Modern Slavery UK Benchmark

2023

Contents

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The construction, scoring and compilation of the benchmark remains the responsibility of CCLA.

Foreword
Rt Hon Theresa May MP


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Modern slavery is the greatest human rights issue of our time. The recent global slavery estimates suggested that there are now 50 million people across the globe in modern slavery. Nearly 28 million are in forced labour, the majority of those in the private sector. Conflict, climate change and the pandemic have increased vulnerability which the slavers and traffickers have cruelly exploited. While I remain proud of the efforts I made as home secretary introducing the Modern Slavery Act 2015, I am keenly aware that many challenges remain.

As prime minister I launched a Call to Action to End Forced Labour, Modern Slavery and Human Trafficking at the United Nations General Assembly in 2017. In October this year I launched the Global Commission on Modern Slavery and Human Trafficking which will provide high-level political leadership to restore political momentum towards achieving UN Sustainable Development Goal 8.7, to eradicate forced labour and to end modern slavery and human trafficking. One of our three priorities is to tackle forced labour in global supply chains.

The Modern Slavery Act 2015 included ground-breaking law on transparency in supply chains. Section 54 of the Act required businesses with an annual turnover of more than £36 million to disclose what they had done to address modern slavery in their organisations and supply chains and to publish an annual modern slavery statement. Consumers, non-governmental organisations, the media and investors are able to scrutinise these statements and hold companies to account. We hoped that investors would use them to inform active engagement with companies to encourage and support them to make improvements.

This CCLA benchmark has assessed the modern slavery statements and other disclosures of top UK companies. Furthermore, the benchmark not only considers compliance with the legislation it also evaluates the extent to which companies have complied with the government guidance and the extent that they have found, fixed and prevented modern slavery. This is a great example of investors taking the lead and using modern slavery statements as a catalyst for improvement and I welcome it.

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Rt Hon Theresa May MP

Executive summary

Modern slavery is an abhorrent abuse of human rights encompassing several forms of exploitation, including forced labour, human trafficking servitude and forced marriage. Eradicating modern slavery is one of the United Nations (UN) Sustainable Development Goals (SDGs). However, with six years to go the numbers trapped in modern slavery have increased.

It is now estimated that 50 million people worldwide are in a state of modern slavery. The Covid-19 pandemic, war and climate change have contributed to this rise.

There is huge potential for action by businesses to reduce modern slavery around the world. While some businesses are more exposed to modern slavery risks than others, all businesses have some exposure to modern slavery. Large, listed companies are in a potentially influential position to set standards, implement policies and actively 'Find', 'Fix' and 'Prevent' modern slavery. Whatever the exposure, companies can take additional steps to strengthen their approach.

Investors are in a position to analyse the approach and compare it with best practices and, if necessary, engage with companies to strengthen their approach. Finally, policymakers have an important role to level the playing field and to signal expectations on business.

The benchmark

The CCLA Modern Slavery UK Benchmark has been developed in support of 'Find it, Fix it, Prevent it', a collaborative investor initiative on modern slavery. The aims of the benchmark are to:

1. develop a framework on the degree to which companies are active in the fight against modern slavery
2. create an objective assessment of corporate modern slavery performance aligned with statutory requirements, government developed guidance, as well as international voluntary standards on business and human rights
3. support investor engagement with businesses on their approach to modern slavery
4. provide a vehicle for learning and sharing of good practice
5. create a mechanism to leverage business competition to drive improvement in practice.

The benchmark assesses the largest UK-listed companies on the degree to which they:

- conform with the requirements of Section 54 of the Modern Slavery Act 2015
- disclose information outlined in the Home Office Guidance on Modern Slavery
- report on 'Finding', 'Fixing' and 'Preventing' modern slavery.

Companies' public disclosures were assessed, with their 2022 modern slavery statements being the primary source of data. Associated public disclosures such as annual ESG reports and human rights policies were also analysed for the 'Find it', 'Fix it' and 'Prevent it' part of the benchmark.

The benchmarked companies were drawn from the top 100 listed companies by market capitalisation as of 26 June 2023. These companies have a combined market capitalisation of just over £2 trillion. Three investment trusts were removed from the top 100 as they do not fall under the scope of the Modern Slavery Act. One company, Airtel Africa, at the time of analysis had not produced a statement for 2022 and did not do so despite follow ups from CCLA. The company was therefore not assessed or scored and placed in Tier 5.

Companies have been assigned to one of five Performance Tiers that correspond with the Independent Anti-Slavery Commissioners (IASC) maturity framework.[1] The full benchmark can be found on page 18 of this report.

Key findings

100%

of the companies assessed disclosed policies relating to modern slavery

Overall there was an emphasis on policy rather than on practical activity to tackle modern slavery.

31%

disclosed the steps taken to end ongoing risk

Thirty companies disclosed the steps taken to end ongoing risks where a violation was found. Nine companies reported outcomes of the remedy process for victims.

44%

disclosed a policy relating to responsible procurement practices

Forty-two companies disclosed a policy relating to responsible procurement practices but only 14 provided examples of their practices.

95%

reported they had grievance mechanisms/ whistleblowing lines

Most companies reported they had grievance mechanisms/whistleblowing lines open to employees and workers in their supply chains but only 69 disclosed the number of reports they received from whistleblowers.

26%

reported finding modern slavery in their supply chain

Despite all companies having policies in relation to modern slavery, only 25 companies reported finding modern slavery in their supply chain.

1%

evidenced remediation to victims

Only one firm disclosed evidence of providing remediation that was satisfactory to the victims of modern slavery.

Recommendations

Based on the benchmark analysis and emerging themes, the report provides recommendations for companies, investors and policymakers.

Companies

- Ensure there is strong governance on modern slavery including responsibility at board level, appropriate committees or structures and the inclusion of workers' and relevant stakeholders' perspectives.
- Conduct and disclose detailed operational and supply chain risk assessments which include assessment of forced labour risks across supply chain locations beyond supply chain tier one and, importantly, direct operations.
- Disclose and provide details of suspected cases of modern slavery and what steps have been taken to provide remedy for victims and the outcomes of this process.
- Adopt and disclose responsible procurement practices that enable suppliers to uphold the standards that are in the company's supplier code of conduct and in line with international best practices such as the Ethical Trading Initiatives' 'Guide to buying responsibly'[2] and the Responsible Contracting Project's 'Buyer Code'.[3]

Investors

- Use this framework in engagement with companies held to identify areas where the company is not comparing well with its peers and where the company can take additional steps.
- CCLA will vote against the financial statement and annual report of those companies which remain in Performance Tiers 4 and 5, and have not engaged with CCLA as investors. We encourage other investors to do the same.
- Consider joining collaborative investor engagement programmes such as Find it, Fix it, Prevent it and Votes against Slavery.

Policymakers

- Fulfil existing government commitments to extend modern slavery reporting to the public sector, introduce mandatory topics for disclosure, an annual reporting deadline, and fines for non-compliance.
- Mandate companies to upload their modern slavery statements to the government registry.
- Legislate on modern slavery disclosures to mandate financial institutions to report on their investing and lending portfolios.
- Publish new government guidance setting out the need to report forced labour identified, all remediation activity undertaken and, where no forced labour has been identified, require companies to provide an explanation of the steps undertaken to find it.
- Exploit the potential of public procurement to ensure that companies discovering and addressing modern slavery are rewarded.

For all companies, investors and policymakers

- Monitor closely developments in legislation on corporate sustainability due diligence in Europe and import bans in the United States and Europe.

Introduction

Modern slavery is an abhorrent abuse of human rights encompassing several forms of exploitation, including forced labour, human trafficking servitude and forced marriage. 'Victims are bound to toil for little or no pay, are forced to engage in exploitative sex work, or are married against their will. Its cost is individual freedom and economic stagnation. Its impact is global, and no country is immune.'[4]

Regulation outlawing forced labour, human trafficking and slavery is to be found in international human rights law and in the legislation of many sovereign states (including through the UK Modern Slavery Act 2015). Further, eradicating modern slavery is one of the UN Sustainable Development Goals. However, slavery and trafficking continue to be all pervasive with the number of those affected increasing over recent years.

Modern slavery is a failure of the market. Nearly two-thirds of all forced labour cases are linked to global supply chains, with workers exploited across a wide range of sectors and at every stage of the supply chain including logistics and transport. Most forced labour occurs in the lowest tiers of supply chains; that is, in the extraction of raw materials and in production stages. The UK annually imports $26.1 billion products at-risk of being made using forced labour including $15 billion of electronics, and $10 billion in garments and textiles.[5]

Businesses have a huge potential role to drive positive change, both in their own operations and via their international supply chains. Business can set the standards, actively seek out modern slavery, work to fix it and take action to prevent it. However, only a small number of companies have disclosed finding instances of modern slavery within their supply chain and it is challenging for us, as investors, to assess whether this reflects a lack of an effective discovery process or a lack of modern slavery.

Sectors and exposure to risk

CCLA recognises that different businesses will have different exposure to modern slavery and will be in a different position to tackle the issues. Companies sourcing products of goods which are processed or manufactured with a high degree of manual labour are exposed to modern slavery risks more clearly than businesses that derive the majority of their value through knowledge-based activities. The Find it, Fix it, Prevent it initiative is focused on assessing the degree to which companies are active in the fight against modern slavery. It is therefore expected that companies with greater risk exposure will score higher than those with less risk. Nevertheless, any business that sources IT hardware is potentially at risk of modern slavery.

The UK Modern Slavery Act 2015 does not require investors to undertake due diligence on their portfolios. However, as professional service companies, their exposure to human rights and modern slavery risks will likely be higher via their investment portfolios than via their supply chains. CCLA believes that investment portfolios should fall within the scope of modern slavery legislation.

The finance sector has a key role to play in addressing modern slavery. Finance Against Slavery and Trafficking (FAST) has argued that ‘because the financial sector is so intertwined with the rest of the economy, financial sector action can help change the way the whole global economy works. The financial sector has a unique opportunity, at this critical juncture, to lead the transformation of our global economy to address modern slavery and human trafficking.’[6] This opportunity has been recognised by the Department for Work and Pensions (DWP) Taskforce on Social Factors. It was established in 2023 to support pension scheme trustees with key challenges around managing social factors, including the identification of reliable data and metrics. The taskforce has identified a particular need to identify, prevent, mitigate and account for the financial risks posed by modern slavery and issues in supply chains:

> “Businesses with modern slavery in their supply chains, whether intentionally or not, could suffer in many ways which would impact their financial performance. These include: criminal sanction or legal challenge, loss of market access, such as import bans, loss of access to capital (de-listing from stock exchanges), loss of government procurement contracts and other opportunities, financial sanctions and asset freezing or confiscation, disruption and delay in supply chains where modern slavery has been discovered, reputational damage, failure to attract and retain customers.”[7]

CCLA believes it is essential that the finance sector engages on modern slavery and assesses companies’ relative modern slavery performance. We established the Find it, Fix it, Prevent it collaborative investor initiative in 2019 and are pleased to support investor engagement with a public benchmark on corporate efforts to tackle modern slavery. We all believe that it will provide a valuable way for sustainable funds to demonstrate their impact in a way that supports the upcoming Financial Conduct Authority (FCA) Sustainability Disclosure Requirements (SDR).[8]

