Modern Slavery Disclosure Quality Ratings

ASX 100 Companies Update 2022

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Key findings

- In the second year of modern slavery reporting, we have seen substantial improvement in the disclosure quality. We no longer see most ASX100 companies around the middle grades (C and D), as seen last year.
- In FY2021, a quarter of the statements were rated A, and almost a third were rated B.
- There is evidence of improvements in the disclosure quality of modern slavery statements. 64% of FY2021 statements were upgraded compared to FY2020, and no statements were downgraded. The observed improvement after one year of reporting is encouraging.
- Biggest improvements in the disclosure quality scores are the statements of Aristocrat (ALL), Bendigo and Adelaide Bank (BEN), Cleanaway (CWY), Goodman (GMG), QBE Insurance (QBE) and Seek (SEK), which have climbed at least three grades to either A or B.
- While the many statements have improved, it is disappointing that one out of twelve statements reviewed still received a “fail” grade of either E or F.
- New best practices of modern slavery due diligence and remediation processes have emerged, as well as processes for reporting entities to assess the effectiveness of their actions.
The Australian Government’s Modern Slavery Act (MSA) was passed in 2018. Since then, companies with annual consolidated revenue of at least $100 million have been required to disclose statements reporting on and identifying risks to modern slavery in their operations and supply chains.

The MSA prescribes seven mandatory criteria for reporting entities. Monash’s Modern Slavery Disclosure (MSD) score repacks these reporting criteria into five different categories to assess the statements and delivers a grade for their overall quality.

This report presents the second year of Monash’s Modern Slavery Research program, in which we assessed statements of ASX100 companies in FY21 using the enhanced methodology – MSD 2.0. The enhanced methodology looks into more granular elements of risk identification, due diligence and remediation processes, and KPIs, and, thus, allows further insights into best practices.

To ensure comparability with the scores of FY2020 statements under the MSD 1.0 framework, we rescored all FY2020 using the new framework. The transition matrix on Page 14 compared the FY2021 ratings with the rescored FY2020 ratings, both under the MSD 2.0 framework.

The data and insights from these statements are compared to FY20 results to see what has improved and what remains a challenge in assessing modern slavery risks.

Overall, there has been an improvement in the quality of the disclosure statements from the previous year, with companies moving away from C and D-graded statements and toward A and B grades. Among ASX100 statements, 25% were rated A, and 32% B. Real Estate, Utilities and Consumer Staples continued to be the highest-scoring industries.

However, 9% of companies still received E and F grades. These companies continued to lag and did not adhere to best practices.

The strengths of the disclosure statements for FY21 compared to FY20 include the improved level of detail companies were able to supply about their structure, operations and supply chains, the assessment framework to identify potential modern slavery risks and the governance structure to manage such risks. High-scoring statements also included specific KPIs and a forward-looking action plan.

While this research has found it encouraging that many companies have improved their disclosure quality within a relatively short time, ideally, one should expect the largest companies on the ASX to all aim for top grades for their modern slavery reporting.

To further improve the modern slavery risk reporting and disclosure process, companies may consider three key ideas: the importance of a supplier risk assessment system, understanding their relationship to risk, and centring the remediation process on the risks to victims, not just businesses.

This report found several key takeaways for thinking about the future of modern slavery reporting. More needs to be invested in fully mapping out large ASX companies’ global and complex supply chains. These guidelines are meant to address the risks to victims of slavery, not just those of the reporting entities. All stakeholders must work together to move towards a better legal framework and guidance for modern slavery.

Now that the review of the Modern Slavery Act is underway, we urge the government to be more active in helping reporting entities tackle the reporting challenges and monitor modern slavery disclosure quality more effectively.
Modern Slavery Disclosure rating
FY2021 - S&P/ASX100 companies

It is no longer a race towards the middle. The leader league is taking shape.

