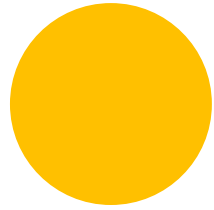
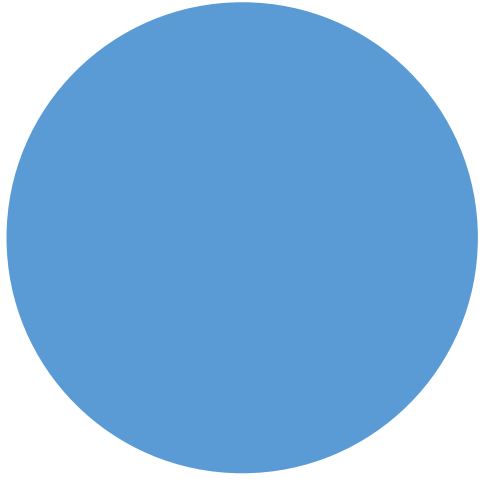




Ethical Trading Initiative
Respect for workers worldwide



Modern Slavery Statements

A Framework for Evaluation



Why this framework?

- New and emerging modern slavery legislation around the world is requiring organisations to produce modern slavery statements
- These typically set out what the reporting organisation has done to address the risk of modern slavery in its business and supply chains
- But there are no clear, agreed standards for assessing the quality of a statement

What is the framework?

- A tool to assess the quality of modern slavery statements
- A way of driving improvement in statements over time
- A recognition that statements should be appropriate and proportionate to organisations of different sizes and sectors – who may have different resources and face different risks
- The result of wide consultation with key stakeholders

This framework is for...

- ...**businesses** – to give them greater clarity about what they should include in their statement and how to improve it
- ...**civil society** – to ensure greater consistency and comparability in the analysis and evaluation of statements
- ...**government** – to help monitor compliance with and impact of legislation, and to drive change in public procurement decision making
- ...**policy makers, investors, parliamentarians, international organisations, researchers etc.**

This
framework is
structured in
six areas:*

1. Structure, business and supply chains
2. Policies in relation to slavery and human trafficking
3. Identification of risks together with steps taken to prevent and manage that risk
4. Due diligence processes in relation to slavery and human trafficking in business and supply chains
5. Effectiveness in ensuring that slavery and human trafficking is not taking place in business or supply chains, measured against appropriate KPIs
6. Training and capacity building about slavery and human trafficking

* These six areas are taken from the UK Government's guidance on the recommended content of a statement; specific requirements differ in other jurisdictions but cover the same content overall.

For each of the six areas, there are two slides

Key Content		
Level 1	Level 2	Level 3
<ul style="list-style-type: none"> • Description of what business does & who is responsible for modern slavery • What is known about the structure of: the business, parent company, subsidiaries, contractors and supply chain • What is not known (e.g. names of Tier 2 suppliers, terms of employment of contractors, where recruitment agencies are used) 	<ul style="list-style-type: none"> • As Level 1, plus: <ul style="list-style-type: none"> • Plan and process unknowns from • Description of communication with suppliers key stakeholders • Description of communication with workers' 	<ul style="list-style-type: none"> • As Level 2, plus:

What that area of a statement should address and how statements should improve over time

Suggested information to include
<ul style="list-style-type: none"> • Registered name of company • Name of Director or equivalent signing off report • Main products and services • Suppliers to include goods, services, goods not for resale, labour provides and contractors • Supplier business relationships (e.g. seasonal, long-term, percentage of factory product supplied to you) • Description of the nature of the labour force in own operations and supply chains (e.g. use of temporary / seasonal workers; home workers, migrant workers recruited through labour agencies, agency workers) • Countries and regions of operation (of business, supply chain, etc.) • Main changes in structure since last statement • Structured working relationship with trade unions / worker organisations to help manage modern slavery risk • Cross-departmental senior leadership of modern slavery work

Suggested content to include in that area

There are also guidance slides for different kinds of reporting organisation

Apparel & Textile Sector	
Key sector-specific risks <ul style="list-style-type: none">• Low caste workers (e.g. in India)• Homeworkers• Workers housed in factory hostels• Unauthorised sub-contracting• North Korean workers illegally present in some factories• Complex supply chains with limited visibility leading to exploitative conditions closer to home (e.g. Leicester, Barcelona)	Useful guidance <ul style="list-style-type: none">• ETI Modern Slavery Base Code Guidance• ETI Gender Base Code Guidance• OECD Guidance on Garments• ETI Tamil Nadu Multi-Stakeholder Programme Training resources/opportunities <ul style="list-style-type: none">• ETI Tamil Nadu Programme• ETI Turkey Platform• ETI Homeworkers and Ethical Trade training course