$26.1 billion

of products imported into the UK are at risk of being made using forced labour

The human rights regulatory landscape

Canada Forced Labor Bill

Uyghur Forced Labor Prevention Act

EU Supply Chain Due Diligence Legislation

UK Modern Slavery Act

French Corporate Duty of Vigilance Law

Netherlands HREDD Law

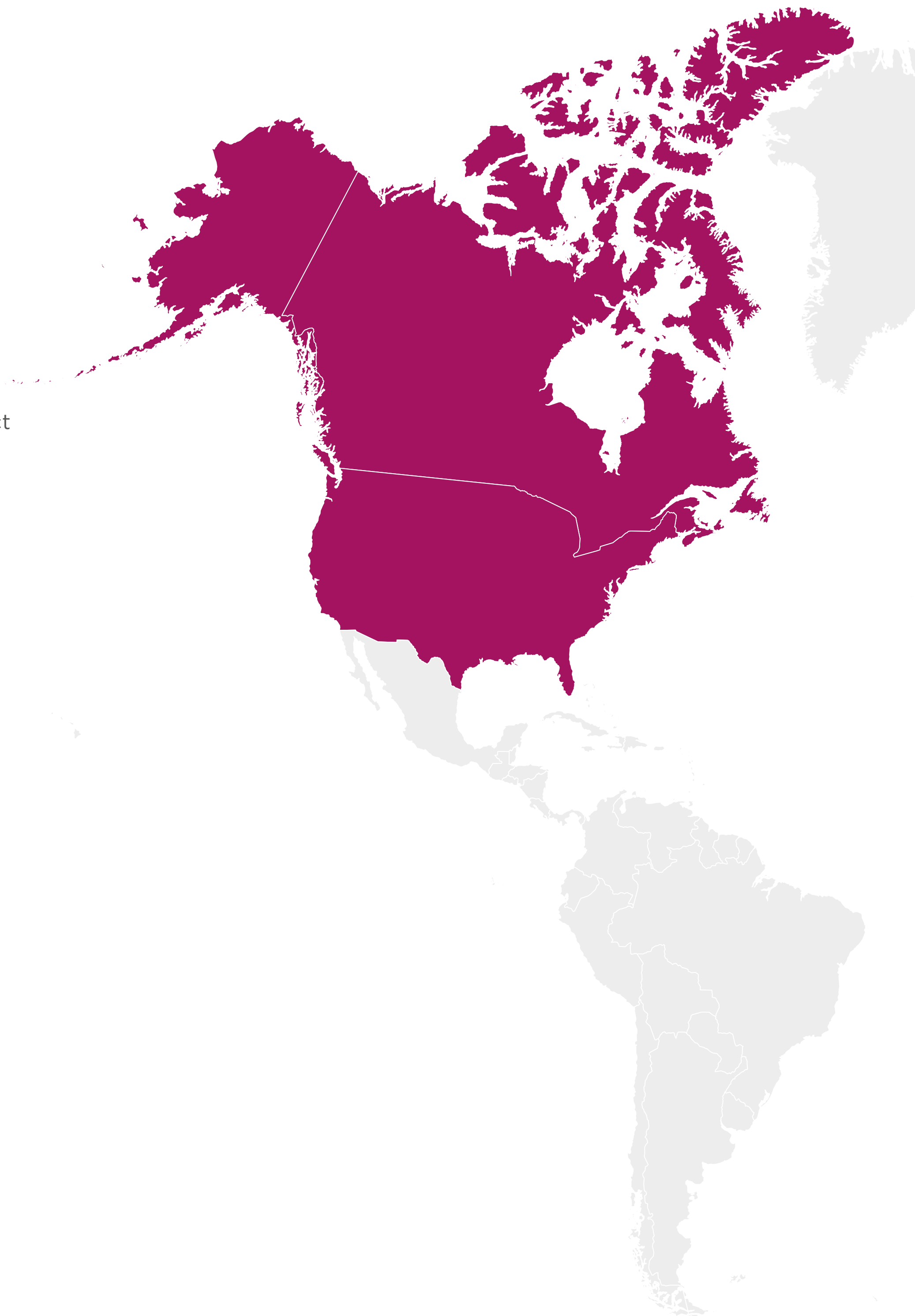
German Supply Chain Due Diligence Act

Norwegian Transparency Law

New South Wales Modern Slavery Act

Commonwealth's Modern Slavery Act

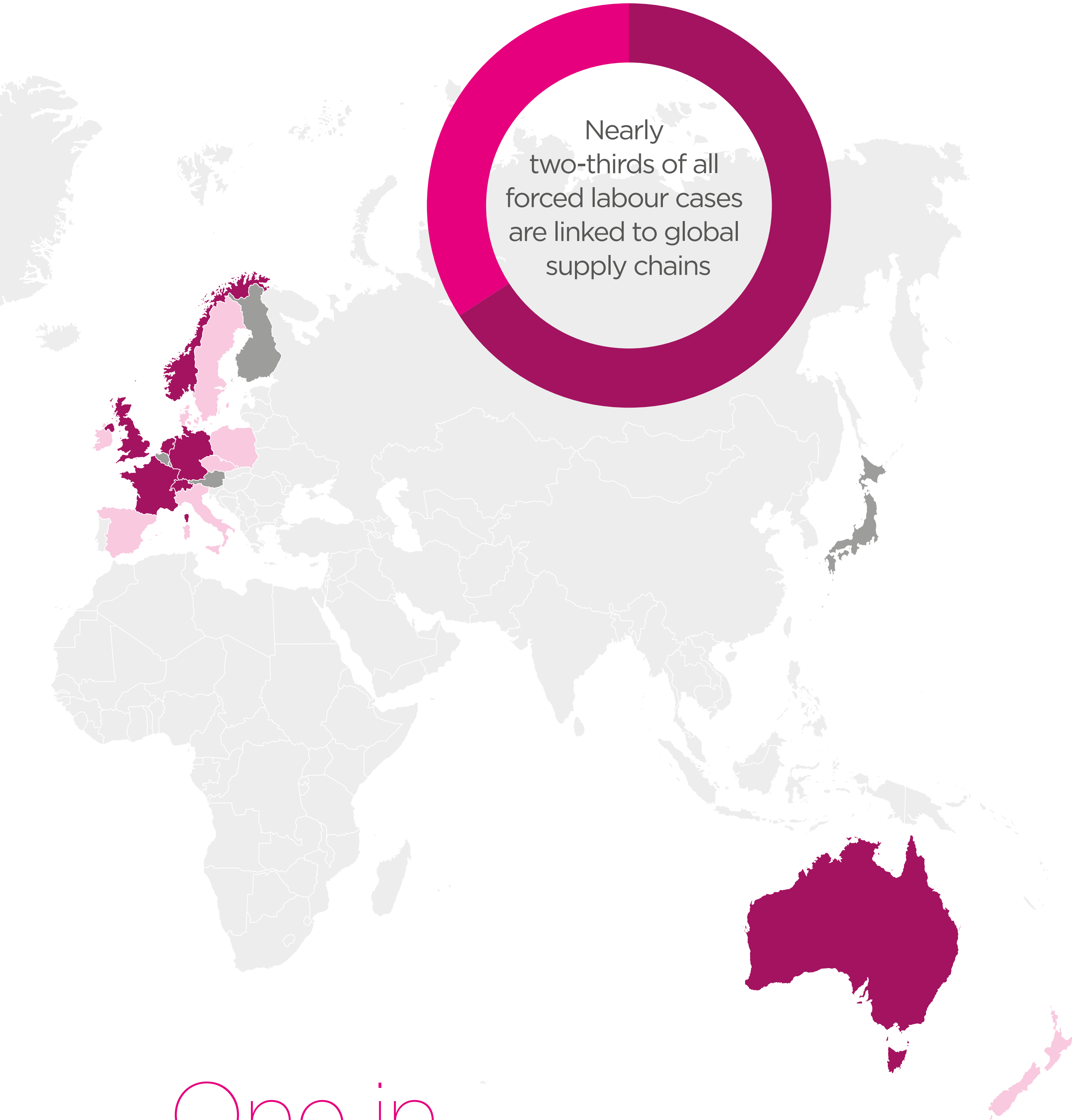
New Zealand's Plan of Action



Adopted law

Political process

Policy statements & public discussions



One in 150 people

are in modern slavery, globally[9]

Modern slavery global trends

The UN Sustainable Development Goal 8.7 calls for the elimination of child labour in all its forms by 2025 and the eradication of forced labour, modern slavery and human trafficking by 2030. However, the number of people trapped in modern slavery is rising, not falling.

In September 2022, the International Labor Organization (ILO) and the Walk Free Foundation published the latest estimates of the number of people trapped in modern slavery. It is currently estimated that 50 million are trapped, with 28 million in forced labour and 22 million in forced marriage.[10]

These numbers have increased since 2016 when the estimates had last been calculated. The Covid-19 pandemic, war and climate change have contributed to this rise. Women, children and migrants are disproportionately at risk of modern slavery. The increased mobility of migrants across the globe, currently 3.6% of the world's population, is leading to an increase in vulnerability to slavery and trafficking.

Modern slavery can occur in any country in the world. The Global Slavery Index breaks down the prevalence of modern slavery by country and, while there are clear geographic hotspots, the risks are ubiquitous. In Xinjiang, China, there are 2.6 million Uyghur and Kazakh citizens placed in 'surplus labour' and 'labour transfer' programmes.[11] In the Arab states migrants from South Asia and Africa seeking decent wages and steady employment face variations of the kafala system, a restrictive work permit system that ties migrant workers to their employer. According to the US Department of State in Malaysia:

> “employers utilise practices indicative of forced labour, such as restrictions on movement, violating contracts, wage fraud, assault, threats of deportation, the imposition of significant debts, and passport retention – which remained widespread – to exploit some migrant workers in labour trafficking on palm oil and agricultural plantations; at construction sites; in the electronics, garment, and rubber-product industries; and in homes as domestic workers'.”[12]

In the UK, the National Referral Mechanism received 16,938 referrals of potential victims of modern slavery in 2022 and civil society groups have raised concerns around debt bondage in UK agriculture amongst other sectors.[13]

Modern slavery affects many business sectors via their global operations and supply chains where they can be inadvertently linked to these human rights abuses. Sometimes, through their actions or through other means, they can cause or contribute to adverse human rights impacts. Recognising this, governments around the world have sought to legislate and set expectations on businesses to disclose what they are doing to tackle modern slavery and, in some cases, set mandatory expectations to undertake human rights due diligence and take action to prevent modern slavery and provide access to remedy where they have been linked to cases.

KAFALA SYSTEM

The promise of decent wages and steady employment attracts many migrants from countries throughout Africa and Asia to the Arab States. However, the reality often differs substantially once in country and under the kafala (sponsorship) system, a restrictive work permit system that ties migrant workers to their employer. By placing control over entry, exit, work, and residence in the hands of employers, the system leaves migrant workers vulnerable to exploitation and modern slavery, particularly in domestic work, construction, hospitality, and sectors where seasonal work is common. Variations of the kafala system exist in Jordan, Lebanon, and the GCC countries — Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE.[14]

The UK was a global leader in the fight against modern slavery with the Modern Slavery Act 2015, and since then we have seen other countries develop their own modern slavery legislation, including Australia and Canada. In Europe we have seen broader scope legislation with human rights due diligence legislation in France, the Netherlands and Germany among others, and the European Union Corporate Sustainability Due Diligence Directive (CSDDD) expected to be adopted in 2024.

The US Uyghur Forced Labour Prevention Act, which came into force in 2022, gave US Customs and Borders Protection the power to block imported goods based on a rebuttable assumption that goods made in the Xinjiang region were made with forced labour. Such legislation has driven modern slavery and human rights up the business agenda. All this government legislation means that businesses need to be more proactive in addressing the risks within their operations and supply chains, and the risks they can create through their procurement activities.