This assessment includes 109 statements from ASX100 companies available on the ABF Modern Slavery Register by June 2022. These 109 statements include 99 statements of companies in the S&P/ASX100 Index in FY2022 and ten statements from companies that are no longer in the ASX100 index this year but were included in our ASX100 coverage for FY2020.

While the scoring board for FY2020 statements reflected a race to the middle, with 63% of the statements rated either C or D, for the FY2021 statements, the number was only 35%.

Reporting quality has improved in the top segments of the market. 25% of FY2021 statements reviewed received an A grade and 32% a B grade. In FY2020, it was only 3% and 12%, respectively.

E & F-rated statements still represented almost 9% of the total. It is disappointing that one out of the twelve largest companies listed on the ASX is not committed to combating modern slavery.
Building blocks of excellence in modern slavery reporting

Figure 2: Building blocks of excellence in modern slavery reporting
Key recommendations

<table>
<thead>
<tr>
<th>For reporting entities</th>
<th>For investors</th>
<th>For regulators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting entities should:</td>
<td>Investors should engage with the portfolio companies in the following areas:</td>
<td>The government should strengthen the Act and its guidance document. Much is expected from the current review of the MSA.</td>
</tr>
<tr>
<td>• have ongoing and systematic consultation with other controlled entities via established channels, such as a working group or a steering committee, with representatives from different functions across entities,</td>
<td>□ improving the disclosure quality of the Modern Slavery Statements</td>
<td>• The ABF should improve the timeliness of releasing the statements submitted on the register.</td>
</tr>
<tr>
<td>• map out the extended supply chains beyond Tier 1,</td>
<td>□ communicating their concerns about specific areas of modern slavery risks relevant to each company or each sector</td>
<td>• The ABF needs to review the quality of the Modern Slavery Statements submitted and provide more feedback to ensure reporting quality and consistency.</td>
</tr>
<tr>
<td>• assess their exposure to modern slavery risks based on the demographics of the suppliers, the economic size of supply spend and the nature of the relationship,</td>
<td>□ enhancing companies’ due diligence and remediation process, and</td>
<td>• More guidance is needed for companies to improve their remediation mechanisms and process.</td>
</tr>
<tr>
<td>• explain the scoping of risks,</td>
<td>□ ensuring that the ultimate responsibility to oversee modern slavery and human rights risks belongs to the Board.</td>
<td>The government should adopt a holistic approach incorporating the reporting requirements, compliance monitoring and non-compliance consequences.</td>
</tr>
<tr>
<td>• assess modern slavery risks in respect to specific risks,</td>
<td>• They can recommend best practices of modern slavery disclosure.</td>
<td>The government should continue to engage with companies and investors.</td>
</tr>
<tr>
<td>• strengthen due diligence and the remediation processes,</td>
<td>• As reporting entities, asset managers and asset owners should walk their talk; take actions to combat modern slavery, and report well under the Act.</td>
<td></td>
</tr>
<tr>
<td>• describe how it assesses the effectiveness of modern slavery risk management in terms of who is responsible, what to assess, and how/how often it will be assessed.</td>
<td>• Investors should continue to play a proactive role in engaging with regulators to ensure investors’ and companies’ concerns are considered.</td>
<td></td>
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<tr>
<td>• engage and educate suppliers about their responsibilities in mitigating risks in the supply chains,</td>
<td>• engage and educate suppliers about their responsibilities in mitigating risks in the supply chains,</td>
<td></td>
</tr>
<tr>
<td>• use case studies or examples to illustrate specific risks and how the company has identified incidences and addressed them,</td>
<td>• use case studies or examples to illustrate specific risks and how the company has identified incidences and addressed them,</td>
<td></td>
</tr>
<tr>
<td>• engage with peers, investors and regulators to promote shared resources and leverage influence.</td>
<td>• engage with peers, investors and regulators to promote shared resources and leverage influence.</td>
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</table>
**MCFS Modern Slavery Research Program**

### RESEARCH

- **Started in December 2020** with an objective of building an independent and trusted industry benchmark for the quality of modern slavery reporting.
- **Developed a framework to measure the modern slavery disclosure (MSD) quality in accordance with the Guidance for Reporting Entities provided by the ABF.**
- **Conducted the assessment of the modern slavery disclosure (MSD) quality of ASX100 companies using the MSD scoring framework and expanded the coverage to ASX300 companies.**

### EXECUTIVE EDUCATION

- **Offer the first executive education program on modern slavery reporting in October 2022,** covering the best practices based on the MSD framework.

