IFM Investors

SUSTAINABLE INVESTMENT

Addressing Modern Slavery in Investment Portfolios

July 2025

> Left unaddressed, human rights breaches and modern slavery practises could undermine the long-term sustainability of businesses.
>
> Antonia Parkes, AustralianSuper

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Chair Foreword

Modern slavery casts a long shadow over our global economy, and one that no business can afford to ignore. As long-term investment managers and stewards of the savings of millions of working people, we are committed to understanding, identifying and mitigating modern slavery risks in our operations, supply chains and investment portfolios. This paper seeks to identify a roadmap for achieving this, and to move beyond reporting into action.

With three decades of experience in private market investing, and via our pension fund ownership, I believe we bring a unique perspective to tackling this challenge. It is in our heritage to be focused on labour rights and decent work. We believe healthy returns depend on healthy economic, environmental and social systems. Building long-term value on behalf of our owners, clients and their beneficiaries means seeking to protect their investments from the financial risks and regulatory costs of modern slavery.

At a practical level, this means hearing the voices of working people, particularly in high-risk sectors. The Cleaning Accountability Framework (CAF), for example, is an Australian scheme that aims to improve labour conditions in the cleaning industry. It provides a certification and assurance programme that sets clear standards for work, procurement and supply chains. Importantly, it was codesigned and is partly administered by industry workers.

As long-term investors, we have a unique opportunity to engage meaningfully with portfolio companies and suppliers. We are seeking to do this across our operations, and to promote a continuous improvement in processes, transparency in reporting, and proactive engagement with stakeholders.

It is my sincere hope that together we can help manage risks and foster collaboration on this important issue, and that this report can play a small role in helping eradicate modern slavery globally.

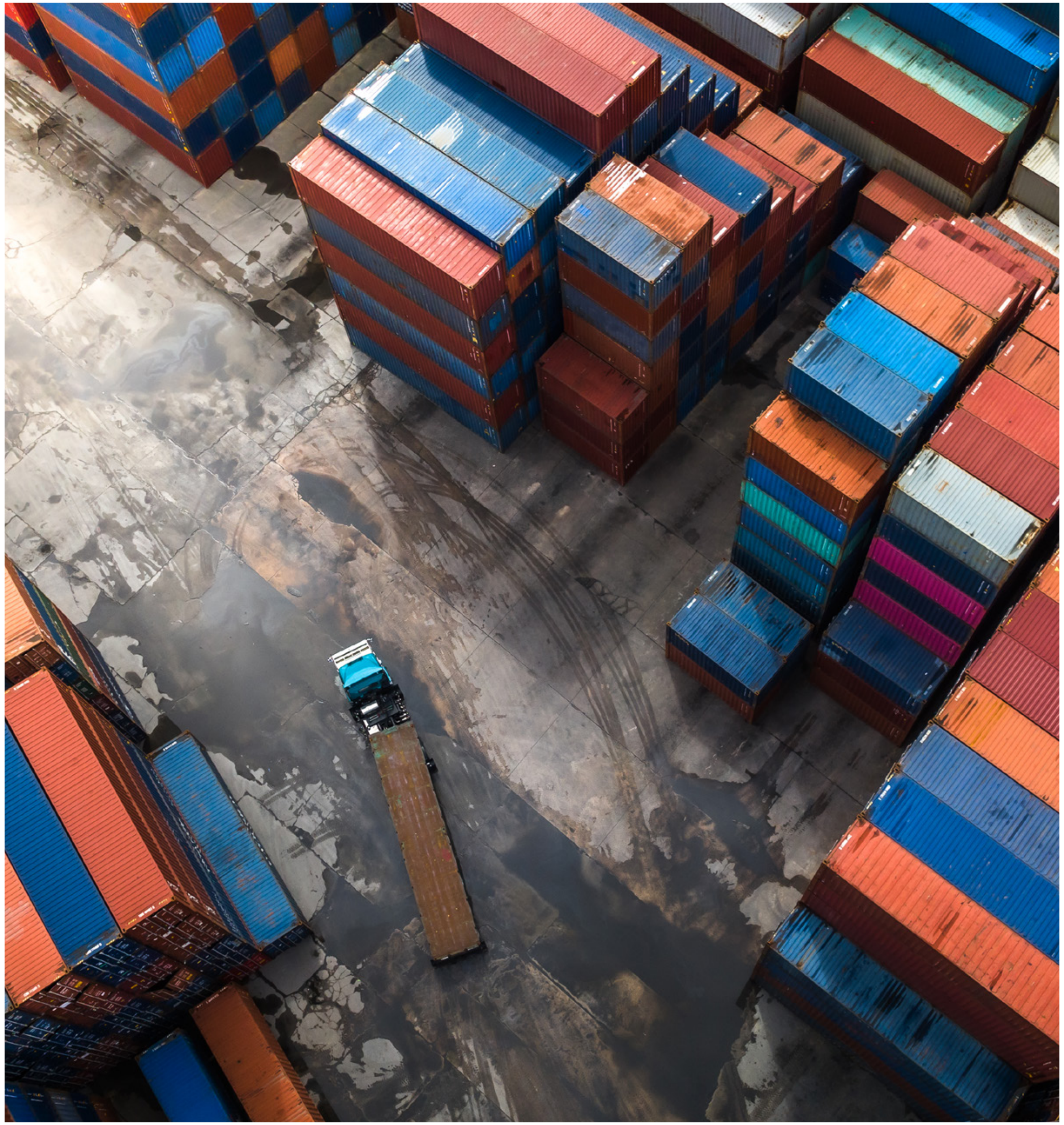
Executive Summary

Modern slavery is not a peripheral social-justice issue; it has the potential to pose a material investment risk that can erode value, fracture stakeholder trust and expose portfolios to mounting legal liabilities. It is deeply embedded in the global economy and, by extension, in the portfolios of institutional investors. While its presence may not be immediately visible on balance sheets or in financial statements, its human cost is profound and its long-term financial and reputational risks are increasingly undeniable.

