking to combat modern slavery in their supply chains and business practices, or to report that no such steps were taken. The level of £36 million was set as it matches the definition of a large business within the UK Companies Act. However, the level is somewhat arbitrary as we are already seeing larger businesses require their suppliers and sub-contractors below the threshold to actively engage with the issue and either formally report or provide proof of their engagement. Importantly, the report must be approved and signed off by a board level director, as well as have a link to the report on its home page website.*

*As one of the architects of this transparency legislation, what is critical and fundamentally powerful about this legislation is that it is not a compliance tick box exercise. Companies are presented with a blank sheet of paper and told to disclose all the steps they are taking. This allows for companies in various sectors to develop their reporting over time, appropriate to their sector and complexity of business. But it is also about changing the narrative and more importantly the practices within a business. For too long issues such as these have been the sole preserve of CSR departments in many businesses. The legislation now requires full board sign-off of the report, thus moving the issue of forced labour and modern slavery from the margins into the heart of the boardroom. This is crucial as it has the potential to impact greater change. The arguments for the law were also built around the theory of nudge politics, bringing about change without sometimes realising things have changed.*

*It also challenges the extractive profit model of business which has led to many of these forced labour violations. When companies examine their practices and move towards a sustainable profit model that is more robust in the longer term, the risk of labour violations is reduced. Disclosure narrative, rather than tick boxing exercises combined with greater transparency, iterative reporting and external fact-based scrutiny will drive change. Although the law requires an annual statement, it is really about the actual steps a company is taking year on year to develop an effective response to modern slavery. The positive economic arguments and benefits for doing the right thing are overwhelming, and by doing the right thing the propensity for forced labour violations are reduced significantly.*

*Much has been made about the quality of the statements, but that somewhat misses the point. This report and assessment is so crucial as it looks beyond the statements to identify evidential steps that companies are taking, and begins to assess their performance rather than the mere words in a report. However, there really should be no excuse by any company to not comply with the bare minimum requirements of the legislation itself – it is not that difficult!*

*Data was also another key argument for why this legislation was important. The gathering of larger datasets around the issues of forced labour and parallel issues was also behind our thinking for the legislation, as analysis of this information will allow us over time to spot*

trends and patterns as well as root out where problems are occurring. That's why it is critical that we have a proper open data, neutral, compliant with UK Government digital infrastructure standards register where these data can be properly aggregated. We have that with [TISCreport.org](https://www.tiscreport.org), which in just two years has reached critical mass in terms of data, not only for modern slavery statements from companies required to report, but is overlaying multiple datasets to further enhance our understanding of what is taking place. TISCreport already knows in real time who needs to be complying and who isn't – surely it is now time for government to enforce its own laws?

At [Unseen](#) we are committed to working collaboratively with business to help them tackle modern slavery effectively. We operate on the principle that all of us are guilty as modern slavery has entwined itself into the fabric of modern life and for all the gains made by globalisation there have also been some serious downsides, forced labour being one. The key issue is what are we going to do to tackle these injustices effectively. Unseen also believes that it is far more powerful to 'name and fame' those organisations that are on the road to robustly dealing with the issues, regardless of their starting point. What this report does is clearly articulate the reality of where we are at. What matters now is what direction are we going in and how are we doing in achieving the targets of tackling modern slavery, improving year on year and being able to monitor that.

So, what are the next steps? This report is helpful as it moves the debate forward to the examination of what is taking place and begins the process of assessing performance. The legislation, if the government presses businesses to report, will drive change. A company cannot simply report year-on-year that it has policies and procedures to combat modern slavery as that is not a step taken. The government must press the pedal of iterative reporting by businesses of the actual steps, and reports like this must assess the actual impact of those steps and rate their performance and then the market will react, be that investors, shareholders or the consumer. NGOs must keep making the positive case for doing the right thing as the evidence of the benefits of good governance and practice in business is overwhelming. Governments must also apply the same requirements on itself as the biggest procurer in the land and so with the greatest power to effect further change.

Finally, there is one inescapable issue that is uncomfortable for all. Modern slavery, including forced labour, is fundamentally driven by the fact that it is an illicit commodity, supply and demand trade. The commodity is human beings bought, sold and exploited for vast profit. The demand is for cheap goods, services and labour, and the supply is endless for a variety of reasons. Until we break society's addiction to cheap, we will not effectively end this crime. Business cannot hide behind the excuse of customers demand for cheap, it must educate customers to the true value of things. Consumers cannot pretend that there is not a cost associated with cheap. Those businesses still wedded to the extractive profit model of capitalism must acknowledge that when the only reward and metric, especially for procurement, is for increased profit margins, we are growing a world tainted by modern slavery. This report sheds further light on what is actually occurring, and I hope over time we will see a year-on-year race to the top across all sectors.



## Table of Contents

<b>Executive Summary</b>	<b>2</b>
<b>Acknowledgements</b>	<b>7</b>
<b>I. Introduction</b>	<b>7</b>
<i>a. Prevalence of modern slavery</i>	7
<i>b. Passage of UK MSA</i>	10
<i>c. Modern slavery and the SDGs</i>	11
<b>II. Methods</b>	<b>13</b>
<i>a. Sample frame</i>	13
<i>b. Data</i>	14
<i>c. Evaluation criteria</i>	14
<i>d. Scoring</i>	17
<i>e. Analyses</i>	17
<i>f. Evaluation team, competing interests statement</i>	17
<i>g. Data quality control</i>	18
<i>h. Stakeholder Forum</i>	18
<i>i. Scorecards and data review requests</i>	19
<b>III. Findings</b>	<b>19</b>
<i>a. Eligible and evaluated organisations</i>	19
<i>b. Profile of subject organisations</i>	19
<i>c. Legal disclosure compliance</i>	22
<i>d. Disclosure conformance</i>	24
<i>e. AS/AHT good practice performance</i>	27
i. AS/AHT policy	28
ii. Risk assessment and due diligence	32
iii. Audits and verification	40
iv. Effectiveness and impact	42
v. Training	44
<i>f. Aggregated scores</i>	47
<b>Appendix A: Acronyms</b>	<b>50</b>
<b>Appendix B: Evaluation Instrument</b>	<b>52</b>

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While not all input was included, and we remain independent from each organisation and person who provided input, we greatly appreciate the time and talents they brought to bear on this study.

With careful precision, Anthony Cooper, Xiani Du, Bryanna Frazier, Dalton Hirshorn, Jesse Hudson, Michael Margherita, Robert Miller, Amanda Nicodem, Joseph Schrempp, and Josephine Vanderhorst assessed the organisations' statements.

This report was authored by Dr. Chris Bayer, Jesse Hudson, Michael Margherita, and Madeline Culbreth. Jiahua (Java) Xu prepared the graphs and scorecards.

A big thank you to iPoint-systems for financially contributing to this study!

Finally, we wish to extend our grateful appreciation to Julia Ormond and Andrew Wallis, who were instrumental in the passage of *Transparency In Supply Chains* (TISC) legislation in California and the UK, respectively.

## I. Introduction

### ***a. Prevalence of modern slavery***

An estimated 24.9 million people work in forced-labour conditions worldwide, almost half of them (47%) in the Asia-Pacific region.<sup>1</sup> Including the estimated 15 million people subjected to forced marriage (a contentious issue to date), the prevalence works out to “5.4 victims of modern slavery for every thousand people in the world in 2016.”<sup>2</sup> Children were not spared: “there were 4.4 child victims for every 1,000 children in the world.”<sup>3</sup>

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<sup>1</sup> International Labour Organization (ILO), Walk Free Foundation, and the International Organization for Migration, *Global estimates of modern slavery: Forced labour and forced marriage*, Geneva, 2017, [https://www.alliance87.org/global\\_estimates\\_of\\_modern\\_slavery-forced\\_labour\\_and\\_forced\\_marriage.pdf](https://www.alliance87.org/global_estimates_of_modern_slavery-forced_labour_and_forced_marriage.pdf)

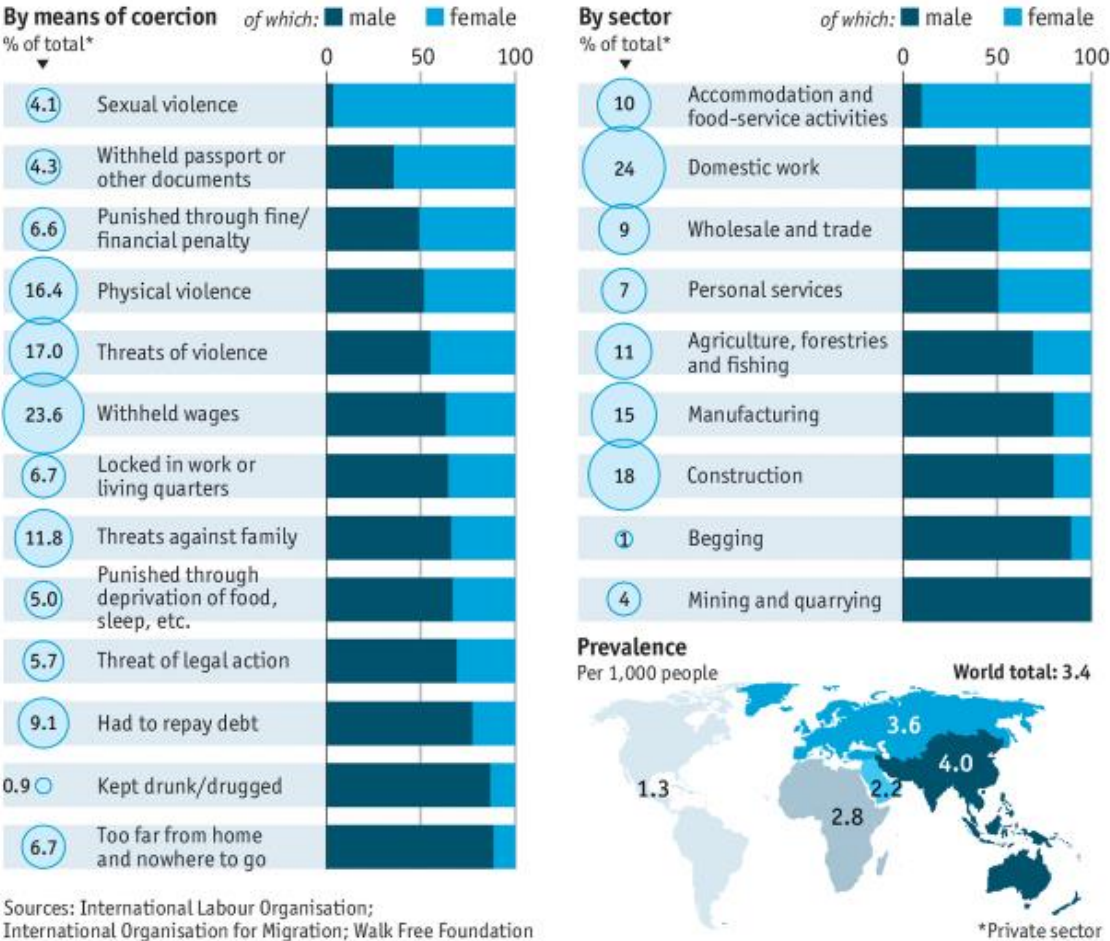
<sup>2</sup> Ibid.

<sup>3</sup> Ibid.



Referencing the ILO-WFF-IOM publication, The Economist’s graphic replicated below (Figure 5) sums up the means of coercion and the prevalence thereof. The most common form of coercion was withholding a worker’s wages.

Figure 5: Worldwide exploitation of forced labour, 2016



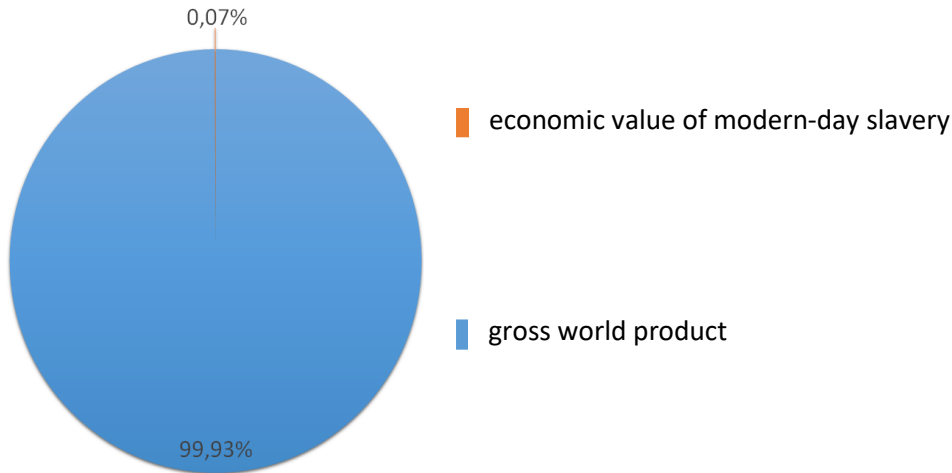
Source: The Economist <sup>4</sup>

The follow-the-money dimension of modern slavery is that US\$51 billion was generated through forced economic exploitation in 2012, a conservative figure as the ILO admits. This figure excludes commercial sexual exploitation (worth an estimated US\$99 billion) as well as the 2.2 million victims

<sup>4</sup> The Economist, *Modern slavery is disturbingly common*, Sep 20, 2017, <https://www.economist.com/blogs/graphicdetail/2017/09/daily-chart-12>

of state-imposed forced labour.<sup>5</sup> US\$51 billion is sizable, equivalent to the gross domestic product of a mid-size economy – e.g. Croatia, ranked 78<sup>th</sup> in the world in 2016.<sup>6</sup> Yet compared to the economic value of MDS as a percent of gross world product,<sup>7</sup> modern-day slavery is but a 0.067% sliver of the world economy (see *Figure 6*). This gives reason for hope. As the vast majority of the world’s gross product is not tainted by modern-day slavery, its eradication all the more achievable.

*Figure 6: MDS economic value as a % of gross world product*



Each individual case of modern-day slavery is a moral outrage. High-MDS-risk sectors for example include: cotton (Uzbekistan and Mali), cocoa (West Africa), cobalt (Africa), commercial fishing / seafood (Asia), tin, tungsten, tantalum and gold (Africa), mica (India), palm oil (Indonesia), tea (India), garment manufacturing (Pakistan, Bangladesh, India), leather tanning (India), bricks and stone products (India), meat processing (US and Canada), and vegetable farming (Spain and Italy).<sup>8</sup>

<sup>5</sup> ILO, International Labour Office, *Profits and Poverty: The Economics of Forced Labour*, Geneva, 2014, [http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS\\_243391/lang--en/index.htm](http://www.ilo.org/global/publications/ilo-bookstore/order-online/books/WCMS_243391/lang--en/index.htm)

<sup>6</sup> World Bank, *Gross domestic product 2016*, <https://databank.worldbank.org/data/download/GDP.pdf>

<sup>7</sup> US\$75.8 trillion in 2016. See: World Bank, *GDP (current US\$)*, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

<sup>8</sup> High-risk products are e.g. highlighted in the U.S. Department of Labor’s (DOL) *List of Goods Produced by Child Labor or Forced Labor* and DOL’s *List of Products Produced by Forced or Indentured Child Labor*. The former lists 353 items (as of April 15, 2016), from Indian cigarettes to Panamanian coffee to Egyptian limestone. The latter, pursuant to Executive Order 13126, constitutes a “list of products (and their source countries) that it has a reasonable basis to believe are produced by forced or indentured child labor.”

U.S. Department of Labor, *List of Goods Produced by Child Labor or Forced Labor*, [www.dol.gov/ilab/reports/child-labor/list-of-goods/](http://www.dol.gov/ilab/reports/child-labor/list-of-goods/)

U.S. Department of Labor, *List of Products Produced by Forced or Indentured Child Labor*, <https://www.dol.gov/ilab/reports/child-labor/list-of-products/>

The difference between the TVPRA List of Goods and the EO 13126 List of Products is explained in DOL’s FAQ: [http://www.dol.gov/ilab/reports/pdf/2013eo\\_faq.pdf](http://www.dol.gov/ilab/reports/pdf/2013eo_faq.pdf)

While the hotspot approach to rooting out MDS is thus warranted, since such practices can and do happen in any given value chain, basic counter-measures are required.

