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# MODERN SLAVERY REPORTING: WEAK AND NOTABLE PRACTICE

## *About this guidance*

This document has been prepared by [CORE](#) with contributions from [Anti-Slavery International](#), [Business and Human Rights Resource Centre \(BHRRC\)](#) and [Unicef UK](#). It is one of four briefings designed to provide information for businesses reporting under the Transparency in Supply Chains clause in the Modern Slavery Act 2015. The other briefings can be found [here](#) and include: *Recommended Content for a Modern Slavery Statement*; *Engaging with Companies on Modern Slavery – A Briefing for Investors*; and *Tackling Modern Slavery through Human Rights Due Diligence*.

These briefings are intended to supplement and should be read alongside [Beyond Compliance: Effective Reporting under the Modern Slavery Act](#), the civil society guide for commercial organisations on the transparency in supply chains clause.

This particular briefing draws on CORE's and BHRRC's analysis of 83 slavery and human trafficking statements in February 2016, BHRRC's October 2016 review of [FTSE 100 company reports](#); and Ergon Associates' [research](#) on company statements up to May 2016.

## *Introduction*

Section 54 of the UK Modern Slavery Act (2015) requires commercial organisations operating in the UK with an annual turnover in excess of £36m to produce a 'slavery and human trafficking statement for each financial year of the organisation'.

The Act specifies **two legal requirements** for statements:

**1**

**Statements must be published on the organisation's UK website with a link in a prominent place on the UK homepage.** The emphasis on visibility is intended to enhance reporting standards, encouraging companies to publicly demonstrate their commitment to addressing modern slavery.

**2**

**Statement should be approved by the board or directors and signed by a director.** This assigns ownership to senior level management and encourages their proactive involvement in tackling abusive practices in business operations.



## *Company Reporting to Date*

At the time of publication, 2108 modern slavery statements have been uploaded onto BHRRC's [Modern Slavery Act Registry](#). Only around 14% of these statements comply with the legal requirements and most provide little information on the six areas that the Act suggests companies may wish to report on (structure, business and supply chains; policies in relation to slavery and human trafficking; due diligence processes in relation to slavery and human trafficking; 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; effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains; and training about slavery and human trafficking available to its staff).

BHRRC's October 2016 analysis of [27 FTSE 100 company statements](#) showed that while a handful reported on risk assessments and procedures to tackle modern slavery, the general standard of reporting was low, with around half of the assessed company reports placed in the bottom three tiers of a 10 tier quality indicator.

## *Examples of Weak and Notable Practice*

A company's modern slavery statement should seek to demonstrate a commitment to tackling practices of slavery, exploitation, coercion and trafficking under its watch. Differences of size, scale of operations, sector, and type of risk means that there is no single template that can be used by all companies. However, there are specific objectives that can and should be met. These offer assurances to investors and consumers that the issue of modern slavery is being taken seriously and that efforts to prevent abuses are fully embedded throughout the company's operations.

While it is appropriate for companies to give details of planned actions in their statement, they should avoid setting unrealistic targets and exaggerating the steps they have taken or will take in the next reporting period. Statements are approved by the board and signed, and should therefore be accurate.

CORE has randomly selected examples of companies' modern slavery statements to provide an overview of the type of information that businesses should include in their statements, with reference to the six reporting areas listed in the Act. The aim of this guide is to highlight areas for improvement in an effort to drive up standards of reporting and to increase accountability across the board. For more information, companies can visit [BHRRC's Modern Slavery Registry](#) and search statements to see how their peers are reporting under the Act.

## 1 Structure and Supply Chains

As set out in [Beyond Compliance](#), information to report in this section could include: main products and services; company structure including subsidiaries and supply chains; location of company operations and source countries; purchasing and payment practices; stakeholder engagement processes; and information relating to identified risks (see p. 21 of [Beyond Compliance](#) for the full list).



### EXAMPLE OF WEAK PRACTICE

There is limited information on business operations in statements from pharmaceutical company [Wockhardt UK](#), car manufacturer [Renault](#), and electric and gas provider [National Grid](#). Renault and National Grid did not provide substantive-details of supply chain operations. For example, when discussing suppliers Renault says only that it has ‘reviewed and audited [suppliers] to ensure safe working conditions and to ensure they adopt adequate policies’, without referring to the nature and scale of supply chain operations.

Wockhardt provides limited information on its suppliers, saying only that each supplier received a company statement setting out expectations and obligations with regard to the company’s prohibition of modern slavery. There is no information on: company expectations and supplier obligations; its relationship with suppliers (i.e. how suppliers are identified and the length of time it has worked with suppliers); or the geographical reach of operations and sourcing. While the company says that failure to meet its standards would result in investigation and ‘strong actions’ being taken against the supplier, it does not provide detail of how it monitors supply chain risks, or investigates and responds to allegations of abuse.



