FTSE 100
AT THE STARTING LINE

An analysis of company statements under the UK Modern Slavery Act

Business & Human Rights Resource Centre

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 6500 companies in over 180 countries making information available on its nine language website. We seek responses from companies when concerns are raised by civil society. The response rate is over 85% globally.

Our Modern Slavery Act Registry

Business & Human Rights Resource Centre launched its Modern Slavery Act Registry in February 2016. The Resource Centre actively monitors the release of company statements and adds them to its free and open registry to allow comparison and benchmarking of companies' policy and practice. The Registry of over 760 statements grows daily; 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. A live dashboard enables users to explore statements by sector and country of company headquarters.

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).

EXECUTIVE SUMMARY

The UK Modern Slavery Act is a landmark piece of legislation that has tremendous potential to make the step change we need from companies to tackle the curse of modern slavery and trafficking in their operations and supply chains. Our analysis of 27 company statements produced so far by FTSE 100 companies under the UK Modern Slavery Act reveals that only a handful of leading companies are reporting and demonstrating rigorous action. On a more positive note, another handful report increased efforts and policy change in response to the Act.

The transparency in supply chains clause of the Act requires companies with a turnover of over £36 million with operations in the UK to produce a statement outlining the steps they have taken to rid their operations and supply chains of modern slavery and trafficking. This statement must be approved by the Board and signed by a company director (or equivalent), and accessible from the homepage of the company's website. The UK government suggests, but does not require, that companies describe their organizational structure, risks, company policies and due diligence to eliminate those risks.

The performance of the FTSE 100 is a litmus test of business action to combat slavery. With their resources and experience, these companies should be leading the rest. There were 16 FTSE 100 companies that had statements due by 30 September, all of which published a statement by the deadline. An additional 11 FTSE 100 companies published a statement by that time, prior to their deadlines.

We analysed the 27 statements and placed them in 10 scoring tiers: with 1 being the highest tier and 10 the lowest. We checked whether statements met the minimum requirements of the Act and also assessed how well they reported against the six criteria suggested in the Act. In carrying out this analysis we used guidance provided for companies by the Home Office and CORE Coalition.

Our analysis shows patchy compliance with the Act from this group of FTSE 100 companies. Just a small number of leading companies including **Marks & Spencer (M&S)** and **SAB Miller**[1] have produced rigorous statements that describe robust action in some, but not all, of the criteria. These companies already demonstrate better practice for laggard companies to follow. Unsurprisingly, no company receives a top score in any area of measurement: this is the first year of reporting.

However, while it is clear that there is still a long way for companies to progress, the Act is already driving change. For example, **BT** reported that since the enactment of the Act, it has decided to assess its business operations, particularly in the area of recruitment, to identify risks of slavery and human trafficking. **Severn Trent** has revised its standard supplier contracts to include modern slavery provisions that require not only their suppliers, but also suppliers' sub-contractors, to comply with the Act. **Sky** has carried out a risk assessment across its operations specific to modern slavery. The Act demands that companies report on their progress annually and we expect to see year on year improvements.

1. SAB Miller was acquired by AB InBev on 10 Oct

Key findings:

- The highest performing companies provide details on their risks, detail instances of modern slavery and explain how these have been addressed. These companies are **M&S** and **SABMiller.**
- No companies reach the top two tiers; the majority of companies languish in the bottom half -tiers 5-10.
- Most companies provide very little information on the structure and complexity of their supply chains. Even less information is available on specific risks in the supply chain, both with regard to the type of risk and where in the supply chain the risk was identified (sector or location).
- Efforts to measure the company's effectiveness in ensuring that slavery and human trafficking is not taking place in business or supply chains was the lowest scoring category. 15 companies provide no meaningful information on how they measure their effectiveness at combatting slavery. Only two companies report developing performance indicators: **M&S** and **Vodafone**.
- Only 15 (56%) company statements fully and explicitly comply with the minimum requirements of the Act (i.e. they had explicit board approval, were signed by the appropriate person and a link to the statement was found on the company homepage). **Babcock International** did not meet any of the requirements.

The generally poor standard of statements in this first batch of FTSE 100 statements highlights the importance of the UK Modern Slavery Act: mandatory transparency can spur laggards to take action and follow leading companies' better practice. Company leaders play a decisive role in setting the culture of the company regarding the eradication of slavery. Others have a role too. Advisors, lawyers and consultants working in this space can urge companies to produce statements in line with the spirit of the Act, rather than encouraging a box ticking approach. Investors, civil society and consumers should look to reward companies that are taking action and are open about the risks they face, and push laggard companies to up their game.

Now is the moment to ensure that the momentum and opportunity created by the Act - to significantly improve corporate action on modern slavery – is not lost. The FTSE 100 should be leading on this, but only a small number so far are showing that they are up to this task. The next tranche of company statements are mostly due in 30 December 2016. These, and the laggards in this report, can learn from the best practice of leaders highlighted in this report.