### ENGAGEMENT

#### Government

- We have presented the research to the ABF and provided recommendations regarding the needed improvements for the online register.

#### Civil societies

- Engaged with reputed NGOs and academic networks in the area of modern slavery and ESG, including Walk Free, the ACAN, the Australasian Business Ethics Network.

#### Corporates

- We have engaged with 80+ companies and their industry associations to provide feedback on modern slavery statements.

#### Investor community

- Discussed research findings with 10+ large institutional investors.
- Participate in RIAA’s Modern Slavery Policy and Advocacy Working Group.

#### Media

- Research findings mentioned in major international and local media including the Wall Street Journal, The Australian Financial Review, Bloomberg and many Australian media outlets.

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**The program will provide research-led insights into ways to enhance organisational reporting capabilities to address key modern slavery reporting challenges.**

Please visit: [Monash Executive Education Program: Modern Slavery Reporting](#)
Modern Slavery Act (2018)

Since the Australian Parliament passed the Modern Slavery Act in 2018, we have seen a higher level of awareness of issues relating to modern slavery. The Act requires large organisations operating in Australia to identify and report on risks of modern slavery practices in their operations and supply chains.

For entities with annual consolidated revenue of more than A$100 million, modern slavery reporting is mandatory with seven reporting criteria, see Figure 3. Other entities can report voluntarily.

The Australian government defines modern slavery as circumstances where "coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom". Therefore, modern slavery applies to a situation of greater severity than mere substandard working conditions or underpayments of workers.

The Act identifies eight exploitations that fall under modern slavery, including human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruitment and the worst forms of child labour, which involve slavery practices or hazardous work involving children.

**Figure 3: Seven mandatory reporting criteria**

- Criterion 1: Identify the reporting entity
- Criterion 2: Describe the reporting entity's structure, operations and supply chains
- Criterion 3: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls
- Criterion 4: Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes
- Criterion 5: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks
- Criterion 6: Describe the process of consultation with any entities the reporting entity owns or controls
- Criterion 7: Any other relevant information
Monash's Modern Slavery Disclosure (MSD) Score

Scoring methodology

Monash's Modern Slavery Research Program started in December 2020. We developed a framework to measure the modern slavery disclosure (MSD) quality following the Guidance for Reporting Entities provided by the Australian Border Force.

Using the MSD framework, in 2021, MCFS published a research brief on the disclosure quality of ASX100 companies and a white paper on ASX300 companies for their FY2020 statements.

In 2022, MCFS enhanced the scoring methodology with MSD 2.0, which considers more nuances in companies’ disclosure in response to the reporting criteria.

This assessment covers 109 FY2021 statements of ASX100, available via the Modern Slavery Statement Register of the ABF by the end of June 2022.

Please be advised that the score and rating of a company reflect its modern slavery disclosure quality. This is not an assessment of the companies' modern slavery risk.

We collected the statements from the Modern Slavery Register of the Australian Border Force.

The research team scored each statement according to the MSD scoring template with the five categories of disclosure.

Statements were rated based on the total MSD score.

For methodology, please see:
Pham, N., Cui, B., & Ruthbah, U. (2021), Modern Slavery Statements – the Disclosure quality of ASX100 companies [research brief], Monash Centre for Financial Studies, DOI: 10.26180/17170754

Modern Slavery Disclosure Score (cont.)