For the investment community, modern slavery presents substantial and multifaceted risks that can significantly impact returns. Operationally, forced labour practices lead to increased costs through supply chain disruptions when facilities are shut down under investigation or subject to import bans, requiring companies to find alternative suppliers while managing remediation costs. The prevalence of modern slavery can indicate broader governance weaknesses and inadequate risk management processes across organisations, suggesting systemic deficiencies that can impact financial performance and business sustainability. Regulatory compliance risks are mounting as jurisdictions worldwide introduce mandatory reporting requirements, with Australia proposing civil penalties for non-compliance and the European Union implementing import bans on forced labour goods from 2027. Reputational damage can be severe and immediate, creating significant public criticism and brand damage.

Asset owners, particularly pension funds (representing millions of beneficiaries), are increasingly prioritising modern slavery considerations in their investment processes. Some large Australian superannuation funds now assess fund managers' modern slavery risk management capabilities as part of their selection criteria, while UK asset owners including Nest have made human rights a strategic theme, recognising modern slavery as a systemic risk requiring collective action. This evolving landscape places significant expectations on asset managers to demonstrate rigorous due diligence and proactive risk management to maintain and grow their relationships with asset owners.

Despite this growing awareness, many institutional investors struggle with implementation. The practical tools and frameworks for addressing modern slavery remain limited, fragmented, and inconsistently applied. Modern slavery risks are among the most difficult to detect in investment due diligence because, unlike environmental concerns that can be assessed through technical metrics, modern slavery often thrives in the hidden corners of supply chains where oversight is weakest, governance structures are fragmented, and accountability often dissipates across layers of subcontracting. The Australian



Institute of Criminology estimates that only one in every five people experiencing modern slavery in Australia are identified, highlighting the scale of the detection challenge.[1]

This paper seeks to help fill that gap, drawing on IFM Investors' knowledge and experience, industry partnerships, and global best practice to offer a roadmap for identifying, assessing, and managing modern slavery risk in investment processes. The challenges vary significantly across asset classes. Poor quality disclosures appear to persist, despite increased reporting requirements. Research shows that while corporate awareness has improved, most company statements contain generic language lacking evidence of meaningful action. Additionally, the reliance on fragmented datasets and overuse of geographic risk scores can mean vulnerabilities are missed within supposedly "low-risk" countries.

While there is ample research into public markets, this paper also adds a distinctive perspective on private markets that contributes new insights to the evolving discourse in modern slavery. The paper presents practical solutions including IFM's proprietary supply chain risk assessment model, which maps potential exposures across industry supply chains using publicly available data. Third-party frameworks and industry collaborations provide additional pathways for improvement. Tools like KnowTheChain's sector-specific benchmarks and the World Benchmarking Alliance's Corporate Human Rights Benchmark offer valuable reference points, while emerging technology solutions including AI and blockchain applications promise greater transparency and real-time monitoring capabilities. Collaborative initiatives such as Investors Against Slavery and Trafficking Asia-Pacific demonstrate the power of collective action in driving systemic change through coordinated engagement and policy advocacy.

The regulatory environment is evolving rapidly, with over 70% of major market companies now subject to modern slavery or human rights-related regulations.[2] However, significant gaps remain. Many regulations lack meaningful enforcement mechanisms and focus on disclosure rather than requiring action like substantive due diligence. Scope limitations exclude smaller companies where exploitation often occurs, while fragmented requirements across jurisdictions create compliance burdens without driving the systemic change needed to effectively address modern slavery risks.

Meaningful progress requires coordinated action across the investment ecosystem involving asset owners, asset managers, companies, regulators, governments, civil society, and potentially affected workers and communities. Investors must integrate modern slavery considerations systematically throughout the investment cycle, enhance data sources beyond traditional company disclosures, and leverage governance influence through voting and stewardship activities. The fight against modern slavery is both a moral imperative and a business necessity, requiring practical, evidence-based approaches that protect vulnerable workers while safeguarding investment portfolios and maintaining stakeholder trust.

Introduction

The Australian Government defines modern slavery as situations where offenders use coercion, threats, or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour.[3] At its core, modern slavery represents a fundamental violation of human rights and dignity, stripping individuals of their basic freedoms and autonomy. It is a form of severe labour exploitation where people are forced to work under conditions they cannot refuse or leave, often receiving little to no payment while generating profit for those who exploit them. Frequently, this exploitation can occur in the operations and global supply chains of companies around the world.

Modern slavery – in all its forms – remains one of the most under-addressed human rights issues of our time, one that is deeply embedded in the global economy and, by extension, in the portfolios of institutional investors. In 2021, approximately 50 million people worldwide were estimated to be living in situations of modern slavery, an increase of 10 million people since 2016[4], defying global commitments to end it by 2030.[5]

While its presence may not be immediately visible in balance sheets or financial statements, its human cost is profound and its long-term financial and reputational risks are increasingly undeniable. Across sectors and geographies, modern slavery often thrives in the hidden corners of supply chains; where oversight is weakest, governance structures are fragmented, and accountability often dissipates across layers of subcontracting.

The UN Guiding Principles on Business and Human Rights (UNGPs) are the authoritative global standard for preventing and addressing the risk of businesses (including investors) having adverse impacts on human rights, such as modern slavery. The UNGPs explain that an entity's expected actions depend on their identified level of involvement in human rights harm (i.e. whether they have caused, contributed or are directly linked to the harm). This is therefore the framework investors should use to understand the actions they should take to address modern slavery risks and what they should expect from their investees.

