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Research brief

Modern Slavery Statement Disclosure Quality

ASX100 Companies

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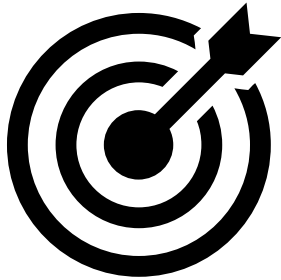
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05 August 2021

Key findings



- ✦ There is a wide dispersion in terms of the disclosure quality of the Modern Slavery Statements 2020 submitted by S&P/ASX100 companies.
- ✦ Companies with the best modern slavery disclosure scores are Woolworths, Fortescue Metals, Wesfarmers, Westpac, and Ansell. Companies with weak disclosure scores include IDP Education, Fisher & Paykel Healthcare, Cleanaway, Resmed and Nine Entertainment.
- ✦ Large companies with large number of employees and big supply spend scored well on modern slavery disclosure quality.
- ✦ Good modern slavery statements showed a history of continued effort in managing modern slavery and other human rights issues.
- ✦ The most common specific modern slavery risks assessed and mentioned by the companies are forced labour, child labour and debt bondage.

This version is dated
05 August 2021.

Modern Slavery Disclosure (MSD) scores

S&P/ASX100 companies

Reporting entity name	Ticker (ASX)	TOTAL SCORE	RANK	Reporting entity name	Ticker (ASX)	TOTAL SCORE	RANK	Reporting entity name	Ticker (ASX)	TOTAL SCORE	RANK	Reporting entity name	Ticker (ASX)	TOTAL SCORE	RANK
WOOLWORTHS	WOW	85.01	1	TELSTRA	TLS	65.42	26	MAGELLAN FINANCIAL GROUP	MFG	61.36	51	ASX	ASX	50.59	76
FORTESCUE METALS	FMG	84.96	2	CHARTER HALL	CHC	65.30	27	ORORA	ORA	61.04	52	BANK OF QUEENSLAND	BOQ	50.32	77
WESFARMERS	WES	83.48	3	BORAL	BLD	65.25	28	DOWNER EDI	DOW	60.94	53	REECE	REH	50.32	78
WESTPAC BANKING	WBC	83.26	4	QANTAS	QAN	65.11	29	ATLAS ART	ALX	60.63	54	METCASH LTD	MTS	50.12	79
ANSELL	ANN	80.73	5	CARSales.COM	CAR	65.11	30	NATIONAL AUSTRALIA BANK LTD	NAB	60.38	55	ALTium	ALU	49.25	80
NEWCREST MINING	NCM	75.60	6	BHP GROUP	BHP	64.95	31	WISETECH GLOBAL	WTC	60.05	56	HARVEY NORMAN HOLDINGS LTD	HVN	49.05	81
ANZ	ANZ	73.16	7	JB HI-FI	JBH	64.86	32	BLUESCOPE STEEL	BSL	60.05	57	JAMES HARDIE	JHX	48.62	82
RIO TINTO	RIO	71.30	8	XERO	XRO	64.62	33	DOMINO'S PIZZA ENTERPRISES	DMP	59.91	58	GOODMAN	GMG	46.57	83
LENdLEASE	LLC	70.95	9	LYNAS RARE EARTHS LTD	LYC	64.22	34	MACQUARIE	MQG	59.76	59	AMCOR PLC	AMC	46.42	84
SANTOS	STO	70.61	10	COMMONWEALTH BANK OF AUS	CBA	64.16	35	TABCORP	TAH	59.38	60	STAR ENTERTAINMENT	SGR	46.18	85
RAMSAY HEALTH CARE	RHC	70.35	11	SUNCORP	SUN	63.97	36	MEDIBANK PRIVATE	MPL	59.12	61	AFTERPAY	APT	44.53	86
WOODSIDE PETROLEUM	WPL	70.04	12	MINERAL RESOURCES	MIN	63.80	37	IGO	IGO	58.57	62	BENDIGO AND ADELAIDE BANK	BEN	44.51	87
COLES	COL	69.43	13	CSL	CSL	63.51	38	APA GROUP	APA	57.89	63	A2 MILK CO	A2M	44.16	88
ALUMINA LTD	AWC	68.92	14	ARISTOCRAT	ALL	63.24	39	INCITEC PIVOT	IPL	57.80	64	RELIANCE WORLDWIDE	RWC	44.11	89
VICINITY CENTRES	VCX	68.75	15	AURIZON HOLDINGS	AZJ	63.16	40	STOCKLAND	SGP	56.93	65	QBE INSURANCE GROUP	QBE	43.57	90
MIRVAC	MGR	68.71	16	SEEK	SEK	62.80	41	CROWN RESORTS	CWN	56.54	66	WORLEY	WOR	43.06	91
SCENTRE	SCG	68.54	17	AGL	AGL	62.58	42	SONIC HEALTHCARE	SHL	55.41	67	COMPUTERSHARE	CPU	41.91	92
AMP	AMP	67.87	18	NEXTDC	NXT	62.51	43	TREASURY WINE ESTATES	TWE	54.44	68	REA GROUP	REA	39.91	93
AMPOL	ALD	67.82	19	OZ MINERALS	OZL	62.19	44	AUSNET	AST	54.04	69	COCHLEAR	COH	30.37	94
SOUTH32	S32	67.68	20	WASHINGTON H. SOUL PATTINSON	SOL	61.98	45	LINK ADMINISTRATION	LNK	53.31	70	NINE ENTERTAINMENT	NEC	22.69	95
ORIGIN ENERGY	ORG	66.78	21	TRANSURBAN	TCL	61.84	46	BEACH ENERGY	BPT	52.89	71	RESMED	RMD	21.81	96
SPARK INFRASTRUCTURE GROUP	SKI	66.76	22	EVOLUTION MINING	EVN	61.71	47	CHALLENGER	CGF	52.14	72	CLEANAWAY	CWY	19.60	97
SYDNEY AIRPORT	SYD	66.48	23	GPT	GPT	61.57	48	ALS	ALQ	52.09	73	FISHER & PAYKEL HEALTHCARE	FPH	14.74	98
NORTHERN STAR	NST	65.70	24	INSURANCE AUSTRALIA	IAG	61.45	49	QUBE	QUB	51.92	74	IDP EDUCATION LTD	IEL	10.00	99
ORICA	ORI	65.64	25	BRAMBLES	BXB	61.37	50	OIL SEARCH LTD	OSH	50.89	75				

Key recommendations

For companies

- The scoping of risk should be clear and the assessment of modern slavery risk should be done in respect of specific risks.
- Exposure to modern slavery risk should be assessed based on the demographics of the suppliers, economic size of supply spend and the nature of the transactions.
- Due diligence and remediation process needs to be strengthened.
- The reporting entity should 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.
- Engagement and education of suppliers is the key to mitigate risks in the supply chain.
- Companies should focus time and resources on areas of possible influence rather than areas of general concerns.
- Case studies or examples help illustrate specific risks and how the company has identified incidences and addressed them.
- Collaboration with peers and engagement with investors and regulators is encouraged to leverage possible influence and learning.