50 million

trapped in modern slavery, with 28 million in forced labour and 22 million in forced marriage

About the benchmark and report

Benchmark aims and objectives

The CCLA Modern Slavery Benchmark has been developed in support of Find it, Fix it, Prevent it, a collaborative investor initiative on modern slavery. The aims of the benchmark are to:

1. develop a framework on the degree to which companies are active in the fight against modern slavery
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4. provide a vehicle for learning and sharing of good practices
5. create a mechanism to leverage business competition to drive improvement in practice.

CCLA believes that investors have a key role to play in helping companies and other actors to deliver systemic change in the fight against modern slavery. The CCLA Modern Slavery UK Benchmark is primarily aimed at investors. It has been designed to assess objectively how listed companies approach and manage modern slavery based on their published information.

The benchmark provides institutional investors with an account of a company's management and associated disclosure practices. Comparisons over time will enable investors to understand where there has been progress and highlight areas where more work is needed. Through the regular, consistent and repeated assessments of companies on their modern slavery commitments and practices, it will provide an accountability mechanism, allowing investors and other stakeholders to assess whether companies are effectively managing the business risks associated with modern slavery. See further methodology in Appendix 2.

About the 100 UK companies

Companies were selected based on their market capitalisation. They were drawn from the top 100 listed companies by market capitalisation as of 26 June 2023. These companies have a combined market capitalisation of just over £2 trillion.

The companies represent 11 industry sectors, which are classified using the Global Industry Classification Standard (GICS) as: communications, consumer discretionary, consumer staples, energy, finance, health care, industrials, information technology, materials, real estate, and utilities. Three investment trusts were removed from the top 100 as they do not fall under the scope of the Modern Slavery Act. One company, Airtel Africa, at the time of analysis, had not produced a statement for 2022 and did not do so despite follow ups from CCLA. The company was therefore not assessed or scored, and placed in Tier 5.

About the framework

The assessment framework was developed from ‘Find it, Fix it, Prevent it: engagement expectations’[15] which was created in 2019 to guide investor engagements with companies. The engagement framework was designed to be a tool to guide discussions with companies, rather than a tool to objectively assess companies. Both are based on the UN Guiding Principles of Business and Human Rights and draw on existing best practice principles developed by the likes of the Business and Human Rights Resource Centre, Ethical Trading Initiative and KnowTheChain.

All the datapoints in this report are derived from international standards, widely used and recognised frameworks and best practice standards.

In 2022 CCLA worked with consultants from Sustainable Development and Sustain Worldwide to pilot an assessment framework derived from the engagement framework. The pilot project added in metrics from the Modern Slavery Act 2015 and the Modern Slavery Guidance.[16] During the pilot project we received feedback from companies that they felt the scoring was too heavily weighted on actions to ‘fix’ and ‘prevent’ modern slavery and furthermore, companies were unable to score well if they had not ‘found’ modern slavery in the past year.

The pilot framework included 60 datapoints and many companies reported back that the framework was too long and, in an effort to sharpen what was originally developed as an engagement tool, had disaggregated points that should be considered together.

To address the feedback, in 2023, CCLA worked with a multi-stakeholder modern slavery Scorecard Working Group which comprised representatives from business, investors and civil society to review the framework with a view to consolidating and simplifying the framework. We know that businesses report confusion over multiple standards, as well as reporting fatigue to multiple misaligned standards. In order to support companies in this regard, we have mapped each datapoint to existing standards.

We are also grateful to members of the UN Global Compact Working Group on Modern Slavery for their discussion and feedback on the assessment framework.

> “Please don’t judge a business on whether modern slavery is present. Judge them by how they respond.”
>
> Shayne Tyler, Fresca Group

Framework structure

The framework is broken down into five sections:

1. **Modern Slavery Act compliance and registry**

   This section is derived from the requirements of the Modern Slavery Act 2015 as well as whether the statement has been uploaded on the Home Office's modern slavery statement registry.

2. **Conformance with the modern slavery guidance**

   This section is derived from the government developed transparency in supply chains guidance. While it does not have statutory force, it indicates what the UK government believes a good modern slavery statement should contain.

3. **Find it**

   This section covers corporate business and human rights due diligence processes and efforts to find, assess and measure the risks of modern slavery in the supply chain, and the extent to which they have disclosed modern slavery defined by presence of any of the ILO Indicators of Forced Labour.

4. **Fix it**

   This section covers efforts to provide remedy to victims of modern slavery.

5. **Prevent it**

   This section covers efforts that the company has taken to prevent the occurrence of modern slavery in their operations and supply chains, including board-level oversight, allocation of responsible people and resources, ensuing own procurement practices, support policies and standards as well as applying principles such as the Employer Pays Principle.

For the first two sections of the framework the only data considered for the benchmark were the companies' 2022 modern slavery statements. These two sections are based on the UK government's expectations on what is contained within the annual statement.

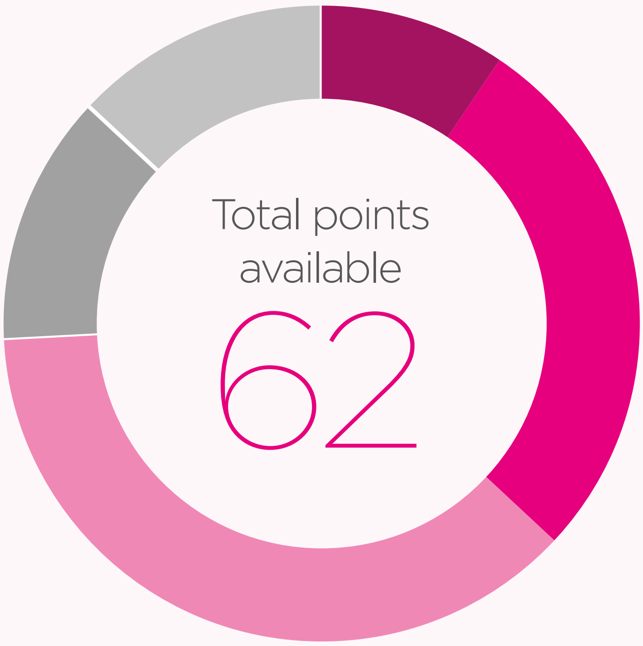
For the 'Find it', 'Fix it', 'Prevent it' elements of the framework, CCLA also considered other related public disclosures, such as annual reports, ESG reports, human rights policies and supplier codes of conduct.

There are a potential 62 points across 48 questions. The graphic below shows the distribution of potential scores a company can receive across the different sections of the framework.

'Find it' is the highest scoring section with 23 points of the potential total score, followed by 'Conformance with the modern slavery guidance', 'Fix it', 'Prevent it' and 'Modern Slavery Act compliance and registry'. The distribution of scores reflect our belief that 'finding' modern slavery is the hardest task but matters most.

For a full breakdown of the framework and the potential scores across the sections, please see Appendix 1.

DISTRIBUTION OF POINTS ACROSS SECTIONS



Key:

- Modern Slavery Act compliance and registry **6 points**
- Conformance with modern slavery guidance **17 points**
- Find it **23 points**
- Fix it **8 points**
- Prevent it **8 points**

Performance Tier

1 Leading on human rights innovation

Kingfisher
Marks & Spencer
Next
Reckitt Benckiser
Tesco
Unilever

2 Evolving good practice

Anglo American
Associated British Foods
AstraZeneca
BAE Systems
BP
British American Tobacco
Burberry Group
Carnival
Centrica
Compass Group
Diageo
DS Smith
Glencore
GSK
Haleon
Imperial Brands
Informa
InterContinental Hotels Group
J Sainsbury
JD Sports Fashion
National Grid
NatWest Group
RELX
Rentokil Initial
Rio Tinto
Schroders
Severn Trent
Shell
SSE
United Utilities Group
Vodafone Group
Whitbread

3 Meeting basic expectations

3i Group
Abrdn
Admiral Group
Antofagasta
Aviva
Barclays
Barratt Developments
Berkeley Group Holdings
BT Group
Bunzl
Coca-Cola HBC AG
ConvaTec Group
CRH
DCC
Entain
Experian
Fresnillo
Halma
HSBC Holdings
Intertek Group
Land Securities Group
Lloyds Banking Group
Mondi
Ocado Group
Pearson
Phoenix Group Holdings
Prudential
Rightmove
Rolls-Royce Holdings
Segro
Smith & Nephew
Smiths Group
Smurfit Kappa Group
Standard Chartered
WPP

4 Barely achieving compliance

Ashtead Group
Auto Trader Group
B&M European Value Retail
Beazley
Croda International
Dechra Pharmaceuticals
Diploma
Endeavour Mining
Flutter Entertainment
Hikma Pharmaceuticals
Hiscox
IMI
Intermediate Capital Group
International Airlines Group
Investec
Legal & General Group
London Stock Exchange Group
M&G
Melrose Industries
Sage Group
Spirax-Sarco Engineering
St James's Place
Weir Group

5 No modern slavery statement

Airtel Africa

Tier	Percentage score	Actual score	Tier description
1	81–100%	50–62	An evolved and mature approach to human rights due diligence, there is extensive discussion on the risks, case studies on systemic modern slavery risks in the sector, and discussion on meaningful activity to find, fix and prevent modern slavery.
2	61–80%	38–49	Evidence of human rights due diligence practices on modern slavery informed by experts and/or civil society partners. There is evidence of activity in the find it, fix it, and prevent it categories
3	41–60%	26–37	Meeting and exceeding minimum expectations, for instance by undertaking risk assessments for the business and supply chains, communicating regularly with suppliers on modern slavery risks; providing relevant training to staff and are monitoring uptake; evidence of whistleblowing mechanisms, but the due diligence processes could be improved to ensure they are fully capturing the risks to the business and rights-holders.
4	0–40%	0–25	Evidence your company has relevant policies, but there is little evidence of sufficient human rights due diligence. For instance, risk assessment processes are primarily desk-based and compliance focused.
5			No statement.

Key findings

- Only 25 of the companies reported finding modern slavery in their supply chain, despite all assessed companies having modern slavery policies. This is concerning because modern slavery is prevalent in many businesses due to the global and interconnected nature of modern operations and supply chains.

- Most companies disclosed their policies to manage the risk, however there was less information on assessing those risks and even less on identifying them.

- Companies were better at identifying risks in their supply chain than in their operations. Of the companies assessed, 75 identified risks in the supply chain, whereas 59 identified risks in the business. A few commented they viewed their own operations as low risk but did not substantiate this claim.

- Ninety-one companies reported they had grievance mechanisms/ whistleblowing lines open to employees and workers in their supply chains, but only 69 disclosed the number of reports they received from whistleblowers.

- Thirty companies disclosed the steps taken to end ongoing risks where a violation was found and nine reported outcomes of the remedy process for victims. Only one firm provided evidence of providing remediation that was satisfactory to the victims of modern slavery.

- Forty-two companies disclosed a policy relating to responsible procurement practices but only 14 actually provided examples of their practices.

Only 14 companies

provided examples of their responsible procurement practices

BREAKDOWN OF SCORES ACROSS SECTIONS

	Percentage score			
Framework section	**Mean**	**Median**	**Lowest**	**Highest**
Modern Slavery Act compliance and registry	90	100	33	100
Conformance with modern slavery guidance	81	88	18	100
Find it	44	39	0	96
Fix it	17	13	0	88
Prevent it	40	38	0	88
Total	**55**	**56**	**10**	**94**

Note: Performance Tier 5 was excluded from this analysis.