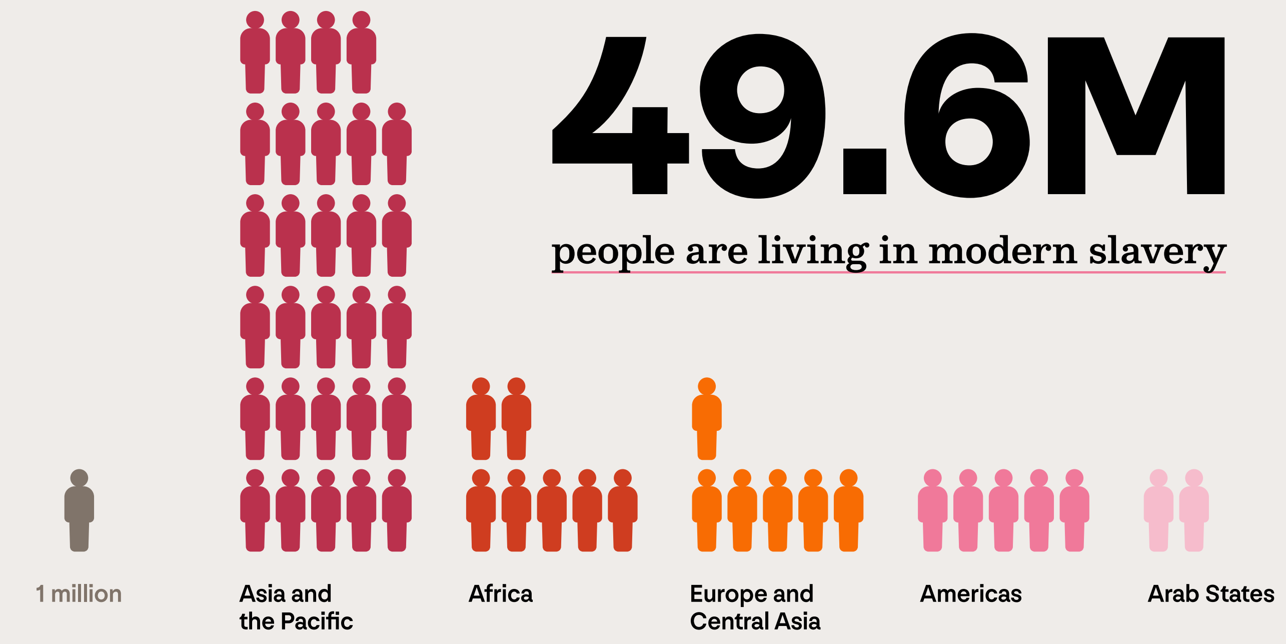
For the investment community, the systems of capital allocation, ownership, and stewardship mean that investors can be at risk of being involved in human rights harm such as modern slavery that may be present in investment portfolios. This can include situations where an investor's actions or omissions may contribute to modern slavery occurring in an investee's operations or value chains. More broadly, investors can also be directly linked to modern slavery harm through their business relationships with investees.

For instance, an infrastructure investor may hold a stake in a construction company or development project where subcontracted labourers are building roads, bridges, or facilities. If those workers face exploitative conditions or practices, the investor may be directly linked to that human rights harm through its investment relationship. The investor could also be at risk of contributing to the harm if its actions or omissions significantly facilitated or incentivised the harm occurring. For example, this could include situations where an investor did not take appropriate action despite being aware of the risks in this regard.

In this context, it is not just companies that face scrutiny; increasingly, investors are being asked: What are you doing to identify, prevent, and address the risks of modern slavery in your portfolios?

As investors increasingly seek to address modern slavery risk, a deeper understanding of its scope and hidden drivers is essential because investors have both financial, legal and ethical imperatives to understand how they may be involved in human rights harm through their capital (Section 5 provides a more detailed discussion). This paper aims to provide a comprehensive roadmap for addressing modern slavery risks in investment processes. We begin by outlining the scale and complexity of modern slavery and why it could present material risk for investors across asset classes. We then explore the structural barriers that make modern slavery so hard to detect, including weak disclosures by investee companies, misaligned incentives, and limited data. From there, we introduce practical tools and identify principles that can guide more consistent and effective due diligence by investors.

Importantly, this paper recognises that meaningful progress will require collaboration between asset owners, asset managers, companies, regulators, governments, civil society, and potentially affected workers and communities. The final sections of this paper offer policy recommendations and a forward-looking view of how industry innovation and public accountability can be harnessed to accelerate impact.



Source: https://www.walkfree.org/global-slavery-index/map/#mode=DATA

Why Modern Slavery Should Matter to Investors

Modern slavery is increasingly emerging as a critical concern within the global investment community, driven not only by investors' responsibility to respect human rights and broader ethical business considerations or regulations, but by tangible financial implications. It's estimated that G20 countries are collectively importing goods worth US$468 billion annually that are at risk of being produced through modern slavery.[6] The presence of modern slavery within portfolios presents substantial and multifaceted risks, potentially significantly impacting returns. According to the ILO's 2024 report, 'Profits and Poverty: The Economics of Forced Labour', forced labour in the private economy generates approximately US$236 billion in illegal profits annually. This figure represents a 37% increase since 2014, driven by both a rise in the number of people subjected to forced labour and higher profits per victim.[7] Outlined below are some of the major impacts that can occur due to the presence of modern slavery.

Operational and Business Risk

In addition to the severe harm experienced by people, modern slavery within companies' operations and supply chains introduces profound risks in a business profitability context. Forced labour practices can lead to increased operating costs for investees due to supply chain disruptions (when facilities are shut down under investigation, or subject to import bans) and there is a need to find alternative suppliers. Other reasons for increased costs can be diminished productivity due to poor conditions and remediation costs (such as repayment of recruitment fees).[8] The importance of identifying and managing risks associated with modern slavery is more important than ever, with rising numbers of people estimated to be living in some form of modern slavery, in a society with much more global and complex supply chains.