Key Recommendations

- The next tranche of FTSE100 companies are due to report in December 2016. They should seek to leap-frog the majority laggards in this report to demonstrate rigorous efforts to eliminate slavery, and provide the leadership expected of the largest companies.
- UK Government should publish a list of the companies required to produce statements under the Act; support open free accessible information regarding company compliance; and take measures to enforce the obligations of the Act and promote their reporting guidelines.
- UK Government should work with governments in the European Union, USA, Canada, and emerging markets to create common legislation internationally to drive due diligence and access to remedy.
- Advisors, lawyers and consultants should promote a transparent, systemic and collaborative approach to eradication, and advise against a tick-box approach to reporting.
- Investors should reward companies that demonstrate due diligence to avoid slavery and provide remedy.

TIERING OF STATEMENTS

BETTER STATEMENTS

WEAKER STATEMENTS

01

02

03
- Marks & Spencer ✓
- SAB Miller

04

05
- BT Group ✓
- Burberry Group ✓
- Vodafone Group

06
- BHP Billiton ✓
- Imperial Brands
- Sky ✓

07
- 3i Group ✓
- Compass Group ✓
- DCC
- Johnson Matthey ✓
- Land Securities Group
- Severn Trent
- Smiths Group

08
- Berkley Group Holdings
- British Land Company* ✓
- Capita
- Dixons Carphone ✓
- Legal & General
- National Grid ✓
- Sage Group
- United Utilities ✓

09
- Experian* ✓
- Provident Financial ✓
- SSE ✓

10
- Babcock Intl.

✓ = Met minimum requirements.
See page 6 for the assessment criteria in detail.

* Provided a statement shortly before publication to confirm that their board has approved their Modern Slavery Act Statement, bringing them inline with the minimum requirements we detail on page 6.

INTRODUCTION

According to the International Labour Organisation(ILO) around 21 million men, women and children around the world are in some form of slavery. The Walk Free Foundation has the figure at closer to 36 million, while the UK Prime Minister has set the number at 45 million, with 10,000 to 13,000 victims in the UK alone. The illicit profit from modern slavery estimated by the ILO is $150 billion a year, much of it in corporate supply chains. Modern slavery takes many forms and the majority of companies will face the problem of slavery somewhere in their supply chains.

The Business & Human Rights Resource Centre covers reports of modern slavery on an almost daily basis; from migrant workers in the construction industry in Qatar to the alleged trafficking of Cambodians forced to work in the Thai seafood industry, from the fishing industry in Ireland to allegations concerning car washes used by major motor dealers in the UK. See further reports on modern slavery here.

THE UK MODERN SLAVERY ACT

The UK Modern Slavery Act (Act), the first legislation of its kind in Europe, was passed into law in 2015. Section 54 of the Act requires every organisation with a total global annual turnover of £36m which carries on a business (or part of a business) in the UK to produce a slavery and human trafficking statement for each financial year.

The statement should set out the steps the organization has taken in that year to identify and eradicate modern slavery from both its own business and its supply chain.

There are two legal requirements the statement must meet:

a. The statement must be published on the company's website, and a link to the statement must be placed in a prominent place on the website's homepage if it has one; and
b. The statement must be approved by the board of directors (or equivalent management body) and signed by a director (or equivalent);

The legal requirements are important for two key reasons:

» By having the statement in a prominent place on the homepage of the website, it is available to anyone who wishes to read it. Many of the statements that have been collected on the Business & Human Rights Resource Centre Modern Slavery Act Registry were buried in the companies' websites.
» Requiring the statement be approved and signed by top-level decision makers aims to encourage senior-level buy-in and accountability. A successful business strategy to eradicate slavery requires leadership, and company-wide involvement.

In addition, the Act suggests statements include information on -

a. the organization's structure, its business and its supply chains;
b. its policies in relation to slavery and human trafficking;
c. its due diligence processes in relation to slavery and human trafficking in its business and supply chains;
d. the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk;
e. its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate;
f. the training about slavery and human trafficking available to its staff.

Under the Act, companies with a financial year end on, or after, 31 March 2016 were due to publish their slavery statement within 6 months[1] (30th Sept 2016). The next tranche of FTSE100 companies are due to report in December 2016.

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1. The Act states that businesses should publish their statements as soon as reasonably practicable after the end of each financial year. While the Act does not set a deadline for this, Home Office guidance suggests companies should publish their statements within six months of the end of the financial year.

METHODOLOGY

This briefing analyses statements published by FTSE 100 companies due to publish statements by 30 September (as well as those that published statements early). We chose the FTSE 100 companies for our first briefing analysing company performance under the Act for three reasons:

1. They are the UK's largest companies with annual turnover figures well above the £36m threshold (**3i** has one of the lower annual turnovers of the FTSE 100 at £824m while others, such as **BP**, have an annual turnover of £226bn) – these companies should be leading, and providing powerful examples of better practice for smaller companies to learn from;
2. These companies typically have complex operations and supply chains with a global reach providing a wealth of information valuable in assessing modern slavery worldwide;
3. As large publicly listed companies, the information provided on company performance will be useful for investors as they engage these companies on how they are managing these risks.