Scoring framework 2.0

<table>
<thead>
<tr>
<th>MODERN SLAVERY DISCLOSURE SCORE 100%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category 1</strong> 10%</td>
</tr>
<tr>
<td><strong>Category 2</strong> 15%</td>
</tr>
<tr>
<td><strong>Category 3</strong> 30%</td>
</tr>
<tr>
<td><strong>Category 4</strong> 25%</td>
</tr>
<tr>
<td><strong>Category 5</strong> 20%</td>
</tr>
</tbody>
</table>

**Disclosure category and scoring weight**

- **Structure and operations**
  - Wordcount
  - Organisational structure
  - Major sites and locations
  - Employees
  - Key inputs
  - Consultation process among affiliated entities
  - Any other relevant matters
- **Supply Chains**
  - No. of suppliers
  - No. of suppliers by country or region
  - Scope (Tier 1/2)
  - Total supply spend in dollars
  - Supply spend by country or region
  - Supply spend by category
- **Modern slavery risks in operations and supply chains**
  - Expertise
  - Risk assessment model
  - Risk scoping
  - Assessment of the modern slavery risks in operations and supply chains
  - Risks possibly caused by/contributed to/linking to the reporting entity
  - Specific types of modern slavery risks
- **Due diligence and remediation processes**
  - Due diligence process
  - Remediation process
  - Relevant policies
  - Supplier assessment resources
  - Modern slavery risk training (employees, suppliers)
- **Effectiveness assessment**
  - Assessment of the effectiveness of modern slavery risk management
  - KPIs
  - Collaboration with external parties on modern slavery risk management
  - Examples of specific actions and case studies

Figure 4: The MSD scoring framework 2.0
The letter-grade rating system

Figure 5: The letter-grade rating system based on the total MSD score

- The letter-grade rating approach (illustrated above in Figure 5) better enables comparability among statements across sectors and over time.
The enhanced scoring framework (MSD 2.0)

The enhanced scoring framework (MSD 2.0) was introduced by MCFS in the White Paper in December 2021.

With the spirit of continuous improvement of the Act, in MSD2.0, we look into more granular elements of risk identification, due diligence and remediation processes, and KPIs. Please see the white paper for more information about the revisions.

Due to the revisions made to the partial scores of some questions, the scores and ratings for FY2021 statements, if not adjusted, would not be comparable to those published for the FY2020 statements. Therefore, to improve comparability across the years, we have re-scored all FY2020 statements using the updated framework MSD2.0. Results are reported on Page 14, and details are in Appendix 1 (Page 22).

The rescored statement could have a lower score compared to the original score last year if it does not have all sub-elements of risk scoping, the risk assessment model, due diligence, remediation and training assessed in the enhanced framework.