Out of the potential 62 points, the highest score achieved by a company was 58 and the lowest overall score was 6, with a mean average of 34 and a median average of 35. As shown by the mean and median, more companies scored above 50% than below.

The highest scoring sections were 'Modern Slavery Act compliance and registry' and 'Conformance with modern slavery guidance'. While they still have large ranges, the mean and median averages were both were high. However, for these sections the bar to comply is low.

The median was higher than the mean in both cases, showing a skewed distribution towards the top end of the score range.

The lowest scoring section was 'Fix it', which had a mean average of 1 out of a possible 8 points. The score range for this section was the largest, but the low mean and even lower median shows that the majority of companies were scoring well below the highest achieved score.

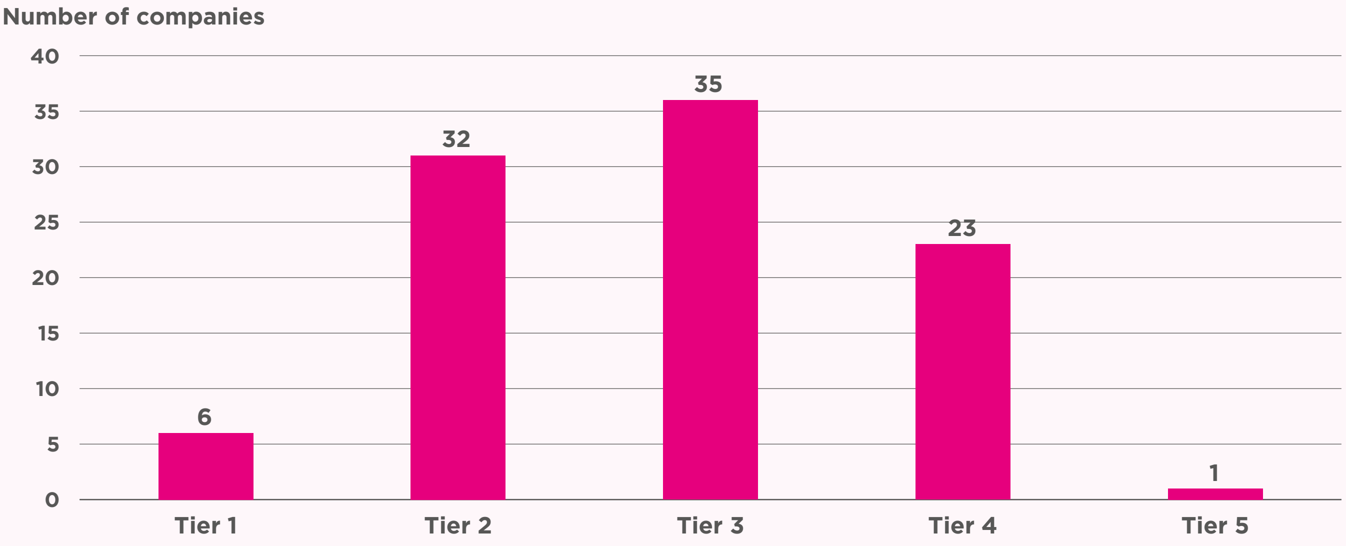
The scores for 'Find it' and 'Prevent it' were similar and fell just below the 50% mark. Similar to 'Fix it', they had large score ranges but a lower median than mean showing that most companies scored poorly here.

The chart below shows the distribution of companies across the five Performance Tiers. Only one company did not produce a modern slavery statement for the period assessed, making Performance Tier 5 the smallest. Performance Tier 1 contained 6 of the companies under scope. The majority of companies (97%) are placed within Performance Tiers 2, 3, and 4.

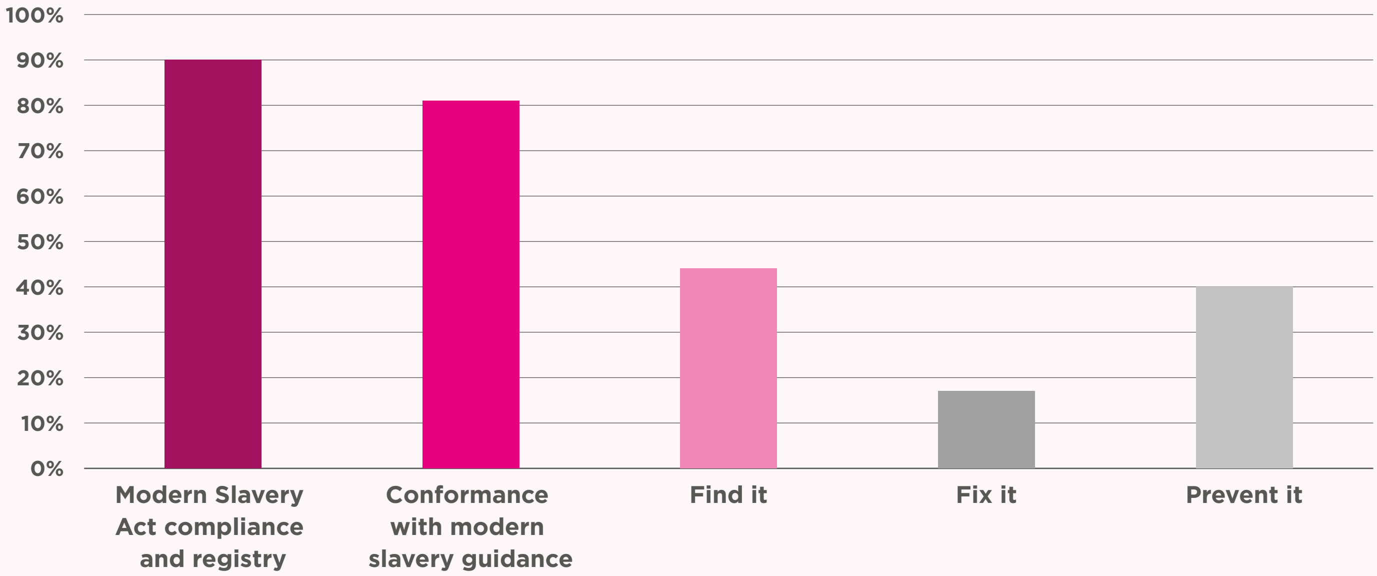
58 points

was the highest score achieved by a company; the lowest overall score was 6

PERFORMANCE TIER DISTRIBUTION



MEAN AVERAGE SCORE BY SECTION



Overall, there was a focus on policy rather than practical activity to tackle modern slavery. This is exemplified in the difference between the number of points scored in the 'Prevent it' section compared with the 'Fix it' section (see chart above).

'Prevent it' mainly comprises of questions about companies' policies to tackle modern slavery, while 'Fix it' contains more questions on the actions that companies have taken to address cases of modern slavery. On average, companies met 40% of the requirements in the 'Prevent it' section (with an average score of 3 out of a possible 8 points), in contrast with only 17% of the requirements in the 'Fix it' section (with an average score of 1 out of a possible 8 points).

Policy over activity

Only one firm disclosed evidence of remediation to victims of modern slavery

Benchmark analysis

Modern Slavery Act compliance and registry

This section includes the statutory requirements of the Modern Slavery Act 2015, as well as the uploading of modern slavery statements to the public register. Given that this section covers statutory requirements, it is not surprising that it was the best scoring section of the framework, with 52 companies scoring 100% of the potential score.

The framework includes a requirement to upload the statement on the registry and while this is not currently a statutory requirement, there have been indications from government that they intend to make this such.[17] Reflecting its current non-statutory status, this was the point that 31 companies missed. Given that it is a relatively simple step, it was disappointing to see some companies that scored relatively highly in the framework missing this point. In response to our engagement, it has been encouraging to see that several companies have subsequently uploaded their statements.

Nineteen companies missed having the statement signed by a director (corporations), designated member (LLP), or partner (partnerships). A CEO statement without an actual signature was deemed insufficient.

Modern slavery guidance

This section is derived from the government developed transparency in supply chains guidance.[18] While it does not have statutory force, it indicates what the UK government believes a good modern slavery statement should contain. In general companies scored well in this section. This demonstrates where government does provide guidance, firms do take notice and are more likely to comply, even if non statutory.

We noted that only 59 companies had paid attention to assessing the risks of modern slavery in their business, as opposed to 94 companies who had taken steps to assess the risk of modern slavery in their supply chain.

Furthermore, one of the lowest scoring areas of this section was on providing information about the company's effectiveness in eliminating modern slavery from its business or supply chains, measured against such key performance indicators as it considers appropriate. A total of 61 companies provided this information. Without some indication of how effectively companies have mitigated the risk of modern slavery in their business and supply chains, it is difficult for investors and other stakeholders to assess companies' performance. By disclosing key performance indicators, companies can also demonstrate how they plan to measure their progress in tackling modern slavery in the future.

The modern slavery guidance from the Home Office, from which these framework metrics were partially derived, was developed to set a common understanding between business and government on what a good modern slavery statement should look like. It also meant to indicate the current state of best practice disclosure at the time. When it launched in 2017, the Home Secretary, Amber Rudd, committed to 'supporting businesses in this work and will keep this guidance under review.'[19] We believe that the guidance needs updating given it has been seven years since it was first published.

Finding modern slavery

The 'Find it' section of the framework covers a company's human rights due diligence processes and the degree to which they are designed to 'Find' modern slavery. To be active in the fight against modern slavery, companies need to be able to identify their highest areas of risk and increase the visibility into employment practices in these areas. The data shows some interesting trends in how companies identify and monitor risks, as well as whether their grievance mechanisms are supportive of cases being reported.

Only 25 of the companies in the benchmark reported finding modern slavery in their supply chain. This aligns with evidence from analyses of UK government suppliers' modern slavery statements, which found that, 'despite the established prevalence of modern slavery globally, many large firms believe there to be a low risk of issues in their supply chain.'[20] And when firms do look for evidence of modern slavery in their supply chain, it can be extremely difficult to find even when looking at their direct suppliers.[21]

Companies disclosed more information on identifying, assessing and managing the risks of modern slavery in their supply chains than in their business operations, implying that they see the greater responsibility to rest on their suppliers to reduce the risk. This is illustrative of 'transferring responsibility'; by using assertive language with suppliers such as 'mandates' and 'expects' while using vague language such as 'strive' and 'encourage' with their own actions, and in this case, providing much more information on how modern slavery is assessed and managed in the supply chain than in the business, companies are able to evade responsibility of tackling modern slavery within their own business.[22]

GOOD PRACTICE CASE STUDY
MARKS & SPENCER

Marks & Spencer provides grievance mechanisms for its colleagues and workers in its supply chain through confidential reporting channels operated and managed by Safecall, an independent and external facility. Complaints can be submitted in the individual's own language and are reviewed by the M&S investigation team.[23]

They also partner with the Issara Institute, a non-profit organisation in Thailand providing independent worker voice channels, such as by taking calls from workers on labour issues.[24]

GOOD PRACTICE CASE STUDY
RESPONSIBLE PROCUREMENT PRACTICES

Diageo has implemented programmes to build up supply chain capability to ensure that their suppliers are 'competent in executing robust responsible sourcing programmes, developing common evaluation methodologies and also shared tools including a deep dive on living wages.'[25] They are also accredited as a Living Wage employer in the UK.