There were 16 FTSE companies with statements due by the 30 September, all of which published by that date. We also analysed statements from an additional 11 FTSE companies that had published statements prior to their deadlines. Each company was scored on the quality of their reporting on the suggested six criteria in the Act. We also determined whether they met the minimum requirements as follows:

- **Approval** – statements have to explicitly mention approval by the board or equivalent
- **Signature** – statements have to provide evidence of ownership by an appropriate person evidenced by a signature with the name and title of a director (or equivalent). A statement without a signature but with the name and title of an appropriate person met this requirement. A signature alone without a name or title did not meet the requirement.
- **Website** – A link to the statement had to be on the homepage of the company's website, or a link to the statement found on a drop-down menu on the homepage.

In analysing the quality of the reporting across the six categories suggested in the Act, we primarily looked at the guidance published by the Home Office and CORE Coalition as well as our own knowledge and experience concerning corporate action on modern slavery. Both the Home Office and Core Coalition publications provide detailed explanations of why each of the categories is important to understanding, assessing and managing slavery and human trafficking risks in a company's operations and supply chain. They also include suggested actions companies should take and information that should be included in statements. We scored reporting on each of the six categories from 0 to 5 looking at how much information was provided as well as the quality of the information. There was a total of 30 points available for each company. Some companies received 0 points in certain categories. No company received a score of 5 in any category.

Companies that did not have polices or processes in place but stated an intention to develop and implement them were awarded points for stating intention, and in some cases this was considered good practice. Generally, all statements should reflect continued progress and improvement year on year, whether a company is starting from scratch or is already taking steps to address these issues.

The companies were divided into 10 tiers with tier 1 representing excellence and tier 10 indicating no, or only cursory, effort.

FINDINGS

No company wants modern slavery in their operations or supply chains. Yet the majority of companies in this analysis failed to provide insight into how they were seeking to eradicate slavery. There is a lack of information being provided, despite the Act's aim of transparency. This reflects broader, poor reporting we have seen in the 760 statements we currently have on the Modern Slavery Act Registry. It is especially disappointing given these are FTSE 100 companies that have substantial financial and human resources to conduct meaningful due diligence. However, this disappointing performance illustrates the importance of the UK Act to focus leaders' minds, and spur improvement from laggard companies.

STRUCTURE, BUSINESS & SUPPLY CHAINS

Most companies provided some description of their business structure, services, products and customers. However, reporting on supply chains was weak, despite the fact that many FTSE 100 companies have complex global supply chains. Some companies simply state how many suppliers it has in its first tier. No company reported substantially on suppliers in its second tier or beyond (where the risks of slavery increase). **National Grid** had a particularly bare statement and simply said: *"National Grid plc is an international electricity and gas company based in the UK and north eastern US. We have international supply chains which provide goods and services to our businesses."*

Example of good practice

Burberry's statement describes in detail the company's main products, the company structure & subsidiaries (including outside the UK) and locations of its operations. In addition, the statement provided extensive detail about the structure and complexity of its supply chains by company division, including the locations of its suppliers by region.

What the Home Office says:

A company needs to understand its own supply chains in order to identify risk and report on it. This section of the statement should include the sector(s) the business operates in; whether any of its work is seasonal; the organizational structure and group relationships; the countries it sources its goods or services from including high risk countries where modern forms of slavery are prevalent; the make-up and complexity of the supply chains; the businesses operating model; relationships with suppliers and others, including trade unions and other bodies representing workers.

For in-depth information see CORE Coalition guidance.

POLICIES IN RELATION TO SLAVERY & HUMAN TRAFFICKING

Most companies reported having some sort of formal or informal policy under which they did not conduct business with partners that demonstrated unethical business practices. Many companies reported having relevant policies and codes of conduct in place. However, often these codes did not specifically address slavery and human trafficking, or they only address labour issues within corporate operations but not in the supply chain.

Reporting was particularly weak with regard to development and oversight of relevant policies by senior management, and internal and external stakeholder involvement in policy development. Effective, well-rounded policies should have input from parties within the company that deal with modern slavery issues, but also stakeholders outside the company that represent potentially affected rights holders.

Babcock International and **SSE** did not provide any information in this category.

Examples of good practice

Vodafone's Code of Ethical Purchasing (Code) applies to every supplier and is based on international standards including the Universal Declaration of Human Rights and the International Labour Organization's Core Conventions on Labour Standards. The Code specifically addresses slavery and human trafficking. The Code is overseen by the Vodafone Group Board through the Group's Chief Financial Officer, who is an Executive Director of the Group and also sits on the Group Executive Committee. Development and implementation of the Code is led by the Group Supply Chain Management Director, who is a member of Vodafone's Global Senior Leadership team.

