Table 1 Variable operationalisation, measurement and data source

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Variable** | **Operationalisation** | **Measurement** | **Data Source** | **Year** |
| Firm size | Annual turnover (£) | Scale | FAME database | 2015 |
| Non-executive representation | Percentage of board members (excl. chairman) who are classed as non-executive | Scale | Governance section of company annual report | 2015 |
| Shareholder concentration | The combined three largest individual shareholdings expressed as a percentage of ordinary share capital | Scale | Directors’ report section of  company annual report | 2015 |
| Social responsibility commitment | Signatory to UN Global Compact Principles/UN Responsible Investment Principles/Ethical Trade Initiative | Nominal (binary) | Register of signatories on:  [www.unglobalcompact.org](http://www.unglobalcompact.org)  [www.unpri.org](http://www.unpri.org)  [www.ethicaltrade.org](http://www.ethicaltrade.org) | 2000- 2015 |
| Network involvement | Number of ESG networks a firm is involved in | Scale | Corporate sustainability reports/company reports | 2015 |
| Media exposure | Number of newspaper articles linking a firm to modern slavery risks | Scale | Financial Times (London) Online | 1996-2015 |
| Industry | Standard Industry Classification (SIC) | Nominal | FAME database | 2015 |
| Profitability | ROTA | Scale | FAME database | 2015 |
| Headquarter location | UK or non-UK headquartered firm | Nominal (binary) | BoardEx database | 2015 |
| Corporate compliance | Extent to which a firm has complied with the Transparency in Supply Chains provision of the UK Modern Slavery Act | Ordinal | Modern slavery statements published by firms | 2016 |