For investors

- Investors should engage with the portfolio companies in the following areas:
 - improving the disclosure quality of Modern Slavery Statement
 - communicating with companies about investors' concerns of specific areas of modern slavery risks relevant to each company or each sector
 - enhancing companies' due diligence and remediation process, and
 - ensuring that the ultimate responsibility to oversee modern slavery and human rights risks belong to the Board.
- Investors can recommend best practices of modern slavery disclosure.
- Investors should continue to play a proactive role in engaging with regulators to ensure investors' and companies concerns are considered.

For regulators

- The government should strengthen the Act and harmonise the reporting requirements under the Commonwealth Act and the New South Wales Act.
- Improve the timeliness of the release of the statements submitted on the register
- Despite a clear prescription of seven mandatory reporting criteria, reporting quality of the 2020 statements differs substantially. The regulators need to review the quality of the Modern Slavery Statements submitted and provide more reporting guidance to ensure consistency.
- More guidance is needed for companies to improve their remediation mechanisms and process.
- The government should adopt a holistic approach incorporating the reporting requirements, compliance monitoring and non-compliance consequences.
- The government should continue to engage with companies and investors.

Modern Slavery

Modern slavery is a global phenomenon with 40.3 million victims currently and \$354 billion at-risk products imported by G20 countries, according to the Walkfree Foundation (2018). It is a problem that also is present within Australia with approximately 1,567 victims nationally.

The Commonwealth Modern Slavery Act (2018)

The Australian Government passed the Commonwealth Modern Slavery Act in 2018 (the Act). 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.

Australia’s Modern Slavery Act (2018) requires entities based, or operating, in Australia, with an annual consolidated revenue of more than A\$100 million, to report on the risks of modern slavery in their operations and supply chains and actions.

The Australian Act is not the first of its kind. Two notable predecessors are the United Kingdom’s Modern Slavery Act (2015) and the California Transparency in Supply Chains Act (2010).

More recent regulatory regimes include the New South Wales’ Modern Slavery Act (2018), the French Corporate Duty of Vigilance Law (2017) and the Netherlands’ Child Labour Due Diligence Law (2019).

The Act provides eight types of exploitation that meet the definition of modern slavery. They are:

- trafficking in persons;
- slavery;
- servitude;
- forced marriage;
- forced labour;
- debt bondage;
- deceptive recruiting for labour or services; and
- the worst forms of child labour.

The worst forms of child labour refers to slavery practices or hazardous work involving children.

Modern Slavery Act

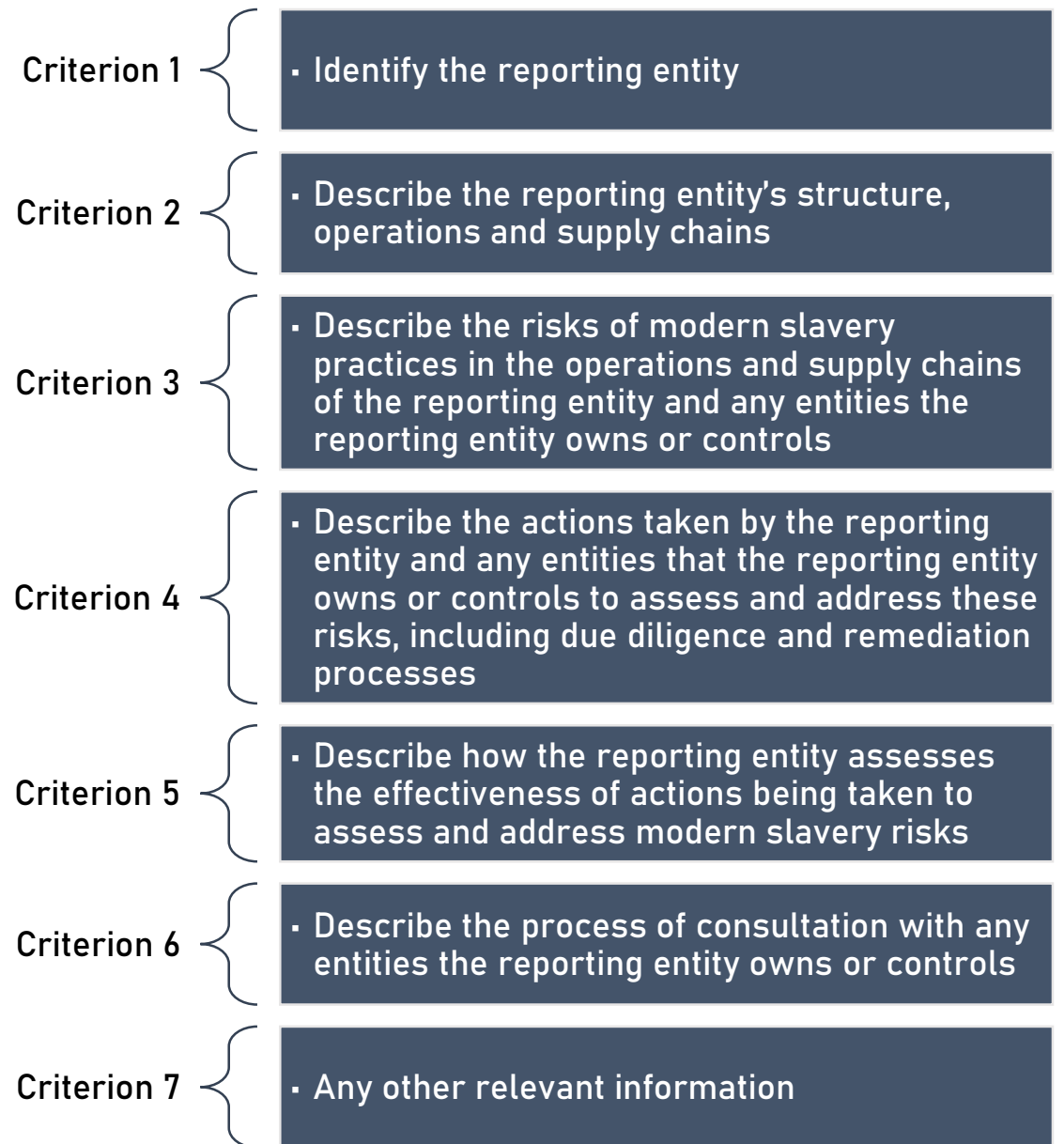
Unlike previous Acts, Australia's Commonwealth Act (2018) is more prescriptive in terms the submission process and mandatory reporting criteria.