SABMiller's statement describes stakeholder engagement in its policy development. It says that in developing its Human Rights Policy and its Supplier Code of Conduct, the company sought input from across the business, consulted with external human rights and legal experts and drew on conversations with other participants of UN Global Compact and AIM-PROGRESS (a sector initiative to improve working conditions in global supply chains).

What the Home Office says:

Clear organizational policies demonstrate a commitment to this issue and ensures that appropriate and coordinated action is taken throughout the business. These policies and approaches may need upgrading as the years pass, and as understanding of the issue and approaches to address it improve. This section of the statement should include the process for policy development; Policies that concern business relationships, for example, a Supplier Code of Conduct; Recruitment policy; Procurement policy and incentives to combat modern slavery; Employee code of conduct; Policies concerning access to remedy, compensation and justice for victims of modern slavery; and Polices that relate to staff training and increasing awareness of modern slavery

For in-depth information see CORE Coalition guidance.

DUE DILIGENCE PROCESSES

2.3
Average score out of 5

It was encouraging that many statements said modern slavery has been or will be included in aspects of companies' processes to mitigate risks. For example, several companies have revised (or are in the process of revising) their processes, such as pre-qualification questionnaires, to include modern slavery before engaging potential new suppliers. Others now require suppliers to agree to modern slavery provisions in writing. Examples of internal measures by companies include the creation of new inter-departmental committees to deal specifically with issues of modern slavery.

However, no company reported having a grievance mechanism in place that was specifically targeted at supplier's workers or requiring suppliers to have a grievance mechanism in place. Rather, companies reported having whistleblowing helplines, or similar, for their own employees to be able to voice concerns. While the encouragement of whistle-blowers is an important step, a business-level grievance mechanism targeted to workers in the supply chain allows non-judicial accountability and remedy. There was also weak reporting on stakeholder engagement, particularly with NGOs and trade unions. Given the known problems with social audits, companies should not rely heavily on this process in their due diligence. In order to understand and mitigate their risks companies need to collaborate both with their competitors and civil society, to identify the risks and how to address them.

Examples of good practice

M&S's statement details actions taken to embed respect for human rights throughout the organisation. This year M&S formed an internal governance structure on modern slavery and human rights at both operational and leadership levels. The Directors of each business area (Retail Operations, Property, Logistics, HR, IT and International, Foods, Clothing & Home) are responsible for compliance in their respective departments and for their supplier relationships.

Vodafone requires suppliers to have modern slavery provisions in their supply chain contracts, cascading responsibility down the supply chain. Supplier commitments under the Code of Ethical Purchasing extend through the supply chain so that a supplier with whom the company has a direct contractual relationship (a Tier 1 supplier) in turn bears the responsibility for ensuring compliance across their own direct supply chain (a Tier 2 supplier from Vodafone's perspective) and so on.

Vodafone's statement also details its assessment of potential suppliers' risk of forced labour. Potential new suppliers rated as higher risk are required to provide evidence that they operate ethically and responsibly in line with Vodafone's Code of Ethical Purchasing requirements.

What the Home Office says:

The UN Guiding Principles on Business and Human Rights specify that due diligence processes should 'include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. This section of the statement should include actions taken to understand the businesses operating context; Details of risk management processes, including monitoring and evaluation measures; Impact assessments undertaken; Action plans to address and risk/actual instances of modern slavery and how actions have been prioritized; Evidence of stakeholder engagement; Business-level grievance mechanisms in place to address modern slavery; Actions taken to embed respect for human rights and zero tolerance of modern slavery throughout the organization.

For in-depth information see CORE Coalition guidance.

RISK ASSESSMENT & MANAGEMENT

2.2
Average score out of 5

Several companies reported having conducted risk analysis on their operations and supply chains based on the nature of the goods or services supplied or countries in which the suppliers operated. A few stand-out companies reported on having conducted assessments focused specifically on modern slavery or labour risks. However, there was no reporting on engagement with potentially affected rights holders and other stakeholders, which is an important aspect of a thorough risk assessment.

Provident Financial did not provide detailed information in this category.

Examples of good practice

M&S was the only statement that explained in detail how it had mapped its supply chains to assess particular industry/sector and geographical risk. These assessments cover the entire scope of the business, encompassing Retail Operations, Property, Logistics, HR, IT and International, as well as product supply chains. As a result, the company has worked with leading experts on visits to second and third tier sites in its supply chains in Indonesia, Vietnam, Malaysia and the Philippines.

Sky conducted a specific modern slavery risk assessment across its own operations and all its suppliers to understand where to focus attention. It identifies a number of areas which carry a heightened risk including its use of catering services, electronic manufacturing and property services.