These slides are still being developed – this is just an outline example

The three types of slide in more detail



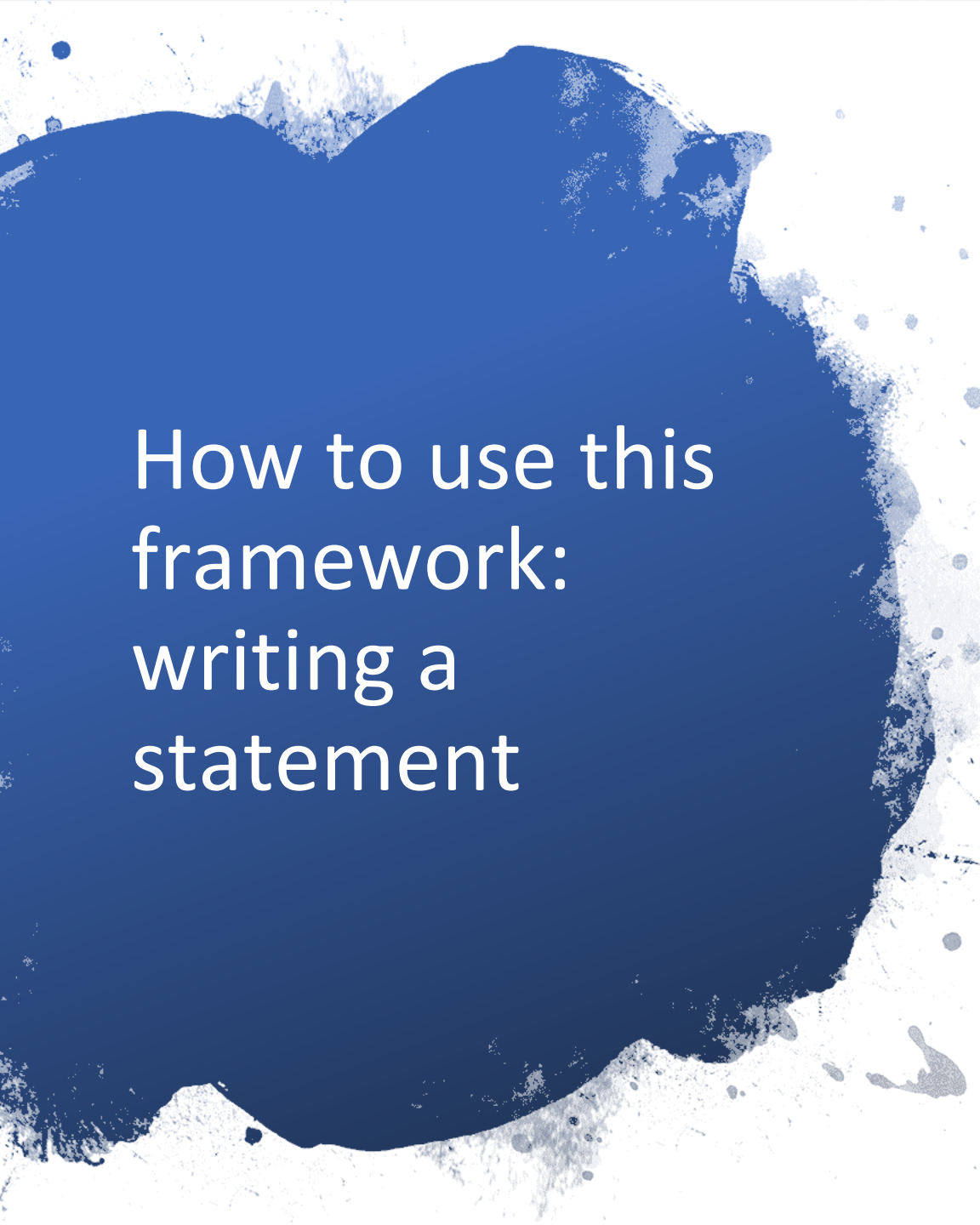
Essential principles: what you should include in each area of a statement and how you should improve it over time



Detailed information: suggested information to include in each area of a statement – which information is relevant depends on your needs, capacities and priorities