Table 2 Coding protocol

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Area** | **Indicators** | **Case Examples** (the case example(s) number corresponds to the specific indicator number) |
| 1 | Supply chain information | 1. Supply categories and supplier locations | 1. “In addition to tobacco leaf, the other direct materials we buy to make our products include paper and filters and the components that go into our Next Generation products…We have over 65,000 supplier of other goods and services like machinery, IT and consultancy”/“Our supply chains include companies from all parts of the world, including China, Taiwan, UK, USA, Canada, Denmark….the suppliers cover raw materials, part finished products, finished products, services and R&D” |
| 2 | Policies for combating modern slavery | 1. Standalone policy on modern slavery/human rights/child labour 2. Ethics policies or codes that incorporate modern slavery or human rights concerns (e.g. Supplier Code updated to include prohibition on child labour) 3. Policies that implicitly address modern slavery human rights concerns (e.g. “Equality Policy”) | 1. “Admiral has introduced an Anti-slavery Policy to advise all employees or our commitment to eliminating unethical working practices/“The prevention of forced, bonded and trafficked labour are key elements of Burberry’s Human Rights Policy 2. “The Supply Chain Management Policy sets out our requirements in relation to child labour……and has been updated to meet the requirements of the Modern Slavery Act 2015”/“Responsible Procurement Code includes provisions against labour abuses, such as forced labour, slavery and child labour” 3. “All our suppliers and subcontractors are expected to follow our Code of Conduct and Supplier Charter, which are based on the Ethical Trade Initiative Base Code and international labour laws” |
| 3 | Due diligence on modern slavery | 1. Questionnaires 2. Audits/onsite visits 3. Information sharing platforms (e.g. Sedex, Eco Vadis, etc) 4. Vetting/screening procedures for job candidates | 1. “Suppliers are required to complete a self-assessment questionnaire that identifies management processes and control to support responsible sourcing”/“New suppliers being on-boarded to the system are required to complete due diligence questionnaires which cover human rights” 2. “We conduct labour rights assessments or audits that look into issues such as prevention of forced labour and human trafficking”/“Audits and site visits of suppliers in low cost countries are undertaken on their appointment and periodically thereafter” 3. “We use the Dow Jones Supply Chain Compliance Toolkit as part of anti-corruption due diligence checks for both new and existing suppliers/“Suppliers assessed as a potential risk are required to register with Sedex” 4. “Berkley carries out site inductions for all workers at its construction sites and right to work checks on all of its direct employees”/“We also implement pre-employment background checks for employees and contractors and contractors and require our key direct suppliers to do the same” |
| 4 | Risk assessment of modern slavery | 1. Risk assessment based on sector/product/jurisdictions/employee categories | 1. “Geographically, those areas that were identified as having the highest potential direct risk were India and Indonesia whilst China, Mexico and Turkey also showed elevated potential risk. Products with the highest potential risk were those made from rubber, plastics, textiles, pulp and paper”/“Proxima carried out a high-level risk-based analysis of 3i’s top 200 suppliers and identified 4 whom it classified as higher risk either in terms of the nature of the goods or services supplied or the countries in which the suppliers operate” |
| 5 | Risk management of modern slavery | 1. Contractual clauses 2. Supplier attestations 3. Remediation/termination 4. Whistleblowing 5. Supplier own modern slavery policy 6. Communicating/engaging with suppliers 7. Flow-down provisions 8. Living Wage employer 9. Product/supplier certification | 1. “Contract terms were updated in 2015 to include robust anti-slavery provisions”/ “Contracts have been amended to include specific modern slavery provisions” 2. “The factory owner is required to sign a Letter of Undertaking”/“Suppliers are required to sign-off the Supplier Guiding Principles during pre-qualification” 3. “We are committed to working with suppliers to support necessary improvements, however we will also take action if suppliers and subcontractors are not prepared to make necessary improvements”/“If a contractor or supplier fails to act consistently with our expectations or their contractual obligations, this may result in termination of the contract” 4. “Our policy on whistleblowing allows employees to raise concerns about the conduct of others”/“We provide a global confidential helpline where our employees can report concerns anonymously 24 hours per day” 5. “Suppliers and subcontractors are expected to maintain their own ethical sourcing policy”/“We ask suppliers and subcontractors to provide evidence of their own policies” 6. “We are strengthening our approach to communicate and enforce our Corporate Responsibility policies in our supply chain by writing out to our suppliers….reminding them of our requirement that at least internationally recognised minimum requirements for workers’ welfare and conditions of employment are met both by them and in their own supply chains”/“We have communicated these changes in our Ethical Code for Suppliers to our key supplier base, directly them to guidance around modern slavery and what supplier should be looking for” 7. “We place obligations on our third parties to take responsibility for controlling their own supply chains”/“We reviewed the content of our Supplier Code of Conduct and updated it to include an explicit requirement to cascade our expectations down the supply chain” 8. “We ask all suppliers working on Aviva premises to ensure that these employees are paid at least the National or London Living Wage” 9. “In addition to being inspected, ships must also be certified for compliance with the requirements of the seafarers working and living conditions that are set out within the MLC2006”/“95% of our books are now printed on certified paper” |
| 6 | Performance measurement on modern slavery prevention | 1. Key Performance Indicators (KPIs) relevant to modern slavery (e.g. number of reported incidents, number of remediated incidents, training coverage rates, number of audits, number of risk assessments) | 1. “In 2016 our key metrics to measure our effectiveness are our training figures and number of suppliers who have signed our Vendor Code of Conduct”/“KPIs include: statistics relating to modern slavery training; percentage of higher risk suppliers audited; and volume of investigations and remedial actions undertaken in respect of audit findings”/“We will continue to review the following KPIs: the number and nature of hotline disclosures; the number and nature of major and minor non-compliances…” |
| 7 | Training on modern slavery awareness | 1. Employee/supplier/sub-contractor training | 1. “In 2015, we trained our senior procurement team across all our businesses on the issue of modern slavery. This training included risk assessment, how to develop a response plan and auditing/“We have developed a specific human rights training module that makes reference to the Modern Slavery Act”/”CRH has undertaken a series of modern slavery training sessions involving customers, suppliers and stakeholder groups” |