Specifically, the Commonwealth Act (2018) requires that all statements be submitted to the Australian Border Force within six months after the end of the reporting period. All submitted statements are uploaded to a public registry maintained by the Australian Border Force.

The Act's guidance document prescribes seven mandatory reporting criteria for the statements. (See aside)

The Act's guidance for the reporting entities provides clear examples and explanations as to why each of these criteria is required, and what information to report and how to report.

The guidance defines 'risks of modern slavery practices' as "the potential for your entity to *cause, contribute to, or be directly linked to* modern slavery through its operations and supply chains".



Modern Slavery Disclosure Score

Scoring methodology



This research project focuses on the disclosure quality of the modern slavery statements submitted by the 100 largest listed companies on the Australian Stock Exchange - ASX100 companies for the FY2020.

The analysis covered 99 statements available by 30th June 2021.

Please be advised that this is not an assessment of the company's modern slavery risk.

Please see Appendix 1 for the scoring template.



Statements were collected from the Modern Slavery Register of the Australian Border Force.



Statements were read, scored and reviewed according to the scoring template with five sub-scores.



Statements were ranked by the total MSD score.

Notes:

Among the 100 constituents of S&P/ASX100 as at 30th June 2021, Endeavour Group (EDV) was demerged from WoolWorths and became listed on 24/06/2021. The 2020 modern slavery statement of EDV was the same as Woolworths' statement.

For Oil Search Ltd (OSH), the statement was dated 2019 but the disclosure note says that the statement was prepared for the reporting period ending 31 Dec 2020. OSH has not published any other modern slavery statement.

For Alumina Ltd (AWC), we scored the group's 2020 statement, prepared by Alcoa Australia, as AWC did not submit its statement.

Modern Slavery Disclosure Score (cont.)

Scoring framework

MODERN SLAVERY DISCLOSURE SCORE 100%				
10%	15%	30%	25%	20%
Structure and operation	Supply Chain	Modern slavery risk in operation and supply chain	Due diligence and remediation processes	Effectiveness assessment
<ul style="list-style-type: none"> • Wordcount • Organisational structure • Major sites and locations • Employees • Key inputs • Consultation process among affiliated entities • Any other relevant matters 	<ul style="list-style-type: none"> • No. of suppliers • No. of suppliers by country or region, or tiers • Total supply spend in dollars • Supply spend by country or region • Supply spend by category and distribution 	<ul style="list-style-type: none"> • Expertise • Assessment of the modern slavery risk in operation and supply chain • Risks possibly caused by/contributed to/related to the reporting entity • Specific risks 	<ul style="list-style-type: none"> • Due diligence process • Remediation process • Number of relevant policies • Supplier assessment resources • Modern slavery risk training 	<ul style="list-style-type: none"> • 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

S&P/ASX100 companies in MSD Score Quartiles

Size		Quartile 1				Quartile 2				Quartile 3				Quartile 4 (Top)								
Large-cap		AMC	CPU	FPH	GMG		APA	BSL	DMP	MQG		ALL	CSL	IAG	MIN		ANZ	NCM	S32	SCG	STO	
		APT										BHP					COL	NST				
		ASX	JHX		REH		NAB	SHL	TAH			BXB	SEK		TLS		FMG	RHC	SYD		WOW	
		COH	QBE				SGP					CBA	SUN				MGR	RIO	WBC			
			REA		RMD			WTC					TCL		XRO				WES		WPL	
Mid-cap		A2M	CWY	HVN	IEL		ALQ	CGF	IPL	LNK	MFG		AGL	CHC	EVN	GPT	JBH		ALD	AMP	ANN	AWC
		ALU					ALX	CWN					AZJ									
		BEN	MTS		SGR		AST	DOW	MPL	QUB			BLD	LYC		OZL	QAN		LLC	ORI	SKI	
		BOQ	NEC				BPT	IGO	ORA	TWE			CAR	NXT					ORG			
			RWC		WOR				OSH					SOL						VCX		

Exhibit 1: Statements by quartile

MSD Score Distribution

Panel A - Subscores	Quartile 1	Quartile 2	Quartile 3	Quartile 4 (Top)	Max possible score
Structure & operation disclosure	5.2	7.0	7.3	8.0	10
Supply chain disclosure	3.6	6.3	8.0	9.4	15
Modern slavery risk disclosure	11.4	17.0	17.3	19.7	30
Due diligence & remediation disclosure	13.7	17.5	20.8	21.9	25
Effectiveness assessment	5.8	9.3	10.0	12.9	20
Total Disclosure Quality Score	39.7	57.1	63.5	71.9	100

Panel B - Firm characteristics	Quartile 1	Quartile 2	Quartile 3	Quartile 4 (Top)	
Number of firms	24	25	25	25	■ ■ ■ ■
Market cap (\$B)	14.14	12.87	32.84	30.37	■ ■ ■ ■
Number of employees (median)	4,000	4,250	4,534	10,149	■ ■ ■ ■
Number of suppliers (median)	2,000	3,000	2,500	4,000	■ ■ ■ ■
Supply Spend (\$B)	0.55	2.17	2.79	7.28	■ ■ ■ ■
Number of specific risks disclosed	0.83	1.28	2.2	2.48	■ ■ ■ ■
Number of policies disclosed	4.33	5.16	5.08	5.28	■ ■ ■ ■

Exhibit 2: MSD score and firm characteristics by quartile

- Large firms in terms of number employees and large supply spend tend to score well on their modern slavery disclosure.
- Firms having a big number of suppliers and large supply spend appeared to score well on their statements.
- Scores were rewarded for more detailed assessment of specific risks.
- Scores were also rewarded for disclosing policies relevant to governance and modern slavery risks.

Please note that unless a median is specified, values reported are average.