### EXAMPLE OF NOTABLE PRACTICE

Fashion brand [Burberry](#) and online retailer [ASOS](#) provide more information on the structures of their supply chains. ASOS gives a breakdown of its supply chain structure, with details of the five different tiers involved in its production process, starting from the acquisition of raw materials through to the shipment of products. ASOS indicates the extent of its mapping according to each of the five tiers of operation, identifying areas where further mapping is required. Burberry does not provide this level of detail but it does describe the types of raw materials acquired from suppliers (cotton, leather and cashmere) and gives an overview of business operations, including retail stores, Burberry.com, offices, marketing and transport.

## 2 Policies in Relation to Slavery and Human Trafficking

Companies should report on the integration of employment, whistleblowing, migrant labour and child protection policies when dealing with modern slavery (for further guidance on the type of information required see p. 21 of [Beyond Guidance](#)). Companies should demonstrate a thorough understanding of the practices of modern slavery (i.e. trafficking, child exploitation) and how abusive labour conditions can be sustained through the procurement of goods and services from unethical suppliers. As such, general policies on recruitment and worker protection are not sufficient.

The development and implementation of policies should be cross-departmental as only this can help to embed a culture of learning and joint ownership in tackling modern slavery.



### EXAMPLE OF WEAK PRACTICE

Multinational engineering contractor [Babcock International](#) and real estate firm [British Land Company](#) do not provide details of specific policies on modern slavery. Babcock International referenced its Anti-Bribery and Corruption/Ethical Policy, without acknowledging that this was distinct from guidance on modern slavery prevention.

[Virgin Care](#), private provider of health services in England stated in two sentences its intention to develop 'a company-wide Procurement and Sourcing Policy with internal stakeholders', covering its anti-slavery and human trafficking stance. Although it is encouraging to see plans to develop policies, there was no detail on how these policies will be developed or timescales for their completion. Without these, questions may arise about the company's commitment to action.



### EXAMPLE OF NOTABLE PRACTICE

Multinational retailer [Debenhams](#) provides more details of policies addressing modern slavery, including: incident reporting, whistle blowing, supplier and factory engagement, and due diligence procedures.

Telecommunications company, [Vodafone](#), has developed a Code of Ethical Purchasing (Code) which applies to every supplier and specifically addresses slavery and human trafficking. The Code is overseen by the Vodafone Group Board through the Group's Chief Financial Officer, who is an Executive Director of the Group and also sits on the Group Executive Committee. Development and implementation of the Code is led by the Group Supply Chain Management Director, who is a member of Vodafone's Global Senior Leadership team.

### 3 Due Diligence And Risk Assessment

As outlined in [Beyond Guidance](#) (pp. 14 and 22) and in the accompanying human rights due diligence briefing, due diligence should include: routine assessments of risks posed by company operations and actions taken in response to those risks; ongoing monitoring and evaluation that further supplement routine assessments and stakeholder engagement. Crucial to any risk analysis is companies' attention to modern slavery or labour rights violations across all business operations, with further analysis on their causes, such as lack of capacity building, training, absence of worker protections in source countries or other factors.

According to analysis by Ergon Associates in May 2016, 35% of 230 company reports did not mention risk assessment processes and only 17% provided greater detail on actions taken to remediate or reduce risks that had been identified.



#### EXAMPLE OF WEAK PRACTICE

The largest global building society [Nationwide](#) gives a vague account of its due diligence procedures, saying: '...the Society carries out appropriate due diligence when engaging and working with suppliers, whilst also ensuring that the work undertaken is proportionate to the services to be provided and the risk involved.' A building society's operations may pose a relatively low risk of modern slavery as compared to other sectors, however, there is no evidence in the statement to indicate that any evaluation of risk has taken place or that the firm's potential links to abusive practices have been properly considered.

[Nandos](#) chicken restaurant chain operates in a high-risk sector, as revealed by a [recent legal case](#) brought against Kent gangmasters by Lithuanian workers trafficked into modern slavery as chicken catchers. Despite this, Nandos' statement does not indicate whether it assessed modern slavery risk factors; reporting only that it found 'no major areas of concern' during its risk analysis of suppliers. There was no further detail about the processes in place to identify labour abuses, including whether and how stakeholders, particularly potentially affected rights-holders such as workers, had contributed to risk assessment processes.

The statements published by British-based brewer [AB InBev UK](#), [Angus Soft Fruits](#) marketing company and [Transline Group](#), a recruitment company that supplied workers for Sports Direct's Shirebrook warehouse, make no reference to assessments of potential and actual dangers to workers' welfare.



#### EXAMPLE OF NOTABLE PRACTICE

Retailer [Marks & Spencer](#) documents the risks posed by its operations, and mechanisms for identifying those risks. Marks & Spencer says that it has established an internal governance structure on Modern Slavery and Human Rights at both operational and leadership levels, where the directors of each business area (Retail Operations, Property, Logistics, HR, IT and International, Foods, Clothing & Home) are responsible for compliance in their respective departments and for their supplier relationships.

