

# MODERN SLAVERY REPORTING: Case Studies of Leading Practice



**Business & Human Rights  
Resource Centre**



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# FOREWORD

The Modern Slavery Act 2015 introduced world-leading legislation, requiring larger companies to report on what, if anything, they are doing to tackle modern slavery in their supply chains. It recognised that modern slavery cannot be addressed without the private sector playing a significant role: of the 40 million estimated people enslaved worldwide, 16 million are working in forced labour within company operations and supply chains.

But transparency must be recognised for what it is: a first step towards meaningful change, not an end-point in itself. As with any tool, transparency must be leveraged properly in order to be effective. The government aimed for this legislation to provoke a 'race to the top', encouraging companies with British footprints to lead the way in tackling modern slavery. To date, the reaction from business has been patchy with significant numbers failing to comply, but others showing leadership.

This short report provides a useful intervention, showcasing the best examples of corporate anti-slavery action. The specific actions described should act as inspiration for companies which have yet to take their anti-slavery obligations seriously. It complements other work being done to incentivise corporate action, such as the Thomson Reuters Foundation Stop Slavery Award for which I have been pleased to sit as a judge, reviewing many such examples of corporate leadership.

Understanding good practice is also important to ensure meaningful engagement with companies by other stakeholders. Investors, non-governmental organisations and government itself can use these examples to understand what substantive action should look like. There are several clear indicators which stakeholders should look for, as described in this report. These include supply chain mapping, integrated human rights due diligence, engagement with suppliers and workers, identification of root causes such as recruitment fees, and clear processes to remediate breaches when they are found.

If we are to succeed in eradicating modern slavery from the private sector, we must seek a culture change. Companies can no longer turn a blind eye to the risk of slavery within their businesses. It is simply not good enough to say that it is not there. Instead, the best companies will act in the manner described in this report: they will recognise the risks, they will take seriously their human rights obligations, and they will embark on meaningful and specific steps to identify, remediate and eradicate this abuse from their business.



Kevin Hyland  
Independent Anti-Slavery Commissioner

# INTRODUCTION

The UK Modern Slavery Act (the Act) is the first law that requires companies, from around the world, to report annually on the actions that they are undertaking each year to tackle modern slavery in their operations and supply chains. This reporting requirement looks to increase transparency on companies' efforts to identify and mitigate their modern slavery risks, and their improvement over time. Statements made under the Act provide stakeholders - including investors, business partners, prospective talent, and civil society - with the information that they need to assess which companies are mitigating their risks, and which appear reckless.

However, transparency, whilst necessary, is insufficient on its own to protect vulnerable workers from forced labour. The company should demonstrate due diligence to mitigate risks and ensure that there is remedy when mistakes are made. Equally, stakeholders should use the information provided in modern slavery statements to challenge and encourage companies to take bolder steps to eliminate slavery from their operations and supply chains. Investors and the Government are already engaging with companies to improve action. In October 2017, the UK Home Secretary, Amber Rudd, met with CEOs from several FTSE 100 companies to discuss their leadership to eliminate slavery. The [Independent Anti-Slavery Commissioner](#), Kevin Hyland, recently wrote to 25 companies that we identified in our most recent [analysis](#) as being non-compliant with the three minimum requirements stipulated under the Act. The purpose of the outreach was to encourage these companies to improve their efforts in the coming year.

Best practice – the subject of this briefing – is key to this engagement. With backing from governments, investors, and leading companies, it can set the standard that all companies should strive to achieve and supersede. It explains the strategies that responsible companies are already deploying and highlights what is already commercially viable to eliminate egregious abuse. Laggard

or inexperienced companies, and small and medium sized enterprises, can learn rapidly from these experiences and accelerate their action.

The purpose of this briefing is to provide examples of good practice found in the thousands of compliance statements now available on our [Modern Slavery Registry](#) and our benchmarking of the FTSE 100 companies' statements. The briefing also highlights serious gaps where few or no companies are performing well. We hope that the best practice and gap analysis will encourage informed engagement with companies by investors, civil society, and governments; and facilitate informed reflection within companies regarding their next steps to eliminate modern slavery from their operations and supply chains.