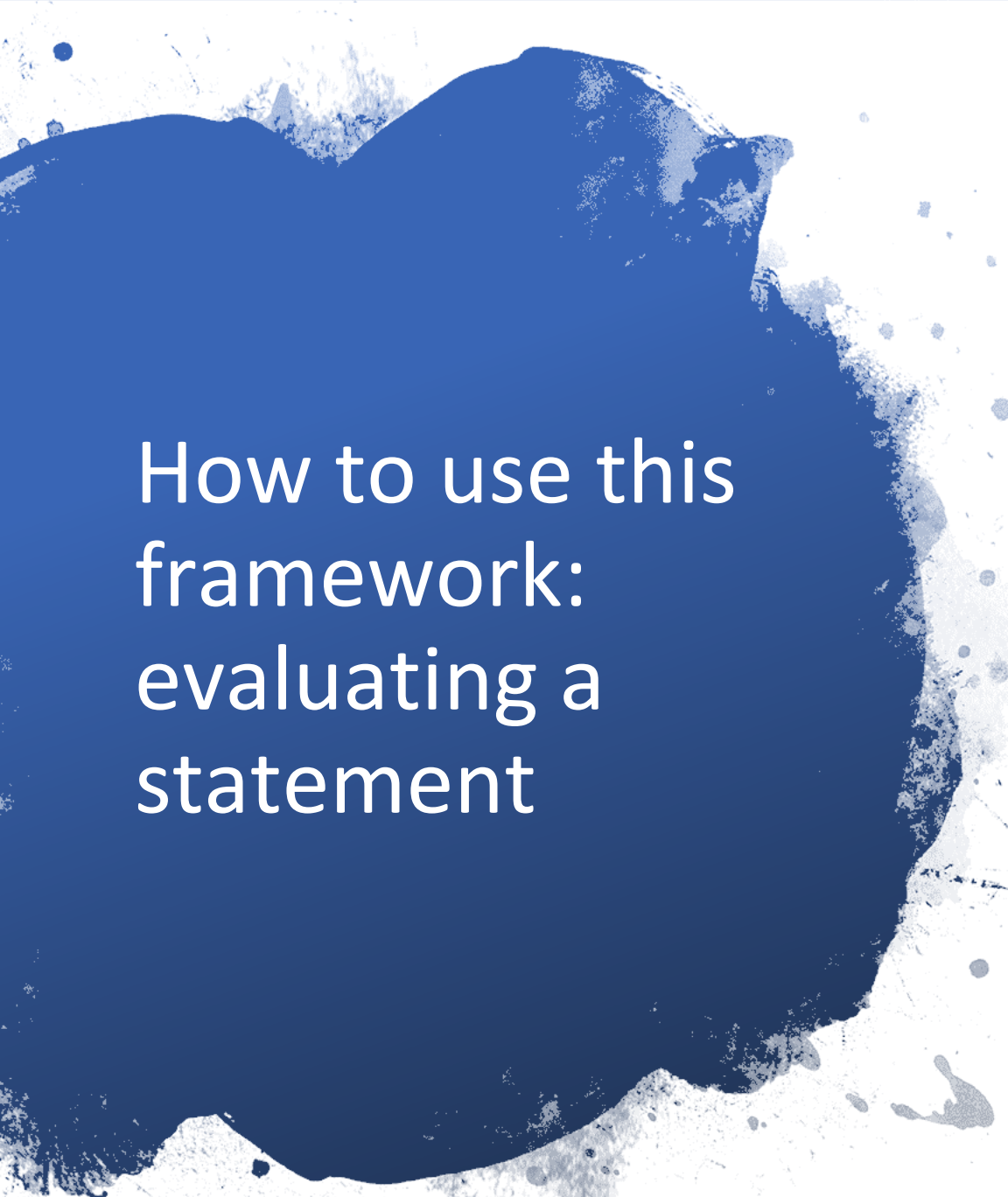


Guidance: advice and recommendations aimed at different kinds of reporting organisations (e.g. apparel and textile companies, or NGOs); this is not structured by statement area – instead, there is one slide for each kind of organisation



How to use this framework: writing a statement

- Navigate to the appropriate section heading (e.g. Section 2: Policies)
- Use the blue slide to plan and structure that section of your statement
- Use the yellow slide to help decide which specific information to include in the section



How to use this framework: evaluating a statement

- If the statement is not structured according to the six areas, organise the information within it according to that structure
- Go through each section in turn, benchmarking it against the appropriate blue slide
- For each section, identify key strengths and weaknesses
- Using that information, you can:
 - Recommend ways in which the statement could be improved
 - Compare the statement to those published by other organisations
 - Identify modern slavery risks that the organisation may face

Overarching principles Statements should...