Additionally, the prevalence of modern slavery in business supply chains can indicate broader governance weaknesses and inadequate risk management processes across the organisation. When modern slavery risks are widespread and poorly managed, this suggests systemic deficiencies in the company's overall risk management capabilities. Such failures in identifying, assessing, and mitigating modern slavery risks often reflect deeper issues in corporate oversight, due diligence processes, and strategic decision-making. Companies that cannot effectively manage modern slavery risks may similarly struggle with other operational and governance challenges such as environmental harm or bribery and corruption risks, creating compounding vulnerabilities that can ultimately impact financial performance and business sustainability.

> **There's a physical and intellectual distance between trustees and investors sitting in nice offices with modern equipment, and those who experience modern slavery. It doesn't need to be far away—it exists everywhere.**
>
> Hilkka Komulainen, UK Taskforce on Social Factors

> **Respect for human rights and modern slavery in business are strongly associated with value chain resilience and a stable business operating environment. So as investors we recognise the operational, financial, legal and reputational risks companies may face when they fail to manage modern slavery and human rights risks.**
>
> Tom Sanders, Nest

Regulatory Compliance and Legal Liabilities Risks

Around the world, laws are evolving that require companies to be transparent about the actions they are taking to address modern slavery risks. These modern slavery reporting laws sit alongside broader human rights due diligence laws in some jurisdictions that require entities to take specific steps to identify and respond to human rights risks. Under the UK, Australian and now Canadian Modern Slavery Acts, institutional investors themselves can fall under reporting requirements as organisations, meaning they must publish annual modern slavery statements or risk public and regulatory scrutiny. Even where investors are not directly covered by these laws, it is likely parts of their portfolio may fall within scope, such as listed companies in which they may invest.

Failure to comply with these laws can lead to legal penalties (Australia has proposed to consult on the introduction of civil penalties for reporting entities that fail to submit a modern slavery statement or provide false information within a statement)[9] and, in the UK, debarment from public procurement. Moreover, proposed laws and signals from governments indicate that regulatory expectations will likely become more stringent.

Investors must anticipate that regulatory expectations for due diligence and disclosure will continue to evolve, and that failure to manage modern slavery risks in line with these expectations could bring sanctions, lawsuits, or exclusion from markets. A prominent example is the Uyghur Forced Labor Prevention Act in the United States, which blocks the import of goods produced in whole or in part in China's Xinjiang region, based on a rebuttable presumption of forced labour. The legislation places the burden of proof on companies to demonstrate that their supply chains are free from such practices—potentially prompting stronger due diligence and reshaping sourcing decisions across industries. Significantly, a EU-wide ban on importing and exporting goods made with forced labour will take effect from 2027.[10]

Reputational Risk

One of the most visible impacts of modern slavery for investors is reputational risk. Companies associated, directly or indirectly, with modern slavery may face severe reputational damage, which can translate into negative sentiment and substantial financial losses. For investors, being linked to these companies through investment relationships can erode trust with clients, beneficiaries, and the public. Negative headlines about labour exploitation in a portfolio company can also prompt divestment pressure and public criticism of the investors involved.

Consider the example of major consumer brands linked to forced labour in palm oil supply chains: In 2016, Amnesty International revealed that global giants like Nestlé, Unilever, Colgate-Palmolive, and Kellogg's were reportedly sourcing palm oil from Indonesian plantations using child labour and forced labour, with children as young as eight working in hazardous conditions.[11] Amnesty International's campaign specifically targeted popular consumer products, creating significant reputational pressure.

> **The business case for addressing the risk of modern slavery is clear. Companies that have operations or supply chains tainted with modern slavery may be more exposed to potential damage to their reputation and brand value, as well as to increased litigation risk. We also see companies that appropriately manage modern slavery risk as being better positioned to improve supply chain resiliency and efficiency through an increased visibility of supply chain issues generally.**
>
> Liza McDonald, Aware Super

With modern slavery, we think beyond the financial risks and impacts, and focus move heavily on the people who are impacted. We believe modern slavery is the risk to people, rather than risk to the reporting or related entities we invest in. In other words, when we report on the modern slavery risk in our portfolio, our primary focus is not the risk to our portfolio or to a specific business, but rather on the risk to people.

Liza McDonald, Aware Super

Societal Role

The reputational damage was amplified because these companies had actively marketed their products as using 'sustainable' palm oil, making the forced labour revelations particularly damaging to brand credibility and consumer trust.

The UNGPs expect investors and other entities to undertake human rights due diligence through a risk-based approach, emphasising the importance of identifying and addressing the most severe risks to people. It is imperative that investors consider modern slavery not only through the lens of risk to their business, but also the risk to people, in line with expectations set out in the UNGPs. This involves prioritising areas of intervention where the risk of involvement in harm to people is greatest (even if there is not a corresponding risk to the business). As outlined above, investors should also recognise that upholding this responsibility to respect human rights supports effective risk management and, ultimately, long-term value creation.

Addressing modern slavery can also align with the broader values of investors. Asset managers and asset owners globally increasingly view the consideration of social factors as core to their approach. Asset owners like pension funds exist to provide for working people in retirement, and it runs counter to their purpose if those same working people (or others like them) are exploited somewhere in the production of the goods and services that generate investment returns. More often, however, many of the workers facing exploitation, particularly in low-wage jobs in high-income countries or in developing countries have no access to pension systems themselves. More broadly, investors, including pension funds and their beneficiaries, would likely agree they should not profit from the exploitation of workers anywhere in the value chain.

We recently conducted several focus groups with our members to understand their views on various social issues and which ones matters most to them. Workforce and labour standards came up as one of the most important themes to members. Avoiding being invested in companies with modern slavery risks was very important to them.

Given we look after 13 million members in the UK, which is around one-third of the UK workforce, this is something that's very close to our hearts regarding what is important to members and how we think good businesses should operate.

Tom Sanders, Nest

Asset Owner Concern

Asset owners across major markets are increasingly prioritising modern slavery considerations in their investment processes. The concern is especially pronounced for major asset owners in developed markets, where modern slavery legislation and public awareness are progressed.