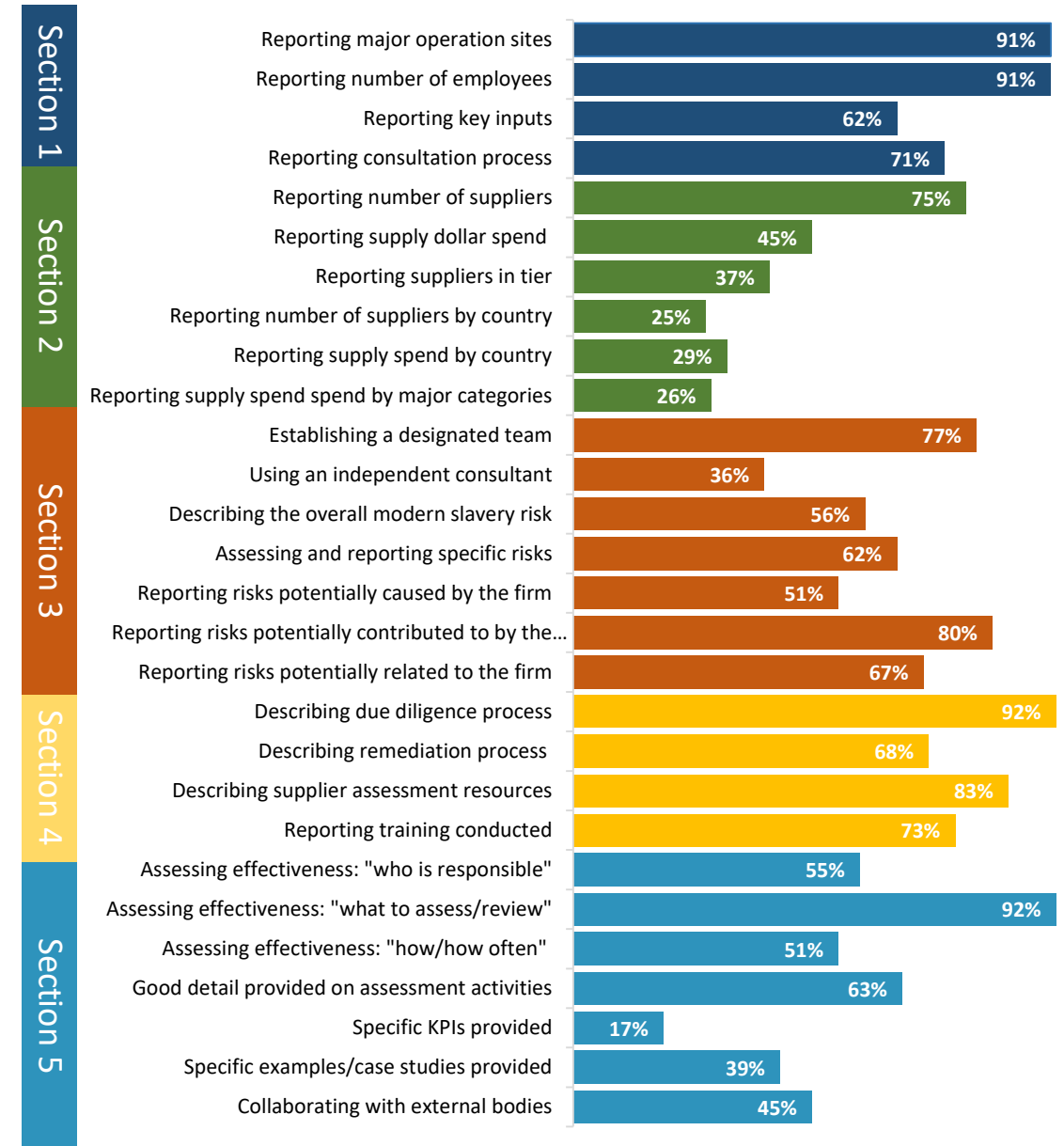
Data source: Market cap (\$B), extracted from Bloomberg, as of 30 June 2021.

Other data points were extracted from the companies' Modern Slavery Statements and our analysis.

MSD survey

Overall observations

- Most firms reported well on structure, major operational sites and number of employees.
- While 75% of statements reported the number of suppliers, less than half of them reported the supply spend and less than a third segmented their suppliers or supply spend by country/region/category.
- 77% of firms surveyed mentioned that a designated team has been established and more than 36% also used an external consultant or expert for their modern slavery and other human rights risk management.
- While 56% provided an evaluation whether modern slavery risk is not relevant/ low/ medium/ high, only 62% assessed at least one of the eight specific modern slavery risks.
- Most firms described their due diligence process. However, only 68% reported on remediation. Even for those that did, much improvement is needed.
- 73% of firms surveyed reported they had conducted training for employees and/or suppliers in 2020.
- Only 17% provided specific KPIs for effectiveness assessment.



The strong vs. weak statements

What are the best practices?

Best Modern Slavery Statements provided:

- a clear description of the supply chain in terms of the suppliers by number, dollar spent, regions and countries,
- clear information about employees and details of number of direct hires, labour hire contracts, and the coverage of Enterprise Agreements,
- clear scoping of risk (based on materials/goods/services bought, or location of suppliers) and assessment of risk level,
- substantial discussion of specific modern slavery risks that are more relevant to the firm
- a systematic approach to assess supplier risks, such as a supplier risk assessment matrix using various demographic and economic criteria related to suppliers as well as nature of contract (one off purchase order vs. multiple-year contract)
- information of supplier audits done, issues identified, and if they are resolved, plan of further audits, and
- a clear set of KPIs for effectiveness assessment.

What are the issues?

Common issues of bottom-ranked statements include

- poor description of the supply chain, leading to unclear understanding of the source of exposure to risks,
- risk assessment discussing modern slavery risk in general, failing to examine the specific risks that are relevant to the firm,
- unclear description of governance structure to manage modern slavery risks (oversight body not specified, due diligence inadequately covering screening, selecting, onboarding new suppliers and reviewing existing suppliers),
- unclear description of remediation process (grievance mechanisms and guidelines for following up),
- incomplete picture of how the company assesses its own effectiveness of these actions in respect of who/what/how often and how to assess,
- no specific KPIs, and
- a lack of understanding of available resources and tools to learn about relevant risks and assess risks.