## Compliance with reporting requirement

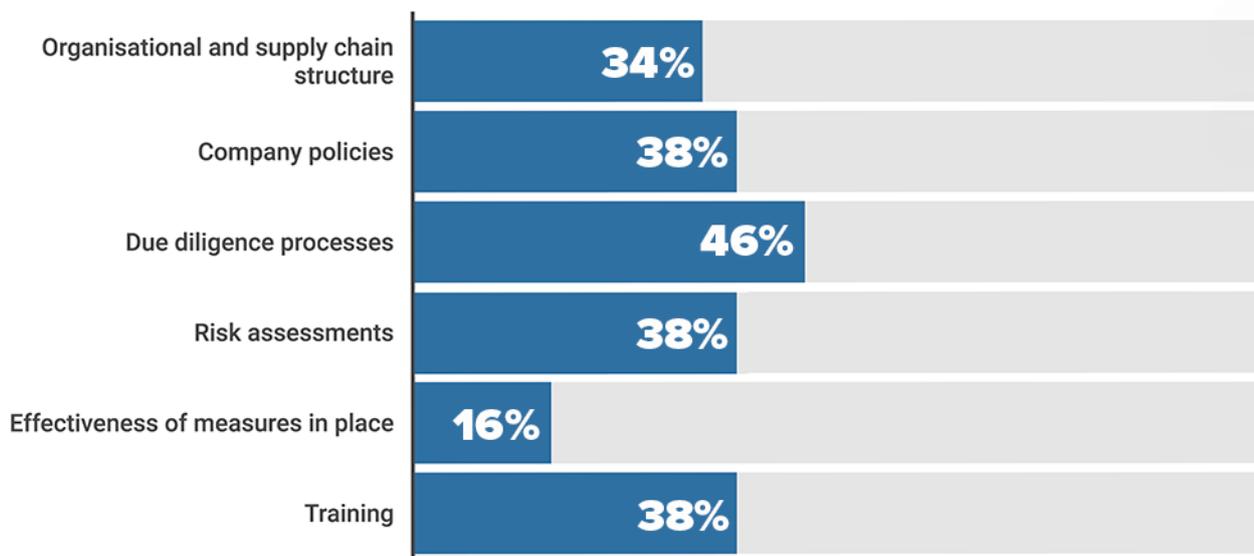
The Home Office estimates between 9,000-11,000 companies are required to report under the Act, and the [Modern Slavery Registry](#) holds statements for only half of the estimated number of companies expected to report under the Act. At a [recent hearing](#) of the Public Accounts Committee on reducing modern slavery, Members of Parliament pointed out that there are thousands of companies that have not reported and stressed the need for the Home Office to take a more active role in monitoring and enforcing compliance with the reporting requirement.

Every statement published by a company must be approved by the board of directors, signed by a director (or a designated member if the company is a partnership) and there must be a link to the statement on the homepage of the company's website. According to our [assessment](#), only 20% of all company statements on the [Modern Slavery Registry](#) meet all three minimum requirements, despite these requirements being mandated under the Act.

# OVERVIEW OF EFFORTS

Our most recent analysis, [First Year of FTSE 100 Reports Under the UK Modern Slavery Act: Towards Elimination?](#), assessed and scored the quality of reporting by FTSE 100 companies under each of the six suggested reporting areas in the Act. The FTSE 100 comprises some of the biggest companies in the world that have the resources to take rigorous action to identify and address modern slavery in their operations and supply chains. Our findings show that only a handful of companies assessed demonstrate leadership. These findings are indicative of, and probably over-estimate, the company action that is reported in the thousands of statements held on the [Modern Slavery Registry](#).

## Average score for FTSE 100 under each of the reporting areas



Many of the positive actions reported by companies fall under the areas of company policies, due diligence, and training, which were the higher scoring areas in our analysis. These efforts by companies demonstrate what is immediately possible.