NatWest Group is a signatory to the Prompt Payment Code and was recognised by Good Business Pays as the Fast Payer Award for maintaining immediate payment to its suppliers on receiving goods and services.[26]

Next has outlined supplier presentation sessions conducted in India and Turkey, covering topics including 'sourcing country challenges, supplier compliance performance and supply chain risk areas.' Next also conducts these sessions to understand their suppliers' focus areas and 'improve ways of working together.'[27]

Tesco has stated that they are a member of Action Collaboration Transformation (ACT), which aims to drive living wages for garment sector workers through collective bargaining and freedom of association. Tesco has provided details of a new dispute resolution mechanism they are trialling through ACT to highlight and resolve issues that workers face, including excessive working hours and pay disputes.[28]

However, the extent to which companies provide information on their supply chains is limited. Thirty-five companies stated that they were continuing to map the extent of their operations and supply chains, 27 companies provided information on the workforce in both their operations and supply chains, and only eight companies disclosed the locations of its suppliers beyond tier one. This reflects how companies often resort to 'scope reduction' in their modern slavery statements, such as refraining from monitoring beyond high-spend, tier one suppliers, where exploitation is more likely to occur.[29] On the other hand, the McMillan report of the Statutory Review of the Australian Modern Slavery Act 2018 suggests that this is due to the difficulty of supply chain mapping in practice; suppliers may be reluctant to provide information, or forced labour may be state-sponsored.[30]

Out of the total number of companies in the benchmark, 91 companies ensured there was a grievance mechanism available to workers in their operations and their supply chain, but 69 disclosed the number of whistleblowing reports that were flagged for concern, and not all made it clear whether the reports were related to modern slavery.

Previous analysis by Business & Human Rights Resource Centre (BHRRC)[31] found that about 75% of the companies surveyed reported having a grievance mechanism, however, none of the companies reported having received a modern slavery-related complaint through the mechanism. While it is encouraging to see that 20% more companies have a grievance mechanism, greater disclosures are required on whether grievances made are related to modern slavery.

There is a legitimate question as to whether general purpose whistleblowing lines are likely to get reports of modern slavery. The lack of reports may be because survivors of modern slavery face barriers to accessing such mechanisms. Social, cultured or gendered structures may prevent women from accessing decision-making bodies or resources easily, such as difficulties arranging childcare to attend hearings.[32]

Employer Pays Principle

The Employer Pays Principle requires that no worker should pay for a job – the costs of recruitment should be borne not by the worker but by the employer. The Institute for Human Rights and Business states that migrant workers frequently pay fees to agencies and brokers for recruitment and placement in jobs abroad.

Survivors of modern slavery can also be reluctant to report cases through grievance mechanisms due to fear of retaliation. Mere guarantees of confidentiality may be insufficient in protecting people from harm; retaliation can occur in different ways for different groups, which may not be obvious to developers of grievance mechanisms.[33] Companies could partner with organisations such as the charity Unseen which operates the Modern Slavery and Exploitation helpline.

There may be a reluctance to disclose finding modern slavery due to concerns about reputation, sustainability ratings and, or litigation risk. This is why the McMillan Statutory Review of the Australian Modern Slavery Act includes a recommendation that Australian authorities make mandatory ‘reporting on modern slavery incidents or risks identified during the reporting year.’[34] We support this principle and suggest that if companies know of cases they should include them in their disclosures.[35]

GOOD PRACTICE CASE STUDY
KINGFISHER

The Kingfisher Group’s modern slavery transparency statement[38] provides several cases of modern slavery and how they sought to resolve them. The cases include withholding travel documents in Thailand and child labour in Gujarat.

In the Gujarat case, Kingfisher outlines how they worked with a local non-governmental organisation (NGO) to ensure children were rescued and either returned to their parents or placed in managed accommodation. They continued to work with the NGO to determine whether any further children were working in the facility.

Through this process despite Kingfisher’s best efforts and exhausting all options, their relationship with the factory broke down and Kingfisher ceased working with the supplier. Kingfisher is committed to working with suppliers to ensure they understand their requirements, the corrective actions needed and how to implement them, only as a last resort, will they cease to trade with factories if they don’t work to address business critical issues.

Fixing modern slavery

Most modern slavery statements seem to focus on setting standards rather than ensuring remediation.[36] Indeed, 30 firms disclosed the steps taken to end ongoing risks where a violation was found, and only nine companies reported outcomes of the remedy process for victims. Only one firm provided evidence that the remedies they provided were satisfactory to the victims of modern slavery. However, this is still an improvement on the findings of the 2018 BHRRC report, which found that ‘no company disclosed what remedy has been provided or would be provided to victims as part of a corrective action plan or any other remediation process.’[37]

Given that Access to Remedy is the third pillar of the UN Guiding Principles, which is informally known as the ‘Protect, Respect, Remedy’ Framework, this lack of disclosure on remedy is particularly worrisome.

There are systemic risks of modern slavery in many sectors meaning all suppliers in any given sector may have similar risks (e.g. Malaysian palm oil). The framework includes a datapoint on ‘whether the company demonstrated how it tried to use and increase its leverage with other responsible parties to enable remedy to take place; in cases where modern slavery has been found but provision of remedy has not been possible’. The most mature modern slavery statements often included a discussion of how the company was working with others on these systemic problems. Only 11 companies scored on this point.

GOOD PRACTICE CASE STUDY
COMPANIES WORKING COLLABORATIVELY TO INCREASE LEVERAGE OR ADDRESSING A RISK

Unilever has outlined how it launched and convened a social issues working group as part of the Palm Oil Collaboration Group, having identified the need to implement zero recruitment fees in the palm oil sector.[39]

Actions taken so far have included collaborating with other organisations to align practices, conducting mapping exercises to understand the full extent of their supply chains and surveys to design necessary interventions among suppliers.[40]

Utilities Against Slavery is a forum for 20 utilities companies, including Centrica, Severn Trent, National Grid and United Utilities Group, to collaborate to address modern slavery in their supply chains.[41] They conduct training sessions, develop common risk management approaches with suppliers and have created a pre-qualification questionnaire for members' due diligence processes.[42]

In response to reports of modern slavery and forced labour in the manufacturing process of solar panels containing polysilicon originating from Xinjiang (China), utilities companies such as Centrica have sponsored the Solar Stewardship Initiative[43] in partnership with Solar Energy UK and Solar Power Europe. The initiative aims to develop a traceability framework, a Code of Conduct and Audit Guidance to improve transparency in the supply chain and raise standards, reducing the risk of modern slavery in the manufacturing of solar panels in the process.[44]

Preventing modern slavery

There is a variety of preventative actions that companies can take without having identified cases of modern slavery. The framework focuses on leadership and resources to tackle modern slavery, ensuring the business has responsible procurement practices and endorsing key policy stances such as the Employer Pays Principle.

As commentators have noted, when the board and senior leadership consider human rights due diligence a strategic concern and provide oversight on the work, it is far more likely to be taken up through the business.[45] The majority of companies had resources allocated to tackling modern slavery, but fewer companies indicated there were committees or oversight from senior leadership. Of the companies assessed, 69 indicated some board leadership over the implementation of the company approach to modern slavery and 79 companies had a committee, team, programme or officer responsible for the implementation of its modern slavery policies.

The Employer Pays Principle is derived from Principle 1 of the Dhaka Principles for Migration with Dignity.[46] Its adoption is regarded as a key step that businesses across all sectors can take to combat exploitation, forced labour and the trafficking of migrant workers in global supply chains.[47] Only 30 companies stated that they had integrated the Employer Pays Principle into their recruitment practices.

The Consumer Goods Forum, a global trade association for fast-moving consumer goods, has adopted the Employer Pays Principle as a second priority industry principle.[48] In 2022, in partnership with AIM-Progress, they launched 'Guidance on the repayment of worker-paid recruitment fees and related costs',[49] which provides a template for remediating situation where workers are found to be in debt-bondage as a result of a failure by employers to implement the Employer Pays Principle. The commitment of such a large trade association to putting this into practice shows that it can be done and that other sectors can follow suit.

Dhaka Principles for Migration with Dignity

The Dhaka Principles for Migration with Dignity are a set of principles based on human rights to enhance respect for the rights of migrant workers from the moment of recruitment, during employment, and through to safe return. They are intended for use by all industry sectors and in any country where workers migrate either inwards or outwards.

Responsible procurement practices refer to the way a company's commercial practices can support or undermine the ability of suppliers and business partners to uphold corporate policies and standards. If a company sets a high standard but does not create the right environment to enable those standards to be upheld, they could be considered to be contributing to a human rights abuse. For example, a large retailer using its market dominance to encourage suppliers to supply below the cost of production, or a fashion retailer demanding that production occurs in a window too narrow to be completed without workers undertaking excessive overtime. Poor procurement practices can be a root-cause of, or exacerbate, a situation, and therefore contribute to an increased likelihood of modern slavery occurring.

It is therefore telling that 54 companies did not disclose any examples or policies of responsible procurement practices and only 28 companies referenced their policies to align procurement with standards alone, without giving examples of how it was implemented, such as prompt payment and Living Wage policies. Of those assessed, 14 companies gave examples of how their policies were implemented, with companies disclosing their average payment time, or organisations that they collaborate with to facilitate collective bargaining. One company outlined details of feedback from suppliers to build up supply chain capabilities, which included working with suppliers to execute responsible sourcing programmes, develop evaluation methodologies, and facilitate a deep dive on living wages.

The lack of attention paid to procurement practices has a direct effect on workers' conditions and pay. Published in 2017, the International Labour Organization's global survey found that the imposition of prices below the cost of production increases the number of temporary workers employed as it reduces production costs.[50] In addition, as buyers are 'not always willing to adjust their prices to incorporate statutory increases in the minimum wages of suppliers' countries,' or take a long time to do so, therefore increasing the risk of modern slavery.[51]

GOOD PRACTICE CASE STUDY
SUPPLY BASE DISCLOSURES

Marks and Spencer,[52] Primark (a subsidiary of Associated British Foods)[53] and JD Sport[54] have all published interactive maps of their supplier base, regularly updated with information on its tier one supply chain. The information is categorised by location and type of goods, with breakdowns of supplier locations and workforce.

Tesco[55] and Sainsbury's[56] have published full lists of their tier one suppliers, including the names of each supplier site, along with their respective address, country and number of workers.

Some financial service firms have also provided information on their main suppliers. For instance, in conducting their respective supply chain risk assessments, Prudential[57] and Barclays[58] have categorised their suppliers based on country and spend.