The underlying reasons for modern-day slavery have supply and demand side underpinnings: On the supply side, the dynamics include: poverty, identity and discrimination, limited labour protections, and restrictive mobility regimes. On the demand side, the phenomena include: concentrated corporate power and ownership, outsourcing, irresponsible sourcing practices, and governance gaps.<sup>9</sup>

### ***b. Passage of UK MSA***

by Andrew Wallis

*Soon after the passage of SB 657 – California’s Transparency in Supply Chains legislation – I was privileged to connect with Julia Ormond of [ASSET](#) (THE ALLIANCE TO STOP SLAVERY AND END TRAFFICKING) where I heard of the legislation they had inspired and led on, which required large companies in retailing and manufacturing to disclose what they were doing to ensure modern slavery and human trafficking was not occurring in their business practices and supply chains.*

*I was struck by the positivity of the way that the law was framed, as it did not set out to ‘name and shame’ companies per se which has always struck me as somewhat counterproductive, but rather it required companies to disclose what they were actually doing in this arena.*

*Now, given that the clear majority of victims of modern slavery and human trafficking are held in situations of forced labour within the world’s global supply chains (or, more accurately, supply webs), and that the ILO estimate that the annual profits from this illicit trade exceed \$150 billion, it seemed obvious to me that similar legislation would be beneficial in the UK. So began the process of working towards such legislation. At the time, the initial reaction from the UK Government was an emphatic “No!”, especially as at the time it was amid a red tape challenge, cutting business legislation. So, at Unseen in 2011 and ‘12 we initially worked on a ten-minute rule bill and then a private member’s bill in the UK parliament gathering a supporter base both across the political divide but also crucially within the corporate sector.*

*Parallel to this I had the privilege of chairing a report for the Centre for Social Justice, looking at how the UK was dealing with the growing issue of modern slavery. That report*

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Both of these resources are summarised in Verité’s Responsible Sourcing Tool, located at:  
<http://www.responsiblesourcingsource.com/visualizerisk>

<sup>9</sup> Genevieve Lebaron, Neil Howard, Cameron Thibos, and Penelope Kyritsis, *Confronting root causes: forced labour in global supply chains*, January 10, 2018,  
<https://www.opendemocracy.net/beyondslavery/genevieve-lebaron-neil-howard-cameron-thibos-penelope-kyritsis/confronting-root-causes>

*was the first evidence led report on the issue and conducted interviews and research with over 200 stakeholders. Part of that research and evidence gathering was with business leaders further building the case for transparency legislation. Sectors such as the apparel and food industry were already engaged on these issues and they understood the benefits of levelling the playing field so that the legislation would apply to all.*

*The Centre for Social Justice report was published in March 2013, highlighting the abject failure of the UK's response to modern slavery and made 80 key recommendations, one being the call for a Modern Slavery Act including within it a Transparency in Supply Chains clause to require all large businesses to report annually on the steps they were taking to combat modern slavery in their supply chains and business practices.*

*Within 8 weeks of the report's launch there was a meeting at the Cabinet Office to which I was invited where the then Home Secretary – Theresa May – announced that on the basis of the findings of the report she was going to bring forth government legislation – The Modern Slavery Bill. When the draft bill was published in Dec '13 there was no transparency clause.*

*Thus began a renewed effort to make sure the legislation was amended. [Unseen](#) brought together a coalition of businesses, investors, NGOs, industry umbrella bodies, MPs, faith communities and the public all calling for companies to be transparent about where the goods and services originated, from whom they originated, and how they were procured.*





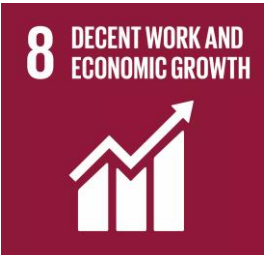
*With the central argument that “it is much more sustainable economically in the long term to do business well,” even the investment community – with over a trillion sterling of assets under management – was persuaded to join.*

*This successful multi-stakeholder campaign led to the inclusion of the transparency clause towards the end of the parliamentary process.*

### ***c. Modern slavery and the SDGs***

Compliance with the letter and spirit of the MSA fosters the achievement of the United Nation's Sustainable Development Goals. As there are 17 interrelated global goals, not only *Goal 8 (Promote inclusive and sustainable economic growth, employment and decent work for all)* is addressed through a conscientious implementation of the UK Modern Slavery Act. There a confluence between seven (7) SDGs and the eradication of modern day slavery, as *Table 1* summarises.

Table 1: SDGs and anti-slavery/anti-human trafficking

#	Goal	link to MDS
Goal 1	End poverty in all its forms everywhere: 	Enabling sustainable livelihoods is the opposite of subjection to poverty.
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture: 	Providing living wages and sustainable livelihoods counters undernourishment, malnourishment and other symptoms of hunger.
Goal 3	Ensure healthy lives and promote well-being for all at all ages: 	A living wage provides workers the income to afford basic health care for themselves and their family.
Goal 4	Ensure inclusive and quality education for all and promote lifelong learning: 	Gainful employment allows a person to support their children to attend school.
Goal 8	Promote inclusive and sustainable economic growth, employment and decent work for all: 	Employment and decent work for all, by definition, excludes all forms of MDS.

Goal 11	Make cities inclusive, safe, resilient and sustainable:		The goal of sustainable cities and communities includes ensuring access to adequate, safe and affordable housing, whether provided by the employer or secured by the employee.
Goal 12	Ensure sustainable consumption and production patterns:		Sustainable production and consumption requires the absence of MDS in value chains.

Each of these goals is supplemented with specific targets, which in turn are broken down into specific indicators. The most relevant target vis-a-vis MDS is Target 8.7, which reads: “Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.”<sup>10</sup> An example indicator for this target is: “Proportion and number of children aged 5-17 years engaged in child labour, by sex and age.”

In sum, ensuring gainful employment and living wages in their extended supply chains, organisations directly contribute to at least seven Sustainable Development Goals, and specifically Target 8.7.

While in the course of reporting on the outcomes of their anti-MDS actions, organisations often measure a negative phenomenon. But the flipside is a positive proposition: creating shared value through supply chains while meeting minimum labour standards. And in doing so, 7 of the 17 SDGs are supported.

## II. Methods

### *a. Sample frame*

This study took a random sample of 6,501 legal corporate entities subject to the UK MSA. Given that some organisations issued, as a group, one statement, we assessed 1,661 unique statements. This represents a sample size encompassing 38% of the 16,900 organisations believed to qualify for the UK MSA in 2016/2017. We are thus well above the 1,004 observations needed for a

<sup>10</sup> United Nations, SDG Indicators, 2018, <https://unstats.un.org/sdgs/metadata/?Text=&Goal=8&Target=8.7>

representative sample with a confidence level of 95% and 3% margin of error. Stratified random sampling ensured that our sample included at least 1,982 high-turnover organisations (above £120 million), 1,982 medium-turnover (between £40 million and £120 million), and 1,982 small-turnover (below £40 million). In the case of 555 organisations, the turnover was unknown.

## ***b. Data***

The data of this study comprised the subject organisations' official statements pursuant to the law, issued between 2015 and 2017. Data were collected between November 1, 2017, and February 28, 2018. To access the statements, we consulted the TISCreport's register,<sup>11</sup> randomly drawing statements.

The UK Modern Slavery Act was passed in March 2015, and went into effect on October 29, 2015. The law requires companies to produce a slavery and human-trafficking statement for each financial year ending on or after 31 March 2016.<sup>12</sup> Due to the cyclical nature of the financial reporting in the UK, November 2017 marked the month when the first-year reporting deadline would have been reached. Where there were two statements issued by the organisation in consecutive years, we selected the later statement.

Data on organisations' profiles (e.g. turnover, industry) were obtained from Orbis.<sup>13</sup>

## ***c. Evaluation criteria***

The evaluation framework of this study is an instrument based on the letter and spirit of the UK Modern Slavery Act of 2015. It also takes into account the Home Office's MSA Guidance (2017 edition),<sup>14</sup> as well as a survey of anti-slavery/anti-human trafficking measures currently undertaken by corporate entities. Before its deployment, this evaluation framework was reviewed and critiqued by the study's Stakeholder Forum as well as the evaluation team. It captures four dimensions, the first three of which are graded, while the fourth is not (see *Table 2*).

***Dimension 1:*** The compliance section related to the slavery and human trafficking statement concerns 4 must-do items as per the law and are drawn directly from the legislation (see *Table 3*). To be awarded full marks on this dimension, the organisation does not need to have an active anti-slavery/anti-human trafficking program in place.

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<sup>11</sup> TISCreport, <https://tiscreport.org>

<sup>12</sup> National Archives, 2015 No. 1816 (C. 113), Modern Slavery, <http://www.legislation.gov.uk/ukxi/2015/1816/made>

<sup>13</sup> Bureau Van Dijk, *Orbis*, accessed November 2017, <https://www.bvdinfo.com/en-gb/our-products/data/international/orbis>

<sup>14</sup> Guidance issued by the U.K. Home Office pursuant to section 54(9) of the Modern Slavery Act 2015: *Transparency in Supply Chains etc. A practical guide*, 2017, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/649906/Transparency\\_in\\_Supply\\_Chains\\_A\\_Practical\\_Guide\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/649906/Transparency_in_Supply_Chains_A_Practical_Guide_2017.pdf)

Table 2: Four research dimensions

<i>dimension</i>	<i>indicator source</i>	<i># of indicators</i>	<i>weighting</i>
A. Legal disclosure compliance (Dimension 1)	← based on law verbatim	4	8%
B. Disclosure conformance (Dimension 2)		14	41%
C. AS/AHT good practice (Dimension 3)	← based on survey of applied AS/AHT practices	32	51%
D. Transparency (Dimension 4)		(21)	ungraded
<i>total</i>		50 <i>graded indicators</i>	100%

Table 3: Four legal compliance criteria

	Explanation of steps organisation has or has not taken to ensure that slavery and human trafficking is not taking place: <sup>15</sup>
1.	a) in any of its supply chains
2.	b) in any part of its own business
3.	Signed by director (corporations), designated member (LLP), or partner (partnerships).
4.	Link to statement on website homepage.

<sup>15</sup> “(4)A slavery and human trafficking statement for a financial year is—  
 (a) a statement of the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place—  
 (i) in any of its supply chains, and  
 (ii) in any part of its own business, or  
 (b) a statement that the organisation has taken no such steps.”

UK Modern Slavery Act 2015, Section 54, <http://www.legislation.gov.uk/ukpga/2015/30/section/54/enacted>



**Dimension 2:** The disclosure conformance section concerns the six topics recommended to be discussed as per Section 54 of the law:

- (5) *An organisation’s slavery and human trafficking statement may include information about—*
- (a) *the organisation’s structure, its business and its supply chains;*
  - (b) *its policies in relation to slavery and human trafficking;*
  - (c) *its 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;*
  - (f) *the training about slavery and human trafficking available to its staff.*

The 2017 UK Home Office guidance<sup>16</sup> explains this stipulation as follows: “A statement should aim to include information about ...”.

**Dimension 3:** The third dimension, *AS/AHT good practice*, benchmarks operational elements that comprise a given organisation’s Anti-Slavery/Anti-Human Trafficking program. Featured are thirty-two (32) indicators, based on a review and identification of relevant practices reported by organisations under UK MSA. These indicators fall under the following rubrics:

- policy
- value chain mapping
- risk assessment
- due diligence
- audits
- whistleblower channel / grievance mechanism
- training
- effectiveness

**Dimension 4:** Lastly, 24 transparency indicators reveal to what extent an organisation discussed the nuts and bolts, in detail, of its AS/AHT program. These transparency elements reveal in more granularity the methods deployed, discussed in the Findings section. This level of specificity – for the purposes of this first baseline benchmarking exercise – was not counted towards an organisation’s score.

*Appendix B: Evaluation Instrument* reproduces, in full, the set of indicators applied in this study.

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<sup>16</sup> UK Home Office, *Transparency in Supply Chains etc. A practical guide*, Guidance issued under section 54(9) of the Modern Slavery Act 2015, subsection 5.2, page 12

#### **d. Scoring**

An organisation’s scores reflect the first 3 dimensions as specified above. High marks are achieved when the organisation not only has a quality AS/AHT program in place, but also is able to describe it in sufficient detail in their UK MSA statement. For the sake of clarity, and to minimize subjectivity, binary yes/no criteria were applied to all indicators, and the indicators were formulated such that Not Applicable (NA) was not an option. While each dimension received a score, a combined score was also awarded. To do so, weighting was employed: each dimension received a combined weight (see *Table 2*). As the assessment is centred around an organisation’s ability to – as the law suggests – “ensure” that modern-day slavery is not taking place in one’s value chains and business, for the purposes of the summary score the affirmative practice dimension has been weighted the most heavily. The weight of each indicator is noted in *Appendix B: Evaluation Instrument*.

#### **e. Analyses**

Binary yes/no data comprised the quantitative basis of the analysis. Descriptive statistics, in particular measures of central tendency, were applied. We included industry-specific breakdowns for each dimension scored.

Transparency indicators collected qualitative data. We coded all relevant verbatim for specific items and noted their frequency. Positive outliers are also highlighted. This qualitative analysis is incorporated in the Findings section.

#### **f. Evaluation team, competing interests statement**

The research team consisted of ten attorney-evaluators, mainly Tulane Law School graduates but also three 3rd-year law students. Chris N. Bayer, PhD served as the study’s Principal Investigator. The data were collected, and scores were awarded solely by the evaluation team. This team was remunerated by Development International (DI), a wholly independent, not-for-profit organisation registered in Germany.

The study’s Principal Investigator and research team declare that they have no competing interests, nor conflict of interests, in their execution of this evaluation. They do not knowingly own stocks or other forms of equity in any evaluated issuer or in the entities making up the study’s Stakeholder Forum. Neither DI nor the project team members provide any services to any of the due diligence programs evaluated. In sum, they had no known vested interests vis-à-vis the individual scores and findings of this study.

Anthony Cooper
Xiani Du, J.D.
Bryanna Frazier, ESQ
Dalton Hirshorn, J.D.
Jesse Hudson, J.D.
Michael Margherita, ESQ
Robert Miller
Amanda Nicodem, J.D.
Joseph Schrempp
Josephine Vanderhorst, ESQ

### ***g. Data quality control***

In order to ensure all evaluators had the same level of understanding and consistently applied the evaluation criteria, the team held an initial orientation as well as weekly meetings that featured mock evaluations and discussions of individual cases. For the purposes of data quality control, we built in a 1% redundancy into the evaluation process, whereby organisation evaluations would be randomly assigned to two evaluators. Upon data verification, in the case of any discrepancy, the point of divergence was resolved. These steps, taken together, ensured that the highest possible data quality was obtained.

### ***h. Stakeholder Forum***

The study's Stakeholder Forum functions as a peer review mechanism that offers critique at two junctures of the research: (1) review of the study's indicators just before the evaluation framework is deployed, and (2) review of the study's draft evaluation report. The Forum had absolutely no involvement in data collection, evaluation, or scoring. All findings and any errors are fully DI's responsibility. Furthermore, participation in the Stakeholder Forum is not an endorsement of the report or its findings.

The following individuals volunteered to serve on the study's Stakeholder Forum:

<i>person</i>	<i>affiliated institution</i>
James Allan, PhD	Verisk Maplecroft
Katie Böhme, PhD	iPoint-systems gmbh
Jaya Chakrabarti & Stuart Gallemore	Semantrica (TISCreport)
Eric Gottwald	International Labor Rights Forum
Rosey Hurst & Luke Smitham	Impactt
Lawrence Heim	Elm Sustainability Partners LLC
Sarah Kerrigan	Deloitte
Michele Law	Cerno Solutions
Ryan Lynch	BSI Group
Chris McCann	Resilient World
Julia Ormond	ASSET
Robert Teel	Universal Justice
Andrew Wallis	Unseen

### ***i. Scorecards and data review requests***

The scorecards are available free-of-charge on the [DI website](#). A data review option for individual organisations who disagree with or have questions about their scorecard, exists in the form of a consultation. The consultation period shall take place throughout the month of May, 2018. To book a consultation, please consult [this page](#). In the event that DI would choose to make a change to a score based on the consultation, the consultation fee is reimbursed.

## **III. Findings**

### ***a. Eligible and evaluated organisations***

For calendar year 2016, we identified a total of 16,900 organisations eligible to publish a statement pursuant to the UK MSA: being a registered business in the UK and meeting the threshold of £36 million turnover per year. Of those, we evaluated 6,501 organisations (see *Table 4*).

*Table 4:*

	<b>2016/2017</b>
No. of organisations identified as being subject to law	16,900
No. of organisations evaluated in this study	6,501
No. of unique statements evaluated in this study	1,661

### ***b. Profile of subject organisations***

The 6,501 organisations assessed had a combined global turnover of £3.3 trillion in 2016, whereas the turnover of the 16,900 subject organisations was £6.1 trillion in 2016.<sup>17</sup> This amount exceeds the Gross Domestic Product (GDP) of the UK economy (£1.96 trillion in 2016),<sup>18</sup> as with raw turnover aggregation, inter-organisation transactions are double-counted. The majority (60%) of subject organisations were UK-owned, the remainder being foreign-owned.

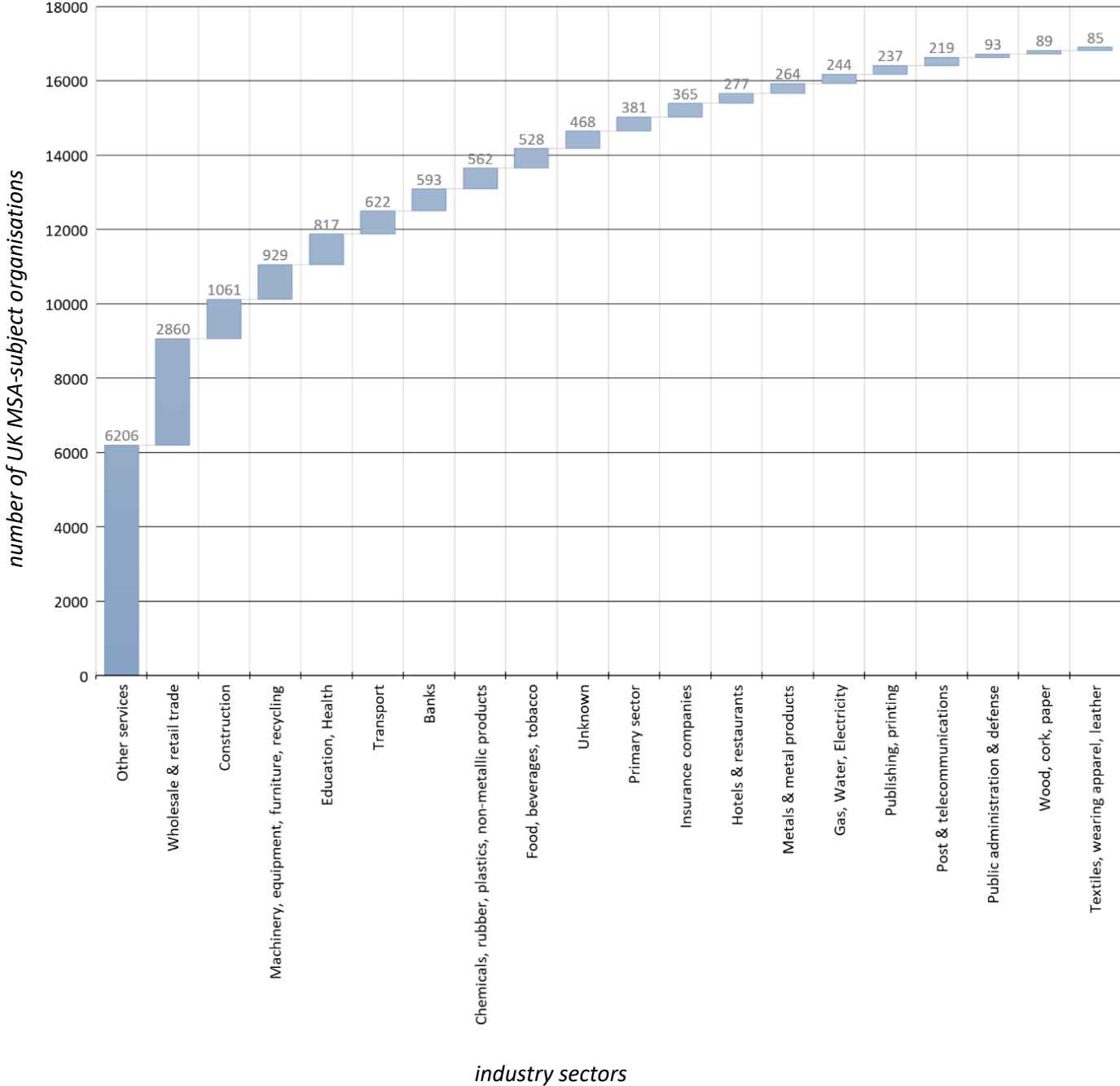
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<sup>17</sup> The TISC-California law, with over 2,000 U.S. as well as foreign subject companies, had a combined global turnover of \$48.4 trillion in 2016. See: Development International, *Corporate Compliance with the California Transparency in Supply Chains Act: Anti-Slavery Performance in 2016*, March 7, 2017, [https://docs.wixstatic.com/ugd/f0f801\\_d49f30fa19b440c190766e88bf717f56.pdf](https://docs.wixstatic.com/ugd/f0f801_d49f30fa19b440c190766e88bf717f56.pdf)