**36** companies developed or revised the following to more explicitly address modern slavery and raise awareness among a broader audience: company policies, supplier codes of conduct, supplier contracts, questionnaires or self-assessments, monitoring tools, and training.

**4** companies appointed senior-level executives to oversee modern slavery strategies.

**15** companies participated in multi-stakeholder initiatives or collaborated with peers on modern slavery.

# 2017 LEADING PRACTICE

## Supply chain transparency

Some companies now provide full transparency of the first tier of their supply chain. However, most companies do not demonstrate they have sufficient knowledge of their suppliers at, or below, tier one. Yet, a finding of forced labour down the supply chain can cause similar damage to a company as when it is found within their own operations. Mapping supply chains provides visibility that allows companies to better mitigate risk and respond more quickly if a situation of modern slavery is identified. Mapping also assists companies to explain risks to suppliers and motivates suppliers to apply the company's due diligence within their own supply chains.

**Primark** (part of **Associated British Foods**) recently published the names and addresses of all its [garment suppliers](#). The list of over 1,000 factories in 31 countries included the number of employees working in each factory and the gender distribution among employees. The Head of the Ethical Trade Team at Primark explained that the company did not previously want to disclose its suppliers' list due to competition concerns, but now wants to help lead the industry trend towards greater transparency. Primark follows apparel retailers H&M, C&A and brands Adidas, Esprit and Gap which have all disclosed lists of their first tier of global suppliers.

**Unilever** recently published its entire [palm oil supply chain](#) including over 300 direct suppliers and more than 1,400 processing mills. Palm oil used by Unilever, AFAMSA, ADM, Colgate-Palmolive, Elevance, Kellogg's, Nestlé, Procter & Gamble, Reckitt Benckiser has been linked to forced labour and child labour in [Indonesia](#). Unilever's chief supply chain officer said the company hoped the move would help bring about industry-wide action towards supply chain transparency.

## Modern slavery as part of human rights agenda

The most effective way to eliminate modern slavery is to integrate it into a broader human rights approach within the business. This broader approach should include respect for labour rights, broader civil rights, and community development. [Home Office reporting guidance](#) states that modern slavery due diligence is likely to form part of a wider framework around ethical trade, corporate social responsibility and human rights, and that it should form part of a wider human rights due diligence process where possible.

**Diageo** reports that it conducted a corporate level risk assessment and mapped its global policies and processes against the UN Guiding Principles on Business and Human Rights (the UNGPs). The company then developed a Human Rights Impact Assessments toolkit to identify and assess potential human rights impacts, including modern slavery risks, in all its markets. These assessments include meetings with employees, union members, workers on the factory lines, labour providers, contract workers, NGOs, and other external parties.

**Tesco** reports that its approach to addressing modern slavery sits within its broader human rights agenda and through that agenda it seeks to support the UN Universal Declaration of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Tesco has developed its due diligence processes in line with the UNGPs and in consultation with over fifty internal and external stakeholders, including suppliers, industry bodies, civil society groups including trade union representatives, and government bodies and agencies.

## Engagement with suppliers

Companies are increasingly engaging directly with the businesses that supply them with goods, services, and workers. Engaging with suppliers to raise awareness of risks and expectations, alongside training, helps to cascade a company's due diligence down the supply chain and increase the likelihood of identifying risks. It will also build suppliers' capacity, so that they can undertake due diligence within their own supply chains.

**Sainsbury's** expects its own brand grocery suppliers to develop an ethical trade strategy that includes a supply chain risk assessment, which incorporates the risk of modern slavery. The company also reports that it has regular meetings with key grocery suppliers to discuss worker engagement and the responsible use of labour providers, and shares good practice case studies with other suppliers. The company has also established supplier forums for fresh produce and meat, fish and poultry suppliers to share experiences, as they were identified as being the highest risk categories for vulnerable workers in grocery.