On a sector basis, we noted that:

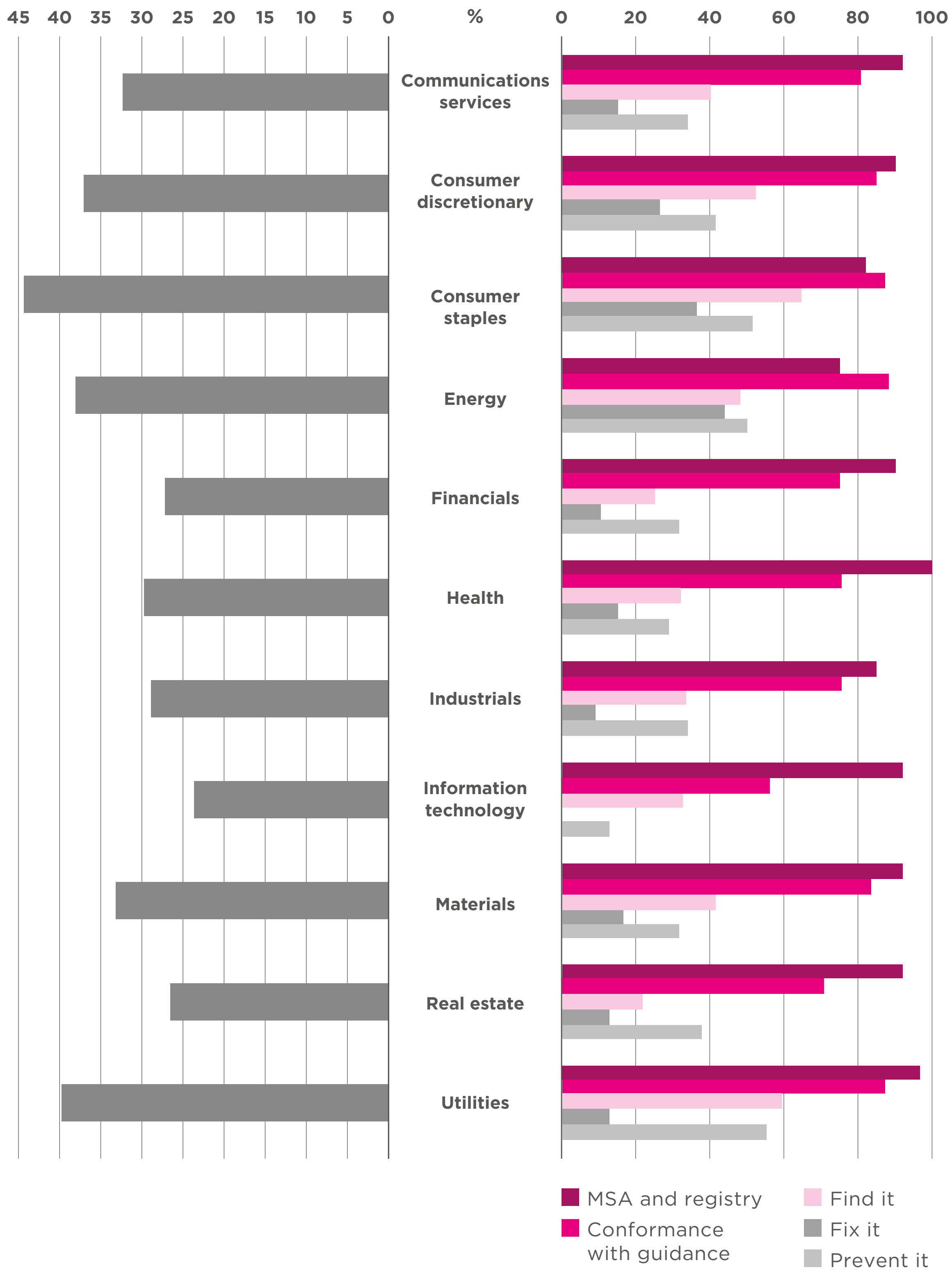
- all Performance Tier 1 and half of Performance Tier 2 firms were consumer discretionary/staples
- Performance Tiers 3 and 4 were dominated by financials, industrials and materials
- consumer sectors, utilities, energy and materials sectors scored the highest
- consumer-facing companies face more public pressure to ensure there are no human rights abuses in supply chains
- energy and utility companies have been tackling Xinjiang forced labour in the solar supply chain
- IT, financials and real estate scored the lowest. Companies in these sectors derive their value primarily from knowledge-based activities, meaning that their exposure to modern slavery is less direct and hence their response and ability to find modern slavery may be less mature.

Distribution of sectors over Performance Tiers

Performance Tier	Sector	
1	**Total: 6 companies** **2** Consumer discretionary **4** Consumer staples	
2	**Total: 32 companies** **2** Communication services **6** Consumer discretionary **6** Consumer staples **2** Energy **2** Financials	**2** Health care **3** Industrials **4** Materials **5** Utilities
3	**Total: 35 companies** **3** Communication services **4** Consumer discretionary **2** Consumer staples **10** Financials **2** Health care	**6** Industrials **1** Information technology **5** Materials **2** Real estate
4	**Total: 23 companies** **1** Communication services **2** Consumer discretionary **8** Financials **2** Health care	**7** Industrials **1** Information technology **2** Materials
5	**Total: 1 company** **1** Communication services	

Average scores by sector

Average scores by framework section



Emerging themes

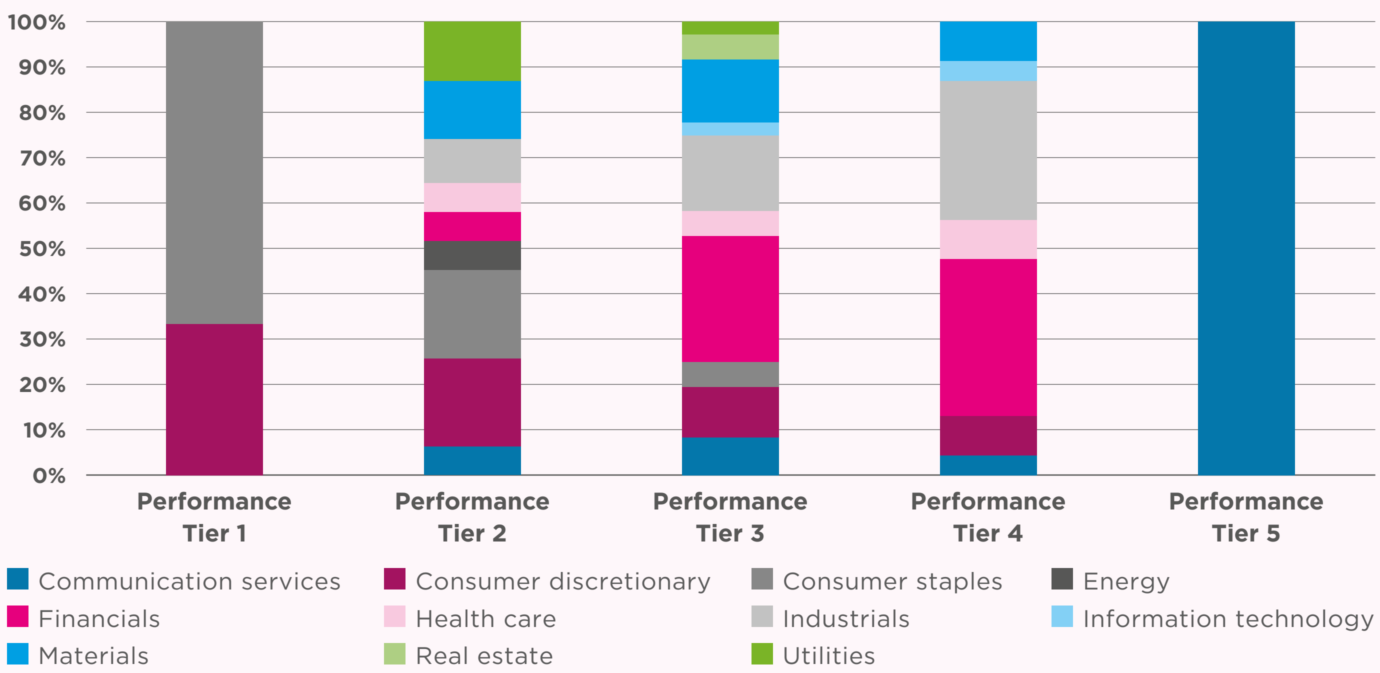
The quality of reporting may be improving over time

CCLA's overall finding of an implementation gap between policies and practices is consistent with other academic and consultancy reports, although, in general, the quality of reporting seems to be improving from a low base.

For instance, BHRRC published a report in 2018 which found that no company 'disclosed what remedy has been provided or would be provided to victims as part of a corrective action plan or any other remediation process.'[59] In contrast, we have seen a small improvement, where 30 companies in the benchmark disclosed the steps taken to end ongoing risks after a violation was found, and nine companies reported the outcomes of the remedy process for victims. However, it must be emphasised that this is still a minimal improvement, and the 'Fix it' section received the lowest average score out of all scorecard sections.

Analysis by Ergon in 2017 found that statements from different companies were often identical and generic, implying that the reports were written by external consultants using templates.[60] While we did note the use of similar language in different reports (e.g. the disclosure of a firm's most 'salient' risks), these were references to guidelines that were freely available online, so did not provide cause for alarm. We did not encounter any identical reports.

SECTOR DISTRIBUTION BY PERFORMANCE TIER



Consumer-facing companies score well

Companies in the consumer staples and consumer discretionary sectors tended to score higher than companies that operated business-to-business (see Sector distribution by Performance Tier on page 31). This pattern is similar to that found in the 2018 BHRRC report, which identified Marks & Spencer, Tesco and Unilever (among others) as leaders committed to addressing modern slavery; these companies are also in Performance Tier 1 of our benchmark.[61]

In addition to greater exposure to modern slavery risks, companies in the consumer sector have been subjected to higher scrutiny and oversight of their modern slavery policies and practices compared to other industries. Companies with a higher public profile, such as in the food and apparel industries, are likely to be more concerned with the reputational risk of poor modern slavery-related disclosures. They are therefore more likely to provide more information about the risks of modern slavery in their operations and supply chains.[62] In comparison, a private company or one with a lower public profile may not see the need to disclose as much detail on the risks of modern slavery within their business, or may simply state that the risk of modern slavery in their firm is low without providing substantial evidence to substantiate this.

Knowledge-based services score lower but have lower exposure

Companies providing knowledge-based services, such as in the financial or communications sectors, employ mostly high-skilled workers with domestically centred supply chains.[63] They are less likely to rely on low-skilled, intensive labour compared to sectors such as retail, construction and manufacturing, where the risk of modern slavery is more prevalent.[64] Therefore, companies in this sector tend to score less highly on questions requiring disclosures of risks of modern slavery. For example, companies in the financial sector scored 6 out of 23 points in the 'Find it' section on average, compared to the consumer staples sector which scored 16 out of 23 points.

Nevertheless, it is possible for companies providing knowledge-based services to score on questions relating to identifying risks of modern slavery. NatWest identified temporary workers as a potential modern slavery risk, and outlined steps to manage this risk, including the use of pre-approved recruitment agencies and explicitly extending the group's whistleblowing service to contractors, sub-contractors and temporary colleagues.[65] Phoenix Group has begun efforts to map their high-risk supply chain and outlined countries where their suppliers are based.[66]

CONSUMER STAPLES

The consumer staples sector refers to companies that produce or retail a set of essential products used by consumers such as foods and beverages, household goods, alcohol and tobacco. Companies in this sector include supermarket retailers such as Tesco and Sainsbury's, food and drink manufacturers such as Unilever, Diageo and Coca Cola HBC AG.

These companies acknowledged they were exposed to a higher level of risk in their supply chains. For example, 80% of the Malaysian palm oil sector is estimated to be migrant workers who are vulnerable to exploitation.[67] Thai seafood has long been associated with modern slavery and, closer to home, there has been a spate of stories in 2022 and 2023 on debt bondage and exploitative working conditions of migrants working in the UK seasonal agriculture scheme.[68]

Given the saliency of modern slavery risks in consumer staples, it is not a surprise that many of the leading companies in the benchmark are from this sector.

CONSUMER DISCRETIONARY

The consumer discretionary sector refers to companies that produce retail goods and items that are considered non-essential, such as luxury goods, vehicles, vacations, fast food, furniture, and appliances. Companies in this sector include luxury brands such as Burberry, clothing retailers such as Next as construction companies such as Barratt Developments, hospitality such as Compass Group, and leisure activities such as IHG.

The consumer discretionary sector is high-profile for modern slavery risk as many products are manufactured or produced in countries with weak labour market enforcement or poor human rights.

Firms in the consumer discretionary sector in general displayed relatively mature approaches to tackling modern slavery.