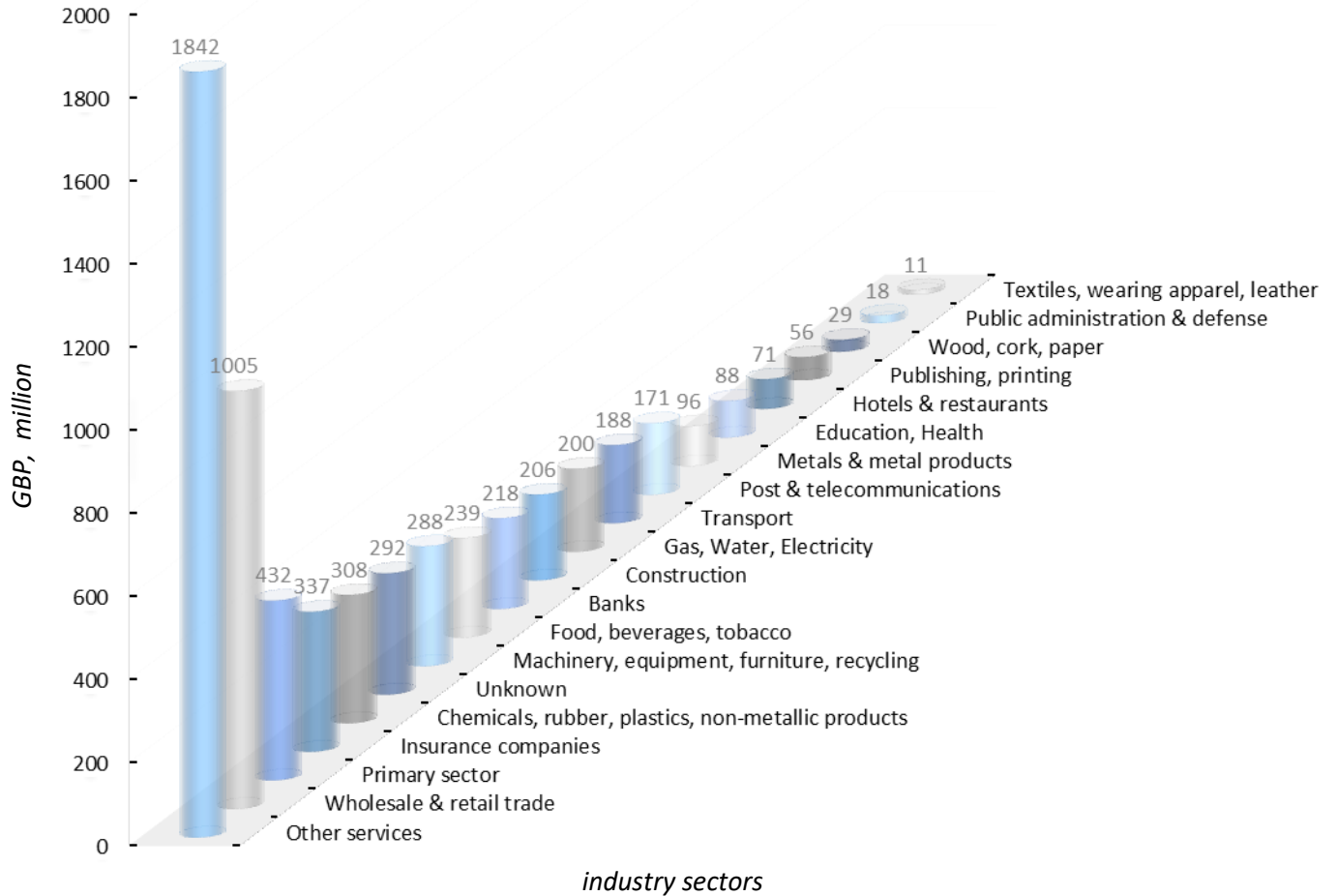
<sup>18</sup> World Bank, *United Kingdom*, <https://data.worldbank.org/country/united-kingdom>

With respect to industry representation, *Figure 7* illustrates that the largest cohort among the 16,900 organisations believed to be subject to the law were service companies (37%), followed by wholesale & retail trade (17%). *Figure 8* depicts the turnover of each industry sector in 2016.

*Figure 7: UK MSA-subject organisations, industry sectors*

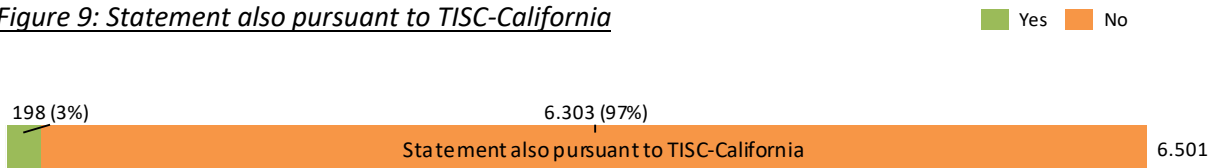


*Figure 8: Turnover (£) by industry sector*



The great majority of anti-slavery disclosure statements were prepared pursuant to UK MSA. Three percent (3%) of the assessed statements were also written to comply with TISC-California<sup>19</sup> (see Figure 9).

*Figure 9: Statement also pursuant to TISC-California*

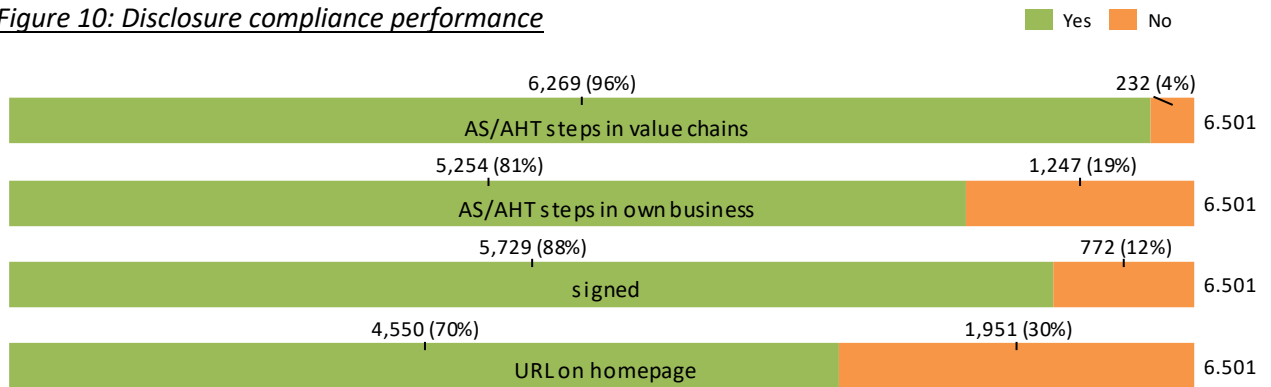


<sup>19</sup> See: California SB 657 – Transparency in Supply Chains Act of 2010, California Civil Code, § 1714.43, [http://leginfo.ca.gov/pub/09-10/bill/sen/sb\\_0651-0700/sb\\_657\\_bill\\_20100930\\_chaptered.html](http://leginfo.ca.gov/pub/09-10/bill/sen/sb_0651-0700/sb_657_bill_20100930_chaptered.html)

### c. Legal disclosure compliance

MSA requires organisations to report on stipulated anti-slavery measures, or state the absence thereof. While the majority of organisations did discuss their anti-slavery steps in their value chains, quite a number of them failed to discuss the anti-slavery steps they undertook in their own business (see *Figure 10*).

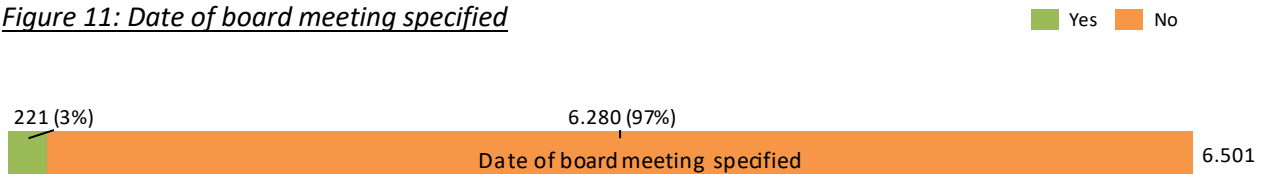
*Figure 10: Disclosure compliance performance*



According to the law’s 2017 Home Office guidance, the signature requirement “would ensure that these statements have appropriate support and approval from senior management, who are best placed to implement changes in the business.”<sup>20</sup>

Related to these 4 must-do compliance indicators are a few matters of precision. For one, specifying the date of the board meeting was encouraged in the second guidance.<sup>21</sup> Three percent (3%) of organisations did so (see *Figure 11*).

*Figure 11: Date of board meeting specified*

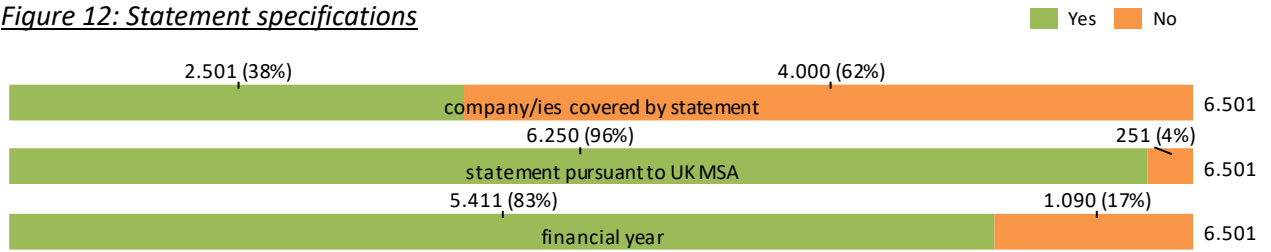


A second matter of specificity was whether the statement clearly indicates which individual organisation/s is/are covered under the statement. Surprisingly, 62% of organisations were amiss in this regard (see *Figure 12*).

<sup>20</sup> UK Home Office, *Transparency in Supply Chains etc. – A practical guide*, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/471996/Transparency\\_in\\_Supply\\_Chains\\_etc\\_A\\_practical\\_guide\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc_A_practical_guide_final.pdf)

<sup>21</sup> Ibid.

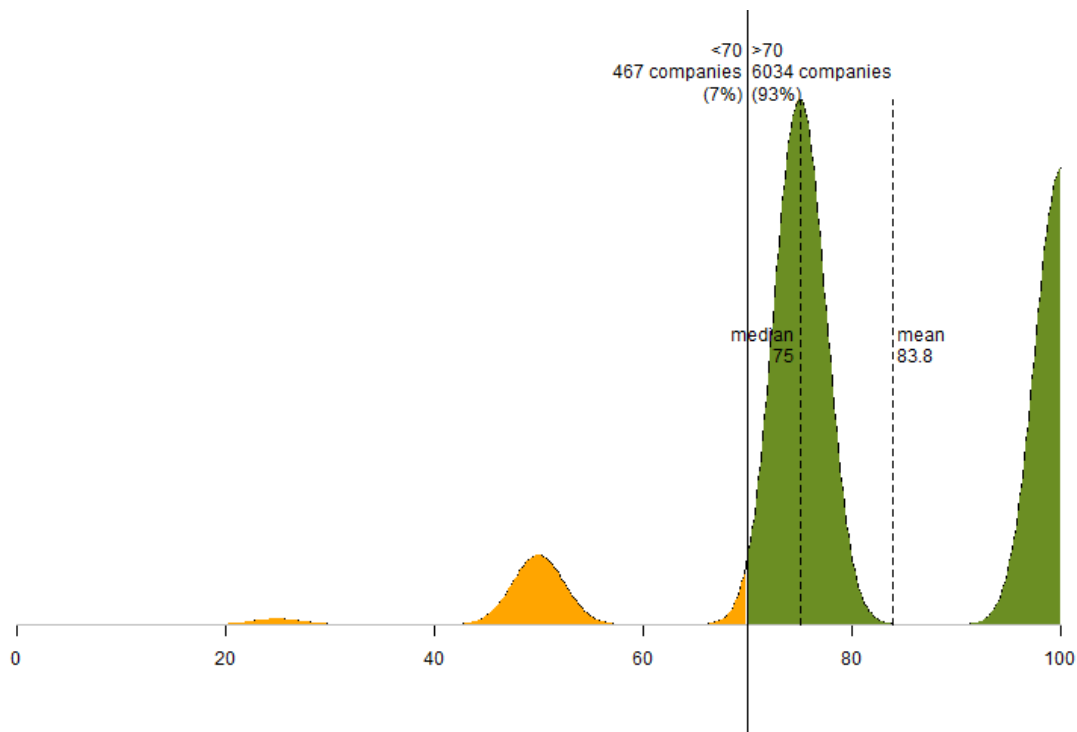
**Figure 12: Statement specifications**



Most organisations (96%) had made it explicit that the statement was pursuant to UK MSA. Another matter of precision was whether the statement specified the financial period on which was being reported. Seventeen percent (17%) of organisations did not state which financial year their statement covered.

Figure 13 shows that the majority of organisations (93%) scored between 70% and 100% with respect to disclosure compliance, with a mean of 83.8%. Almost half of the surveyed organisations – 43% – scored a 100% on the legal compliance dimension.

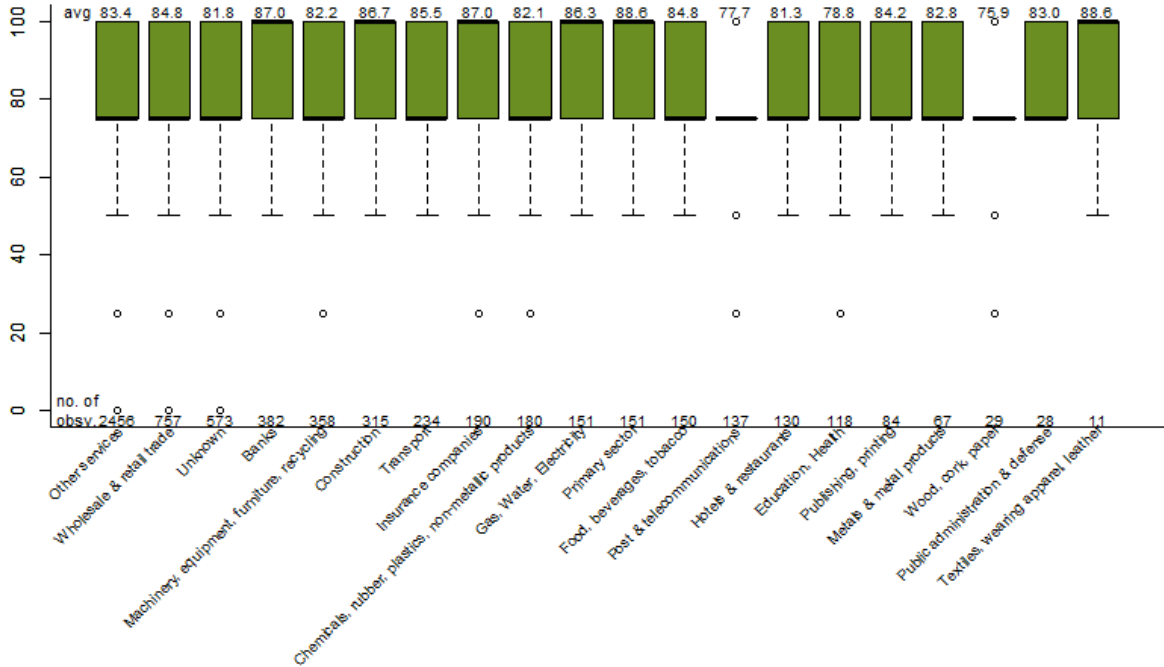
**Figure 13: Disclosure compliance scores, density plot**





With respect to compliance performance by sector, the industry *textiles, wearing apparel, leather* is tied with the *primary sector* with 88.6% disclosure compliance (see *Figure 14*).<sup>22</sup> Close behind are *insurance companies and banks*. The mean compliance score is 83.8%.

*Figure 14: Disclosure compliance scores, per sector*



**d. Disclosure conformance**

Disclosure conformance concerns an organisation’s adherence to the six disclosure topics recommended as per Part 6 of Section 54. While the majority of organisations’ statements did address their structure, business, and value chains, only a minority (14%) discussed whether their procurement was AS/AHT aligned (see *Figure 15*). As any given organisation’s value chain also includes procured products (e.g. office supplies, computers, cars, coffee, tea, chocolate, etc.), there, as well, it behooves an organisation to rule out risk of MDS in such purchases.