BHP Billiton's *Our Requirements* standards require all BHP Billiton operations to complete a Human Rights Impact Assessment (HRIA). Each HRIA is required to be verified every three years through an engagement process with stakeholders. In medium and high-risk jurisdictions, the HRIA must also be validated every three years with a qualified human rights specialist. The HRIAs are required to consider risk areas relevant to the extractives sector, including (among others) forced and child labour; diversity and non-discrimination; freedom of association and collective bargaining; and workplace health and safety. Where a HRIA identifies a material risk, a Human Rights Management Plan is required to be implemented and reviewed annually, and must include employee and contractor training on compliance with BHP's human rights commitments and the risks identified.

What the Home Office says:

If an organization has properly assessed the nature and extent of its exposure to the risk of modern slavery, it will be more able to take targeted action to find it, to remedy it, and to prevent it occurring in the future. Modern slavery risk assessments should be seen as part of an organization's wider approach to risk management and could form part of more general risk assessments. Assessments should be able to identify the risks and issues, properly assess their level of importance, and ensure that appropriate remedies are in place. Identifying relevant information from internal and external sources will help businesses to undertake effective risk assessments and appropriate review of those risks.

For in-depth information see CORE Coalition guidance.

EFFECTIVENESS

1.0
Average score out of 5

This was the lowest scoring category. Fourteen companies did not provide any information at all. Information provided tended to be general statements of how the company keeps track of the number of employees take part in training or that it keeps track of complaints from grievance mechanisms. In some cases, figures were provided. Only one company, **M&S**, detailed specific Key Performance Indicators (KPIs) it uses in respect of modern slavery.

3i, Babcock International, British Land Company, Capita, Dixons Carphone, Experian, Legal & General, National Grid, Provident Financial, Smiths Group, SSE and **United Utilities** did not provide information in this category.

Example of good practice

SABMiller disclosed the risks it identified through its audits, detailed the action plans it put in place, and demonstrated that these findings inform its business decisions. The company has instituted a supplier accreditation programme. Suppliers identified as high risk are required to undergo an ethical audit of their production sites conducted by independent auditors. All high risk suppliers that have completed an ethical audit are provided with a corrective action plan and monitored for progress against the plan. SAB Miller were able to detail specifically the amount of risk management gaps identified and how many had been resolved through improvements made by suppliers following corrective action plans. The company says it has either terminated or not initiated relationships with 120 suppliers who have shown either no willingness to meet its requirements or no sign of wanting to make improvement within a reasonable timeframe.

M&S was the only statement to detail the KPIs it uses in addressing modern slavery. It says that in order to assess the effectiveness of the measures taken it will be reviewing the following key performance indicators and reporting on them in future Modern Slavery Act Statements:

- staff training levels;
- actions taken to strengthen supply chain auditing and verification;
- steps taken to upskill high risk suppliers, and assessing their ability to detect and mitigate modern slavery risk in supply chains; and
- investigations undertaken into reports of Modern Slavery and remedial actions taken in response.

What the Home Office says:

This section of the statement could include disclosure of any identified instances of modern slavery and of results of any corrective action plans; company-level grievance mechanisms in place, number of complaints made through these mechanisms and their resolution; remedy and compensation provided for labour rights abuses; the publication of any performance indicators used, including detailing if and how business decisions are informed by performance indicators; and evaluations of the effectiveness of training, formally or informally.

For in-depth information see CORE Coalition guidance.

TRAINING

1.4
Average score out of 5

Statements generally said training on the corporate code of conduct or some other ethical standards was provided to employees. In some cases, training on human rights was provided. Few statements said the company provides training specifically on modern slavery and fewer said the company provides that training to high level executives, targets it to specific, relevant groups in the organization or provides it on a continual basis, for example, annually.

Babcock International, **Capita**, **Dixons Carphone, Legal & General** did not provide information in this category.

Examples of good practice

M&S provides bespoke Modern Slavery training for M&S Food suppliers. In addition, all UK M&S Food suppliers employing migrant workers are required to have attended Stronger Together workshops, and to have cascaded the training within their supply bases. Over 200 attendees from the M&S supply base have taken part in this training to date.

The company has trained its key staff in Modern Slavery and human rights using an expert 3rd party consultancy and then used that consultancy to support each business area in mapping, risk assessment and developing mitigation response.

As a result of **Burberry**'s Human Rights Impact Assessment, specific modern slavery and labour rights training is currently being developed for key Burberry employees who interact with Burberry's supply chain networks. It is also intended to support those travelling to supply chain facilities so that they are familiar with the risk areas, likely indications of modern slavery and possible actions to take in the event that an incident of modern slavery is identified. Burberry is also in the process of developing online training to be rolled out to all supply chain partners. Participation and completion of the training will be recorded and monitored by nominated individuals at Burberry.

What the Home Office says:

Training is a fundamental way of raising awareness and ensuring that people understand the importance of a particular issue. It also helps people to understand what they need to do, and how to work together internally or externally if they encounter something that raises concerns. Training may be targeted at different groups of employees within a business, including leadership, or at different businesses within a supply chain, and the training itself could take a range of different forms. It may range from detailed training courses to broader awareness-raising programmes.