Table 3 Descriptive statistics and correlationsa

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Variable** | **Mean** | **s.d.** | **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | **9** | **10** | **11** | **12** | **13** | **14** | **15** | **16** | **17** | **18** | **19** | **20** | **21** | **22** | **23** | **24** | **25** | **26** |
| 1 | Corporate compliance | 1.66 | .89 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2 | Headquarters | .85 | .35 | .15 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3 | Firm size (millions £) | 5090 | 16004 | .25 | -.08 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 4 | Non-executive representation (%) | 62.61 | 12.16 | -.14 | -.15 | -.16 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5 | Shareholder concentration (%) | 30.1 | 16.77 | -.12 | -.13 | -.04 |  | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6 | UN Global Compact | .16 | .37 | .29 | .00 | .40 | .22 | .09 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 7 | UN Responsible Investment Principles | .07 | .25 | .02 | .01 | .07 | .12 | -.02 | .15 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 8 | Ethical Trade Initiative | .03 | .18 | .21 | .07 | .07 | -.03 | -.04 | .13 | .00 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 9 | Network involvement | .30 | 1.18 | .31 | .03 | .27 | .12 | -.12 | .23 | .06 | .56 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 10 | Media exposure | .77 | 2.98 | .27 | .04 | .55 | .21 | -.04 | .38 | .13 | .38 | .59 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 11 | Profitability (%) | 9.84 | 38.66 | .03 | .04 | -.06 | -.10 | -.06 | -.06 | -.03 | .00 | -.03 | -.04 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 12 | Mining | .05 | .23 | .02 | -.18 | .34 | .18 | .22 | .29 | -.07 | -.04 | -.01 | .16 | -.08 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 13 | Manufacturing | .14 | .34 | .19 | .11 | -.01 | -.08 | -.17 | .03 | -.11 | .01 | .00 | .02 | .00 | -.10 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 14 | Utilities | .01 | .13 | .05 | .05 | .00 | -.04 | -.05 | .06 | -.03 | -.02 | .00 | -.02 | -.02 | -.03 | -.05 | 1 |  |  |  |  |  |  |  |  |  |  |  |  |
| 15 | Construction | .08 | .27 | .00 | .09 | -.07 | -.19 | -.04 | -.10 | -.08 | -.05 | -.05 | -.07 | .00 | -.07 | -.12 | -.04 | 1 |  |  |  |  |  |  |  |  |  |  |  |
| 16 | Wholesale | .10 | .31 | .16 | .05 | .04 | -.10 | .04 | .02 | -.05 | .40 | .32 | .23 | .00 | -.08 | -.14 | .04 | -.10 | 1 |  |  |  |  |  |  |  |  |  |  |
| 17 | Transport | .04 | .21 | .02 | -.02 | -.02 | .00 | -.05 | -.06 | .00 | -.04 | -.04 | -.04 | -.01 | -.05 | -.09 | -.03 | -.06 | -.07 | 1 |  |  |  |  |  |  |  |  |  |
| 18 | Accommodation | .03 | .18 | .09 | .07 | -.03 | -.02 | -.05 | .00 | -.05 | .04 | .01 | -.05 | .01 | -.04 | -.07 | -.02 | -.05 | -.06 | -.04 | 1 |  |  |  |  |  |  |  |  |
| 19 | ICT | .06 | .25 | .00 | .04 | -.01 | .02 | .02 | .03 | -.07 | -.05 | -.04 | -.01 | .07 | -.06 | -.11 | -.03 | -.08 | -.09 | -.06 | -.05 | 1 |  |  |  |  |  |  |  |
| 20 | Finance | .23 | .42 | -.34 | -.07 | -.05 | .34 | .02 | -.05 | .44 | -.10 | -.09 | -.06 | -.08 | -.14 | -.22 | -.07 | -.16 | -.19 | -.12 | -.10 | -.15 | 1 |  |  |  |  |  |  |
| 21 | Real Estate | .03 | .18 | -.09 | -.01 | -.05 | -.11 | .00 | -.04 | -.05 | -.03 | -.05 | -.05 | .00 | -.04 | -.07 | -.02 | -.05 | -.06 | -.04 | -.03 | -.05 | -.10 | 1 |  |  |  |  |  |
| 22 | Professional | .06 | .25 | .02 | -.05 | -.02 | -.06 | -.12 | -.02 | -.07 | -.05 | -.03 | -.05 | .15 | -.06 | -.11 | -.03 | -.08 | -.09 | -.06 | -.05 | -.07 | -.15 | .05 | 1 |  |  |  |  |
| 23 | Administrative | .04 | .20 | .06 | -.04 | -.02 | -.05 | .03 | -.01 | -.05 | -.04 | .02 | -.03 | .00 | -.05 | -.08 | -.02 | -.06 | -.07 | -.04 | -.04 | -.05 | -.11 | .04 | .05 | 1 |  |  |  |
| 24 | Public Admin | .01 | .13 | -.10 | .05 | .01 | -.08 | -.02 | -.06 | -.03 | -.02 | -.03 | -.03 | -.01 | -.03 | -.05 | -.01 | -.04 | -.04 | -.03 | -.02 | -.03 | -.07 | -.02 | -.03 | -.02 | 1 |  |  |
| 25 | Human Health | .01 | .10 | .01 | -.03 | -.02 | .00 | .12 | -.04 | -.03 | -.02 | .00 | -.02 | -.01 | -.02 | -.04 | -.01 | -.03 | -.03 | -.02 | -.02 | -.03 | -.06 | -.02 | -.03 | -.02 | -.01 | 1 |  |
| 26 | Arts | .02 | .16 | .02 | -.09 | -.04 | -.05 | .06 | -.07 | -.04 | -.03 | -.04 | -.04 | .00 | -.04 | -.06 | -.02 | -.04 | -.05 | -.03 | -.03 | -.04 | -.09 | -.03 | -.04 | -.03 | -.02 | -.01 | 1 |