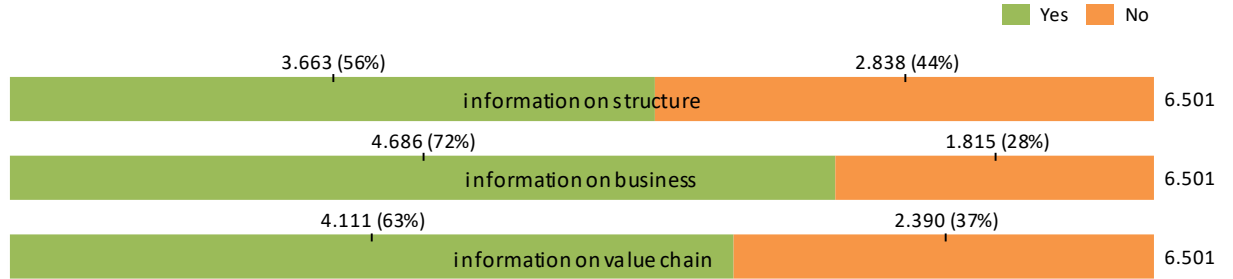
Furthermore, a closer look at *Figure 15* reveals that organisations generally report more information on their external value chains as compared with their in-house risk and steps taken. For example, only 28% of organisations reported on their internal due diligence, 14% discussed in-house modern slavery risks. The strongest reporting occurred on information regarding anti-slavery policies.

<sup>22</sup> A box plot graphically depicts groups of numerical data through their quartiles. The bottom and top of the box are the first and third quartiles, and the band inside the box is the second quartile (the median). The whiskers indicate variability outside the upper and lower quartiles.

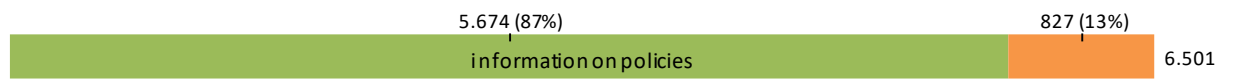
Figure 15: Disclosure conformance scores

“(5) An organisation’s slavery and human trafficking statement may include information about—

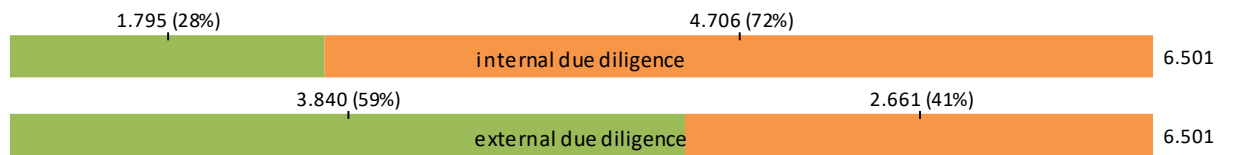
(a) the organisation’s structure, its business and its supply chains;



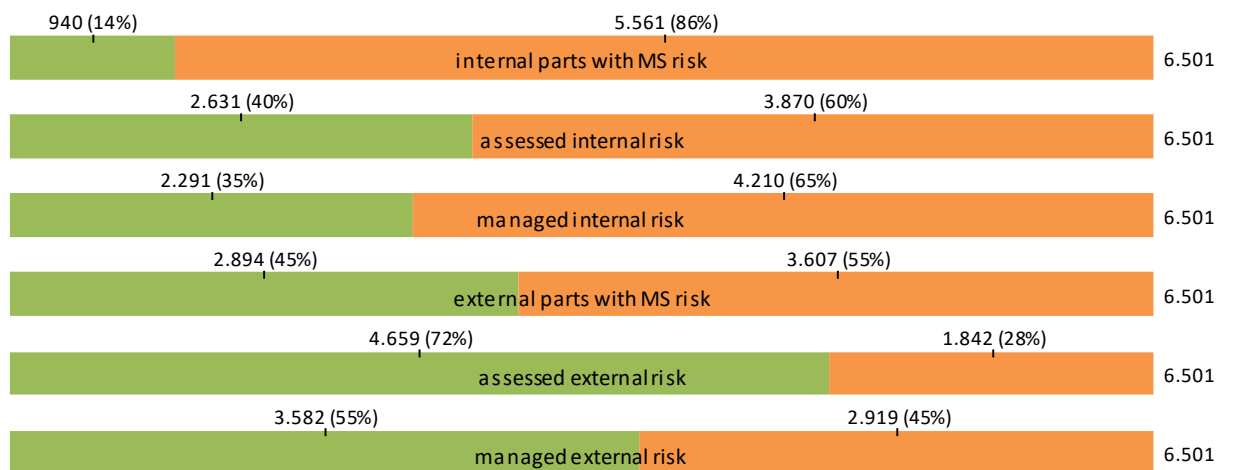
(b) its policies in relation to slavery and human trafficking;



(c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains;



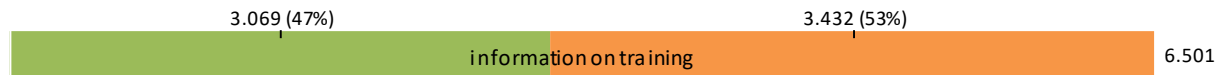
(d) the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;



(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;



(f) the training about slavery and human trafficking available to its staff.”



The density plot in *Figure 16* summarises the disclosure conformance scores of the 6,501 evaluated organisations. Fourteen percent (14%) of organisations scored a 70% and above on this dimension. The average score was 48.6%. As *Figure 17* visualises, with 57.7%, the *Food, beverages and tobacco* industry inched ahead of its peers.

*Figure 16: Disclosure conformance scores, density plot*

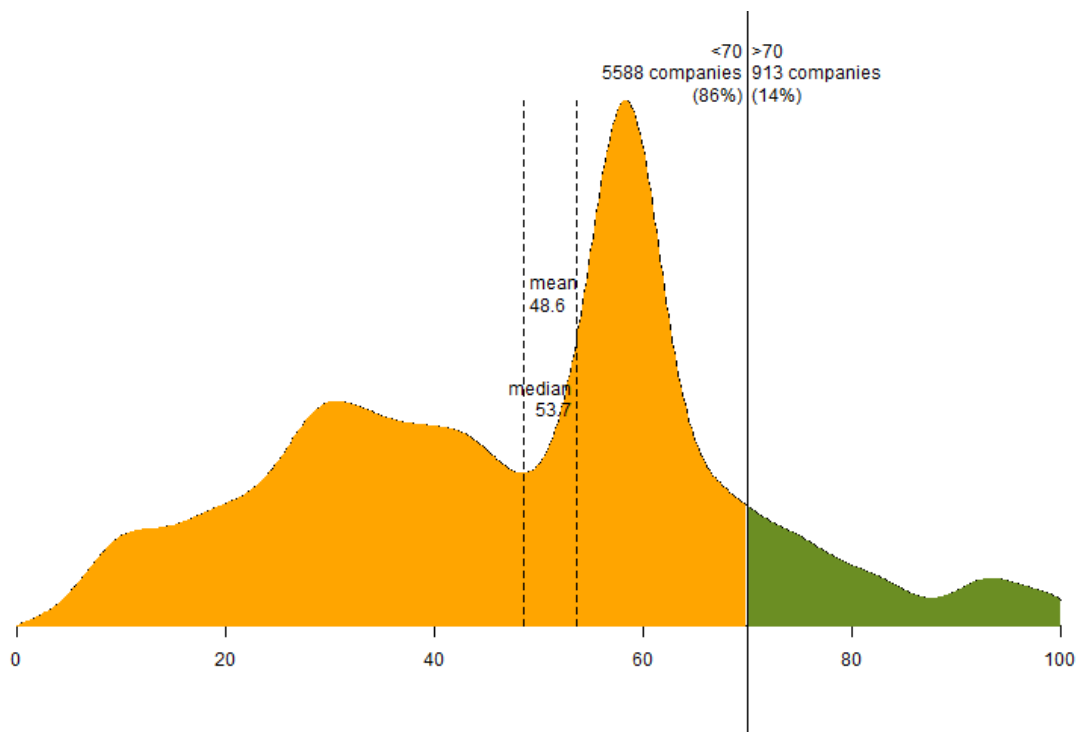
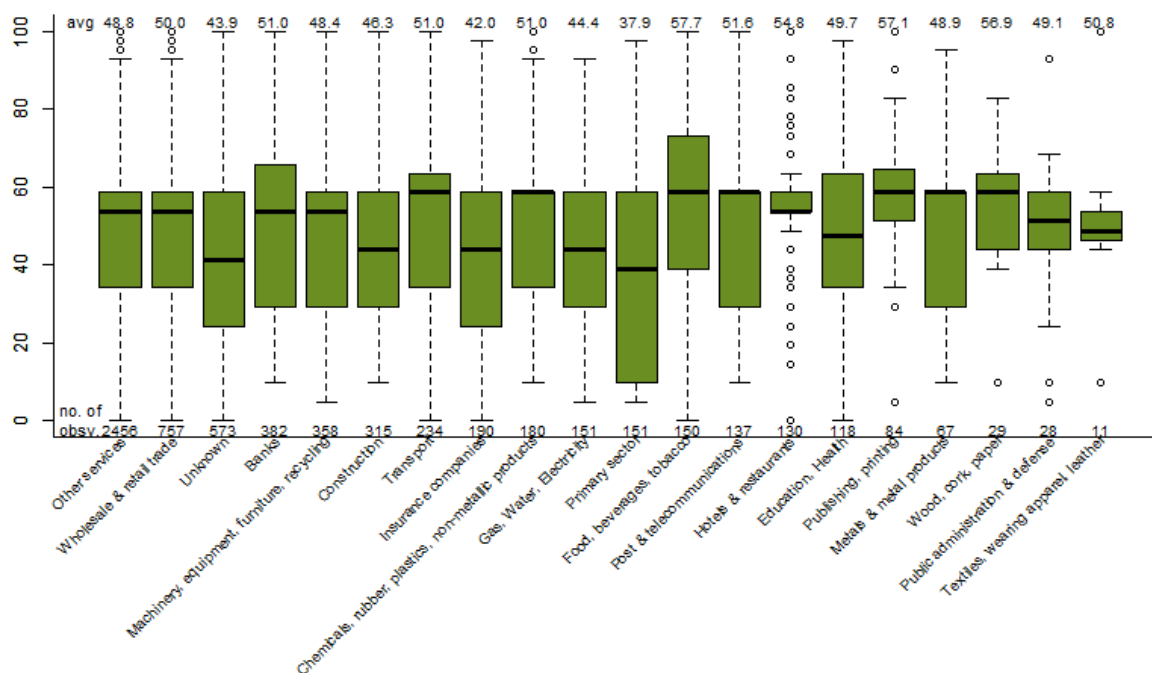


Figure 17: Disclosure conformance scores, per sector



### e. AS/AHT good practice performance

In order to ascertain the more nuanced extent of corporate-driven action relevant to MDS, we also assessed the reported degree of AS/AHT good practice.

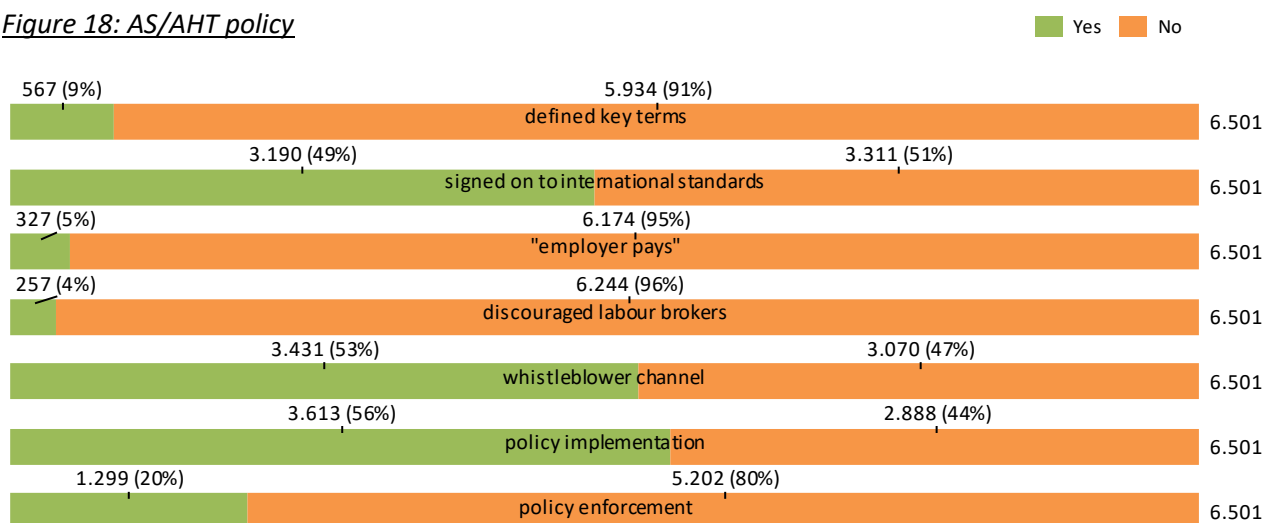
Figures 18-24 present the aggregate scores of the AS/AHT good practice indicators. With regard to the stronger points, almost half (49%) of organisations had subscribed to a relevant international standard such as the UN Global Compact. More than half (53%) reported some sort of corporate-level whistleblower channel, and in 56% of the cases there was indication of anti-slavery policy implementation, for example the incorporation of its policy into supplier contracts. Almost half (46%) reported having assessed their business partners, most in Tier 1.

Tables 5-18 present our findings on the qualitative aspects of organisations AS/AHT good practice, as well as relay the relevant Key Performance Indicators (KPIs) employed. These qualitative aspects include: international standards referenced and relied on in developing corporate compliance programs; third-party service providers utilized for audits or grievance mechanisms; KPIs for due diligence, risk assessment and verification, and audits; and examples of AS/AHT policies and policy enforcement

Where the data did not lend itself to qualitative analysis, we highlighted examples of organisations' AS/AHT good practice.

## i. AS/AHT policy

Figure 18: AS/AHT policy



### indicator #14: Did the organisation's policy define key terms?

Most organisations (91%) did not define the key terms they used to reference modern-day slavery. Definitions may be found in Annex A of the UK Home Office' guidance, which includes "slavery", "servitude", "forced labour", "compulsory labour", "human trafficking" and the "worst forms of child labour" (WFCL).<sup>23</sup>

### indicator #15: Did the organisation reference international standard(s)?

Organisations referenced a total of thirty (30) various international standards related to AS/AHT (see Table 5). These included both public standards, such as the [ILO Core Conventions](#), and private standards such as the Ethical Trading Initiative ([ETI Base Code](#)). Organisations most frequently referenced the [UN Global Compact](#) (UNGC), the [UN Guiding Principles on Business and Human Rights](#), the [Universal Declaration of Human Rights](#) (UDHR), and the [ILO Declaration on Fundamental Principles and Rights at Work](#).

Organisations referenced standards immediately relevant to their respective industries. For example, Scottish Hydro Electric Power Distribution, an energy company, referenced the [International Council on Mining & Metals 10 Principles](#). Organisations also referenced standards specific to risks in their businesses or supply chains. [Unilever](#), for example, referenced the [Dhaka Principles for Migration with Dignity](#) – human rights-based principles for improving the rights of

<sup>23</sup> See *Annex A Modern Slavery Definition* of the Guidance issued by the U.K. Home Office pursuant to section 54(9) of the Modern Slavery Act 2015: *Transparency in Supply Chains etc. A practical guide*, 2017, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/649906/Transparency\\_in\\_Supply\\_Chains\\_A\\_Practical\\_Guide\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/649906/Transparency_in_Supply_Chains_A_Practical_Guide_2017.pdf)

migrant workers. Also, some companies mentioned having signed global framework agreements (generally referred as “Global Framework Agreements”), which are individually executed between companies and unions. Although three organisations referenced the [UN Sustainable Development Goals](#), none of them specifically referenced [Target 8.7](#), the call to end modern slavery.

Table 5: International standards

International standard	# of references
<a href="#">UN Global Compact (UNGC)</a>	170
International Labour Organization (ILO) <a href="#">Declaration on Fundamental Principles and Rights at Work</a> /ILO <a href="#">Core Conventions</a>	146
<a href="#">Universal Declaration of Human Rights (UDHR)</a>	110
<a href="#">UN Guiding Principles on Business and Human Rights</a>	74
<a href="#">ETI (Ethical Trading Initiative) Base Code</a>	39
Organisation for Economic Co-operation and Development (OECD) <a href="#">Guidelines for Multinational Enterprises</a>	21
<a href="#">Electronic Industry Citizenship Coalition (EICC) Code of Conduct</a>	16
<a href="#">The International Bill of Human Rights</a>	14
<a href="#">UN Convention on the Rights of the Child</a>	4
<a href="#">ISO 9001</a>	3
<a href="#">ISO 26000</a>	3
<a href="#">ISO 14001</a>	3
<a href="#">United Nations Principles for Responsible Investment</a>	3
<a href="#">Voluntary Principles on Security and Human Rights</a>	3
<a href="#">UN Sustainable Development Goals (SDGs)</a>	3
<a href="#">International Council on Mining &amp; Metals 10 Principles</a>	2
<a href="#">ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy</a>	2
<a href="#">Rio Declaration</a> on Environment and Development	3
<a href="#">UN Convention Against Corruption</a>	2
<a href="#">UN International Covenant on Economic, Social and Cultural Rights</a>	1
<a href="#">BS OHSAS 18001</a>	1
<a href="#">ISO SA8000:2008</a>	1
<a href="#">1956 UN Convention on the Abolition of Slavery</a>	1
<a href="#">EU Timber Regulation</a>	1
<a href="#">European Convention on Human Rights</a>	1
<a href="#">UN World Tourism Organisation’s (UNWTO) Global Code of Ethics</a>	1
<a href="#">UN Women’s Empowerment Principles</a>	1
<a href="#">EU Charter of Fundamental Rights</a>	1
<a href="#">Dhaka Principles for Migration with Dignity</a>	1
<a href="#">Consumer Goods Forum Priority Industry Principles</a>	1

**indicator #17: Did the organisation embrace the “employer pays” principle?**

Also of interest was whether an organisation specifically mentioned the “employer pays” principle as being part of their AS/AHT policy. This commitment to ensure that no worker should pay for a job was notably incorporated in the *Dhaka Principles for Migration with Dignity*. The “employer pays” principle was cited by 327 organisations (5%) in our sample.