For in-depth information see CORE Coalition guidance.

WIDER TRENDS

Our Modern Slavery Act Registry currently holds over 760 company compliance statements. The majority are not of high quality, and would likely score below 5 using the indicators above. While this is the first year of reporting and many companies are on a learning curve with regard to modern slavery, too many companies are using a tick-box approach, incorporating key words and generic language without providing substantive or meaningful information. Often information provided is not relevant. For example, many statements say that training is provided on a company's code of conduct, but the code does not include anything related to modern slavery or relevant labour issues. Some statements only report on a company's own operations, such as reporting on risk assessments within their own operations without also undertaking scrutinising supply chains. This almost wilful misunderstanding of the intention of the Act demonstrates that there is a key role for the government to play around enforcement.

Many companies believe, as they say in their statements, that their modern slavery risks are low but did not provide evidence to support this. Rather than simply stating the risk is low and using this as a reason not to conduct proper due diligence, a better approach would be to approach the issue as **Land Securities** is doing. Its statement says: *"We are confident in our management and assessment of the low risk exposure to slavery and human trafficking existing in our operations and with our people. However, we appreciate there is further due diligence and risk assessment that needs to be undertaken, and improvements made to our current processes and procedures, before we can say that we are adequately managing this risk in our business and supply chain."*

We have seen numerous statements with identical wording, for example, when describing key performance indicators. This is information that should be tailored to each company and the use of this pro forma language leads us to believe that companies are using templates or outsourcing their statements to consultants rather than creating a statement based on thorough due diligence.

Another issue is that companies do not appear to understand which businesses in their group are required to produce statements. Home Office guidance states each parent and subsidiary organization (whether it is UK based or not) that meets the requirements set out in Act must produce a statement of the steps they have taken during the financial year to ensure slavery and human trafficking is not taking place in any part of its own business and in any of its supply chains. If a foreign subsidiary is part of the parent company's supply chain or own business, the parent company's statement should cover any actions taken in relation to that subsidiary to prevent modern slavery. As such, seeking to cover non-UK subsidiaries in a parent company statement, or asking those non-UK subsidiaries to produce a statement themselves (if they are not legally required to do so already), would represent good practice and would demonstrate that the company is committed to preventing modern slavery. This is highly recommended, especially in cases where the non-UK subsidiary is in a high-risk industry or location.

Instead we see UK-based subsidiaries producing statements but often not from the corresponding parent. Where parent companies produce a statement which says it covers subsidiaries as well, those statements do not detail steps taken by those subsidiaries, rather it is a blanket statement which really only covers the steps taken, if any, of the parent.

Companies that are preparing their statements have shared with us some of their challenges. Some companies have indicated that Board-level buy-in is lacking and that consequently it has been difficult for action to eradicate modern slavery to be embedded throughout the organization. In practice the approach to dealing with modern slavery issues tends to be dispersed throughout different corporate functions and lacking strategic oversight. This also leads to a situation within a company where one department is taking actions against modern slavery unbeknownst to other relevant departments, rather than departments acting together toward a cohesive policy or process. Successful and effective action must be inter-departmental with top-level leadership and guidance.

Companies have also said that their legal departments are overly risk averse and advise against the level of transparent reporting that we expect to see in statements. Lawyers are advising companies not to disclose instances or risk of modern slavery in operations and supply chains. If other companies, particularly in the same sector, are not producing detailed reports, the companies do not want to stand out from the pack by providing more information than their peers.

There must be a fundamental change in how companies approach disclosure, especially with regard to modern slavery. While we understand the barriers to be overcome in disclosing risks, companies that publish detailed statements detailing actual risks or instances of modern slavery, alongside plans of how they plan to tackle this risk, are demonstrating leading practice. Companies must understand that in this digital age putting your head in the sand is not an option. It is those companies that have failed to grapple seriously with the risks in their business and supply chain that are vulnerable to exposure.

The Modern Slavery Act Registry created by Business & Human Rights Resource Centre aims to increase transparency around how companies are tackling modern slavery. By having all statements available on a free and public registry, everyone is free to benchmark them, recognize and share good practices, and expose weak reporting.

However, given the number of companies that fall under the requirements of the Act, maintaining a comprehensive registry of existing statements is no small challenge. The Government can support civil society in this by publishing a list of companies required to produce a statement under the Act.

RECOMMENDATIONS

- FTSE 100 companies should use their considerable resources to take systemic action to eliminate modern slavery from their operations and supply chains. The next tranche of FTSE100 companies are due to report on or around 30 December 2016. They should seek to leap-frog the majority laggards in this report to demonstrate rigorous efforts to eliminate slavery, and provide the leadership expected of the largest companies.

- All businesses required to report under the Act should consult the Home Office and CORE Coalition guidance, and pay particular attention to emerging better practice of leading companies such as that outlined in this report.