Sectoral analysis of modern slavery risks

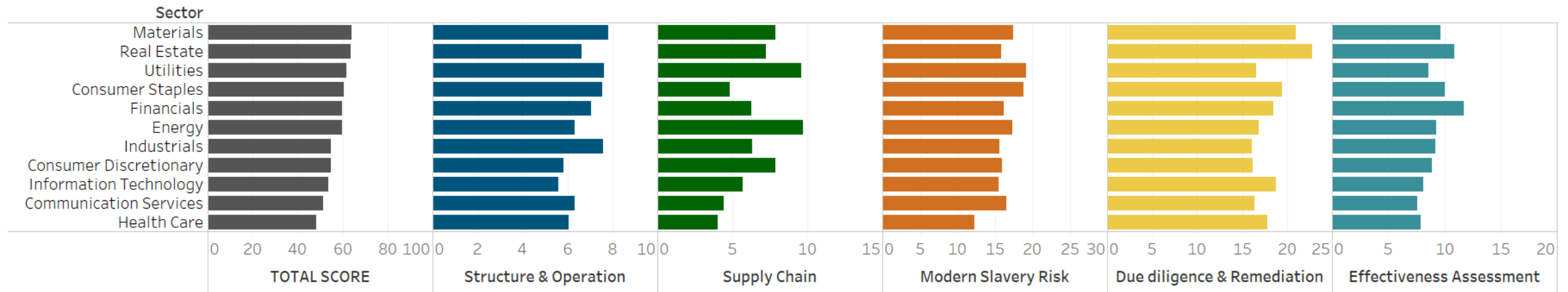


Exhibit 4: Total score and sub-scores by sector

Materials, Real Estate and Utilities were the top three sectors in terms of the total MSD score.

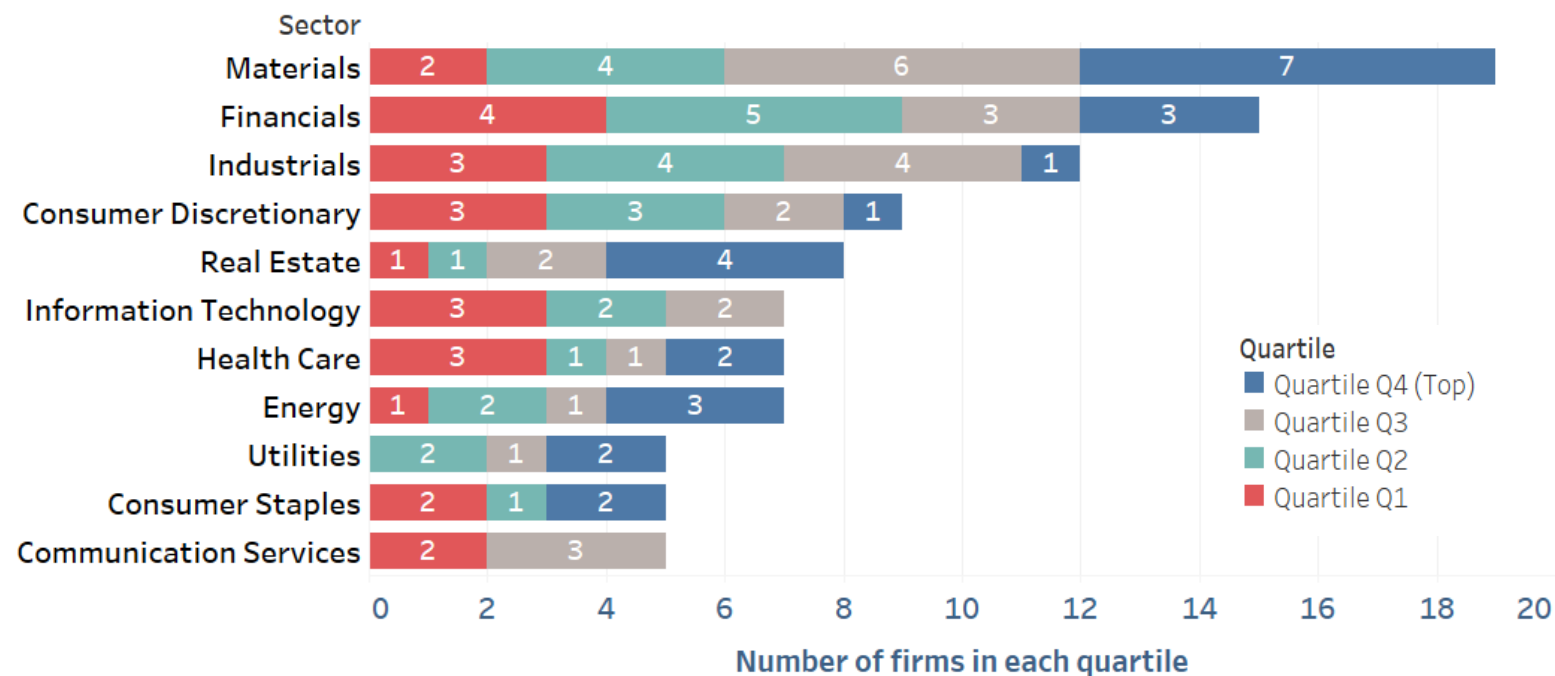
Health Care firms ranked the bottom as they scored low in describing their supply chain, modern slavery risk and assessment of effectiveness.

Among the sectors, there was a higher dispersion of the sub-score for Section 2 on supply chain than other sub-scores.

It should be also noted that firms in the Utilities and Consumer Staples sectors scored well with the subsection on disclosing modern slavery risks.

Financial firms like banks and investment companies scored well on disclosing how they assess their effectiveness of modern slavery risk management.

Sectoral analysis of modern slavery risks



Being the largest sector in terms of the number of firms, Materials is also the sector with the most firms having their statement in the top quartile.

More than half of the statements of firms in Financials, Industrials, Consumer Discretionary, IT and Health Care belonged to the bottom two quartiles.

No Communication Services firms and IT firms were present in the top quartile.

Exhibit 5: Number of firms of each sector

Specific modern slavery risks counted by sector

Firms are encouraged to assess the specific types of exploitation that may constitute modern slavery, including:

- trafficking in persons;
- slavery;
- servitude;
- forced marriage;
- forced labour;
- debt bondage;
- deceptive recruiting for labour or services; and
- child labour.

	No.	Child labour	Debt bondage	Deceptive recruitment	Forced labour	Forced marriage	Servitude	Human trafficking	Slavery practices
Potential/Low/Medium/High		P L M H	P L M H	P L M H	P L M H	P L M H	P L M H	P L M H	P L M H
Communication Services	5		1 1	1	1			1	
Consumer Discretionary	9	3	4		4			3	
Consumer Staples	5	2	2	2	3	1		1	
Energy	7	2	2	1	1 1		1	1	1
Financials	15	3	1		1		1	5	1
Health Care	7	3	3	2	3			1	
Industrials	12	3	1 1		1 1		1	3	1
Information Technology	7		1		1		1	1	
Materials	19	7 3	3 1		8 1	2	2	4	
Real Estate	8		1 1	1	1 1			1 1	1
Utilities	5		1		1				
TOTAL COUNT	99	27	23	7	29	3	6	22	4
TOTAL in %		27.3%	23.2%	7.1%	29.3%	3.0%	6.1%	22.2%	4.0%

Exhibit 6: Assessment of specific risks by firms in each sector

Exhibit 6 presents the number S&P/ASX100 companies that assessed and reported each specific modern slavery risk. If the specific risk was acknowledged without the assessment of it being High (H)/ Medium (M)/ low (L), it would be listed as “Potential” (P).