**indicator #20: Policy implementation carried out, in particular by incorporating policy into supplier/ service provider contract clause?**

A majority of organisations (56%) integrated AS/AHT policies throughout their business and supply chains.

For example, [Dimensions](#), associated with the brand Men’s Wearhouse, reported on its AS/AHT policies in the areas of recruitment, pay, working hours, and discrimination. In recruitment, [Dimensions](#) completes Right to Work checks in accordance with the Immigration Act 1971, conducts Young Persons Risk Assessments for all workers under the age of 18, and operates a Preferred Supplier List of recruiting agencies which it audits. Through its contract terms and conditions, it requests supplier adherence to the principles of the Modern Slavery Act.

[Diageo](#), a supplier of alcoholic beverages, reported on implementing AS/AHT policies through three avenues: an organisation-wide Human Rights Policy, an internal Code of Business Conduct, and a code of conduct for suppliers, which all of Diageo’s suppliers are required to respect.

Similarly, [Microsoft](#) reported on implemented AS/AHT policies through its Global Human Rights Statement, Standard of Business Conduct, and Supplier Code of Conduct. Among the requirements [Microsoft](#) placed on its suppliers were:

- Ensuring worker access to work-related documents, such as identity or immigration papers, and prohibit requiring workers to submit “deposits” to work.
- Requiring adherence to the “employer pays” principle. If workers are not a national of the country where manufacturing is taking place and the worker was brought into the country for the purpose of working with the supplier, the supplier shall provide return transportation for the worker or reimburse the worker for such costs.
- Providing workers with clear and written information about working conditions, including any costs charged to the employee, in a language familiar to the worker.
- Prohibiting suppliers from using deductions of wages as a disciplinary measure.

A basic implementation of AS/AHT policy involves three areas: the supplier code of conduct, the internal business code of conduct, and a statement on human rights. An effective implementation of AS/AHT policy will go into more detail within each area, with granular policies on recruiting, working hours, penalties and wages, discrimination, and migrant workers.

**indicator #21: Policy enforcement carried out (warnings, consequences for non-performance including suspension or contract termination of non-cooperating suppliers/providers)?**

A policy may look good on paper, but it is only as effective as its enforcement. Most organisations (56%) had some form of AS/AHT policy implementation, but only a minority (20%) actually described policy enforcement. Such enforcement took different forms, from contract terms and conditions, to written warnings, to audits and suspension or dismissal of non-cooperating suppliers.

Most organisations that reported on policy enforcement offered only a generic statement that if they encountered a supplier suspected of engaging in human trafficking or slavery they would review and possibly terminate their partnership with that supplier.

Some organisations went into more detail. [Microsoft](#), for example, reported enforcing its AS/AHT policies through supplier contracts, manufacturing specifications, supplier assessments and audits, and capacity building programs. When non-conformances were detected, [Microsoft](#) audited suppliers and worked with them to develop corrective action plans. It then reported the results of its audits and corrective actions in its [annual Corporate Social Responsibility \(CSR\) report](#).

Effective enforcement of AS/AHT policy may include relevant clauses in supplier contract terms and conditions, assessments and audits of suppliers, development of corrective action plans, and termination of relationships with non-cooperative suppliers.

**Policy KPIs**

The example KPIs in *Table 6* were identified in organisations’ MSA statements.

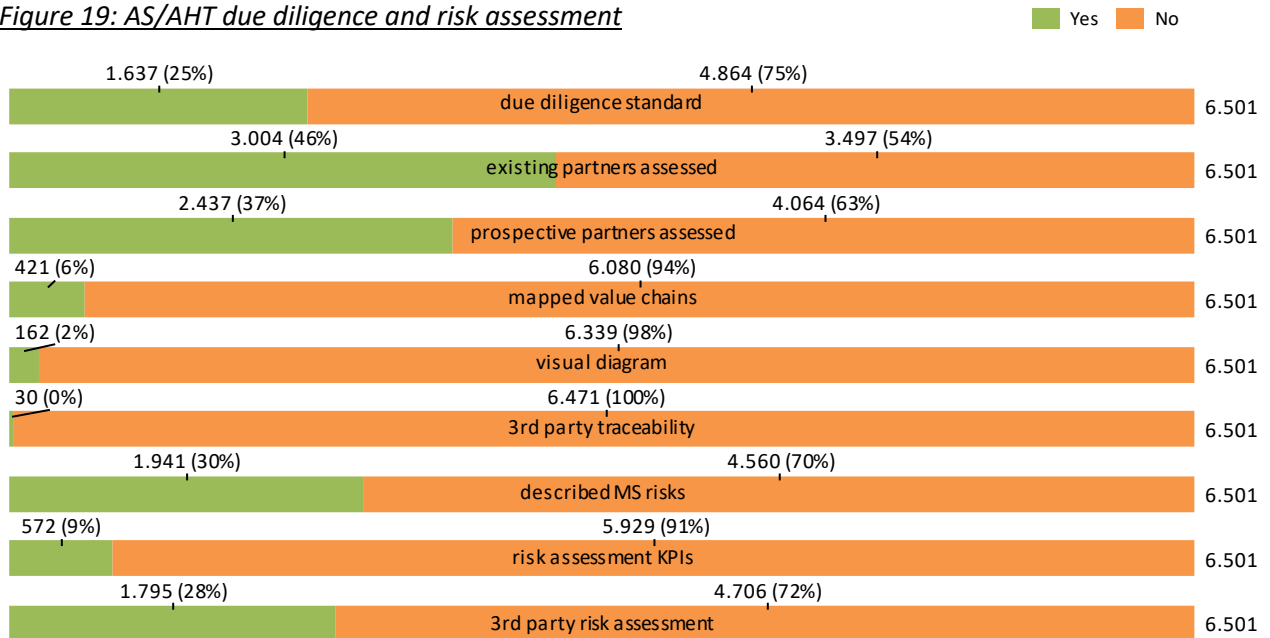
*Table 6: Policy KPIs*

Policy KPIs
Annually reviewed AS/AHT policies
Whether policies were translated into workers’ native languages
% of employees covered by collective bargaining agreements



## ii. Risk assessment and due diligence

Figure 19: AS/AHT due diligence and risk assessment



### indicator #27: Due diligence standard employed?

One quarter (25%) of organisations referenced a due diligence standard. Organisations referenced both public due diligence standards such as the [Gangmaster and Labour Abuse Authority \(GLAA\) licensing standards](#), and private due diligence standards such as the [ETI Base Code](#) and the [SEDEX Guidance on Operational Practice and Indicators of Forced Labour](#), released in 2016 (see *Table 7*). After concerted stakeholder consultations, OECD has notably published the following sector-specific due diligence guidance publications:

1. [OECD-FAO Guidance for Responsible Agricultural Supply Chains](#)
2. [The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#)
3. [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)

An organisation operating within a specific industry such as clothing, lumber, or hospitality, may have referenced a due diligence standard specific to that industry, such as the [Better Cotton Standard System](#), [Rainforest Alliance Sustainable Agriculture Standard](#), or the [Travelife Gold Standard](#), respectively. Reference to an external standard, whether within an industry, an association, or an international body, served as an aid for effective due diligence.

Table 7: Due diligence standards

Due diligence standard	# of references
Ethical Trading Initiative ( <a href="#">ETI</a> ) Base Code	37
<a href="#">SEDEX Guidance on Operational Practice and Indicators of Forced Labour</a>	22
Electronic Industry Citizenship Coalition ( <a href="#">EICC</a> ) Code of Conduct	9
Organisation for Economic Co-operation and Development ( <a href="#">OECD</a> ) Due Diligence Guidelines	7
<a href="#">Gangmasters and Labour Abuse Authority (GLAA) Standards</a>	4
<a href="#">Fairtrade Standards</a>	3
International Labour Organization ( <a href="#">ILO</a> ) Labour Standards	3
<a href="#">Travelife Gold Standard</a>	2
<a href="#">ProTerra Standard</a>	1
<a href="#">Rainforest Alliance Sustainable Agriculture Standard</a>	1
<a href="#">Better Cotton Standard System</a>	1

**indicator #29: Existing suppliers/providers evaluated based on their AS/AHT performance?**

and

**indicator #31: Prospective suppliers/providers screened, based on AS/AHT criteria?**

Organisations assessed their suppliers through questionnaires, audits, site visits and inspections, and requests for declarations or certifications of conformance with the UK Modern Slavery Act.

[Abcam](#), a life sciences company, issued a due diligence questionnaire with questions on MDS to its suppliers as part of their annual contract renewal process. [Diageo](#), an alcoholic beverage company, used the SEDEX self-assessment questionnaire. [DLA Piper](#), a law firm, requires its suppliers to answer questions assessing their commitment to AS/AHT practices via an online portal.

Supplier assessments measured a variety of criteria such as geography, nature of services, and working conditions. [Karen Millen Fashions](#) reported assessing its suppliers according to working conditions, health and safety, hours worked, whether wages were above the legal minimum, ability to leave the premises after work shifts, and whether any ID documents were held by the employers. [Kettle Foods](#) assessed its suppliers in light of the nine (9) criteria in the ETI Base Code.

When assessing potential suppliers during an onboarding process, many organisations followed sourcing or procurement protocols. For example, the [Aberdeen International Airport](#) required any potential supplier to provide evidence of compliance with the Modern Slavery Act and confirm that the supplier's organisation and its supply chain were free from slavery and human trafficking. Such requirements were implemented through supplier contract terms and conditions requiring compliance with national and international regulations.

## Due Diligence KPIs

Table 8 below includes KPIs organisations used to chart their due diligence activities.

Table 8: Due diligence KPIs

Due diligence KPIs (ordered according to frequency)
# of key contacts with suppliers that confirmed their understanding of, and compliance with, expectations of AS/AHT Policy Statement
% of suppliers who provide their own modern slavery statements
# of suppliers responding to survey/questionnaire
% of suppliers that signed Supplier Code of Conduct
#/% of suppliers registered on SEDEX
# of on-site assessments
# of spot checks, including foreign visits and inspections
# of high risk suppliers identified
# of suppliers confirming they had no incidents of modern slavery
# of sites where confidential mobile survey was conducted
# of suppliers that check identities of sub-contractors' employees on-site
# of suppliers that are members of industry federation
# of sites in high risk countries which have had an ethical audit in the last 24 months
% of raw materials sourced through recognised sustainability programmes
# of suppliers participating in sustainability workshops and webinar
# factories with zero-tolerance issues
# of supplier contracts which include an anti-slavery provision
% of strategic suppliers under strategic business review process
% of suppliers with all low risk facilities

**indicator #39: Did the organisation map their supply/service chains down to level of raw materials and/or sub-contracting?**

and

**indicator #41: Did the organisation include a visual diagram (e.g. maps) of their value chain(s)?**

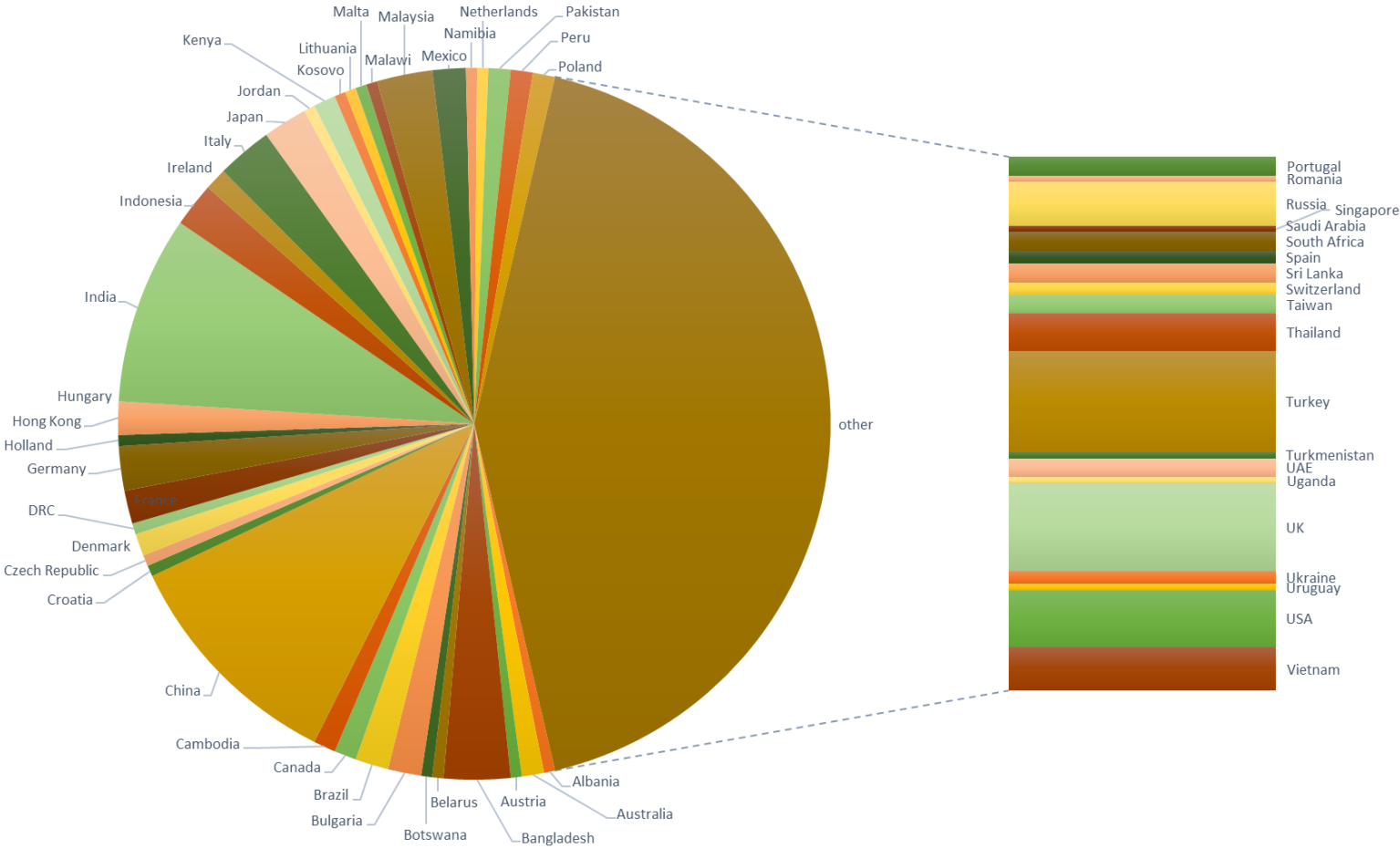
MSA statements were furthermore queried regarding source countries of products. While some organisations indicated a world region, others had performed mapping down to the source counties. Few organisations (6%) reported mapping their supply chains down to the country of origin – enabling the identification of country-specific risks of MDS, and even fewer (2%) provided a visual diagram. As *Figure 20* illustrates, China and India were the source countries organisations enumerated most often in their statements.

**indicator #44: Described modern slavery risks?**

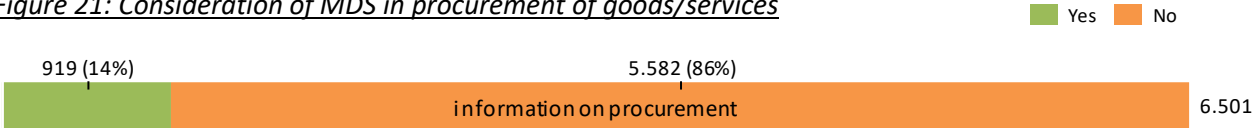
MDS-related risks – whether in their organisation or value chains – were reported by 1,941 organisations (30%), as depicted in *Figure 19*. Roughly half of those had considered modern slavery risk in the items or services they procure (see *Figure 21*). The specific risks organisations identified

paint a telling picture of how pervasive forced labour and human trafficking are in today's value chains. The chilling snapshot of the current risk landscape underscores the fact that essentially no organisation is fully insulated from the MDS exposure.

*Figure 20: Source countries of materials in supply chain*



*Figure 21: Consideration of MDS in procurement of goods/services*



Organisations' reported approaches to identifying risks varied. Some identified risks by country, others by supplier, and others by industry, by part of the supply chain, or by a mixture of elements. For example, [Kawasaki](#), an automotive manufacturer, focused on risks related to both suppliers and countries, reporting: "we have identified 2 suppliers that may potentially present an elevated risk of slavery or human trafficking. These suppliers are based in 2 countries, Turkey and Taiwan."

Industries identified frequently as high-risk included: uniform supply, construction, cleaning, catering, and temporary labour. Such industries are among those which most organisations engage in ordinary course of business. *Table 9* shows industries and sector identified to have an elevated MDS risk.

*Table 9: Industry/sector with elevated MDS risk*

Industry/sector	# of references
Cleaning	16
Seasonal workers	10
Construction	9
Catering	8
Uniforms	7
Information Technology	7
Security	6
Manufacturing (unspecified)	5
Print/Paper	5
Agriculture	3
Fisheries	2
Poultry	2
Holiday and cruise operations	1

Domestic organisations with an apparent low risk profile were still exposed to MDS through cleaning, construction, and sourcing uniforms and supplies from abroad. [Greenwood Academies Trust](#), which operates private primary and secondary schools located wholly within the UK, identified three MDS risk areas: staff and student uniform supply, ICT equipment, and services such as cleaning, catering and security. University College London ([UCL](#)) reported exposure risks in the areas of office supplies, laboratory equipment, ICT equipment, and cleaning services.

[Discovery Communications](#), a media company, explained why such ubiquitous services pose a high risk of MDS: “Services such as catering, security and cleaning are often subcontracted and can be filled by a high proportion of migrant workers, making them potentially higher risk in relation to slavery and human trafficking.”

[Kentucky Fried Chicken \(Great Britain\)](#), a fast food restaurant, focused on the risk of MDS presented by its use of seasonal, low-paid workers. Other organisations, like [Net-A-Porter](#), a fashion brand, reported on the risk of MDS in supply chains for in-season products.