- UK Government should publish a list of the companies required to produce statements under the Act; support open free accessible information regarding company compliance; and take measures to enforce the obligations of the Act and promote their reporting guidelines.

- UK Government should work with governments in the European Union, USA, Canada, and emerging markets to create common legislation internationally to create mandatory transparency; mandatory due diligence (as the US Trade Facilitation and Trade Enforcement Act does); and government incentives in the form of access to public procurement contracts for those demonstrating due diligence and access to remedy (as the US Disclosure Requirement does). Companies rightly do not want a spaghetti soup of diverse national legislations on this global issue.

- Advisors, lawyers and consultants should promote a transparent, systemic and collaborative approach to eradication of slavery, and advise against a tick-box approach to reporting. Investors should reward companies that demonstrate due diligence to avoid slavery and provide remedy.

- Civil society should seek to support a ‘race to the top’ by benchmarking companies, and providing a reputation reward for companies with better practice and reputation risk for laggards.

- The media should focus their attention on laggards, and avoid penalising leading companies that demonstrate greater transparency.

Company Names	HQ	Sector	Financial Year End Date	Statement Due Date	Statement	Min. Requirements
3i Group plc	UK	Finance	March 31, 2016	September 30, 2016	Link	Yes
Aberdeen Asset Management	UK	Finance	September 30, 2016	March 30, 2017		
Admiral Group	UK	Finance	December 31, 2016	June 30, 2017		
Anglo American	UK	Natural resources	December 31, 2016	June 30, 2017		
Antofagasta	UK	Natural resources	December 31, 2016	June 30, 2017		
ARM Holdings	UK	Technology	December 31, 2016	June 30, 2017		
Ashtead Group plc	UK	Construction & building	April 30, 2016	October 30, 2016		
Associated British Foods	UK	Agriculture/food/beverage	September 12, 2016	March 12, 2017		
AstraZeneca	UK	Health	December 31, 2016	June 30, 2017		
Aviva	UK	Finance	December 31, 2016	June 30, 2017		
Babcock International	UK	Professional services	March 31, 2016	September 30, 2016	Link	
BAE Systems	UK	Military/weapons/security	December 31, 2016	June 30, 2017		
Barclays	UK	Finance	December 31, 2016	June 30, 2017		
Barratt Developments Plc	UK	Construction & building	June 30, 2016	December 30, 2016		
Berkeley Group Holdings	UK	Construction & building	April 30, 2016	October 30, 2016	Link	
BHP Billiton	Australia	Natural resources	June 30, 2016	December 30, 2016	Link	Yes
BP	UK	Natural resources	December 31, 2016	June 30, 2017		
British American Tobacco	UK	Agriculture/food/beverage	December 31, 2016	June 30, 2017		
British Land Company Plc	UK	Real estate	March 31, 2016	September 30, 2016	Link	Yes
BT Group plc	UK	Technology	March 31, 2016	September 30, 2016	Link	Yes
Bunzl	UK	Consumer products/retail	December 31, 2016	June 30, 2017		
Burberry Group	UK	Consumer products/retail	March 31, 2016	September 30, 2016	Link	Yes
Capita plc	UK	Professional services	December 31, 2016	June 30, 2017	Link	
Carnival	US	Travel	November 30, 2016	May 30, 2017		
Centrica	UK	Utilities	December 31, 2016	June 30, 2017		
Coca Cola HBC AG	Switzerland	Agriculture/food/beverage	December 31, 2016	June 30, 2017		
Compass Group	UK	Services	September 30, 2016	March 30, 2017	Link	
CRH plc	Ireland	Construction & building	December 31, 2016	June 30, 2017		
DCC plc	Ireland	Professional services	March 31, 2016	September 30, 2016	Link	
Diageo	UK	Agriculture/food/beverage	June 30, 2016	December 30, 2016		
Direct Line	UK	Finance	December 31, 2016	June 30, 2017		
Dixons Carphone	UK	Consumer products/retail	April 30, 2017	October 30, 2017	Link	Yes
EasyJet	UK	Travel	September 30, 2016	March 30, 2017		
Experian	Ireland	Professional services	March 31, 2016	September 30, 2016	Link	Yes
Fresnillo	Mexico	Natural resources	December 31, 2016	June 30, 2017		
GKN	UK	Construction & building	December 31, 2016	June 30, 2017		
GlaxoSmithKline	UK	Health	December 31, 2016	June 30, 2017		
Glencore	Switzerland	Natural resources	December 31, 2016	June 30, 2017		