Modern slavery is particularly significant for asset owners such as pension funds due to their unique role and responsibilities within the investment ecosystem. Pension funds, sovereign wealth funds, and endowments represent the collective interests of millions of beneficiaries, and we believe their long-term financial security depends upon sustainable investment practices. Consequently, these institutions tend to have an inherent goal not only to maximise financial returns but also to ensure these returns are generated responsibly.

Asset owners increasingly recognise that the presence of modern slavery within investment portfolios poses substantial risks that extend beyond immediate financial consequences, including reputational damage and regulatory scrutiny. For pension funds, the alignment of investment practices with beneficiaries' expectations is becoming an increasingly important factor of trust and legitimacy.

In Australia, large superannuation funds are required by law to report on their actions to address modern slavery (including modern slavery risks in their portfolios) and are pressing their external fund managers to take action.

In the UK, asset owners including Nest have made human rights, which includes rights relating to freedom from modern slavery, a strategic theme for their investment portfolio. They recognise modern slavery as a systemic risk that all investors should consider. Additionally, Nest faces pressure from beneficiaries and the public to avoid profiting from exploitation of workers anywhere in the supply chain of their external fund managers and investment supply chains.

This evolving landscape places significant expectations on asset managers, who must demonstrate rigorous due diligence and proactive management of modern slavery risks to maintain and grow their relationships with asset owners. We believe investors who prioritise the management of modern slavery risks not only help to protect their beneficiaries from potential negative outcomes but also potentially position themselves favourably within an increasingly competitive marketplace.

> **We assess the maturity level of fund managers in managing modern slavery risks. Last year, we distributed a modern slavery survey to more than 90 of our external fund managers, all of whom responded. Responses to the survey help us assess a manager's approach to addressing the risk of modern slavery and prioritise our engagement. Additionally, we analyse the supply chains of fund managers as well as investment supply chains.**
>
> Liza McDonald, Aware Super

> We recognise the risk to people and the investment risks modern slavery presents. Companies with modern slavery practices in their operations and supply chain may have unsustainable businesses over time and potentially be exposed to compliance and reputation risks. This can be costly and time-consuming to address and present investment risks which can impact investment value for members.

Antonia Parkes, AustralianSuper

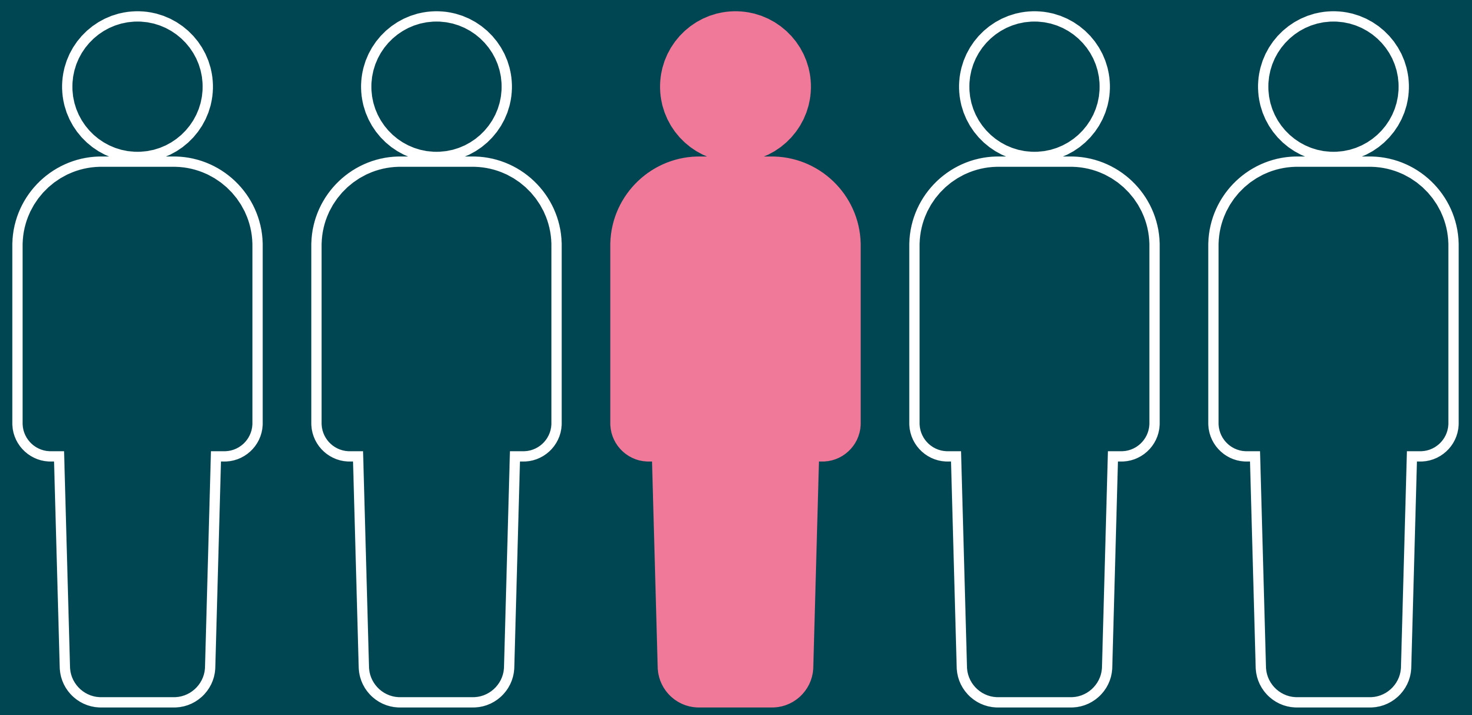
What Makes Modern Slavery So Hard to See

Modern slavery risks remain among the most difficult to detect in investment due diligence, even as regulatory expectations and investor awareness continue to rise. Unlike environmental concerns which are often assessed through technical metrics and proxy indicators, modern slavery in the business context is often hidden in opaque supply chains, informal labour structures, and complex webs of subcontracting. It is not confined to high-risk geographies or fringe industries but is embedded across the global economy and within everyday investment exposure. The Australian Institute of Criminology estimates that only one in every five people who experience modern slavery in Australia is identified.[12]

> One of the major challenges is mapping your supply chain from Tier 1, to Tier 2, to Tier 3 suppliers... But then once you get into Tier 3, it seems like there's almost no clarity of who the company is and where they're getting that resource. And that's particularly difficult because it's also where modern slavery is most likely to exist.