Based on the count of the number of firms assessing each risk as a proportion of the total number of firms in a sector , we assessed the prevalence of each specific risk within each sector, presented on the next page.

Prevalence of specific risks

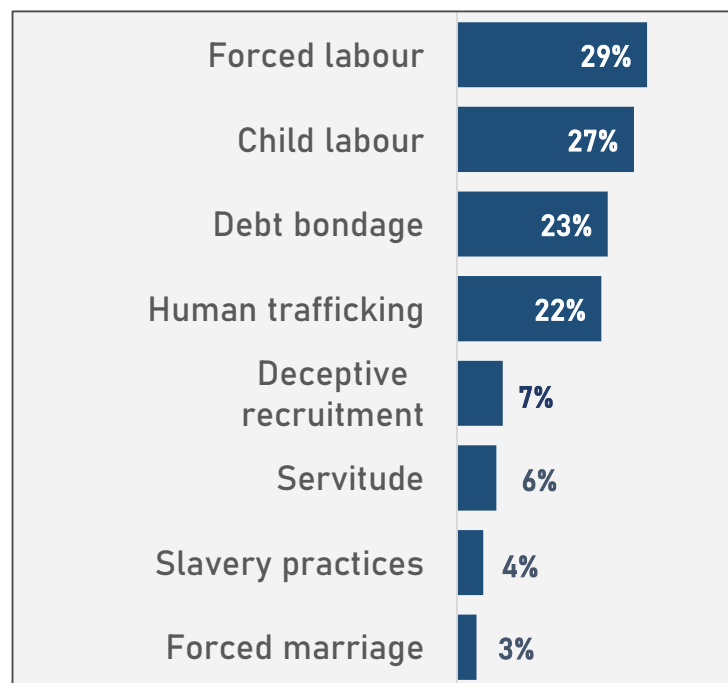


Exhibit 7: Prevalence of specific risks to all firms surveyed

The prevalence of a specific risk within a sector is reflected by the proportion of firms mentioning the risk in the sector.

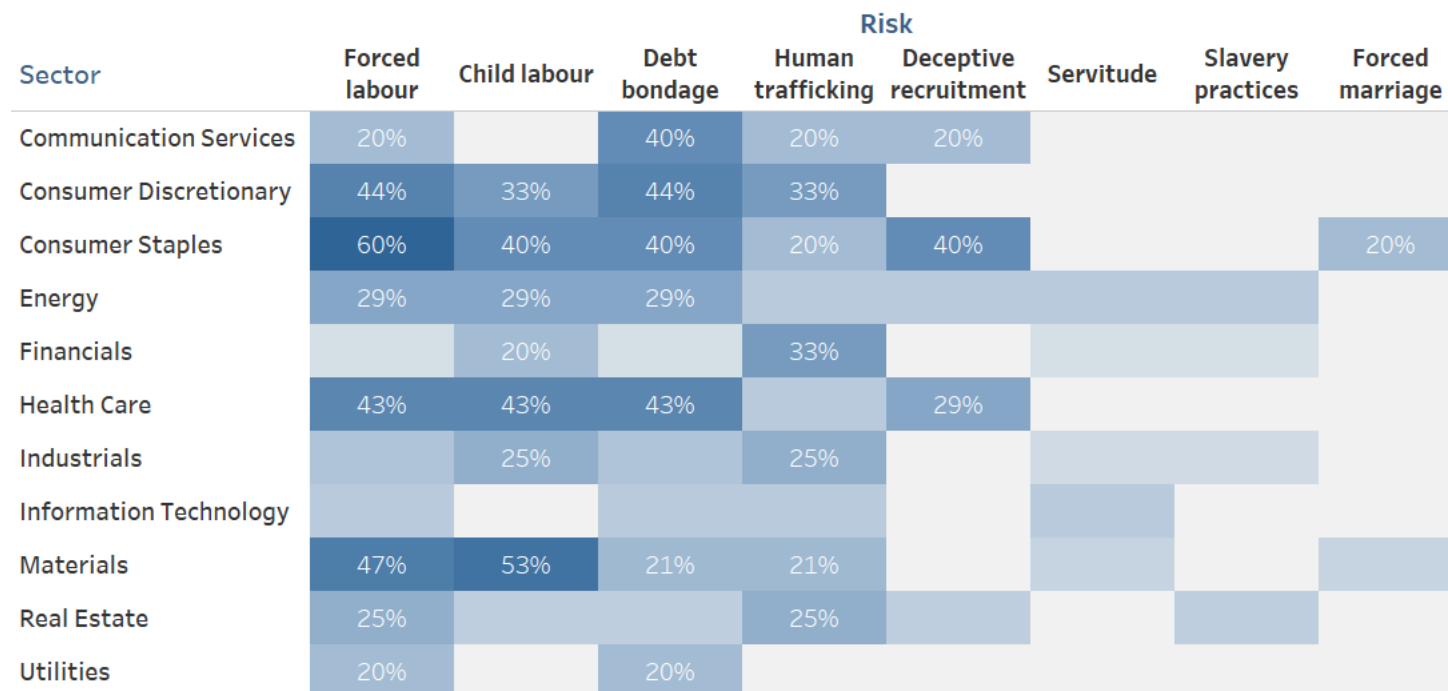


Exhibit 8: Specific risk scores by sector

The most common specific risks reported by ASX100 companies are forced labour, child labour and debt bondage.

In Exhibit 8, we only highlighted where the specific risk is mentioned by at least 20% of the firms in a given sector.

MSD and firm policies

Anti-Child Labour Policy	Training Policy	Fair Renumeration Policy	Health/ Safety Policy	Business Ethics Policy	Equal Opportunity Policy	Human Rights Policy	
						No	Yes
No	No	No	No	Yes	Yes		61.98
			Yes	Yes	Yes	51.17	27.08
	Yes	No	Yes	Yes	Yes	47.40	60.62
Yes	No	No	Yes	Yes	Yes		61.89
	Yes	No	Yes	Yes	Yes		61.40
		Yes	Yes	Yes	Yes		75.60

Exhibit 9: Relation between total MSD score and firm's disclosed policies (as reported by Bloomberg)

Data source:
Bloomberg, as of 30 June 2021.