The countries with elevated MDS risks often overlapped in organisations’ reports, as is highlighted below in *Table 10*. MDS risks involving tin, tungsten, tantalum and gold (3TG) from the Democratic Republic of the Congo (DRC) was the most referenced.

Table 10: Value chain risk countries/regions

Risk country/region	# of references
Democratic Republic of the Congo (DRC)	23
India	10
China	9
Turkey	4
Eastern Europe	4
Brazil	2
Bangladesh	2
Thailand	2
Russia	2
UAE	2
Colombia	1
Mexico	1
Vietnam	1
Taiwan	1

Organisations identified specific risks associated with particular countries. For example, 23 organisations reported risks of child labour and forced labour being used for 3TG mining in the DRC and the surrounding region. [Samworth Brothers](#), a food company, identified cooked chicken from Thailand as high-risk.

Focusing on India, [Tata Chemicals](#) reported risks of MDS with packaging products sourced from India and the [Midcounties Co-operative](#), an independent co-op in the UK, reported that its main risk area was in its funeral business where masonry stone is purchased from India. [Debenhams](#), a retail store, reported risks of MDS in leather tanneries in India, especially with respect to discrimination against low-caste workers.

Looking at China, [Sky](#), an entertainment company, reported risks of working hours in Chinese factories. [Scottish Hydro Electric Power](#) identified risks of accommodation and management systems. Through audits, [Electrolux](#), a producer of home appliances, encountered four (4) cases of forced labour in China and South East Asia involving improper management of wages and worker passports. [Tesco](#), a general store, reported risks of MDS with cotton from Uzbekistan and Turkmenistan.

Some risks were especially relevant to the current events. This year, refugees, especially Syrian refugees, were among the significant risks reported (e.g. [Euro Packaging](#)). Also notable, [Vodafone](#) reported the risk of undisclosed camera surveillance of factory workers.

The variety of risks organisations identified emphasises that risks of MDS have permeated almost every aspect of contemporary business. In light of risks reported this year in such business basics as cleaning, security, catering, and procurement of equipment and office supplies, next year more

than the 30% of organisations which reported MDS risks this year should be able to identify specific risks of MDS in their businesses and supply chains.

**indicator #46: Metrics (KPIs) for risk assessment discussed?**

Organisations that used KPIs for risk assessment focused mainly on suppliers.

The KPI most frequently employed was % of suppliers (or % of suppliers as measured by spend) that returned a self-assessment questionnaire. For example, [Sky](#) reported that 52% of UK spend suppliers responded to its questionnaire. Many organisations used several KPIs. [Virgin Active](#), a lifestyle company, reported using the following seven (7) KPIs: *% of suppliers who have accepted compliance with code of conduct; % of suppliers who were sent a questionnaire; % of suppliers who completed and returned the questionnaire; % of suppliers where non-compliance issues with the code of conduct were identified; and % of the staff involved in procurement who were trained on slavery issues in the supply chain.*

Organisations used KPIs specific to their industries. For example [Sainsbury's](#), a grocery store, tracked the following eleven (11) data points about the farms from which it sourced produce: *number of employees, percentage of seasonal workers, percentage of agency labour, name of labour provider, provision of accommodation and transportation, completion of SMETA (Sedex Members Ethical Trade Audit) or Global Gap GRASP audits, date of last audit, number of major and critical non-conformances, date of last second-party visit and communication of the ETI Base Code to workers; % of cotton certified by the Better Cotton Initiative (60%).*

Table 11 below includes other KPIs organisations applied to their risk assessment.

**Risk Assessment KPIs**

*Table 11: Risk assessment KPIs*

<b>Risk assessment KPIs (ordered according to frequency)</b>
% of suppliers that accepted compliance with Code of Conduct
# of suppliers that are members of industry federation
# of suppliers that check identities of sub-contractors' employees
# of companies engaged with on ESG issues
% of tier-one suppliers assessed
# of suppliers confirming they pay minimum wage
# of suppliers with overseas branches
# of suppliers that ask their own suppliers if they have AS/AHT provisions
# of suppliers that passed through risk assessment process
% of suppliers to whom a questionnaire was sent
% of suppliers that have on-site verification visits

% of self-assessments that are audited
% of suppliers registered in UK
% of suppliers providing AS/AHT training to employees
% of suppliers with specific AS/AHT policies
# of risk assessments completed
# of factory audits completed
# of audits resolved satisfactorily
# of products analysed for MS/HT risks

**indicators #24, 26, and 49: What were the third-party service providers for risk assessment and due diligence?**

Many organisations used third-party service providers or tools in order to perform their risk assessments and due diligence – with regard to potential slavery and human trafficking in their own *business* or in their *supply / service chains (including clients, procurement)*. Table 12 shows the referenced third-party service providers / tools.

Referenced third-party services included widely-used tools offered by [SEDEX](#) and [Verisk Maplecroft](#), but also consultancies such as [EcoVadis](#), non-governmental organisations (NGOs) such as [Stop the Traffik](#) and [Anti-Slavery International](#), law firms such as [Dechert LLP](#), software companies such as [Dun & Bradstreet](#), and consortiums such as the [London Universities Purchasing Consortium](#).

Table 12: Third-party service providers

Third-party service provider	# of references
<a href="#">SEDEX</a>	27
<a href="#">EcoVadis</a>	7
<a href="#">Verisk Maplecroft</a>	6
<a href="#">Achilles</a>	3
<a href="#">Carbon Smart</a>	2
<a href="#">Ethical Trading Initiative (ETI)</a>	2
<a href="#">Stop the Traffik</a>	2
<a href="#">Together for Sustainability</a>	2
<a href="#">AB Sustain</a>	1
<a href="#">Acoura</a>	1
<a href="#">Anti-Slavery International</a>	1
<a href="#">Assent Compliance</a>	1
<a href="#">Avetta</a>	1
<a href="#">BOMcheck</a>	1

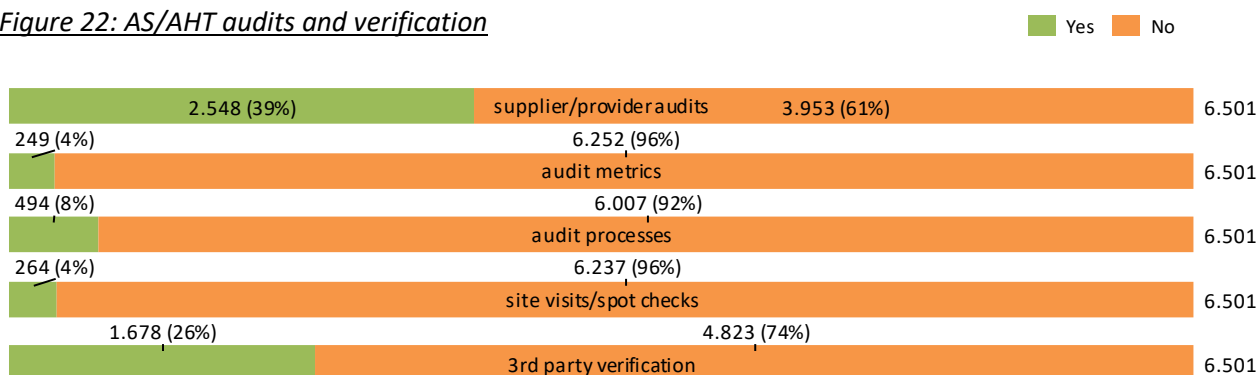


<a href="#">Bureau Veritas</a>	1
<a href="#">Clearview</a>	1
<a href="#">Dechert LLP</a>	1
<a href="#">Dow Jones Risk &amp; Compliance</a>	1
<a href="#">Dun &amp; Bradstreet</a>	1
<a href="#">Electronics Watch</a>	1
<a href="#">Ergon Associates</a>	1
<a href="#">Ethical Tea Partnership</a>	1
<a href="#">Fair Labor Association</a>	1
<a href="#">Federal Retail Trading Services</a>	1
<a href="#">First Point Assessment Ltd</a>	1
<a href="#">FishSource</a>	1
<a href="#">Good Corporation</a>	1
<a href="#">Intersnack group</a>	1
<a href="#">Intertek</a>	1
<a href="#">London Universities Purchasing Consortium</a>	1
<a href="#">NetPositive Futures</a>	1
<a href="#">Reprisk</a>	1
<a href="#">SGS</a>	1
<a href="#">Sigwatch</a>	1
<a href="#">Twentyfifty</a>	1
<a href="#">Walk Free Foundation</a>	1
<a href="#">World Check-One</a>	1

### iii. Audits and verification

Supplier audits were reportedly performed by 2,458 organisations (39%), as *Figure 22* shows. Of these, 1,678 used a third-party service, 249 discussed the metrics used to measure audits, and 494 discussed their audit processes.

*Figure 22: AS/AHT audits and verification*



**indicator #53: Audit metrics discussed?**

Organisations measured their audit performance according to the number or percentage of their suppliers audited. On a more granular level, organisations employed metrics such as number of factories audited, and number of workers reached.

For example, [John Lewis Partnerships](#), a retailer, reported conducting 978 audits in 2016/2017, with 80% of its factories assessed and 1,782 workers were engaged through audit projects. [Kettle Foods](#) reported auditing 20% of its direct suppliers every six (6) months. [Texas Instruments](#), an electronics company, reported conducting annual audits on 25% of suppliers deemed to be high-risk through its risk assessment process. *Table 13* shows audit frequency.

*Table 13: Audit frequency*

<b>Audit frequency</b>	<b># of references</b>
Monthly	2
Quarterly	0
Biannually	5
Annually	19
Every 2 years	9
Every 3 years	4

**indicator #55: Description of audit processes?**

Audit processes among reporting organisations revealed patterns. The elements common to audits were tours of production facilities, interviews with management, and interviews with employees and union representatives [e.g. [DONG Energy](#) and [Michael Kors \(UK\)](#)]. In more detail, [Microsoft](#) reported the following: *“During the review process, auditors examine documentation; visit production lines, dorms, canteens, and waste storage facilities; and conduct face-to-face interviews of workers and factory management. To ensure consistency and quality of third-party audits, Microsoft pre-qualifies third-party auditors through shadow audits and assessments of their onsite audit performance and reports.”* [365 Healthcare](#), a retailer, reported: *“The Global Sourcing team performed 449 supplier audits covering suppliers in Asia. As a result of these audits, the Global Sourcing team has worked with 39 suppliers to improve their employment practices.”*

Organisations often followed external protocols, such as the ISO 26000 social responsibility audit. [Keurig](#) reported following the SMETA 4 pillar audit protocol from SEDEX. These protocols formalize similar audit elements, such as tours of production facilities, interviews with management, and interviews with employees and union representatives.

## Audit KPIs

Table 14: Audit KPIs

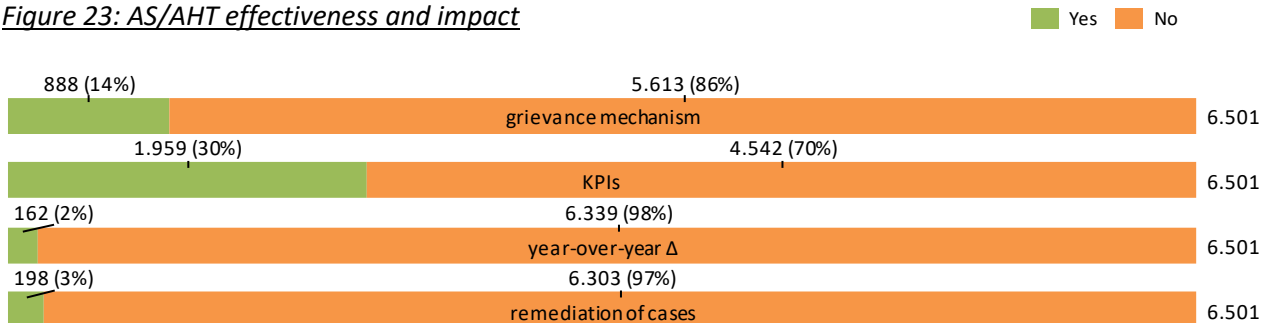
Audit KPIs (ordered according to frequency)
# of audits conducted
#/% of suppliers audited
# of cases of forced labour found via audits
Amount of time spent on audits, re-audits, spot checks, and related due diligence

### iv. Effectiveness and impact

The UK MSA challenges organisations to report information about their “effectiveness in ensuring that slavery and human trafficking is not taking place in [their] business or supply chains, measured against such performance indicators as [they consider] appropriate.” As *Figure 23* reveals, 14% of organisations noted using a grievance mechanism, 30% applied KPIs, but only 2% measured year-over-year changes, and 3% reported they had remediated cases of forced labour. For example, [Matrix](#), a supply chain management specialist, measures two outcome indicators in its value chains: % of core factories that increased average wages, and % of workers that received increased rest days.

Ensuring living wages are paid is indeed one effective measure an organization can take to prevent modern slavery in its value chains, also because there is direct evidence of the absence of modern slavery. [Kelda Group](#) referenced their Living Wage accreditation, externally assured by the [Living Wage Foundation](#). The organisation pays all direct employees a wage that is over the UK Government standards, and includes Living Wage clauses in supplier contracts to ensure that contractors and subcontractors receive a Living Wage as well. Kelda Group also notes that breaching the Living Wage clause can lead to termination of the contract.

*Figure 23: AS/AHT effectiveness and impact*



**indicator #59: Grievance Mechanism: Worker-level incident detection and reporting mechanism?**

Operational-level grievance mechanisms such as hotlines or mobile phone applications which workers can use to report incidents or adverse conditions are at the heart of effective AS/AHT program because they give affected workers a voice. From a management perspective, grievance mechanisms also serve a monitoring function, and thus could be operationalised as AS/AHT quality control measures, especially if they are run by a credible 3<sup>rd</sup> party. In other words, a grievance mechanism can also function as a gauge for AS/AHT effectiveness.

The use of some sort of grievance mechanism was reported by 888 organisations. Some organisations used their own grievance mechanisms, such as is the case with [De La Rue's Codeline](#) and [Deloitte's Integrity Helpline](#), and others used grievance mechanisms operated by third parties. NAVEX Global EthicsPoint, for example, is an external forum not tied to a specific company. *Table 15* shows the mentioned grievance mechanisms, and *Table 16* the grievance mechanism KPIs that organisations employed.

*Table 15: Third-party grievance mechanisms*

Grievance mechanism	# of references
<a href="#">Labor Link</a> (Elevate)	2
<a href="#">De La Rue Codeline</a>	1
<a href="#">EthicsPoint</a>	1
<a href="#">Issara Institute</a>	1
<a href="#">Verité</a>	1

**Grievance Mechanism KPIs**

*Table 16: Grievance mechanism KPIs*

Grievance mechanism KPIs (ordered according to frequency)
# of complaints relating to slavery and human trafficking
%/# of corrective actions implemented related to misconduct
# of complaints that are substantiated
# of referrals made relating to vulnerable people and # made related to modern slavery

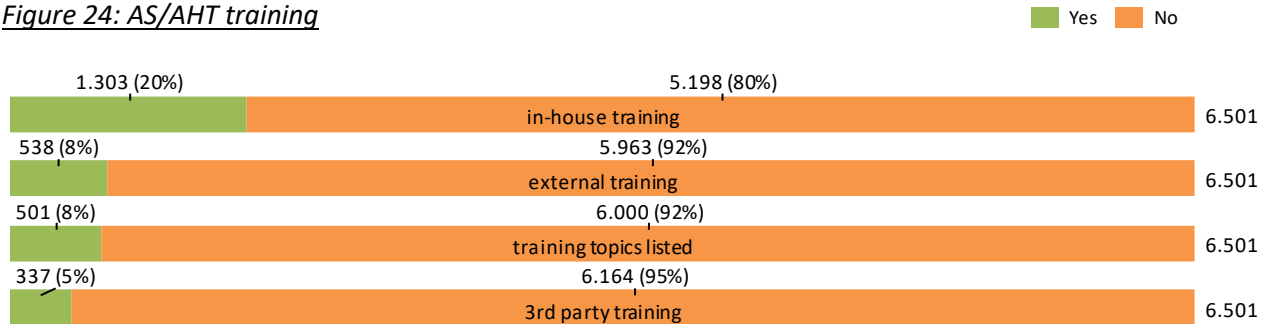
**indicator #62: Did the organisation use KPIs?**

As depicted in *Figure 23*, almost one third of organisations (30%) identified and applied Key Performance Indicators (KPIs). These KPIs, taken directly from organisations' statements, are included in each good practice section. We note that most indicators applied were process indicators as opposed to outcome indicators.

## v. Training

As is evident in *Figure 24*, not many companies discussed the nature of the AS/AHT training procured or provided.

*Figure 24: AS/AHT training*



### indicator #69: Did the organisation list the AS/AHT training topics?

The most frequently-reported training topic was how to identify, assess, and report modern slavery and human trafficking.

Few organisations (8%) reported in detail on their AS/AHT training topics. Among those with most detail, [Oxfam](#) reported that its UK procurement, retail buying teams, and suppliers attended a half-day training during which the below topics are covered. Both prior to and after the training, [Oxfam](#) did short surveys to measure the impact of the training.

[Oxfam](#)'s training topics comprise:

- *Forms of modern slavery*
- *Sourcing countries where modern slavery is more prevalent*
- *Forms of modern slavery that may exist in our supply chains*
- *Why modern slavery is difficult to detect*
- *Oxfam's approach to addressing modern slavery*
- *How modern slavery links to key issues of wages and the right to freedom of association*

Other notable training topics organisations reported on included: how to support refugee workers; ethical procurement and responsible sourcing; laws and policies relating to human trafficking and slavery; the UN Guiding Principles; and the ILO's Seven Fundamental Principles.

### indicator #70: Was the AS/AHT training performed by 3rd party?

Third-party training was provided by both service providers and public agencies. Third-party training providers are listed in *Table 17*. Stronger Together was the most frequently-cited third-party training provider.