**adidas**, as part of its Modern Slavery Outreach Programme, provided modern slavery capacity building workshops for all key Tier 2 suppliers from high-risk countries such as Taiwan, China, Vietnam and Indonesia. The company plans to continue to roll out refresher trainings where necessary and expand the training coverage to other high-risk countries in its Tier 2 supply chain. It also plans to launch a due-diligence programme focusing on labour brokers and recruitment agencies in relevant high-risk countries.

**Intel** launched an initiative in 2017 that required key suppliers to map out the journeys of their foreign workers to assess those journeys for risks and to develop action plans to mitigate significant risks. The company reports that over 20 suppliers with nearly 30 facilities have completed this mapping. Intel intends to extend the mapping requirement to a broader set of suppliers in 2018.

## Engagement with workers

A modern slavery strategy should include engagement with workers and people familiar with the workers' conditions such as unions, workers' representatives or local NGOs. A due diligence process or risk assessment that does not incorporate engagement with workers will fail to identify crucial modern slavery risks, such as the imposition of recruitment fees or passport retention. This may not always be possible for a company where the national government does not allow this type of engagement. However, this cannot be an excuse for inaction and where there are obstacles to speaking directly with workers, companies should engage with local experts to identify risks to workers.

Companies should also ensure that their own policies or purchasing practices do not contribute to or increase the risk of exploitation. Last-minute changes to orders and short lead times can contribute to excessive overtime, increased use of casual labour, and unauthorised sub-contracting. Pressure from retailers to reduce prices can also make it difficult or impossible for suppliers to pay workers a living wage, or even the [minimum wage](#). Engaging with workers will help companies to identify where their own practices have negative impact.

The [Worker-Driven Social Responsibility Network](#) has helped build awareness around the importance and benefits of worker engagement. A key principle of this model is that worker organisations must be the driving force in the creation, monitoring, and enforcement of programmes designed to improve their wages and working conditions.

**Tesco** reports its human rights assessment includes regular dialogue with NGOs, trade unions and other independent bodies to gain further insight on worker rights and experiences. The company reports that a team of 42 Responsible Sourcing Managers in 11 key sourcing countries implement this approach across all its main supply chains.

**Diageo** reports its risk assessments involve visits to farming communities, plantations and fields where it sources barley, wheat, sorghum, sugarcane, agave and other agricultural products, and meetings with employees, union members, workers on the factory lines, manpower providers, contract workers, NGOs, and other external parties.

## Responsible recruitment

Responsible companies already investigate whether the recruitment practices used to secure workers in their operations and supply chains are driving them into exploitative situations. Companies need to know who is working for them, and the conditions in which they were hired, when there are layers of outsourcing, subcontracting and informal hiring of temporary staff. Unscrupulous practices include charging recruitment fees, contract substitution, debt bondage, the withholding of money, violence, threats of violence and of denunciation to authorities. Recruiters or employers withhold workers' identification documents and passports, which restricts workers' freedom of movement and binds them to a job or employer.

Migrant and refugee workers are at heightened risk of exploitation by recruitment agencies. They often borrow money to pay the excessive fees charged by recruiters to secure overseas employment. As a result, they are more likely to overstay their visas, accept jobs with poverty wages and end up both obligated and vulnerable to unscrupulous recruiters and traffickers.

One key collaborative effort is the [Leadership Group for Responsible Recruitment](#), led by the Institute of Human Rights and Business, and including business, International Trade Union Confederation, and ILO. The aim of the Group is to eradicate fees being charged to workers to secure employment within the next ten years. The Group advocates for the "[Employer Pays](#)" principle to be embedded in corporate and government policy and practice. It is a form of pre-competitive collaboration that is fundamental to changing the business model regarding the recruitment of migrant workers.

**Sainsbury's** - A third-party social audit identified the application of mandatory fees for migrant workers at a fresh vegetable supplier, specifically the application of mandatory travel and health insurance as a condition of work by the labour provider. The company and supplier engaged with the labour provider in question, and Sainsbury's report that as a result the supplier amended its policy on mandatory fees.