<table>
<thead>
<tr>
<th>Revised questions</th>
<th>Explanation</th>
<th>Potential impact on statement score compared to the previous framework</th>
<th>Points allocated in MSD 1.0</th>
<th>Points allocated in MSD 2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk scoping basis</td>
<td>This is a new indicator. We examine if the statement provides clear information on how the reporting entity has conducted the initial risk scoping process, based on the sector and industry, products and services procured, geographical locations, and/or entity risks.</td>
<td>✓</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Specific types of modern slavery risks</td>
<td>This indicator was a standardised numerical score. It will now be a yes/no indicator</td>
<td>✓</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Risks potentially caused by/ contributed to/linked to the company</td>
<td>For this question, scores are only awarded if the statement explicitly explained that the company analysed these different categories of risks and reported the result of such analysis.</td>
<td>✓</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>Risk model or tool for supplier risk analysis</td>
<td>This is a new indicator that considers if the reporting entity describes the risk model or tool that it uses to conduct risk analysis of suppliers.</td>
<td>✓</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Due diligence</td>
<td>This is an existing disclosure item that retains the same number of total points, but to which we are introducing specific scoring elements, including: - The overall governance framework - Due diligence when engaging new suppliers, ongoing monitoring, suppliers surveyed, suppliers audited - Adding human rights clauses to contracts</td>
<td>✓</td>
<td>If a statement does not have all specific disclosure items examined for this question</td>
<td>5</td>
</tr>
<tr>
<td>Remediation</td>
<td>This is also an existing item that retains the same total points allocation, but with the introduction of specific scoring elements, including: - Privacy and confidentiality - Accessibility of remediation channels - Following up</td>
<td>✓</td>
<td>If a statement does not have all specific disclosure items examined for this question</td>
<td>5</td>
</tr>
<tr>
<td>Training</td>
<td>As with due diligence and remediation (above) this is an existing disclosure item that retains the same number of points, but with specific scoring for the following elements: - Training for employees and management - Training for suppliers - Disclosure of the number of people trained</td>
<td>✓</td>
<td>If a statement does not have all specific disclosure items examined for this question</td>
<td>5</td>
</tr>
<tr>
<td>KPIs</td>
<td>This existing item retains the same number of points, but with new specific scoring elements including: - Training-related KPIs - Supplier audit-related KPIs - Remediation-related KPIs - An action plan</td>
<td>✓</td>
<td>If a statement provides an action plan</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 1 – Changes to the MSD framework
To ensure that the change in the score of a statement reflects its change in the disclosure quality in FY21 compared to FY20 instead of the change in the scoring framework, we compared the rating of FY2021 statements and that of FY2020 statements re-scored under the same scoring framework – MSD2.0.

Overall, we have seen improvement in the disclosure quality in the second year of modern slavery reporting. 64% of the statements were upgraded to a higher grade. 36% stayed at the same grade, and none were downgraded (Table 2).

There is a migration of statements from the lower grades to A and B, leading to a higher number of statements receiving A and B ratings in FY2021 compared to FY2020.

For details of companies’ grades, please see Appendix 1.
Sector performance
Utilities and Consumer Staples sectors continue to lead.

Similar to the result last year, Real Estate, Utilities, and Consumer Staples remained in the top three.
IT companies moved to the bottom, whereas the worst-performing sector of FY2020 – Healthcare – moved up one step this year.
The most significant variation in scores across sectors was observed for category two, disclosure on supply chains.
Sub-scores for the other four disclosure categories saw less variation. Though there were some notable differences between sectors in some disclosure categories. For example, firms in the Utilities and Consumer Staples sectors scored well on disclosure of modern slavery risks and Real Estate scored well on how they assess the effectiveness of their modern slavery risk management.
Disclosure strengths and weaknesses

**Strengths**
- Disclosure of structure and operations
- Other reporting formality (consultation process, signatory authority, other matters)
- Description of the suppliers' locations
- Description of the risk scoping process, risk assessment framework and the potential risks identified in operations and supply chains
- A forward-looking action plan

**Weaknesses**
- Lack of detailed disclosure of supply chains
- Disclosures in the due diligence and remediation section needed more substance.
- Few statements identified how the reporting entities could be related to the potential risks.
- Lack of transparency and specificity in KPIs
- More specific examples of actions/case studies needed

Figure 9 – Response rate to disclosure items of ASX100 companies
Changes in disclosure quality

- Companies have improved their descriptions of all aspects of Category One, especially the key inputs procured via their supply chains. 94% of statements reported such information in FY21, compared to only 62% in FY20.

- More statements described their consultation process (93%) than the first reporting round (71%). Companies, however, tend not to describe the consultation process in detail.

- The level of consultation the reporting entity undertakes should reflect the relationship with the other entities covered in the statement and their risk profile. A consultation process involves cross-entity meetings or communication during the preparation of the statement.

- More companies provided the total number of suppliers, the total value of supply spend, the tier of these suppliers and the locations of suppliers compared to last year. These disclosures indicate the reporting entity's supply chain's size and complexity.

