

MODERN SLAVERY SCORECARD

The Modern Slavery Scorecard seeks to provide a holistic and forward-looking assessment of companies' modern slavery risk exposure, risk mitigation, and involvement in modern slavery controversies. The assessment considers both company-specific and industry-based risk profiles and the quality of a company's disclosures on upholding labour standards for its employees and workers in its supply chain.

Outputs

The Modern Slavery Scorecard provides a qualitative analysis across three components:

Modern Slavery Risk: An assessment of a company's exposure to modern slavery risk in its operations and supply chain, considering geographic context (e.g., corruption, inequality, poverty, and government instability), industry structure (e.g., outsourcing to countries with poor labour protections) and links to products with well-established reports of child labour and forced labour.

The Modern Slavery Risk component includes:

- Modern Slavery Risk Overall Classification (High risk, Medium risk, Low risk)
- Location Risk Classification (High risk, Medium risk, Low risk)
- Supply Chain Risk Classification (High risk, Medium risk, Low risk)
- Controversy Exposure (High, Medium, Low)
- Several granular data points identifying high risk countries of operation and links to at-risk products.

Modern Slavery Disclosure & Performance: An assessment, on a scale from 0 (Laggard) to 100 (Leader), of a company's preparedness to identify and mitigate modern slavery risks. The assessment covers operational and supply chain indicators, including policies and procedures on fair business practices, monitoring and non-compliance of suppliers, training, living wages, working hours, and respect for union rights.

Modern Slavery Controversies: Identifies involvement in, or links to, modern slavery and labour rights controversies.

The Modern Slavery Controversies include:

- Modern Slavery Controversies Overall Flag, based on ISS ESG's traffic-light signal (Green, Amber, Red)
- A count of modern slavery and labour rights controversies in a company's operations or supply chain
- Details on a company's worst modern slavery controversy (if applicable), based on recency, severity, remediation, and verification by an independent body.

Research Process

The Modern Slavery Scorecard is derived from ISS ESG proprietary as well as reputable third-party data. For example:

- ISS ESG's Country Rating informs the Modern Slavery Risk component.

- ISS ESG's Corporate Rating informs the Modern Slavery Risk and Disclosure & Performance components.
- ISS ESG's Norm-Based Research informs the Modern Slavery Risk and Controversies components.
- Reputable external sources, such as the U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor, inform the Modern Slavery Risk component.

The underlying ISS ESG data sets build on both qualitative and quantitative data and are reviewed periodically. For more details regarding data collection in the underlying products, please refer to the respective product methodologies.

Use of Estimated Data

The Modern Slavery Scorecard relies on estimated data in two components:

Modern Slavery Risk: The Location Risk Classification uses a company's country of operation information (based on the country of incorporation of its subsidiaries) and reported country-level social and governance indicators to estimate risk. The Supply Chain Risk Classification models risk based on reported industry-level indicators, including the materiality of supply chain risks to the industry and its links to at-risk products. The country and industry-level indicators are based on publicly available information, such as governmental and international institutions, reputable news sources, as well as recognized international or local nongovernmental organizations.

Modern Slavery Disclosure & Performance: The Disclosure & Performance assessment is derived from a small number of ISS ESG's Corporate Rating indicators. Some of these indicators allow for estimations if no (precise) reported data is available but assumptions with medium to high certainty can be made. The overall share of estimated data across ISS ESG's Corporate Rating universe is between 5-10%.

For more details regarding the use of estimated data within those other solutions, please refer to the respective methodology documents [here](#).

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