Tom Sanders, Nest

The Australian Institute of Criminology estimates that only one in every five people who experience modern slavery in Australia is identified.



The Challenge Across Asset Classes

Understanding and identifying these risks becomes even more complex when viewed through the lens of different asset classes, as outlined in the table to the right.

While a one-size-fits-all approach is unlikely to capture the nuances across asset classes, strategies that are grounded in consistent principles and designed to be standardised, scalable, and comparable, can offer investors a stronger foundation for assessing modern slavery risks across diversified portfolios.

Poor Quality of Disclosures and Data Gaps

Despite the increase in modern slavery reporting requirements globally, the quality and usefulness of disclosures made by companies under modern slavery reporting laws remains inconsistent. Research by the Business & Human Rights Resource Centre (2018) on FTSE 100 companies found that while leaders such as Marks & Spencer and Unilever demonstrated detailed supply chain insights, most company reports contained generic, non-actionable language that lacked evidence of meaningful action.[14]

This trend has continued over recent years. More recently, Monash University's review of ASX100 company statements (FY23) in Australia reveals a significant improvement in reporting quality. For the first time, over half of the statements (56 out of 112) received an "A" grade, with an additional 21% rated "B". However, despite this progress, seven statements still received failing grades — revealing that substantive, transparent reporting remains the exception rather than the rule.[15]

One of the key reasons disclosures remain low quality is likely to be the absence of clear expectations or frameworks for what constitutes meaningful reporting and action, supported by meaningful follow up engagement by regulators, investors and other stakeholders. Many companies rely heavily on high level policies or commitments but appear to fall short on providing quantitative or outcome-based metrics. In some cases, reporting lacks data on issues such as the number of audits or other due diligence checks conducted, the percentage of workers interviewed during audits or mechanisms, the prevalence of labour violations found, or the number of substantiated modern slavery cases and remediation outcomes. Reporting on indicators of decent work such as payment of living wages, regular employment contracts, or access to grievance mechanisms also appears limited. Large corporate groups may also condense their reporting to present a consolidated parent-level view that may not fully reflect the risks and vulnerabilities present across subsidiaries operating in or sourcing from higher risk jurisdictions. Without standardised metrics or verification mechanisms, reports often reflect process over impact, making it difficult for investors, regulators, or the public to assess whether companies are effectively addressing modern slavery risk, or simply ticking the compliance box.

This makes it difficult for investors to rely on companies' modern slavery disclosures as an initial measure of risks and the impact of companies' responses. Without consistent, comparable, and verifiable data, even the most diligent investors struggle to assess the true scale and nature of labour exploitation risk.

Asset class	Investor challenges
Listed equities	A major challenge is inconsistent global disclosure standards, where company made under modern slavery reporting laws often emphasise policies and processes over measurable outcomes. Supply chain risks related to labour exploitation typically only surface in the wake of public controversies or when detected through social audits or other due diligence activities which generally only extend a small number of tiers into the supply chain. Additionally, for investors with significant passive holdings, there may be limited scope to actively engage with investees or adjust portfolio exposure in response to modern slavery risks, further constraining efforts to drive meaningful change.
Real estate and Infrastructure	Assets in this category often rely on high-risk service contractors, such as cleaning, security, and construction, frequently hired through multi-tier outsourcing. For example, The National Crime Agency (NCA) reported there were 141 cases of potential exploitation in UK construction in 2022 (based on reports made to the government's modern slavery helpline). This is an annual increase of 53% compared to 2021.[13] This distances investors from the end-employer and can impact accountability. In addition, the sourcing of construction materials such as steel, timber, and stone often involves complex global supply chains, which can carry significant modern slavery risks that are difficult to trace and manage.
Private debt	While investors may have greater access to underlying companies during initial due diligence, ongoing visibility into on-the-ground labour practices can be limited post investment.
Private equity	Close operational involvement can offer greater influence over portfolio companies, however, risks often lie deeper in supply chains or outsourced labour arrangements that fall outside immediate visibility. Portfolio companies may lack mature human rights due diligence processes or comprehensive reporting on labour practices, making it difficult for investors to assess risk exposure or monitor remediation efforts. The absence of standardised disclosure and limited external scrutiny further complicate efforts.
Fixed income	Investors often have limited influence over issuers and face data gaps, particularly in sovereign and sub-investment grade markets, making it difficult to assess and engage on modern slavery risks.

> **According to MSCI ESG Research, fewer than 3% of the constituents of the MSCI ACWI Index, as of June 16, 2025, reported that their own operations or supply chains were at risk of involvement in forced or child labor. In contrast, MSCI Impact Materiality Assessment identified a much larger number of companies at risk of generating such a negative impact.**
>
> Leslie Swynghedauw, MSCI

In ACSI's report 'Compliance without ambition: Taking stock of ASX200 reporting under Australia's Modern Slavery Act', Pillar Two asses the quality of ASX200 companies' modern slavery statements.[16]

22%

ASX200 companies improved their average score by 22% from 2021 to 2023, but the overall average score remained low, at just 44%.

65%

Only 19 companies scored above 65%.

96%

Although companies' disclosures of modern slavery risks in their supply chains has improved with 96% identifying risk areas or modern slavery risk factors, only 28% of statements provided granular detail about risks, such as explaining examples of how they could occur in practice.