- However, it is disappointing that only 40% of the statements reviewed had provided a breakdown of the distributions of their suppliers by locations, and only a third reported supply spend by country.
Changes in disclosure quality

- Compared to FY20, FY21 statements improved the description of modern slavery risks in operations and supply chains and the due diligence and remediation processes. For example, 76% of FY21 statements reviewed examined specific types of modern slavery risks, compared to only 62% last year.
- 73% of FY21 statements described their remediation process as opposed to only 68% last year.
- The majority of statements reported having conducted training in FY2021.

Figure 12 – Response rate to Category Three and Four questions

Figure 13 – Response rate to Category Three and Four questions

- Just more than a third of the statements (37%) reviewed had disclosed some KPIs to monitor the effectiveness of their strategies/actions. While it is higher than the number last year (17%), it is indeed disappointing given that this is the second year of modern slavery statements.
- The disclosure of various aspects of “who is responsible” and “how/how often” the reporting entities assess their effectiveness in managing modern slavery risks improved compared to last year.
- More statements provided case studies to illustrate their actions. This year, 58% of the statements reviewed had specific case studies, whereas only 39% of the statements last year did.
Best Modern Slavery Statements provided:

• Ongoing consultation across controlled entities evident in policy formulation, governance framework, due diligence actions and monitoring of effectiveness

• Improved visibility of the supply chains by reaching deeper into the supply chains via tier 1 suppliers into tier 2, 3 and beyond.

• Use of traceability technology to map out extended supply chains

• Risk model (clear elements of inputs/process/output and a clear link between risk assessment results and priorities of management actions – evidence of risk-based approach)

• Thorough disclosure of the actions taken to manage the risks of modern slavery practices in their operations, such as migrating casual contract employees to permanent part-time contracts and enhancing monitoring of recruitment agents

• An improved commitment of resources for supplier audits and more detailed disclosure of the activity

• Training activity and results for staff and management training as well as training for suppliers

• Clear KPIs (for training, supplier audits, supplier engagements and grievance investigations)

• Integration of considerations of modern slavery risks into business processes such as M&A due diligence

The weak remain the same.

Common issues with E and F-rated statements include:

• No consultation across the controlled entities

• No disclosure of the organisational structure and major operational sites

• Poor description of the supply chain, leading to an unclear understanding of the source of their exposure to risks

• Failing to assess the specific risks that are relevant to the business

• Starting with an assumption that there is no risk in its operations

• Unclear description of governance structure and policies that guide the management of modern slavery risks (oversight body not specified, due diligence inadequately covering screening, selecting, onboarding new suppliers and reviewing existing suppliers),

• Unclear description of the remediation process (grievance mechanisms and guidelines for following up),

• An incomplete picture of how the company assesses the effectiveness of these actions in respect of who/what/how often and how to assess,

• No specific KPIs and no forward-looking plan,

• A lack of understanding of available resources and tools to learn about relevant risks and assess risks, and

• Overall, no substantial improvements in the statements were observed in FY2021 compared to FY2020.
Areas for further improvements

1. An adequate supplier risk assessment system is the foundation for a risk-based approach to managing modern slavery risks.

   A sound risk assessment system requires THREE key elements:

   1) Input – input into a risk model should include contextual factors for initial risk scoping (geography, industry, products and services, and entity, as guided by the Act); economic factors (size of supply contracts) and relationship factors (type of contract, involvement of the third party, potential to influence, responsiveness to requests), among others.

   2) Assessment process – the qualitative and quantitative considerations of the factors and relevant weighting schemes or risk thresholds, and

   3) Assessment outcomes – the identification and quantification of the level of risk of the suppliers – which informs further due diligence or risk mitigation actions.

2. Understanding the relationship to risks helps prioritise risk mitigation

   The MSA requires reporting entities to understand if they potentially cause, contribute to or are directly linked to modern slavery risks via their supply chains. An entity’s relationship to an incident would have implications for the remediation responsibilities.