[Oxfam GB](#), an international development charity with a global chain of shops provides a comprehensive overview of its risks, gaps in overcoming these and specific actions to address risks. This includes a review of its procurement framework, trade union engagement and workshops with targeted suppliers and procurement teams on modern slavery. It also includes information on a 'global grievance procedure for staff and managers' where 'unions are available to support workers through the grievance process along with HR.'

Entertainment company [Sky](#) provides limited detail on remedy but does indicate that it has a confidential whistleblowing process, and reports that it has completed a 'specific modern slavery risk assessment across our own operations and all our suppliers to understand where to focus attention.' Focus areas include catering services, electronic manufacturing, and property services, where poor recruitment and labour practices were identified and migrant workers were more prevalent.

## 4 Effective Action Taken to Address Modern Slavery

BHRC's analysis of the FTSE 100 companies' reports to date reveals 'effective action taken to address modern slavery' is the least understood area. On a five-point scale, the average score for this section was of 1.0.

Companies should use this section to describe processes used to identify risk and to detail how effective these are in capturing relevant information on workers' welfare, and to set out their response to incidents of modern slavery. Examples may include investigations into allegations of abuse, capacity building of suppliers, and if necessary the termination of business with unscrupulous contractors. The Modern Slavery Act also encourages companies to benchmark progress against key performance indicators, enabling firms to track their progress in overcoming modern slavery challenges (further information on company actions can be found in Beyond Compliance pp. 19 and 22).



### EXAMPLE OF WEAK PRACTICE

Professional services firm [Capita](#), information services group [Experian](#) and cruise company [P&O Ferries](#) provided little or no information in their statements on specific actions taken to prevent the risk of slavery. No reference is made to key-performance indicators, making it difficult to understand whether they have processes in place for monitoring labour practices and how they evaluate their effectiveness in managing risks.

P&O Ferries' statement covers half a page and states that suppliers and contractors are required to comply with all forced labour laws and to take steps to prevent human trafficking and slavery. There is no information on processes in place to review parties' commitment to these issues. There is also no mention of how complaints could be communicated or which policies (i.e. guidance on whistleblowing) could assist workers in understanding their rights, and how the company resolves grievances. This makes it difficult to ascertain the efficacy of the company's risk mapping process or its mitigation of previously identified issues.

Capita's statement refers to contractor obligations to uphold human rights and labour standards, yet it does not provide evidence of an effective intelligence gathering process to allow the company to implement safeguards or foresee risks, or examples of its response to modern slavery risks.



### EXAMPLE OF NOTABLE PRACTICE

Retailer [Mothercare](#) reports difficulties obtaining genuine data through audits and recognises that 'sensitive issues... such as retaining workers' passports, forced overtime or bonded labour' cannot be easily spotted. In response, the company has a team of in-country sourcing specialists and multi-stakeholder groups to provide feedback on risk mitigation. As an example of its work to combat modern slavery, Mothercare provides a case study of action taken following reports from NGOs regarding the particular vulnerabilities of female workers in Tamil Nadu's garment and textile industry. The company gives details of increased training and a widened scope of internal assessments, due to the discovery of additional risks.

Seafoods supplier [Direct Seafood](#) reports that it joined the Thai Seafood Working Group, organised by the Ethical Trading Initiative to investigate the farmed prawn industry in Thailand which is a 'well-known and reported high risk area'. It also documents the type of actions it considers when presented with evidence of poor labour practices. The company pledges to immediately cease contractual relations in the most serious cases (e.g. worker passport confiscation and forced labour) but when there is an opportunity to influence working hours and conditions, the company states that it attempts to train and educate suppliers on better practices.

## 5 *Training on Modern Slavery and Trafficking*

As *Beyond Compliance* (pp. 17 and 21) explains, businesses should provide training on modern slavery, including explanations of the causes and signs of slavery. Training should be undertaken regularly and at all levels from senior executives to suppliers.



### EXAMPLE OF WEAK PRACTICE

Many businesses including electronics and telecommunications companies [Nintendo](#) and [Dixons Carphone](#), and financial services provider [Legal and General](#) make no mention in their statements of training provided to staff, management or suppliers.



### EXAMPLE OF NOTABLE PRACTICE

[Debenhams](#) offers a detailed account of its training and reports that senior executives from various departments including Internal Audit, Legal Counsel, Investor Relations and Human Resources have received training on the Modern Slavery Act. It also details training modules that it has rolled out to suppliers and factories in China, where a large proportion of production takes place.

[John Lewis Partnership](#), responsible for a chain of department stores and Waitrose supermarkets, says that it provides a diverse and targeted training programme, including planned training in countries where it has a large manufacturing base, and in the UK where modern slavery legislation applies. It also reports on the delivery of training to workers and managers on their rights and workplace grievance mechanisms.