14%

Only 14% of statements provided information about companies' supply chains at Tier Two or below, where many severe modern slavery risks may occur.

10%

Few statements (10%) identified steps taken by companies to ensure their grievance mechanisms are trusted and accessible to hear and address modern slavery complaints and only 8% of companies indicated they had identified a modern slavery incident or allegation.

"Nobody wants to find modern slavery. It's not a pleasant topic to deal with. It's easier to look less and find nothing. But what we really want to be encouraging is for people to look harder and find it— and then applaud them for doing so.

Hilkka Komulainen,
The UK Taskforce on Social Factors

Fragmented Tools, Missing Worker Voices

Third-party ESG datasets, which many investors rely on to inform both investment decision making and asset stewardship, tend to suffer from fragmentation, narrow definitions, and inconsistent methodologies. Most datasets emphasise policy disclosures rather than actual working conditions and rarely incorporate ground level insights from potentially affected workers or survivors.[17]

Tools often fail to reflect the realities of labour exploitation, especially in outsourced or informal parts of the value chain. This problem is compounded where poor-quality or limited disclosure from companies themselves, which can restrict the availability of accurate, decision useful data and undermines the effectiveness of both investor tools and accountability efforts.

Overreliance on Geographic Risk Scores

In the absence of consistent or useful supply chain data, about modern slavery risks in specific sectors or for certain products, investors may utilise sovereign-level or country risk ratings, including both modern slavery specific and wider human rights focused indicators. While useful as a starting point, these risk assessments do not reflect the legal grey zones or hidden vulnerabilities within "low-risk" countries.

The 2023 Global Slavery Index[18] illustrates this contradiction: G20 nations including the US., Germany, and Australia, are among the largest importers of high-risk goods, despite their relatively low modern slavery prevalence scores. This highlights the limitations of geography-based assessments in isolation, particularly when it comes to capturing the complex, transnational nature of modern supply chains.

Risk is not only about the country of operation but also the sector and type of work involved - for example, apparel manufacturing in Vietnam. On a country only risk assessment, Vietnam might not initially appear high-risk for modern slavery, but when combined with the apparel sector's known vulnerabilities, the risk profile changes significantly.[19] Additionally, the ILO estimates that of all workers involved in forced labour around the world, 28% are in construction, potentially working on developments made possible by loans and investments by large financial entities.[20]

Understanding modern slavery risk therefore requires a nuanced analysis of both sector and country dynamics, as well as the structure of the supply chain itself. What is often lacking is reliable supply chain data including workforce and subcontractor information that would enable investors and their investee companies to map and respond to these layered risks more effectively. We believe the real or perceived complexity and invisibility of some modern slavery risks should not deter investor action. Instead, they highlight the need for practical, asset-class specific frameworks that combine qualitative and quantitative inputs and are adaptable to diverse investment contexts.

In Section 8, we explore how investors can close the gap between policy and practice through more diagnostic, forward-looking approaches. This includes IFM's modern slavery risk assessment model, as well as examples from across the industry that demonstrate how risk mapping, scenario modelling, and local stakeholder engagement can form part of a more holistic strategy for identifying and managing modern slavery risks.

An interview with the Australian Anti-Slavery Commissioner

In his role as the Australian Anti-Slavery Commissioner, Christopher Evans is responsible for enhancing compliance with the Modern Slavery Act, raising awareness, providing guidance to businesses, and advocating for legislative reforms to effectively combat modern slavery in Australia. Mr Evans was appointed on 7 November 2024 by the Governor-General for a five-year term.

The Australian Anti-Slavery Commissioner is an independent statutory office holder established under the *Modern Slavery Act 2018*.

Q: What do you see as the most challenging issues with managing modern slavery risks in global supply chains?

This would be the sheer complexity of the global supply chains, especially for products with dozens of components that may be sourced from multiple countries. And having transparency of modern slavery risks deep within those supply chains. I believe the best way to resolve this is a cooperative approach across sectors, with practical advice and support for companies to focus on high-risk areas. A multi-stakeholder response is essential to address systemic issues effectively and support businesses in navigating the complexities of modern slavery risks. Legislation also plays an important role in driving compliance and setting expectations for ethical business conduct.

Q: What are the challenges with how current modern slavery legislation is being implemented in Australia?

I believe there are several critical shortcomings in the implementation and compliance of modern slavery statements. While the Australian Modern Slavery Act has improved literacy about modern slavery among directors, the focus has shifted excessively towards reporting processes rather than substantive actions. Companies are often more concerned with internal systems and training rather than actively identifying and addressing modern slavery risks within their supply chains. This misalignment has led to a situation where the Act's primary purpose, to examine risks and take remedial action, is overshadowed by procedural formalities.

Q: How do we shift corporate behaviour from a focus on reporting to achieving tangible outcomes?

I would emphasise the importance of destigmatising incident reporting to encourage transparency and remediation as a vital step. Many companies are hesitant to disclose incidents due to fears of reputational damage and potential litigation. The key is to celebrate the identification and remediation of issues as a sign of effective due diligence systems. This approach not only supports ethical business practices but also enhances investor confidence and market reputation.

I also think we need to collectively raise our expectations and ambition for corporate action on modern slavery. This will involve both embedding the expectation that companies carry out effective due diligence processes to identify and address risk, and providing targeted support to companies to understand what those processes should look like, particularly in high risk sectors.

Image: Australian Anti-Slavery Commissioner, Christopher Evans

Q: What role do investors and financial institutions play in influencing better corporate compliance, and is it enough?