1. Be specific to modern slavery
2. Be detailed and well-evidenced
3. Align with relevant best practice and international standards
4. Be open and transparent about uncertainties
5. Demonstrate continuous progress
6. Include steps to prevent modern slavery in the long-term, not just mitigate short-term risks

Section 1: Structure, business and supply chains

Key Content

Level 1

- Description of what business does & who is responsible for modern slavery
- What is known about the structure of: the business, parent company, subsidiaries, contractors and supply chain
- What is not known (e.g. names of Tier 2 suppliers, terms of employment of contractors, where recruitment agencies are used)

Level 2

- As Level 1, plus:
 - Plan and process to map unknowns from Column 1
 - Description of communication strategy with suppliers and other key stakeholders
 - Description of relationships with workers' organisations

Level 3

- As Level 2, plus:
 - Detailed map of the supply chain highlighting key areas of risk
 - Detailed map of business structures and relationships with suppliers & contractors, including roles and responsibilities
 - Refinement of mapping plan from Column 2 to respond to previously identified risks and mitigation measures

Suggested information to include

- Registered name of company
- Name of Director or equivalent signing off report
- Main products and services
- Suppliers to include goods, services, goods not for resale, labour providers and contractors
- Supplier business relationships (e.g. seasonal, long-term, percentage of factory product supplied to you)
- Description of the nature of the labour force in own operations and supply chains (e.g. use of temporary / seasonal workers; home workers, migrant workers recruited through labour agencies, agency workers)
- Countries and regions of operation (of business, supply chain, etc.)
- Main changes in structure since last statement
- Structured working relationship with trade unions / worker organisations to help manage modern slavery risk
- Cross-departmental senior leadership of modern slavery work
- Indication of plans to work with unions or other workers' organisations to address modern slavery risks

Section 2: Policies in relation to slavery and human trafficking

Key Content

Level 1

- List of relevant policies, describing what they cover and how they relate to modern slavery; policies should be aligned with the ETI Base Code or other codes based on international labour standards
- Plan to develop specific policy on modern slavery (and, as relevant, on related issues – see yellow slide) **or** plan to include these issues in existing policies
- Information on how policies are communicated and enforced

Level 2

- As Level 1, plus:
 - Evidence of specific policies on modern slavery and (as relevant) on related issues **or** evidence that these issues are addressed in existing policies
 - Reference to assessment of supplier human resource policies and practices

Level 3

- As Level 2, plus:
 - Evidence that input from external stakeholders has contributed to the development of a specific modern slavery policy **or** the inclusion of modern slavery concerns within existing policies
 - Evidence that modern slavery is mainstreamed in all relevant HR, purchasing and sourcing policies and practices

Suggested information to include

- Codes of conduct for: employees, suppliers, contractors, business partners
- Human resource policies (recruitment, pay, etc.)
- Purchasing and procurement policies
- Specific policies on issues relevant for the reporting organisation (such as homeworkers, migrant workers, child labour, remedy for victims of labour exploitation, etc.)
- Policies on freedom of association and collective bargaining
- Information on how employees, suppliers etc. can access relevant policies (including where their native language is not English and/or local literacy rates are low)
- Enforcement mechanisms for policies – this is particularly important since policies only matter to the extent that they are put into practice
- Assessment of relevant policies from third party organisations (suppliers, contractors, partners)
- Processes for development, sign-off and ownership of policies within business

Section 3: Risk assessment, prevention and mitigation

Key Content

Level 1

- List of the most salient, severe and tractable modern slavery risks initially identified
- Overview of existing risk assessment policies and procedures, noting where they are relevant to modern slavery and where responsibility resides for them within the business

Level 2

- As Level 1, plus:
 - Modern slavery risk register that is regularly reviewed by the Board or equivalent
 - Analysis of organisational leverage to address priority risks, including degree and kind of responsibility
 - Evidence of engagement with workers' organisations to help identify risks

Level 3

- As Level 2, plus:
 - Evidence of ongoing revision and refinement of modern slavery risk register and associated policies and procedures
 - Preventive approach to managing risks

Suggested information to include

- Risks may be disaggregated by: country, region, sector, relationship (with supplier, contractor, partner), good or service supplied
- Data on likely risks associated with e.g. country or region taken from authoritative sources such as the US State Dept Annual TIP Report; ITUC Human Rights Index, Global Slavery Index
- Identification of known severe and tractable risks (i.e. where the business can do something about them)
- What constitutes a priority or tractable risk should be proportionate to the size, capacity and degree of responsibility borne by the organisation
- Description of engagement with internal and external stakeholders (e.g. buying teams, regional teams, regional NGOs and trade unions) in understanding and prioritising risks