It can also be observed that firms that have more policies relevant to human rights and other social risks (as reported by Bloomberg) have better scores. Policies could be an indicator of good governance of risks.

MSD and other sustainability scores

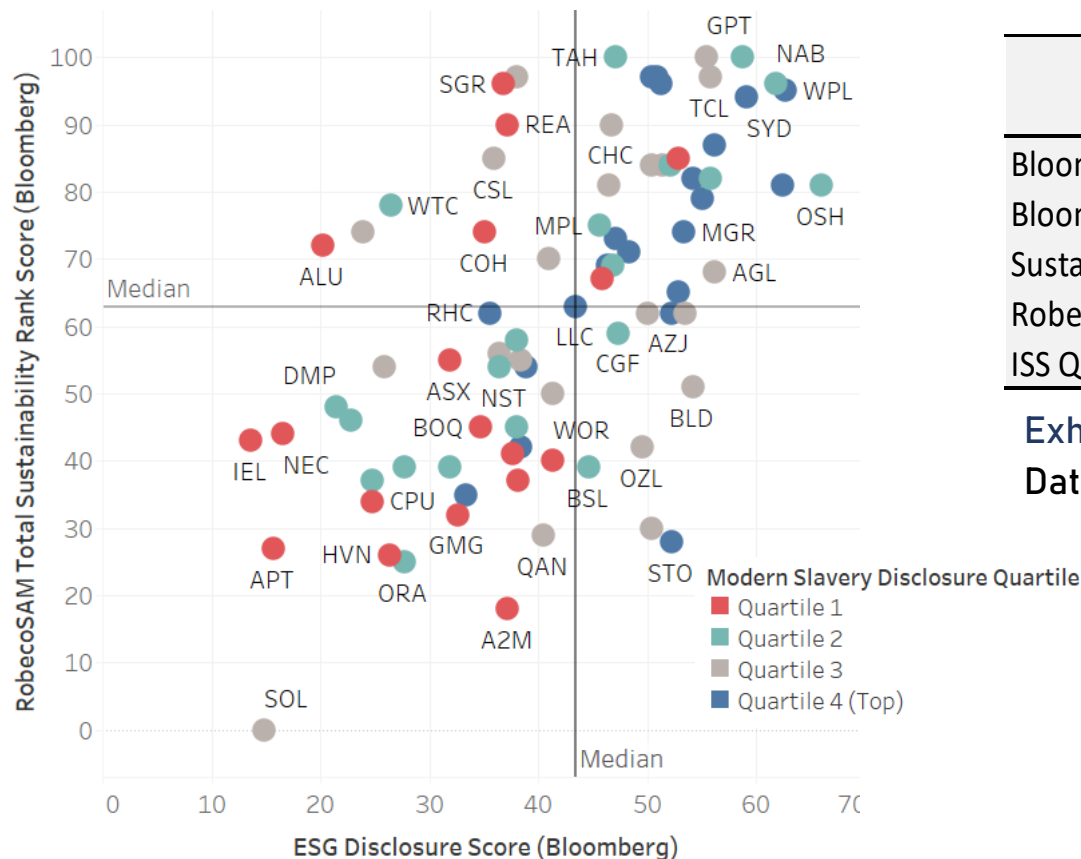


Exhibit 10: Total MSD score vs RobecoSAM Sustainability Rank score and Bloomberg ESG Disclosure Score

Modern Slavery Disclosure Score Quartile	Quartile 1	Quartile 2	Quartile 3	Quartile 4 (Top)	
Bloomberg Social Disclosure Score	36.34	45.99	47.04	49.49	■■■■
Bloomberg ESG Disclosure Score	32.14	41.05	43.46	50.18	■■■■
Sustainalytics' ESG Risk Score (0=lowest risk)	21.5	23.3	23.33	23.6	■■■■
RobecoSAM Total Sustainability Score	48.96	60.2	63.28	71.71	■■■■
ISS Quality Score (1=best, 10=worst)	5.33	4.08	3.56	2.72	■■■■

Exhibit 11: Other social scores of firms by MSD Score Quartile

Data source: Bloomberg, as of 30 June 2021.

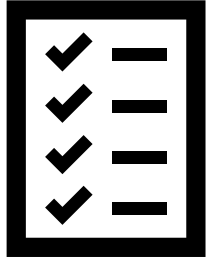
- Our MSD scores are highly correlated with other disclosure and sustainability scores, sourced from Bloomberg, as at 30 June 2021.
- This observation suggests that despite the fact that the Modern Slavery Statement is a new reporting requirement for many of these firms, firms that are generally ranked well in sustainability and disclosure also tended to report well on modern slavery risks.

Modern slavery risk: an investor perspective

- As the global supply chain nowadays is increasingly complex, companies are exposed to risks of modern slavery practices in their operation and supply chain. In the investment value chain, asset owners and asset managers as investors are also exposed to such risks within their own operation and supply chain and via their portfolio companies.
- At the institution level, investors should have a strong governance system in place for modern slavery and other human rights issues.
- At the investment level, investors need to have robust due diligence work on their portfolio companies. Our MSD scores and accompanied analysis could be an useful resource for investors. Investors should also proactively engage with companies via dialogue, exercise their voting responsibly and submit shareholder proposals on issues related to modern slavery risks if necessary. Responsible divestment should be considered the last resort.
- The following chart presents the toolkit available for investors to manage modern slavery risks of portfolio companies.

At the investment level			
Modern slavery due diligence	Engagement for investment stewardship	Shareholder proposals & proxy voting	Responsible divestment
Process to assess and address modern slavery and other human rights risks of portfolio companies -Operations, and -Supply chain	<ul style="list-style-type: none">• Direct engagement• Collaborative engagement• Advocacy activity (engaging with policy makers)	<ul style="list-style-type: none">• Modern slavery and human rights issues shareholder proposals• Proxy voting guidelines and monitoring voting decisions	<ul style="list-style-type: none">• Divestment due to inability to prevent or mitigate adverse impacts• Conditions for reinvestment• Public disclosure (press release)

Final remarks



Modern slavery disclosure is a critical step in mitigating the risk associated with modern slavery practices in companies' operations and supply chain.

The quality of the disclosure signals the level of commitments and efforts that the companies have put in managing these risks.

Companies, investors and governments need to proactively work together to improve the reporting standards of modern slavery practices and develop a standardised framework for modern slavery statements.