Moreover, there are still significant risks present within the supply chains of companies providing knowledge-based services. Alongside risks in indirect supply chains for consumables and services (catering, office cleaning, building construction and facilities management, and uniforms), the risk is high in electronics and electronic hardware manufacture, which is linked to almost all companies providing knowledge-based services. Electronics make up the highest value at-risk import for most G20 countries, worth $243.6 billion in 2023.[69] One example are electronic manufacturing facilities in China, which use state-imposed forced labour from Uyghur populations. In Malaysia, migrant workers from Bangladesh, Nepal, Myanmar and Indonesia are subjected to forced labour and debt bondage in electronic manufacturing.[70] The Responsible Business Alliance is the largest industry coalition for responsible business conduct in global supply chains and includes over 230 electronics, retail, auto and toy companies.[71]

Despite the consensus on the high risk of modern slavery in electronic hardware manufacture, there are still significant gaps in the steps that technology companies are taking to address forced labour in their operations and supply chains. KnowTheChain, which publishes a benchmark analysing the disclosure and performance of 60 of the largest global ICT companies every year, found in 2023 that only 6% of companies scored over half of the marks available.[72]

$468 billion

of G20 imports are goods at risk of modern slavery

FINANCIAL SECTOR

The financial sector is a section of the economy made up of firms and institutions that provide financial services to commercial and retail customers. This sector comprises a broad range of industries including banks, investment companies, insurance companies and real estate firms. As primarily knowledge-based sectors it may be more difficult to assess and identify risks of modern slavery.

Currently financial sector portfolios are not in scope of the Modern Slavery Act 2015 and, at the time of writing, there is a live discussion on a carve out for financial services from the CSDDD legislation.[75] CCLA believes that given the highest risk of modern slavery is via portfolio investments, these should be in scope.

Given that companies providing knowledge-based services have a high exposure to the risk of modern slavery through their use of electronics and electronic hardware they might want to work collaboratively on this challenge. For example, public sector buyers and civil society organisations launched Electronics Watch in 2015 as a collaborative effort to share the cost of monitoring and coordinate engagement with electronics production companies and regions.[73]

The higher scoring financial services organisations disclosed activity to address modern slavery risks in their portfolios. The inclusion of investment portfolios is regarded as a grey area in the legislation and research by Walk Free, Wiki Rate and the Business and Human Resource Centre in 2021 showed that of 79 asset managers, only 27% disclosed that they had carried out due diligence on modern slavery and human rights in their portfolios.[74] The best scoring companies are doing this but clarity in the legislation would both provide transparency and incentivisation for investor engagement with investee companies.

The higher scoring

financial services organisations disclosed activity to address modern slavery risks in their portfolios

Recommendations and looking ahead

Based on the benchmark analysis and emerging themes, the below section provides recommendations for companies, investors and policymakers.

Companies

- Ensure there is strong governance on modern slavery including responsibility at board level, appropriate committees or structures and the inclusion of workers' and relevant stakeholders' perspectives.
- Conduct and disclose detailed operational and supply chain risk assessments which include assessment of forced labour risks across supply chain locations beyond supply chain tier one and, importantly, direct operations.
- Disclose and provide details of suspected cases of modern slavery and what steps have been taken to provide remedy for victims and the outcomes of this process.
- Adopt and disclose responsible procurement practices that enable suppliers to uphold the standards that are in the company's supplier code of conduct and in line with international best practices such as the Ethical Trading Initiatives' 'Guide to buying responsibly'[76] and the Responsible Contracting Project's 'Buyer Code'.[77]

Investors

- Use this framework in engagement with companies held to identify areas where the company is not comparing well with its peers and where the company can take additional steps.
- CCLA will vote against the financial statement and annual report of those companies which remain in Performance Tiers 4 and 5, and have not engaged with CCLA as investors. We encourage other investors to do the same.
- Consider joining collaborative investor engagement programmes such as Find it, Fix it, Prevent it and Votes against Slavery.

Policymakers

- Fulfil existing government commitments to extend modern slavery reporting to the public sector, introduce mandatory topics for disclosure, an annual reporting deadline, and fines for non-compliance.
- Mandate companies to upload their modern slavery statements to the government registry.
- Legislate on modern slavery disclosures to mandate financial institutions to report on their investing and lending portfolios.
- Publish new government guidance setting out the need to report forced labour identified, all remediation activity undertaken and, where no forced labour has been identified, require companies to provide an explanation of the steps undertaken to find it.
- Exploit the potential of public procurement to ensure that companies discovering and addressing modern slavery are rewarded.

Companies, investors and policymakers

- Monitor closely developments in legislation on corporate sustainability due diligence in Europe and import bans in the United States and Europe.

Looking ahead

CCLA is committed to working to address the scourge of modern slavery, to supporting the companies we hold to address modern slavery risks and to coordinating and developing the Find it, Fix it, Prevent it collaborative investor initiative on modern slavery.

We have developed this benchmark to better understand the performance of companies on modern slavery. While we have used it to assess performance and disclosures, the framework also offers a clear way for companies to structure their management and disclosures on modern slavery. Importantly, it provides investors with a tool to consider modern slavery when forming views on companies and to guide their active engagement.

CCLA is committed to conducting the modern slavery benchmark again next year and assessing progress over the year. We intend the benchmark to be a platform for continuous improvement.

Appendix 1:
Scoring framework

The scoring framework below provides a breakdown of the framework and the potential scores for each datapoint.

CCLA modern slavery scorecard

Company name:

Modern Slavery Act compliance and registry

Question number	Metric	Corresponding standard(s)	Score range
1	Did the organisation include a prominent link to the slavery and human trafficking statement on website's homepage?	MSA	1 or 0
2	Has the modern slavery statement been uploaded on modern slavery registry?		1 or 0
3	Was the statement signed by director (corporations), designated member (LLP) or partner (partnerships)?	MSA	1 or 0
4	Was the statement approved by the board of directors or equivalent management body (except LLPs)?	MSA	1 or 0
5	Did the organisation provide an explanation of the steps that the organisation has or has not taken to ensure slavery and human trafficking is not taking place in any part of its business and supply chain?	MSA	1 or 0
6	Did the statement cover the defined fiscal year of 2022?	MSA	1 or 0
		Total	**6**

Conformance with the modern slavery guidance

Derived from the guidance in the law - the law says that the statement 'may' include these issues but we have used 'must'.

Question number	Metric	Corresponding standard(s)	Score range
7	To what extent did the organisation provide information about its STRUCTURE?	MSA Guidance	0 = no information 1 = minimal information 2 = comprehensive
8	To what extent did the organisation provide information about its BUSINESS?	MSA Guidance	0 = no information 1 = minimal information 2 = comprehensive
9	To what extent did the organisation provide information about its SUPPLY/SERVICE CHAINS?	MSA Guidance	0 = no information, 1 = minimal information 2 = comprehensive
10	Does the organisation provide information about its policies in relation to modern slavery?	MSA Guidance	1 or 0
11	Did the organisation provide information about its due diligence processes in relation to modern slavery in its BUSINESS?	MSA Guidance	1 or 0
12	Did the organisation provide information about its due diligence processes in relation to Modern Slavery in its: SUPPLY/SERVICE CHAINS?	MSA Guidance	1 or 0
13	Did the organisation provide information about the parts of its BUSINESS where there is a risk of Modern Slavery taking place?	MSA Guidance	1 or 0
14	Did the organisation provide information about the parts of its SUPPLY/SERVICE CHAINS where there is a risk of Modern Slavery taking place?	MSA Guidance	1 or 0
15	Did the organisation describe steps it has taken to ASSESS the risk of Modern Slavery in its BUSINESS?	MSA Guidance	1 or 0
16	Did the organisation describe steps it has taken to MANAGE the risk of Modern Slavery in its BUSINESS?	MSA Guidance	1 or 0
17	Did the organisation describe steps it has taken to ASSESS the risk of Modern Slavery in its SUPPLY/SERVICE CHAINS?	MSA Guidance	1 or 0
18	Did the organisation describe steps it has taken to MANAGE the risk of Modern Slavery in its SUPPLY/SERVICE CHAINS?	MSA Guidance	1 or 0
19	Did the organisation provide information about its effectiveness in eliminating Modern Slavery from its business or supply chains, measured against such performance indicators as it considers appropriate?	MSA Guidance	1 or 0
20	Did the organisation provide information about modern slavery training provided to staff?	MSA Guidance	1 or 0
		Total	**17**

Find it

Question number	Metric	Corresponding standard(s)	Score range
21	Did the company state that it is continuing to map the extent of its operations and supply chains?	BHRRC 4.3	1 or 0
22	Did the company disclose the locations of its tier one suppliers?	BHRRC 1.5 KTC 2.1	0 = no information 1 = partial list of supplier locations (inc. to country or area level) 2 = full list of suppliers with addresses
23	Did the company disclose the locations of its suppliers beyond tier one?	BHRRC 1.6 KTC 2.1	1 or 0
24	Has the company provided details of how they analyse the overall supply chain by risk (for example in relation to sourcing geography, commodity, manufacture, spend)?	BHRRC 1.6 KTC 2.1	0 = no information 1 = minimal information 2 = good information on commodity and geography 3 = informed by site level analysis
25	Did the company provide information on the workforce in both its operations and supply chain?	KTC 2.1	0 = no information 1 = minimal information 2 = detailed breakdown
26	Has the company identified recruitment of migrants/temporary labour as a human rights risk?	KTC 2.1	1 or 0
27	If so, has the company provided details on how migrants are recruited?	n/a	1 or 0
28	Has the company provided details of how the risk assessment of its operations and supply chain was carried out including which indicators, resources, and tools were used and/or experts, stakeholders, and civil society organisations?	BHRRC 3.6, 4.2, 4.5, 4.6, 4.7 KTC 1.5, 2.2 UNGPRF B2 S2G 19, 20	0 = no information 1 = desk-based analysis 2 = membership of multi-stakeholder initiatives 3 = in dialogue with partners on the ground
29	Did the company disclose its most salient modern slavery risks?	BHRRC 4.1, 4.4, 4.8, 4.9 KTC 2.2 S2G 17 UNGPRF B1	1 or 0
30	Has the company included a discussion on what supply chain auditors/partners they have appointed, including how they have assured their competency in finding and detecting modern slavery?	BHRRC 3.4 KTC 6.2.4 (modified)	1 or 0
31	Did the company disclose how suppliers were prioritised for audit purposes?	n/a	1 or 0
32	To what extent did the company include a discussion on their audit protocols (this can include when non-scheduled or unannounced audits are used, whether off-site interviews are conducted whether associated production facilities (tier two sub-contracted processes) are covered and/ or worker dormitories where relevant)?	KTC 6.1	0 = no information 1 = minimal discussion of audit protocols 2 = risk based use of deep dive approaches
33	Does the company include in its audit protocol monitoring beyond tier one and/or does the supplier code of conduct include an expectation that monitoring is cascaded down the supply chain?	KTC 6.1	1 or 0

Find it (continued)

Question number	Metric	Corresponding standard(s)	Score range
34	Did the company ensure there is a grievance mechanism(s) (its own, third party or shared) available to all workers in its operations and the supply chain to raise human rights-related concerns (including labour conditions) without retaliation?	BHRRC 3.8 ETI KTC 5.3 S2G 35	1 or 0
35	Did the company disclose the number of whistleblowing reports that were flagged for concern?	BHRRC 3.8 ETI KTC 5.3 S2G 35	1 or 0
36	Has the company disclosed finding modern slavery and/or indicators of Modern Slavery (c.f. ILO 11 indicators) in their supply chain this year?	UNGP	1 or 0
		Total	**23**