   Companies should prioritise further due diligence and risk mitigation actions based on how they are related to such risks. For example, companies should prioritise and improve due diligence for risks with which the company has a closer relationship or has greater potential to influence supplier behaviour.

3. The remediation process should be centred on the risk to the victims.

   The MSA emphasises the risks to the victims and vulnerable communities.

   Companies should ensure that the objectives of the remediation processes are to undo the impact on the victims and protect them from further harm. As seen from the statements, the companies often terminate the relationship with suppliers when they identify an occurrence of modern slavery. However, in the true spirit of the MSA, if possible, the companies should stay engaged and leverage their influence on the suppliers to ensure that the victims are adequately compensated and that the suppliers improve their labour practices to prevent further abuses.
Final remarks

While there is evidence of improvement in the disclosure quality of the market’s top segments, a part of the bottom segments remain the same.

ASX100 companies’ supply chains are global and complex. It requires real commitments and efforts to map out the extended supply chains to understand the potential exposure to risks and how to mitigate such risks.

Many companies’ actions of due diligence and remediation have not reflected the true spirit of the MSA that the focus should be on the risk to the victims and vulnerable communities, not just the companies’ business risks.

Companies, investors and other stakeholders need to proactively work together with the government in the current reviewing of Australia’s MSA towards a better legal framework and guidance for modern slavery reporting.
Appendix 1

Modern slavery disclosure quality rating FY21 vs. FY20

FY20 (MSD 1.0): the rating of FY2020 statement under the previous scoring framework (MSD 1.0)
FY20 (MSD 2.0): the rating of FY2020 statement rescored using the updated scoring framework (MSD 2.0)
FY20 (MSD 2.0): the rating of FY2021 statement scored using the enhanced scoring framework (MSD 2.0)

The transition matrix reported on Page 14 compares the rating of FY20 (MSD2.0) and FY20 (MSD2.0).

We also conducted a reversed transition matrix in which FY2021 statements were scored using the old MSD1.0 framework for robustness check. Results were consistent and, therefore, not reported here for brevity.
Bibliography

- Pham, N., Cui, B., & Ruthbah, U. (2021), Modern Slavery Statements – the Disclosure quality of ASX100 companies [research brief], Monash Centre for Financial Studies, DOI: 10.26180/71170754
- OECD (2017) Responsible business conduct for institutional investors: Key considerations for due diligence under the OECD Guidelines for Multinational Enterprises
- The Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities
- The California Transparency in Supply Chains Act 2012
MCFS research team on modern slavery

Bei Cui, PhD
Bei Cui has a PhD degree in Finance from the University of Hong Kong. Bei is capable of conducting industry-relevant rigorous research of academic quality. Her primary areas of research include sustainable investments, superannuation funds, the Chinese bond market and market microstructure.

Nga Pham, PhD, CFA.
Nga Pham has MBA and PhD degrees from La Trobe University and is a Chartered Financial Analyst. Nga works on issues related to pensions and shareholder activism. Nga's industry experience includes working for the International Finance Corporation (a member of the World Bank Group) in corporate governance and emerging market equity analysis. Nga used to be a member of the Disclosure and Transparency Committee of the International Corporate Governance Network (ICGN). Now she co-chairs ICGN's Financial Capital Committee.

Ummul Ruthbah, PhD
Ummul Ruthbah holds a PhD degree in Economics from the Massachusetts Institute of Technology (MIT), where she was an IMF Scholar. Ummul's industry experience includes five years of consulting to the World Bank. Early in her career, she worked at the International Monetary Fund. Her current research interests include issues related to sustainable finance and retirement planning.

We are thankful to Professor Deep Kapur for his guidance.
We acknowledge the support of our research assistants, Huy Nguyen, James Walker, Susie Ho, and interns, Connor Vaughan, Jack Shi, Ricky Karunia and Ben Kaplan for the project.
Executive Education Program: Modern Slavery Reporting [25 – 26 Oct 2022]

If you are interested in our research, please get in touch with us:
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