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- The California Transparency in Supply Chains Act 2012
- United Nations (2011), Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework.
- Walk Free Foundation (2018) The Global Slavery Index 2018, <https://www.globalslaveryindex.org/resources/downloads/#gsi-2018>

























Appendix 1

The scoring template














Sub-index name	Sub-index Weight	Mandatory reporting criteria	No. of indicators	Indicators within each sub-index	Type of indicator	Sub-index weight (%)	
1	Description of overall structure and operations	10%	Criterion 1 Criterion 2 Criterion 2 Criterion 2 Criterion 6 Criterion 7	7	Word count	Numerical	2
					Structure of the reporting entity(ies)	Yes/No	1
					Major sites and locations	Yes/No	2
					The number of employees	Yes/No	1
					Key inputs/indicators	Yes/No	2
					The consultation process among affiliated entities	Yes/No	1
					Discussion of any other relevant matters (example: COVID-19)	Yes/No	1
2	Description of supply chain	15%	Criterion 2	6	The number of suppliers	Yes/No	2
					Total supply spend (in dollars)	Yes/No	2
					The number of suppliers by direct/indirect (or by tier 1,2)	Yes/No	3
					The number of suppliers by country or region	Yes/No	3
					Supply spend by country or region	Yes/No	3
					Supply spend by major spend category	Yes/No	2
3	Description of risks of modern slavery in operations and supply chains	30%	Criterion 3	7	Having a designated team for modern slavery and/or human rights issues	Yes/No	4
					Using an independent consultant or external expert	Yes/No	4
					The assessment of the overall modern slavery risk	Yes/No	5
					The number of specific risks reported by the reporting entity	Numerical	5
					Identification of risks in operation and/or the supply chain possibly caused by the reporting entity	Yes/No	4
					Identification of risks in operation and/or the supply chain possibly contributed to by the reporting entity	Yes/No	4
					Identification of risks in the operation and/or the supply chain possibly related to the reporting entity	Yes/No	4
4	Description of due diligence and remediation processes	25%	Criterion 4	5	Description of due diligence processes	Yes/No	5
					Description of remediation processes	Yes/No	5
					The number of specific policies disclosed	Numerical	5
					Description of supplier assessment resources	Yes/No	5
					Modern slavery training conducted (for employees and/or suppliers)	Yes/No	5
5	Description of effectiveness assessment	20%	Criterion 5	3	Descrption of how the firm assesses the effectiveness these actions	Yes/No	10
					Specific KPIs provided	Yes/No	5
					Collaboration with 3 rd party on modern slavery	Yes/No	3
					Examples of specific actions and case studies provided	Yes/No	2
Total	100%		29				

Appendix 2

Data source:
Bloomberg, as of 30 June 2021.
Policies data is the number of
firms reporting the policy.
Other values provided are
average.

	Quartile 1	Quartile 2	Quartile 3	Quartile 4 (Top)	
Number of firms	24	25	25	25	
Market Cap (\$B)	14.14	12.87	32.84	30.37	
Tot Assets (\$B)	12.58	52.28	60.18	95.19	
Tot Equity (\$B)	3.14	6.63	9.34	13.76	
Revenue T12M (\$B)	3.65	4.50	7.66	13.57	
Number of employees	9,341	9,040	10,961	30,992	
Percentage of employees unionised (%)	34	29	47	42	
Employee Turnover (%)	11.80	17.65	12.31	15.78	
P/E	41.6	33.6	73.15	20.14	
Gross Dividend Yield (%)	2.7	2.84	4.26	4.67	
ROA (%)	5.05	3.59	2.96	1.76	
ROE (%)	14.12	8.92	9.49	9.29	
Human Rights Policy	12	21	22	23	
Anti-Child Labour Policy	13	16	19	20	
Supplier's ESG Guideline	13	19	22	23	
Supply Chain Management Policy	14	21	23	24	
Business Ethics Policy	20	22	24	24	
Equal Opportunity Policy	20	22	24	24	
Training Policy	16	21	20	24	
Health/Safety Policy	20	22	23	24	
Total Return: Y-1 (%)	44.08	32.66	42.03	15.35	
Total Return: Y-3 (%)	18.71	6.13	15.9	4.91	
Total Return: Y-5 (%)	20.08	11.3	18.51	8.67	
Total Return: Y-10 (%)	18.82	13.11	13.54	8.07	

Appendix 3

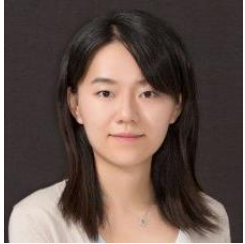
	Materials	Real Estate	Utilities	Consumer Staples	Financials	Energy	Industrials	Consumer Discretionary	Information Technology	Communication Services	Health Care	
Number of firms	19	8	5	5	15	7	12	9	7	5	7	
Market cap (\$B)	33.91	13.43	6.84	17.62	39.42	9.71	11.17	16.39	12.57	17.86	35.57	
Number of employees (median)	5000	1400	3034	60500	7400	2170	6250	12270	3055	4500	20005	
Number of suppliers (median)	3722	3800	3500	10500	4000	1900	4530	3477	578	3350	6500	
Supply Spend (\$B)	3.73	0.87	3.83	29.9	3.96	5.1	4.04	5.33	0.5			
Number of specific risks disclosed	2.26	1.75	0.6	2.6	1.07	2.14	1.42	2.22	0.57	1.6	2.29	
Number of policies disclosed	5.11	5	4.6	6.2	5.6	4.71	5	4.22	5.43	4.2	3.86	
Section 1: Structure & operation disclosure	7.83	6.64	7.63	7.53	7.04	6.32	7.59	5.81	5.6	6.31	6.07	
Section 2: Supply chain disclosure	7.89	7.25	9.6	4.8	6.27	9.71	6.33	7.89	5.71	4.4	4	
Section 3: Modern slavery risk disclosure	17.51	15.88	19.23	18.86	16.23	17.39	15.6	15.92	15.55	16.54	12.35	
Section 4: Due diligence & remediation disclosure	20.99	22.78	16.56	19.44	18.44	16.9	16.11	16.23	18.73	16.33	17.86	
Section 5: Effectiveness assessment	9.68	10.88	8.6	10	11.73	9.29	9.17	8.89	8.14	7.6	7.86	
Total Disclosure Quality Score	63.92	63.42	61.61	60.63	59.71	59.61	54.8	54.74	53.74	51.18	48.13	

Data source:

Market cap (\$B), extracted from Bloomberg, as of 30 June 2021.

Other data points were extracted from the companies' Modern Slavery Statements and our analysis.

MCFS research team



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