Fix it

Question number	Metric	Corresponding standard(s)	Score range
37	Does the company have a human rights policy which clearly states that they support the UN Guiding principles on Business Human Rights and recognise their duty to respect human rights and provide access to remedy?	UNGP	1 or 0
38	Where violations were found, in the words of the UN Guiding Principles, has the company disclosed whether it has caused, contributed to or been linked to an adverse human rights impact (modern slavery case)?	UNGP	1 or 0
39	Where violations were found, has the company disclosed the steps taken to end and mitigate ongoing risks?	UNGP	0 = no information 1 = company has taken minimal steps 2 = company has publicly and actively responded
40	Has the company reported outcomes of the remedy process for the victims?	KTC 7.2 UNGPRF C2	1 or 0
41	Did the company provide evidence that remedies were satisfactory to the victims or groups representing the victims?	KTC 7.2 UNGPRF C6	1 or 0
42	Where provision of remedy has not been possible, did the company demonstrate how it has tried to use and increase its leverage with other responsible parties to enable remedy to take place?	IRBC p8 S2G 29	0 = no information 1 = minimal information 2 = extensive discussion
		Total	**8**

Prevent it

Question number	Metric	Corresponding standard(s)	Score range
43	Does the company have a corrective action process for its suppliers and potential actions taken in case of non-compliance, such as stop work notices, warning letters, supplementary training, and policy revision?	BHRRC 5.6 KTC 7.1	1 or 0
44	Does the company discuss a responsible exit strategy from a supplier relationship?	KTC 7.1.3	1 or 0
45	Has the company integrated the Employer Pays Principle into its recruitment practices?	KTC 4.2 EPP	1 or 0
46	What evidence is there of responsible procurement practices to encourage or reward good labour practices?		0 = no information 1 = policy only 2 = examples given (in addition to 1) 3 = practices informed by anonymous supplier feedback (in addition to 1 and 2)
47	Was there a board member or board committee tasked with oversight of its modern slavery policies?	BHRRC 2.2 ETI KTC 1.3 S2G	1 or 0
48	Did the company have a committee, team, programme or officer responsible for the implementation of its modern slavery policies and responding to violations?	BHRRC 2.2 ETI KTC 1.3 S2G	1 or 0
		Total	**8**
		Overall total	**62**

Key

BHRRC	Business and Human Rights Resource Centre methodology for assessing Transparency in the Supply Chain (TISC) statements[78]
ETI	Ethical Trading Initiative, 'Access to Remedy: Practical Guidance for Companies'[79]
EPP	Employer Pays Principle
ILO	International Labour Organisation Definition of forced labour[80]
IRBC	International Responsible Business Conduct paper on enabling remediation[81]
KTC	KnowTheChain assessment methodology[82]
S2G	Stronger Together, 'Tackling modern slavery in global supply chains: a toolkit for business'[83]
UNGP	United Nations Guiding Principles[84]
UNGPRF	United Nations Guiding Principles Reporting Framework[85]

Appendix 2: Methodology

Data points

The assessment team read and assessed the modern slavery statements of the largest UK-listed companies.

Modern slavery statements were accessed from company websites prior to 21 July 2023. Some companies uploaded their modern slavery statements to the public registry in response to CCLA engaging with them to say we could not find the statement on the registry. To be fair to companies that had taken this step without prompting, CCLA decided not to award an extra point to companies that had not uploaded their statement to the registry prior to 21 July.

To make sure we had the most accurate data, we emailed companies who did not have a publicly available modern slavery statement on multiple occasions. In the event that they did not provide a current modern slavery statement we did not consider them in our scoring and analysis.

- One eligible company failed to provide a modern slavery statement for the year 2022.
- The nature of three of the companies (investment trusts) is such that they do not fall within the remit of the MSA requirements.
- Ultimately, we scored and analysed data from 96 companies.

The criteria for inclusion was that the statement covered a significant portion of the 2022 calendar year. Different companies' statements covered different time periods.

While creating the scorecards, CCLA used the following as evidence:

- modern slavery statements
- annual reports
- ESG statements
- human rights policies
- supplier codes of conduct
- any policy documents referred to within the statement itself.

Analysis

Our scorecards are made up of five sections, with 62 points available in total. The five sections were:

1. MSA compliance and registry (6 points)
2. Guidance from MSA (17 points)
3. Find it (23 points)
4. Fix it (8 points)
5. Prevent it (8 points)

The scorecard questions were created using a combination of requirements from the following resources:

- The Modern Slavery Act 2015
- Guidance derived from the Modern Slavery Act 2015
- Business & Human Rights Resource Centre (BHRRC)
- Ethical Trading Initiative Base Code
- International Responsible Business Conduct
- Know the Chain
- Stronger Together
- UN Guiding Principles on Business Human Rights
- UN Guiding Principles Reporting Framework

Process

Two scorers would independently read the available material, and each scorer would produce a scorecard. Afterwards, the two scorers would meet to moderate and discuss any points of difference in scores and arrive at a single conclusive scorecard. This card was emailed to firms and used for our analysis.

Of the companies assessed, 57 firms provided written or verbal feedback on their scorecards in September 2023. Where companies could provide additional relevant evidence that was in the public domain prior to 21 July 2023, we took this under consideration and modified the scores. The corrected scorecards were emailed to the companies via the companies' Investor Relations team.

Scores

Some questions, such as ones on the extent to which companies had disclosed information on their supply chains, required scores on a scale of 0 to 2 or 0 to 3 points rather than on a binary of 0 or 1 point. This is a change we made in response to feedback from companies based on last year's report and allows for companies who disclosed information on a greater level of detail to receive a higher score.

Performance Tiers

We divided the final scores into four tiers.

- To qualify for Performance Tier 1, a firm would need a score of 50 or more points AND they would have to disclose finding modern slavery or its indicators within their supply chain that year.
- To qualify for Performance Tier 2, a firm would need a score of 38 or more points.
- To qualify for Performance Tier 3, a firm would need a score of 26 or more points.
- To qualify for Performance Tier 4, a firm would need a score of fewer than 25 points.

In respect of the company that had no statement for 2022 and was therefore not scored, we created Tier 5.

Appendix 3: Companies assessed

Name	GICS sector	GICS industry
3i Group	Financials	Capital markets
abrdn	Financials	Capital markets
Admiral Group	Financials	Insurance
Airtel Africa*	Communication services	Wireless telecommunication services
Anglo American	Materials	Metals and mining
Antofagasta	Materials	Metals and mining
Ashtead Group	Industrials	Trading companies and distribution
Associated British Foods	Consumer staples	Food products
AstraZeneca	Health care	Pharmaceuticals
Auto Trader Group	Communication services	Interactive media & services
Aviva	Financials	Insurance
B&M European Value Retail SA	Consumer discretionary	Broadline retail
BAE Systems	Industrials	Aerospace and defence
Barclays	Financials	Banks
Barratt Developments	Consumer discretionary	Household durables
Beazley	Financials	Insurance
Berkeley Group Holdings	Consumer discretionary	Household durables
BP	Energy	Oil, gas and consumable fuels
British American Tobacco	Consumer staples	Tobacco
BT Group	Communication services	Diversified telecommunication
Bunzl	Industrials	Trading companies and distribution
Burberry Group	Consumer discretionary	Textiles, apparel and luxury Goods
Carnival	Consumer discretionary	Hotels, restaurants and leisure
Centrica	Utilities	Multi-utilities
Coca-Cola HBC AG	Consumer staples	Beverages
Compass Group	Consumer discretionary	Hotels, restaurants and leisure
ConvaTec Group	Health care	Health care equipment and supply
CRH	Materials	Construction materials
Croda International	Materials	Chemicals
DCC	Industrials	Industrial conglomerates
Dechra Pharmaceuticals	Health care	Pharmaceuticals
Diageo	Consumer staples	Beverages
Diploma	Industrials	Trading companies and distribution
DS Smith	Materials	Containers and packaging
Endeavour Mining	Materials	Metals and mining
Entain	Consumer discretionary	Hotels, restaurants and leisure
Experian	Industrials	Professional services
F&C Investment Trust**	Financials	Capital markets
Flutter Entertainment	Consumer discretionary	Hotels, restaurants and leisure
Fresnillo	Materials	Metals and mining
Glencore	Materials	Metals and mining
GSK	Health care	Pharmaceuticals
Haleon	Consumer staples	Personal care products
Halma	Information technology	Electronic equipment, instruments
Hikma Pharmaceuticals	Health care	Pharmaceuticals

Name	GICS sector	GICS industry
Hiscox	Financials	Insurance
HSBC Holdings	Financials	Banks
IMI	Industrials	Machinery
Imperial Brands	Consumer staples	Tobacco
Informa	Communication services	Media
InterContinental Hotels Group	Consumer discretionary	Hotels, restaurants and leisure
Intermediate Capital Group	Financials	Capital markets
International Airlines Group	Industrials	Passenger airlines
Intertek Group	Industrials	Professional services
Investec	Financials	Capital markets
J Sainsbury	Consumer staples	Consumer staples distribution
JD Sports Fashion	Consumer discretionary	Specialty retail
Kingfisher	Consumer discretionary	Specialty retail
Land Securities Group	Real estate	Diversified REITs
Legal & General Group	Financials	Insurance
Lloyds Banking Group	Financials	Banks
London Stock Exchange Group	Financials	Capital markets
M&G	Financials	Financial services
Marks & Spencer Group	Consumer staples	Consumer staples distribution
Melrose Industries	Industrials	Aerospace and defence
Mondi	Materials	Paper and forest products
National Grid	Utilities	Multi-utilities
NatWest Group	Financials	Banks
Next	Consumer discretionary	Broadline retail
Ocado Group	Consumer staples	Consumer staples distribution
Pearson	Consumer discretionary	Diversified consumer services
Pershing Square**	Financials	Capital markets
Phoenix Group Holdings	Financials	Insurance
Prudential	Financials	Insurance
Reckitt Benckiser Group	Consumer staples	Household products
RELX	Industrials	Professional services
Rentokil Initial	Industrials	Commercial services and supplies
Rightmove	Communication services	Interactive media and services
Rio Tinto	Materials	Metals and mining
Rolls-Royce Holdings	Industrials	Aerospace and defence
Sage Group	Information technology	Software
Schroders	Financials	Capital markets
Scottish Mortgage Trust**	Financials	Capital markets
Segro	Real estate	Industrial REITs
Severn Trent	Utilities	Water utilities
Shell	Energy	Oil, gas and consumable fuels
Smith & Nephew	Health care	Health care equipment and supply
Smiths Group	Industrials	Industrial conglomerates
Smurfit Kappa Group	Materials	Containers and packaging
Spirax-Sarco Engineering	Industrials	Machinery

Name	GICS sector	GICS industry
SSE	Utilities	Electric utilities
St James's Place	Financials	Capital markets
Standard Chartered	Financials	Banks
Tesco	Consumer staples	Consumer staples distribution
Unilever	Consumer staples	Personal care products
United Utilities Group	Utilities	Water utilities
Vodafone Group	Communication services	Wireless telecommunication services
Weir Group	Industrials	Machinery
Whitbread	Consumer discretionary	Hotels, restaurants and leisure
WPP	Communication services	Media

*No statement and the company was not assessed.
**Removed from analysis because investment trusts are not in scope of the Modern Slavery Act.

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Important information

TO FIND OUT MORE

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