Some agencies provided courses, such as the Gangmasters and Labour Abuse Authority (GLAA) “Tackling Hidden Labour Exploitation” course which [Nature’s Way](#), a food company, had its procurement employees attend. [ABP Food Group](#) required its People team to take a Modern Slavery course run by Derby University & the GLAA. [The University of Manchester](#) had each of their procurement professionals complete the [CIPS Ethical Procurement and Supply course](#). The [EICC e-learning academy](#) is another external agency that companies engaged with for staff training. [Asda Stores](#), a retailer affiliated with Walmart, reported delivering “*Training workshops to 721 suppliers (for UK industry sectors whose businesses and UK supply chains are characterized by high proportion of migrant workers undertaking unskilled and irregular work).*”

Table 17: Third-party training providers

Third-party training provider	# of references
<a href="#">Stronger Together</a>	18
<a href="#">Chartered Institute of Procurement and Supply (CIPS)</a>	5
<a href="#">Ethical Trading Initiative (ETI)</a>	6
<a href="#">Electronic Industry Citizenship Coalition (EICC) e-learning academy</a>	4
<a href="#">Stop the Traffik</a>	3
<a href="#">Verité</a>	3
<a href="#">Gangmasters and Labour Abuse Authority (GLAA)</a>	3
<a href="#">University of Ulm</a>	2
<a href="#">Carbon Smart</a>	2
<a href="#">Impactt</a>	1
<a href="#">Security Sector Reform (SSR) Europe</a>	1
<a href="#">Pacific Links Foundation</a>	1
<a href="#">Ergon</a>	1
<a href="#">Anti-slavery International</a>	1
<a href="#">Hope for Justice</a>	1
Metropolitan Police, Human Trafficking and Kidnapping Unit	1
<a href="#">Derby University</a>	1
<a href="#">Good Corporation</a>	1
<a href="#">International Labour Organization (ILO)</a>	1
<a href="#">United Nations High Commissioner for Refugees (UNHCR)</a>	1

## Training KPIs

*Table 18: Training KPIs*

Training KPIs
#/% of employees trained on MDS
% of employees that have completed the online training module
# of suppliers who have undertaken modern slavery awareness training

The density plot in *Figure 25* portrays the good practice scores of the 6,501 evaluated organisations. Two percent (2%) of organisations scored a 70% and above on this dimension. The average score was 25.6%, and the median score was 21.6%.

As *Figure 26* visualises, the *Food, beverages and tobacco* industry placed slightly ahead of its peers with 32.2%.

*Figure 25: AS/AHT good practice scores, density plot*

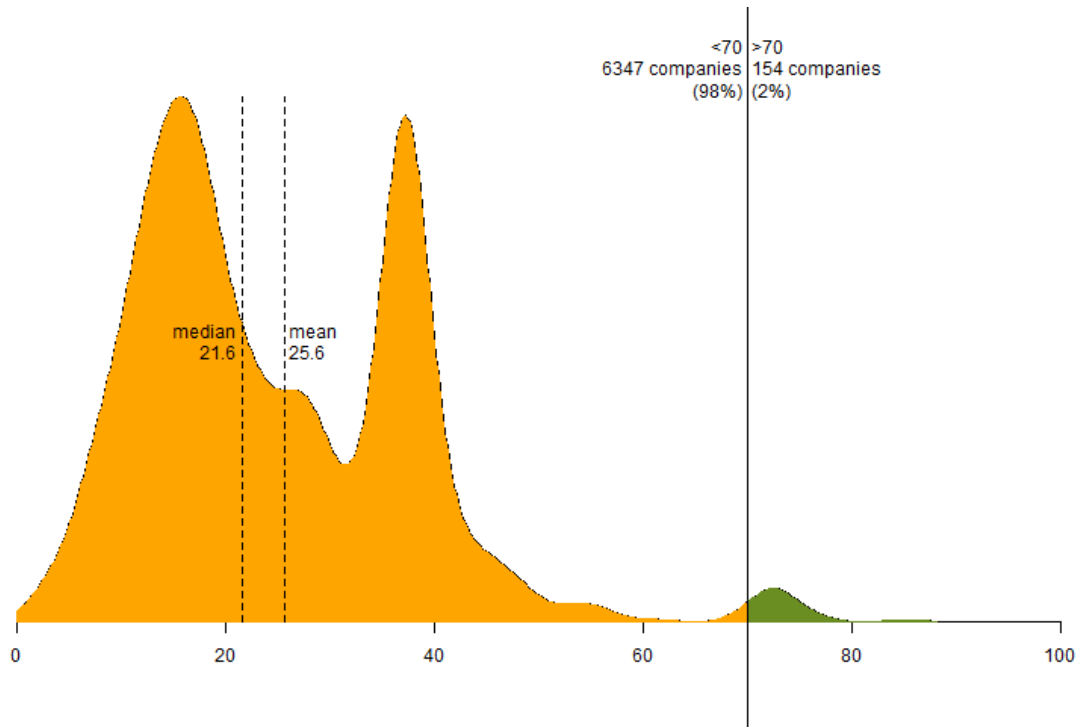
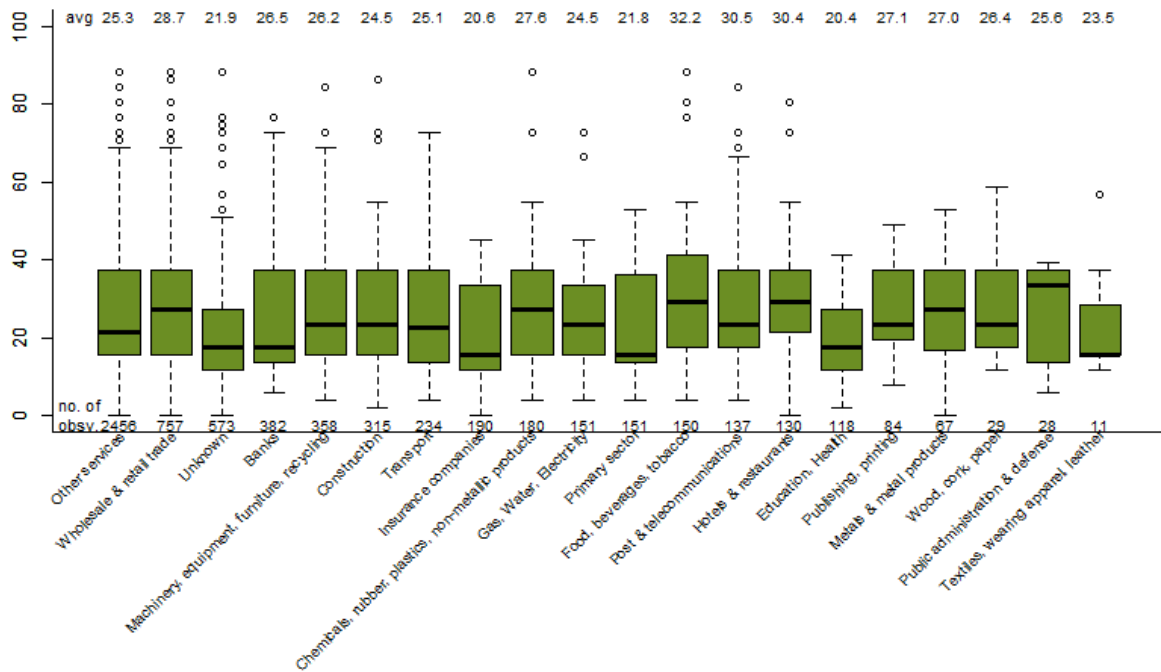


Figure 26: AS/AHT good practice scores, per sector



## f. Aggregated scores

Figure 27 combines the three individual benchmark scores – compliance, conformance, and AS/AHT good practice performance – into one graph. The figure indicates that, generally speaking, organisations scored better on compliance and conformance than AS/AHT good practice, while also illustrating that there were a few exemplary organisations who scored relatively high in each dimension. An interactive graph, with the scores of individual organisations, is posted [here](#).

The density plot in Figure 28 summarises the combination of compliance, conformance, and AS/AHT good practice scores of the 6,501 evaluated organisations. Four percent (4%) of organisations scored a 70% and above on this dimension. The average score was 40%, with a mean of 39.7%.

As Figure 29 visualises, the *Food, beverages and tobacco* industry once again led its peers with a score of 46.8%.



Figure 27: Compliance + conformance vs. AS/AHT good practice scores, % of absolute value

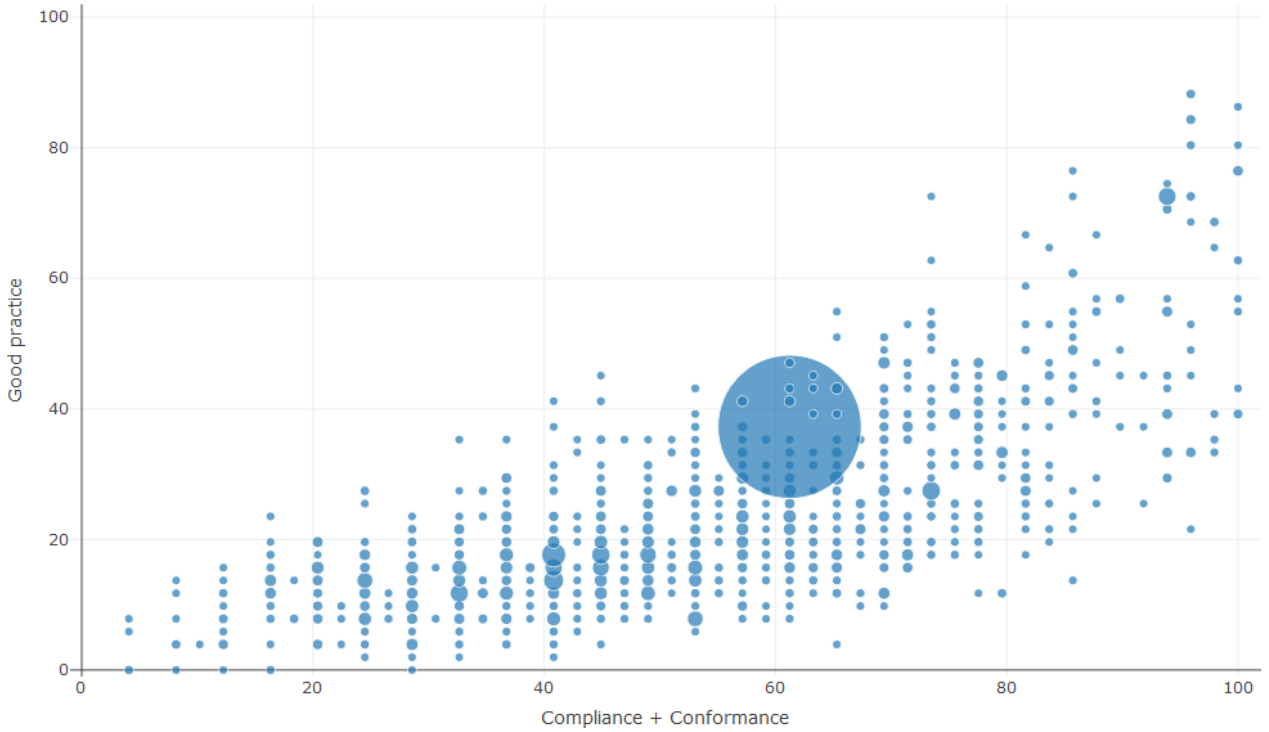


Figure 28: Compliance + conformance + AS/AHT good practice scores, density plot

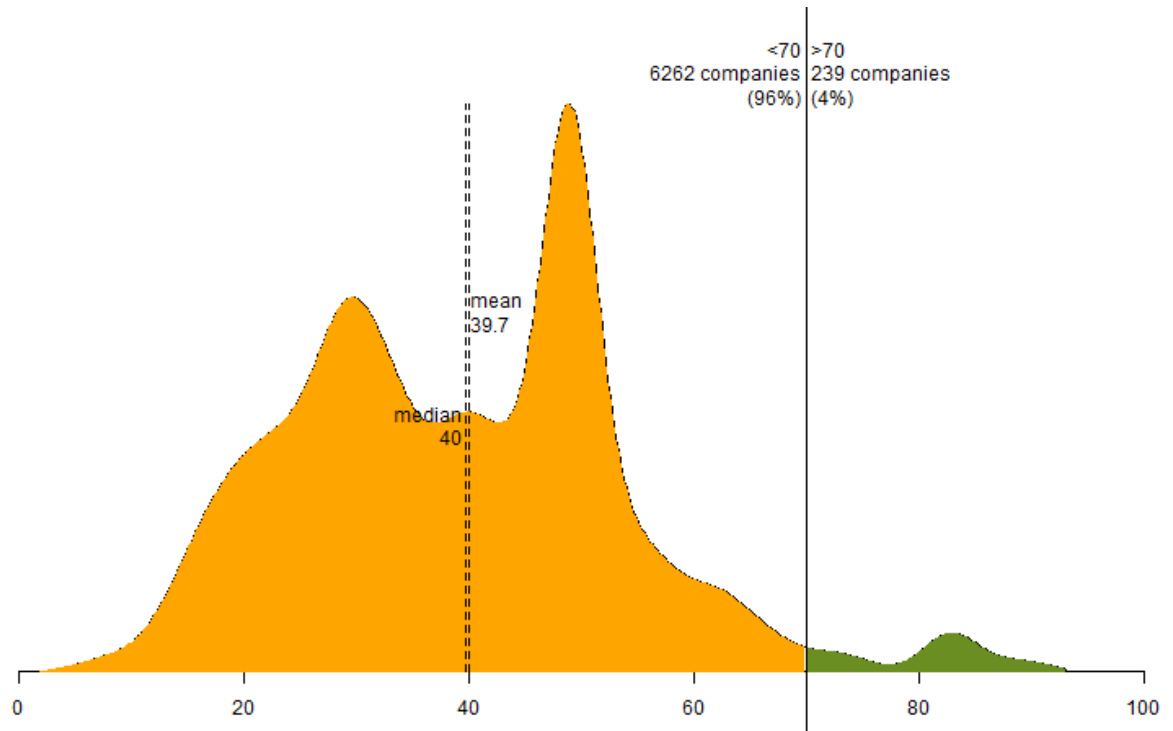
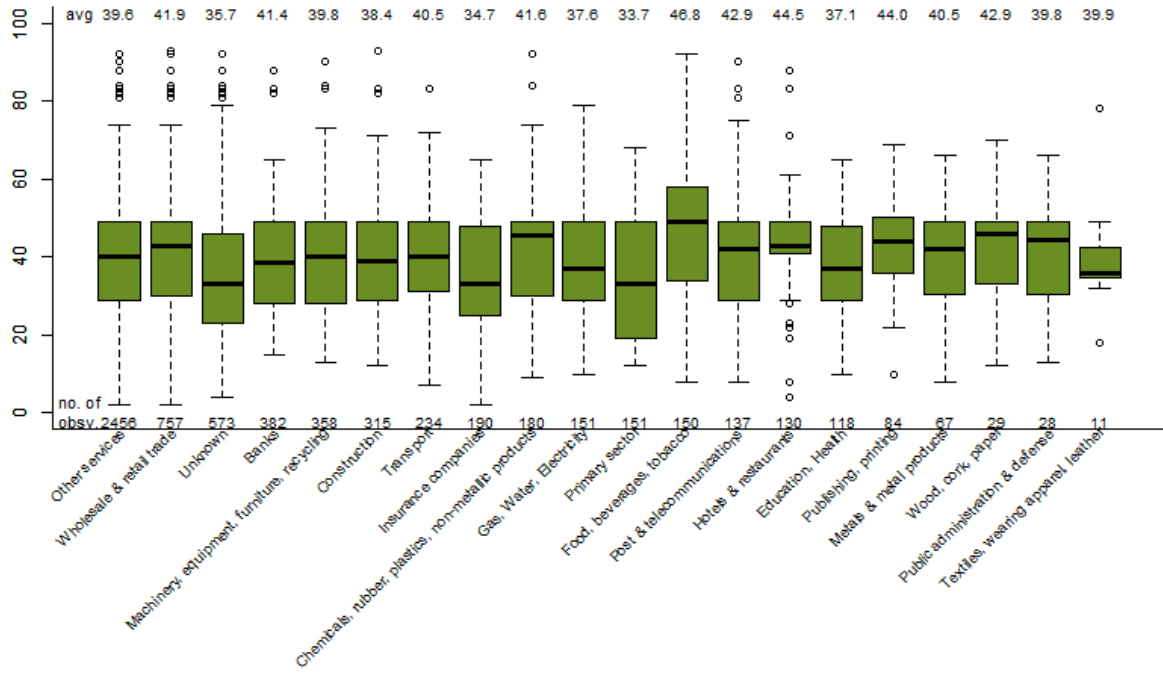


Figure 29: Compliance + conformance + AS/AHT good practice scores, per sector



## Appendix A: Acronyms

3TG	tin, tungsten, tantalum and gold
AS/AHT	Anti-Slavery/Anti-Human Trafficking
CIPS	Chartered Institute of Procurement and Supply
CSR	Corporate Social Responsibility
DD	Due Diligence
DI	Development International
DRC	Democratic Republic of the Congo
EICC	Electronic Industry Citizenship Coalition
ESG	Environmental, Social, Governance
ETI	Ethical Trading Initiative
HT	Human Trafficking
ILO	International Labour Organization
IOM	International Organization for Migration
KPIs	Key Performance Indicators
KYC	Know Your Customer
MDS	Modern Day Slavery
MS	Modern Slavery
MSA	Modern Slavery Act (UK)
NA	Not Applicable
NGO	Non-Governmental Organisation
OECD	The Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
SMETA	Sedex Members Ethical Trade Audit

TISC	Transparency In Supply Chains
UNGC	UN Global Compact
WFF	Walk Free Foundation
WFCL	Worst Forms of Child Labour
XaaS	Everything-as-a-Service