Hammerson	UK	Real estate	December 31, 2016	June 30, 2017		
Hargreaves Lansdown	UK	Finance	June 30, 2016	December 30, 2016		
Hikma Pharmaceuticals PLC	UK	Health	December 31, 2016	June 30, 2017		
HSBC Holdings UK	UK	Finance	December 31, 2016	June 30, 2017		
Imperial Brands	UK	Agriculture/food/beverage	September 30, 2016	March 30, 2017	Link	
Inmarsat	UK	Technology	December 31, 2016	June 30, 2017		
Intercontinental Hotel	UK	Leisure	December 31, 2016	June 30, 2017		
International Consolidated Airlines	UK	Travel	December 31, 2016	June 30, 2017		
Intertek Group	UK	Professional services	December 31, 2016	June 30, 2017		
Intu Properties plc	UK	Real estate	December 31, 2016	June 30, 2017		
ITV	UK	Media/publishing	December 31, 2016	June 30, 2017		
Johnson Matthey plc	UK	Chemical	March 31, 2016	September 30, 2016	Link	Yes
Kingfisher	UK	Consumer products/retail	January 31, 2017	July 30, 2016		
Land Securities Group plc	UK	Real estate	March 31, 2016	September 30, 2016	Link	
Legal & General	UK	Finance	December 31, 2016	June 30, 2017	Link	
Lloyds Group	UK	Finance	December 31, 2016	June 30, 2017		
London Stock Exchange	UK	Finance	December 31, 2016	June 30, 2017		
Marks & Spencer	UK	Consumer products/retail	April 2, 2016	October 2, 2016	Link	Yes
Merlin Entertainment	UK	Leisure	December 26, 2016	June 26, 2017		
Mondi	S. Africa	Manufacturing	December 31, 2016	June 30, 2017		
National Grid	UK	Utilities	March 31, 2016	September 30, 2016	Link	Yes
NEXT	UK	Consumer products/retail	January 30, 2017	July 30, 2016		
Pearson	UK	Media/publishing	December 31, 2016	June 30, 2017		
Persimmon	UK	Construction & building	December 31, 2016	June 30, 2017		
Provident Financial	UK	Finance	December 31, 2016	June 30, 2017	Link	Yes
Prudential	UK	Finance	December 31, 2016	June 30, 2017		
Randgold Resources	UK	Natural resources	December 31, 2016	June 30, 2017		
RDS 'A'	Netherlands	Natural resources	December 31, 2016	June 30, 2017		
RDS 'B'	Netherlands	Natural resources	December 31, 2016	June 30, 2017		
Reckitt Benckiser Group	UK	Consumer products/retail	December 31, 2016	June 30, 2017		
RELX Group plc	UK	Professional services	December 31, 2016	June 30, 2017		
Rexam	UK	Manufacturing	December 31, 2016	June 30, 2017		
Rio Tinto	UK	Natural resources	December 31, 2016	June 30, 2017		
Rolls-Royce Holding	UK	Manufacturing	December 31, 2016	June 30, 2017		
Royal Bank of Scotland	UK	Finance	December 31, 2016	June 30, 2017		
Royal Mail	UK	Shipping & handling	March 27, 2017	September 27, 2017		
RSA INS.	UK	Finance	December 31, 2016	June 30, 2017		
SABMiller plc	UK	Agriculture/food/beverage	March 31, 2016	September 30, 2016	Link	
Sage Group	UK	Technology	September 30, 2016	March 30, 2017	Link	
Sainsbury (J)	UK	Agriculture/food/beverage	March 13, 2017	September 13, 2017		
Schroders	UK	Finance	December 31, 2016	June 30, 2017		
Severn Trent	UK	Utilities	March 31, 2016	September 30, 2016	Link	
Shire	Ireland	Health	December 31, 2016	June 30, 2017		
Sky Plc	UK	Media/publishing	June 30, 2016	December 30, 2016	Link	
Smith & Nephew	UK	Health	December 31, 2016	June 30, 2017		
Smiths Group	UK	Technology	July 31, 2016	January 31, 2017	Link	
Sports Direct	UK	Consumer products/retail	April 24, 2016	October 24, 2016		
SSE	UK	Utilities	March 31, 2016	September 30, 2016	Link	Yes
St. James Place	UK	Finance	December 31, 2016	June 30, 2017		
Standard Charter	UK	Finance	December 31, 2016	June 30, 2017		
Standard Life	UK	Finance	December 31, 2016	June 30, 2017		
Taylor Wimpey	UK	Real estate	December 31, 2016	June 30, 2017		
Tesco	UK	Agriculture/food/beverage	February 27, 2017	August 27, 2016		
Travis Perkins	UK	Construction & building	December 31, 2016	June 30, 2017		
TUI AG	Germany	Travel	September 30, 2016	March 30, 2017		
UNILEVER	UK	Consumer products/retail	December 31, 2016	June 30, 2017		
United Utilities	UK	Utilities	March 31, 2016	September 30, 2016	Link	Yes
Vodafone Group	UK	Technology	March 31, 2016	September 30, 2016	Link	
Whitbread	UK	Agriculture/food/beverage	March 3, 2017	September 3, 2016		
Worldpay Group	UK	Technology	December 31, 2016	June 30, 2017		
WPP	UK	Media/publishing	December 31, 2016	June 30, 2017		

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