a All correlations greater than .11 are significant at p <.05 or better.

Table 4 Results of ordinal logistic regression (probit)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **95% CI for Odds Ratio** | | |
| **Variable** | **b** | **s.e.** | **Odds Ratio** | **Lower** | **Upper** |
| Headquarter location | .399\*\* | .186 | 1.491 | 1.035 | 2.147 |
| Firm size | .000\* | .000 | 1 | 1 | 1 |
| Non-executive representation | -1.676\*\*\* | .603 | .187 | .057 | .610 |
| Shareholder concentration | -.001 | .004 | .999 | .991 | 1.007 |
| Social responsibility commitment (UN Global Compact) | .682\*\*\* | .210 | 1.978 | 1.310 | 2.987 |
| Social responsibility commitment (UN Responsible Investment Principles) | .461 | .284 | 1.586 | .909 | 2.767 |
| Social responsibility commitment (Ethical Trade Initiative) | -.098 | .510 | .906 | .334 | 2.462 |
| Network involvement | .784\*\*\* | .160 | 2.189 | 1.601 | 2.993 |
| Media exposure | .033 | .041 | 1.033 | .953 | 1.120 |
| Profitability | -.002 | .002 | .998 | .995 | 1.001 |
| Mining and Quarrying | .493 | .329 | 1.637 | .859 | 3.119 |
| Manufacturing | 1.185\*\*\* | .244 | 3.269 | 2.028 | 5.270 |
| Utilities | .872\* | .499 | 2.391 | .899 | 6.361 |
| Construction | .697\*\* | .276 | 2.009 | 1.170 | 3.448 |
| Wholesale and Retail | .952\*\*\* | .275 | 2.591 | 1.511 | 4.445 |
| Transportation and Storage | .950\*\*\* | .315 | 2.586 | 1.394 | 4.797 |
| Accommodation and Food | 1.192\*\*\* | .379 | 3.293 | 1.567 | 6.921 |
| ICT | .738\*\*\* | .282 | 2.091 | 1.203 | 3.635 |
| Real Estate | .191 | .360 | 1.210 | .598 | 2.449 |
| Professional, Scientific and Technical | .819\*\*\* | .289 | 2.268 | 1.286 | 3.998 |
| Administrative | .917\*\*\* | .349 | 2.501 | 1.262 | 4.959 |
| Public Administration and Defence | -.241 | .482 | .786 | .305 | 2.022 |
| Human Health | .969\* | .581 | 2.635 | .844 | 8.229 |
| Arts, Entertainment and Other Services | 1.142\*\*\* | .406 | 3.132 | 1.414 | 6.941 |
| *Intercept 1* | -1.277\*\* | .739 |  |  |  |
| *Intercept 2* | -.132 | .733 |  |  |  |
| *Intercept 3* | 1.553\*\*\* | .501 |  |  |  |
| n | 335 |  |  |  |  |
| Chi-squared (Χ2) | 167.967\*\*\* |  |  |  |  |
| Pseudo R Square (Nagelkerke) | .429 |  |  |  |  |

\* p<.10. \*\* p <.05. \*\*\* p <.01. The reference category for industry is Finance and Insurance.