## Appendix B: Evaluation Instrument

#	criteria	explanation	possible answers	weight
<b>A. Legal Disclosure Compliance (Dimension 1), AS/AHT good practice (Dimension 3), and transparency (Dimension 4)</b>				
1.	Explanation of steps organisation <u>has</u> or <u>has not</u> taken to ensure that slavery and human trafficking is not taking place: ..... a) in any of its supply chains	The organisation earns this point if it discusses any action, policy or AS/AHT effort is <u>has</u> or <u>has not</u> undertaken. Both steps in its own business as well as in its value chains must be discussed. Alternatively, the organisation must explicitly acknowledge inaction. No point is awarded if a disclosure criterion was omitted.	yes / no	2
2.	b) in any part of its own business		yes / no	2
3.	Signed by director (corporations), designated member (LLP), or partner (partnerships).	The law specifically states which organisation representative must sign the statement. A signature uniquely identifies the signatory party with a handwritten signature (e.g. as an image), and includes a printed name and title. <sup>24</sup>	yes / no	2
4.	Link to statement on website homepage.	The link should be conspicuous and appear on the homepage of the organisation.	yes / no	2
5.	Date of board meeting			0
6.	Organisation/s covered by statement specified?	The statement must specify which organisation/s is/are covered by the representations made therein.  If the statement is to cover other organisations (e.g. in the company group), language is needed that explicitly links the statement to those other organisations.	yes / no	2

<sup>24</sup> "This would ensure," according to the law's guidance, "that these statements have appropriate support and approval from senior management, who are best placed to implement changes in the business." See: UK Home Office, *Transparency in Supply Chains etc. – A practical guide*, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/471996/Transparency\\_in\\_Supply\\_Chains\\_etc\\_A\\_practical\\_guide\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/471996/Transparency_in_Supply_Chains_etc_A_practical_guide_final.pdf)

		Making reference to other organisations in its group – but not specifying that those organisations are covered under the statement – is not sufficient.		
7.	Is it made explicit that statement is pursuant to MSA?	The statement must make clear that it was made pursuant to the UK Modern Slavery Act of 2015. Mentioning “modern slavery” alone is not sufficient, as e.g. many California TISC statements also reference modern slavery.	yes / no	2
8.	Statement pursuant to what financial year period?	For the financial year to be reported, both the month and year are necessary.	yes / no	2
<b>B. Disclosure Conformance (Dimension 2), AS/AHT good practice (Dimension 3), and transparency (Dimension 4)</b>				
Part 6: “An organisation's slavery and human trafficking statement may include information about -- ”				
<i>“(a) the organisation's structure, its business and its supply chains;”</i>				
9.	(i) Structure	“Structure” is understood as basic characteristics of the organisation such as the type of legal entity, the corporate organisation, subsidiaries, # of employees, national / multinational status etc.	yes / no	2
10.	(ii) Business	The organisation or group of companies for which the statement was written constitutes “its own business.” Any business relationship outside of that legal unit would be considered the supply/service chain.  Pertinent “information” here is the type of business, industry, type of services rendered and/or goods produced.  Solely stating the name of the organisation (e.g. XYZ Construction) is not sufficient to earn this point.	yes / no	2
11.	(iii) a. Supply/ service chains	Information concerning the supply and/or service chains would include the type of goods or services sourced or their countries of provenance or quantitative data regarding the organisation’s supply chain (i.e. how many	yes / no	2

		<p>suppliers/providers they have).</p> <p>Product or service categories are also acceptable for diversified operations.</p> <p>In today's Everything-as-a-Service (XaaS) world, the services and labour requirements are also of note.</p> <p>Simply stating that the organisation does not have a supply chain is not sufficient (see subsequent indicator).</p>		
12.	(iii) b. Goods/services the organisation procures for its operations	<p>Almost every organisation above a certain size procures goods or services, e.g. office supplies, food, food service, cleaning services, vehicles, computers, equipment, etc.?</p> <p>An accounting of such goods and services at the onset is important when it comes time to assess potential associated MDS risks.</p> <p>This is especially relevant if the organisation does not have traditional supply or service chains.</p>	yes / no	1
Information about "(b) its policies in relation to slavery and human trafficking;"				
13.	"(b) its policies in relation to slavery and human trafficking;"	The policy needs to specify in what manner the organisation engages the issue of slavery and human trafficking. At least summary information should be provided; the statement needs to explicitly tie the organisation's policy to anti-slavery and anti-human trafficking to receive the point. This evaluation only takes into account what is in the disclosure statement.	yes / no	4
14.	<u>Did the organisation's policy:</u>  (i) define key terms?	Key terms in the statement, e.g. "modern day slavery", "forced labour", the "worst forms of child labour", "human trafficking", that are defined by a widely recognised source receive this point.	yes / no	1
15.	(ii) reference international agreements	Invoking an international agreement or standard relevant to the issue, including ILO conventions, the UN Guiding Principles, or the	yes / no	1

	or standards?	UN Global Compact Principles would receive credit.		
16.	International agreements or standards			0
17.	<u>Did the organisation:</u> (i) discourage the practice of recruitment fees ("employer pays" principle)?	For this point, the organisation describes that it discourages in its supply/service chain the practice of worker recruitment fees ("employer pays" principle).	yes / no	1
18.	(ii) discourage the practice of labour brokers?	If the organisation makes it clear, through word or deed, that it discouraged in its value chain the practice of labour brokers, i.e. a person who negotiates employment terms between the employer and employee, it received this point.	yes / no	1
19.	(iii) maintain a whistleblower mechanism or ethics hotline within its own business?	Citing the existence of a whistleblower mechanism or ethics hotline within its own business (e.g. the corporate level) earns this point.  Simply stating something to the effect that: "We protect whistleblowers," without describing the existence of a functioning ethics hotline or similar, does not receive the point.	yes / no	2
20.	Policy implementation carried out, in particular by incorporating policy into supplier/ service provider contract clause?	The incorporation of the policy into the contract clauses necessitates enforcement in the event of relevant breaches.  Only a contract clause that incorporates the organisation's AS/AHT policy [or requiring suppliers to sign a similar document (such as a code of conduct) with an AS/AHT dimension] will receive a point.  Requiring organisations to abide by Code of Conduct, without making it explicit that said Code addresses AS/AHT, will not receive a	yes / no	2



		point.		
21.	Policy enforcement carried out (warnings, consequences for non-performance including suspension or contract termination of non-cooperating suppliers/providers)?	Policy enforcement involving AS/AHT would range from warnings all the way to contract termination, with a set escalation procedure and clear consequences for non-compliance. “Specific examples” could include specific methods of enforcement, or specific cases of suppliers/providers that had some sort of enforcement used against them. Practically speaking, there must be policy implementation for enforcement to be possible.	yes / no	2
22.	Examples of policy enforcement			0
Information about “(c) its due diligence processes in relation to slavery and human trafficking in its business and supply chains;”				
23.	Information about its <b>due diligence processes</b> in relation to slavery and human trafficking in its: (i) Business	Due diligence is a type of recurring investigation to determine whether or not certain practices are or are not taking place within one’s own business or with respect to a prospective/current business partner or value chain.  Due diligence within the business may involve: verifying a worker’s right and eligibility to legally work in the country of residence (immigration requirements), or complying with national minimum wage and other national legislative requirements. Risk assessment alone, or training of employees alone, is not tantamount to the exercise of due diligence.	yes / no	4
24.	3rd-party due diligence service provider (for business)			0

25.	(ii) Supply/ service chains (including clients, procurement)	<p>A key test whether the organisation conducted due diligence on a particular source of risk is whether it made contact with the specific supplier / provider (could be many tiers down) for the purposes of KYC, audits, evaluations, etc.</p> <p>Risk assessment alone does not comprise due diligence, neither is the sole existence of a policy or solely the training of suppliers/providers.</p> <p>Audits, especially supplier onboarding audits, can be a form of due diligence if they are designed to be sensitive to slavery and human trafficking.</p> <p>The deployment of a supplier compliance questionnaire (MSA or other) is considered part of a due diligence process.</p>	yes / no	4
26.	3rd-party due diligence service provider (for value chains)			0
27.	Due diligence standard employed?	<p>Pertinent due diligence standards include OECD due diligence guidance.</p> <p>If an organisation does not use an internationally recognised due diligence standard, for this point they need to describe in detail the alternative due diligence standard.</p>	yes / no	1
28.	Standard (e.g. an OECD DD framework)			0
29.	<u>Existing suppliers/providers</u> evaluated based on their AS/AHT performance? (can also occur through audits)	<p>When systematically carried out as a part of an ongoing auditing effort, and if it specified the audit process includes an AS/AHT dimension, such audits would fulfil this indicator.</p> <p>Self-evaluation (i.e. in the form of a supplier compliance questionnaire) does not qualify as “evaluated.”</p> <p>However, an assessment/evaluation carried out by the organisation itself on its (at-risk) suppliers/providers would qualify.</p>	yes / no	1
30.	Evaluation criteria			0

31.	<u>Prospective suppliers/ providers</u> screened, based on AS/AHT criteria?	Prospective supplier/ provider screening is an exercise that involves an active investigation. Reliance on a supplier compliance questionnaire is considered part of the screening step. Both national and international screening is in-scope.	yes / no	1
32.	Evaluation criteria			0
Information about “(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;”				
33.	<b>Business:</b> (i) <u>parts</u> of its <u>business</u> where there is a risk of slavery and human trafficking	Specifying the at-risk country/ies, sector(s), or raw material(s) would be pertinent here.	yes / no	2
34.	(ii) <u>steps</u> taken to <u>assess</u> the risk of slavery and human trafficking in its <u>business</u>	"Risk assessment" is the identification of defined risks in value chains or organisation that commonly involves an estimation of the likelihood of such risks, as well as the possible scope and impact of such risks. Such "risk assessment" can be a part of (e.g. embedded into) due diligence, but there is a Know Your Customer (KYC) component of due diligence that may not be conventionally part of a more theoretical "risk assessment" exercise. The question an organisation should readily be able to answer is: how did the organisation discover risks or potential risks? Simply stating: “Due to the nature of our business we think there is a low risk” -- does not get at steps or methods to assess the risk. Also, "Risk assessment" is not a 1:1 with due diligence. For due diligence to be properly conducted, you or a designated 3 <sup>rd</sup> party needs to make contact with the	yes / no	2

		suppliers/providers -- you cannot simply conduct it from afar. Boots on the ground, handshake.		
35.	(iii) steps taken to <u>manage</u> the risk of slavery and human trafficking in its <u>business</u>	<p>Steps to manage the risk of slavery and human trafficking in one's own business could involve ensuring that: reputable hiring agencies are used (if contracted), that employment/right-to-work checks are conducted, that attention is given to ensure a living wage is paid, that relevant employees are sensitised on MDS, and a whistleblower or grievance reporting system is created.</p> <p>Disciplinary measures taken in specific cases where a breach of an organisation's AS/AHT policy occurs is also pertinent here.</p> <p>Due diligence alone is not risk management. If specific risks are identified, the organisation should state how they are managing those risks or any potential risks.</p>	yes / no	2
36.	<p><b>Supply/service chains:</b></p> <p>(i) <u>parts</u> of its <u>supply/service chains</u> (including procurement) where there is a risk of slavery and human trafficking</p>	This indicator is looking for a description of the positions, tiers or sectors where there is a risk of MDS deemed to be taking place.	yes / no	2
37.	(ii) <u>steps</u> taken to <u>assess</u> the risk of slavery and human trafficking in its <u>supply/service chains</u> (including	See description of indicator #34.	yes / no	2

	procurement)			
38.	(iii) steps taken to <u>manage</u> the risk of slavery and human trafficking in its <u>supply/service chains</u> (including procurement)	Risk management is more than just writing a policy or conducting a risk assessment. It involves proactively addressing the risk and existence of modern day slavery and human trafficking in the organisation's value chains.  Management is proactive, as stated above, and enables organisations to remediate any issues that have been discovered.  Due diligence alone is not tantamount to risk management.	yes / no	2
39.	<b>Supply/Service Chain Mapping:</b> <u>Mapped supply/service chains</u> down to level of raw materials and/or sub-contracting -- and provided examples in statement.	While the statement would not contain an exhaustive accounting or representation of such undertaking, a summary and/or examples of the methods and outcomes of such mapping are of interest, e.g. country/ies with manufacturing facilities and/or country of origin identification of the components used within its products.	yes / no	2
40.	Source countries			0
41.	Included <u>visual diagram</u> (e.g. maps) of supply/ service chain?	A visual map or diagram helps the stakeholder understand the scope of the organisation's operations juxtaposed with country-specific risk(s).	yes / no	1
42.	Engagement and support of <u>3rd-party traceability service provider</u> ?	Membership in -- or support for -- a 3rd-party traceability program allows an organisation to trace the raw materials and primary services underpinning its products.	yes / no	1
43.	Name of provider			0

44.	<b>Risk Assessment:</b> <u>Human trafficking/ slavery risks</u> in supply/ service chains described?	While the indicator (" <u>parts of its supply/service chains (including procurement) where there is a risk of slavery and human trafficking</u> ") is looking for a description of the positions, tiers or sectors <i>where</i> there is a high risk of MDS taking place, this indicator is looking for specificity regarding the prevalent <i>types of MDS</i> (e.g. "forced labour", the "worst forms of child labour", etc.) in the value chain. In other words, this indicator addresses what kind of slavery exists, looking at types and/or examples, in the organisation's value chain.	yes / no	1
45.	MDS risks			0
46.	<u>Metrics (KPIs)</u> for risk assessment discussed?	KPIs for risk assessment could include: % of spend assessed for risk, % of suppliers in at-risk countries assessed, frequency of risk assessment, etc.	yes / no	1
47.	KPIs			0
48.	<u>3rd-party risk assessment</u> performed?	Organisations receive this point for engaging an outside 3rd party to conduct an MDS risk assessment of their operations. Risk assessments provided by an entity related to the organisation, for example a parent company, will not receive this point. Similarly, no point is awarded when an organisation uses a risk assessment tool developed by a 3rd party as part of their internal risk assessment. The risk assessment must be conducted by an independent 3rd party.	yes / no	1
49.	Name of 3rd-party assessor			0
50.	Frequency of assessment			0
51.	<b>Audits:</b> <u>Audits</u> of suppliers/ providers performed?	Audits can be conducted by the organisation itself or a qualified 3rd party. Audits must include a methodical examination and review of suppliers/providers.	yes / no	2
52.	Name of 3rd party auditor			0

53.	<u>Audit metrics</u> discussed?	E.g. frequency of audits, % of suppliers audited. A KPI that gets at the trigger for an audit is not in-scope of this indicator.	yes / no	1
54.	Audit metrics			0
55.	Description of <u>audit processes</u> ?	The organisation must describe the steps it takes when conducting an audit	yes / no	1
56.	<u>Site visits</u> and/or <u>spot checks</u> at supplier/ provider sites further down the supply/ service chains?	“Further down the supply/ service chains” means below Tier 1 suppliers/providers.	yes / no	1
57.	Participation in <u>3rd party</u> audit/ certification programs?	3rd party certification schemes are of relevance here.	yes / no	1
58.	Specify certification program(s), 3rd-party/ies, or industry initiative(s)			0
59.	<b>Grievance Mechanism:</b> Worker-level <u>incident detection and reporting mechanism</u> , (e.g. operational-level <u>grievance mechanism</u> )?	Providing worker-level access to a reporting mechanism, e.g. a grievance mechanism in the form of a hotline, qualifies for this point. A worker-level grievance mechanism allows workers to report issues with an independent body within the organisation or a 3rd party, and be ensured whistleblower protections.	yes / no	4
60.	3rd-party grievance mechanism/ hotline			0
Information about “(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;”				
61.	Information about its <u>effectiveness</u> in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such <u>performance indicators</u> as it considers appropriate	Supplier sensitisation or the conduct of audits -- while important -- does not answer the question of effectiveness. The perspective: “we know we are effective by the number of complaints (or equivalent) we don't receive” – is only defensible if the organisation instituted or contributes to a professionally-run, 3rd-party grievance mechanism that has historically demonstrated its effectiveness in addressing worker	yes / no	6

		complaints.		
62.	What were its key <u>performance indicators (KPIs)</u> ?	Selected KPIs must be plausibly quantifiable and measurable, and the measured activity or outcome must be of a recurring nature. KPIs that the organisation planned to implement in the future did not receive a point. Both process and outcome KPIs are of relevance here. Examples of <i>process KPIs</i> are: (1) #/% of suppliers audited, and (2) the #/% of employees trained on MDS. Examples of <i>outcome KPIs</i> are: (1) # labourers in the value chain demonstratively not exposed to MDS, and (2) the # of MDS instances resolved.	yes / no	4
63.	<u>Year-over-year change</u> measured based on the selected KPIs?	Once KPIs have been set, what were the year-over-year changes observed? A quantified measure (e.g. %) would need to have been employed.	yes / no	4
64.	Remediation of <u>specific incidents / cases</u> discussed?	Once specific incidents or cases of MDS have been identified, how were they remediated?	yes / no	2
65.	Number of incident/ worker grievances resolved			0
Information about “(f) the training about slavery and human trafficking available to its staff.”				
66.	Information about the <u>training</u> about slavery and human trafficking available to its staff.	Training one’s staff on slavery and human trafficking starts with sensitising them to the organisation’s own policy and code of conduct. Introducing employees to the organisation’s relevant policies, systems, and procedures is the next step. Anti-slavery workshops are also offered by 3rd parties. Stating something to the effect that “We have made all employees aware of our policy” would not suffice, as handing your employee a policy statement is not necessarily training on specific action they should or should not take. Stating something to the effect that “We train all employees on our code of conduct which	yes / no	4



		includes human rights” is not specific to MDS.		
67.	<u>Appropriate training</u> delivered to the relevant parties <u>within the organisation</u> (e.g. procurement, management, legal, etc.)?	C Certain departments and layers within the organisation have their own specialised responsibility to prevent modern-day slavery in its value chains. Sufficient specificity is required, either detailing the specific departments being trained, or information that all parties within the organisation are sufficiently trained on the organisation’s MDS policy, systems programs and procedures.	yes / no	1
68.	Organisation also offered <u>training</u> to high-spend or high-risk tier 1 <u>suppliers / providers</u> ?	Organisations either themselves or through 3rd-party host or sponsor workshops with suppliers/providers to sensitize and educate their business partners on the issue.	yes / no	1
69.	AS/AHT training topics			0
70.	AS/AHT training done by 3rd-party?	Organisations receive this point for engaging an outside third party to provide MDS training to its staff. Training provided by an entity related to the organisation, for example a parent company, will not receive this point.	yes / no	1
71.	3rd party training entity			0