**Tesco** has assessed labour providers in its offices, retail operations, property, distribution and in specialist services such as IT and car washing. It then identified the service providers that contain the highest potential risks of modern slavery based on their contract type, the level of skill involved in the work, the wages and the visibility of the service provider. Tesco has implemented a Recruitment Charter as part of its contracts with labour providers to their UK operations. The Charter prohibits work finding fees being charged to workers and sets out expectations with regards to the provision of accommodation. Tesco has also started to assess labour providers in Thailand and Malaysia.

**Apple** notified suppliers in October 2014 that they could no longer charge any recruitment fees to foreign contract workers employed within Apple's supply chain starting in 2015. It checks that these requirements are met by using an auditing process that includes interviews with foreign contract workers conducted in their native languages; interviews with labour agents; and a complete check of corresponding documents. Apple reports that in 2017, reimbursements of more than US\$1.9 million were provided to more than 1,500 foreign contract workers.

## Access to remedy

Remedy mechanisms - one of the three pillars of the UNGPs - is lacking in most reporting on modern slavery. Companies need to create complaint and grievance mechanisms for workers in their own operations and ensure that they are available for workers in their supply chains. These mechanisms should meet key effectiveness criteria set forth by the UNGPs by being legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning, and (in the case of operational-level mechanisms) based on dialogue and engagement.

Many companies report they have whistleblowing hotlines through which direct employees or supply chain workers can report concerns. However, they do not explain whether they meet the effectiveness criteria. Furthermore, companies do not report on the actions that they would take if such a situation of modern slavery was detected.

**Burberry** - In China, the company worked with three local NGOs to establish a whistleblowing hotline that was available to 27,000 workers in 53 factories. In 2017, the hotline was rolled out to all factories with regular production of Burberry products.

**ASOS** reported that it developed a worker survey for Turkish factories to enable workers to provide anonymous feedback via their mobile phones on their working conditions. ASOS's aim is to roll this out to other regions once the survey has been refined following the Turkish pilot.

# RECOMMENDATIONS



## Companies should

- Publish a modern slavery statement. Statements must comply with the minimum requirements of the Act and should provide detailed disclosure on all six reporting areas. Companies that are not required to report under the Act can gain the trust of investors and other stakeholders by also publishing a statement.
- Work to ensure that their approach is in line with leading practice such as that outlined in this briefing.
- Regularly review and improve due diligence and risks assessment to continually improve their approach. Companies should prioritise mapping supply chains, human rights due diligence, supplier engagement, worker engagement, recruitment practices, and access to remedy.



## Governments should

- Use concrete examples of better practice and of gaps to strengthen engagement with companies.
- Refine their definition of due diligence and demands for company reporting and provide adequate guidance for companies.
- Introduce mandatory due diligence alongside transparency and link this to companies' access to public procurement.
- Publish a list of companies that are required to produce statements under the Act to enable effective monitoring and to hold companies that fail to meet their requirement accountable.



## Investors should

- Use concrete examples of better practice and of gaps in reporting to strengthen engagement with companies and inform investment decisions. More information is available in the briefing, [Engaging with Companies on Modern Slavery – A Briefing for Investors](#).

### **About Business & Human Rights Resource Centre**

Business and Human Rights Resource Centre is an international NGO that tracks the human rights impacts (positive & negative) of over 7500 companies in over 180 countries making information available on its eight language website. We seek responses from companies when concerns are raised by civil society. The response rate is over 75% globally.



**Business & Human Rights  
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### **About Modern Slavery Registry**

The Modern Slavery Registry is operated by Business & Human Rights Resource Centre. The Registry is a free and independent resource and holds over 5500 statements. Investors use it to assess company risks, and consumers and activists can use it to reward leading companies and press laggards to take action. Companies also use it to learn from their peers. If your company has produced a statement to comply with this legislation that you would like to appear in the Registry, please send it to Patricia Carrier ([carrier@business-humanrights.org](mailto:carrier@business-humanrights.org)) or use the Submit a Statement function on the Registry website [www.modernslaveryregistry.org](http://www.modernslaveryregistry.org).