Table 5 Results of binary logistic regression

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Acquiescence** | | **Compromise** | | **Avoidance** | | **Defiance** | |
| **Variable** | *b* | *s.e.* | *b* | *s.e.* | *b* | *s.e.* | *b* | *s.e.* |
| Headquarter location | .412 | .619 | .554 | .363 | -.409 | .400 | -.560 | .617 |
| Firm size | .000 | .000 | .000 | .000 | .000 | .000 | -.002\*\*\* | .001 |
| Non-executive representation | -1.380 | 1.978 | -.303 | 1.150 | -3.379\*\* | 1.313 | 7.070\*\*\* | 2.282 |
| Shareholder concentration | -.013 | .013 | .007 | .008 | -.005 | .009 | .005 | .015 |
| Social responsibility commitment (UN Global Compact) | 1.301\*\*\* | .481 | -.148 | .375 | -.332 | .581 | -.444 | 1.140 |
| Social responsibility commitment (UN Responsible Investment Principles) | .395 | .922 | .613 | .537 | .420 | .617 | -.981 | .863 |
| Social responsibility commitment (Ethical Trade Initiative) | -.225 | 1.083 | .231 | .839 | -18.928 | 9206.10 | 4.452 | 8904.23 |
| Network involvement | 1.299\*\*\* | .319 | -.536\*\* | .229 | -.901 | .613 | -17.252 | 1913.56 |
| Media exposure | .048 | .077 | -.013 | .065 | -.098 | .266 | 1.123 | 1.383 |
| Profitability | -.010 | .022 | -.010 | .010 | .017 | .017 | -.066 | .050 |
| Mining and Quarrying | 1.034 | 1.006 | .551 | .630 | -1.322 | 1.127 | .388 | 1.037 |
| Manufacturing | 1.417\* | .791 | 1.198\*\*\* | .454 | -.536 | .548 | -21.862 | 2942.77 |
| Utilities | 1.209 | 1.218 | 1.065 | .900 | -19.917 | 15653.51 | 1.031 | 2.079 |
| Construction | .272 | 1.039 | 1.364\*\* | .527 | -.546 | .588 | -.303 | 1.041 |
| Wholesale and Retail | .880 | .935 | 1.250\*\* | .517 | -.083 | .581 | -18.459 | 7128.74 |
| Transportation and Storage | .939 | .978 | 1.272\*\* | .593 | -.283 | .672 | -.481 | 1.295 |
| Accommodation and Food | .321 | 1.301 | 2.298\*\*\* | .795 | -1.387 | 1.120 | -18.466 | 9356.83 |
| ICT | .497 | .989 | .834 | .538 | .750 | .579 | -18.851 | 6640.69 |
| Real Estate | -18.248 | 11396.87 | .680 | .683 | .086 | .707 | -.265 | 1.073 |
| Professional, Scientific and Technical | .107 | 1.036 | 1.516\*\*\* | .553 | .079 | .598 | -17.489 | 5029.54 |
| Administrative | .917 | 1.038 | 1.227\* | .653 | -.001 | .749 | -18.271 | 7579.05 |
| Public Administration and Defence | -18.271 | 16283.26 | -.781 | 1.150 | 1.574 | 1.023 | .807 | 1.356 |
| Human Health | 1.957 | 1.394 | -.108 | 1.208 | 1.054 | 1.109 | -19.406 | 18114.38 |
| Arts, Entertainment and Other Services | 1.232 | 1.273 | 1.270\* | .759 | -.209 | .810 | -18.641 | 11639.10 |
| n | 56 |  | 152 |  | 87 |  | 40 |  |
| Overall Prediction Accuracy | 86.9% |  | 66.9% |  | 74.9% |  | 91.6% |  |
| Intercept | -2.255 |  | -1.412 |  | 1.773 |  | -4.078\*\* |  |
| X | 94.845\*\*\* |  | 40.328\*\* |  | 61.278\*\*\* |  | 141.691\*\*\* |  |
| Pseudo R (Nagelkerke) | .415 |  | .152 |  | .245 |  | .665 |  |

\* p <.10 \*\* p <.05. \*\*\* p <.01. The reference category for industry is Finance and Insurance.