Section 4: Due diligence processes

Key Content

Level 1

- Details of existing HRDD approach, policies and processes including consideration of how they relate to modern slavery
- Outline of how the existing HRDD approach aligns with relevant expert guidance (such as ETI's Base Code)
- Results of HRDD impact assessment
- Plan to manage and mitigate priority risks (as identified in risk assessment process described above)

Level 2

- As Level 1, plus:
 - Measurement of progress against risk management and mitigation and remedy plan using specific KPIs

Level 3

- As Level 2, plus:
 - Evidence of ongoing monitoring and revision of risk management and mitigation plan
 - Description of incidents of modern slavery found, mitigation measures taken and outcomes for affected workers

Suggested information to include

- Changes in operational practices or in business relationships designed to minimise modern slavery risks
- Description of specific cases of modern slavery (risk) discovered and what steps were taken
- Description of any programmes or initiatives undertaken to manage and mitigate modern slavery risk
- Evidence of direct engagement with suppliers and with workers – going beyond audits and contractual compliance
- Description of grievance mechanisms for workers or other ways in which they can access remedy – in the core business, among contractors and in the supply chain – aligned with relevant best practice
- Evidence of participation in peer-learning groups or other collaborative initiatives for sharing lessons learned and best practice and for taking forward specific programmes
- Evidence of developed incident response plans to be implemented in the event that a case of modern slavery is discovered within the business or its supply chain
- Evidence of stakeholder engagement in responding to specific instances of modern slavery

Section 5: Effectiveness,
measured against appropriate
KPIs

Key Content

Level 1

- Description of existing business model and KPIs and identification of where these may cause or contribute to modern slavery

Level 2

- As Level 1, plus:
 - Proposed new modern slavery KPIs (outcomes, not outputs) to measure progress against commitments set out in the modern slavery statement, with rationale for each KPI
 - Evidence that modern slavery KPIs have been produced in collaboration with external stakeholders

Level 3

- As Level 2, plus:
 - Regular review of progress against new modern slavery KPIs with evidence of impact on workers
 - Evidence of change in business practices to prevent and reduce MS risks (see Column 1)

Suggested information to include

- Description of existing KPIs (e.g. organisation-wide objectives or objectives embedded in performance standards for particular groups of staff)
- An action plan that sets out the organisation's commitments over the next 12 months and aligns KPIs with those commitments
- KPIs that are tailored to the specific actions on modern slavery the organisation has committed to
- KPIs evidence outcomes, not outputs (e.g. measuring changes in awareness of modern slavery among key employees – not just measuring how many people have received training)
- Evidence that findings from ongoing monitoring and review have fed into and influenced business practices
- Details of audit, inspection and review practices (e.g. which third-party auditors are used, what the process is for conducting an audit, what findings are gathered, how the data is then used, etc.)
- Evidence of stakeholder engagement in compiling KPIs, alongside evidence of referral (where appropriate) to established best practice

Section 6: Training and capacity building

Key Content

Level 1

- Overview of existing training policies and procedures relevant to modern slavery
- Training needs assessment with list of particular groups (including suppliers) that should receive modern slavery training/capacity building
- Plan (with specific timebound objectives) to develop and roll out appropriate modern slavery training/capacity building initiatives and evaluation system

Level 2

- As Level 1, plus:
 - Evidence that modern slavery modules are included in existing training programmes and/or that a specific modern slavery training and capacity building programme has been developed, with understanding and skills identified and assessed

Level 3

- As Level 2, plus:
 - Measures of training outcomes (e.g. changes in awareness) and capacity building outcomes (e.g. changes in number/quality of supplier due diligence plans)
 - Evidence of ongoing review and revision of training and capacity building
 - Evidence that training and capacity building programme has been developed in consultation with external stakeholders

Suggested information to include

- Which groups have been provided with training (e.g. buying teams, senior management, specific contractors, suppliers and their workers) and which groups have not
- Who provides training and capacity building activities
- What the objectives and outcomes are for each activity mentioned
- How training and capacity building take place (e.g. workshops, webinars, videos, manuals, eLearning, etc.)
- Evidence and detail of stakeholder collaboration in developing and implementing training and capacity building programmes
- Information on the frequency and regularity of training
- External training that your employees, or your suppliers' employees, have participated in (such as [training provided by](#) the Ethical Trading Initiative)

FAQs

- What do you mean by ‘external stakeholders’?
 - This refers to third party sources of expertise such as international and national NGOs, trades unions and independent experts
- What international labour standards should we align with?
 - Principally the [core standards of the ILO](#) or guidance based on those standards
- Should we list every risk we identify?
 - No. You should make a list of priority risks, which are those that are most obvious (‘salient’), that you think are most significant (‘severe’), and that you can do something about (‘tractable’)