Investors and financial institutions have a critical role in shaping corporate responses to modern slavery, though I believe they could be doing more. There are strong examples within the Australian investment community such as Investors Against Slavery and Trafficking Asia Pacific and the RIAA Modern Slavery Working Group who are actively reviewing company statements, meeting with leadership, and offering practical guidance. But six years into reporting, we need to move beyond benchmarking. Investors should play a more active role in driving systemic change by challenging harmful practices like recruitment fees, supporting companies that identify and remediate cases of modern slavery, scrutinising high risk business models, requiring boards to have training on human rights and modern slavery in their competency matrix, and asking whether executive remuneration is tied to meaningful due diligence. I would like to see investor conversations shift further in this direction.

Q: What are your priority areas in this role?

Going forward, I plan to focus on several key areas to enhance Australia's efforts against modern slavery, including improving the effectiveness of the Modern Slavery Act by advocating for legislative reforms to strengthen the Act. Additionally, it's important businesses have the practical advice and guidance they need to help them identify and mitigate modern slavery risks in their operating context, especially those with complex global supply chains. I hope that the profile of this role will help shine the light on the relevance and pervasiveness of this problem and help increase businesses' focus on resolving the issues. At the same time, I see this very much as an issue that requires collective and collaborative action across sectors and stakeholders, so I will be focussed on creating opportunities for a more coordination at all levels.

Q: How is your office working with companies and sectors that are struggling with implementation?

Supporting companies to address their modern slavery risks and fostering sector-based collaborations are two of my primary functions under the Act. To achieve this, we are actively engaging, listening to, and learning from all types of companies reporting under the Act, including those facing challenges with implementation. Practitioners have highlighted issues such as internal resourcing constraints, competing priorities, and the difficulty of moving beyond surface level actions. Additionally, there is a sense of overwhelm from receiving lengthy reports on how to manage risks, but offer limited practical utility. In response, we are keen to work with companies on developing pragmatic tools and guidance that help refocus attention on actions that will make the most meaningful difference to the lives of exploited workers. We also aim to find new ways to bring sector and cross-sector groups together, as companies have expressed a desire to learn from peers and access good case studies to navigate more complex issues. Currently, we are consulting on our strategic plan, so there is more to come in this area.

Q: What legislative reform will you advocate for?

When the Australian Modern Slavery Act was introduced in 2018, it stood as leading example of regulatory action in this space. However, in the years since, global approaches to modern slavery and broader human rights obligations have continued to evolve, becoming more robust and far reaching. The EU Corporate Sustainability Due Diligence Directive (CSDDD) is a prime example, requiring large European companies to undertake human rights due diligence as a core part of their operations. In contrast, there is growing recognition that, six years on, the Australian Act's reporting requirements alone are insufficient to drive the systemic change needed to effectively address the complex nature of modern slavery risks. The statutory review of the Act made several important recommendations, including the introduction of a due diligence obligation. While the Government accepted most recommendations, it has indicated that further consultation is needed on mandatory due diligence. My role is to influence and support the implementation of the reforms to which the Government has already committed. At the same time, I believe there is a strong case for adopting a more ambitious reform agenda—one that ensures companies are not only reporting, but are genuinely incentivised to take meaningful, sustained action to identify and address modern slavery in their operations and supply chains.

> **The Australian Modern Slavery Act has been effective in increasing awareness of modern slavery risks and engagement of business on the issue. However, as the obligations of entities are limited to reporting, the reporting has become the end in of itself. We need to refocus on what companies are actually doing, and how, to identify and effectively address risks of modern slavery.**
>
> Christopher Evans,
> Australian Anti-Slavery Commissioner

Practical Tools and Frameworks to Identify Risk

Given the challenges around identifying modern slavery risks in what are often complex supply chains, increased transparency about supply chain activities would support investors to encourage companies to mitigate risks. Yet in practice, data quality, availability, and investor influence differ significantly across asset classes. This makes it critical for investors to adopt a holistic risk identification and management approach suitable for application across diverse portfolios, one that draws from a broad, diverse information base and spans the entire investment lifecycle. For risk assessment to be effective, we believe it must involve a deeper understanding of supply chain structures, labour dynamics, and operational realities that often fall outside the scope of ESG ratings or company disclosures. It must also be rooted in a principled framework that remains consistent across diverse investment types, even as the tools and access points differ. Additionally, frameworks that support ongoing reassessment and adaptation are key to managing evolution of risks.

In building a full picture of potential modern slavery risk exposures, investors can leverage:

- Internal proprietary frameworks and diagnostics
- Company disclosures, audit reports and information from reports to company level and collective grievance mechanisms
- Sector and sovereign risk indices
- Investigative journalism and civil society findings
- Benchmarking assessments of company modern slavery reporting
- Trade union and worker feedback
- ESG datasets and risk mapping tools
- Insights from company engagement and monitoring

Qualitative inputs from unions, NGOs, and local experts are especially valuable in surfacing hidden risks — those that may not be documented or even recognised by companies themselves. These perspectives can help anchor datasets in lived experience and reveal practical entry points for intervention. Overall, a layered and triangulated approach that combines multiple data sources is essential for capturing and direct and indirect linkages to modern slavery exposure. The UK Taskforce on Social Factors has produced a directory of data sources, found here.

While not exhaustive, below is a core set of principles to help ensure that tools for modern slavery risk identification and assessment are not only informative but actionable:

- **Visibility:** Illuminate risks beyond first-tier suppliers or direct contractors.
- **Comparability:** Enable benchmarking across portfolios, geographies, and sectors.
- **Deeper Interrogation:** Move beyond binary checklists to assess how risks are being managed.
- **Portfolio Analytics:** Support aggregation and prioritisation across holdings.
- **Scalability:** Apply consistently across sectors and evolve over time.
- **Feedback Loop:** Link identification with mitigation and learning.

CASE STUDY

IFM's modern slavery supply chain risk assessment model

The UNGPs underscore the responsibility of businesses, including asset managers like IFM, to focus on the most severe areas of human rights risk likely to occur in the business' activities and value chains. These areas of severe risk are often referred to as the company's salient human rights issues.

Salient issues are those that pose the most severe risks to affected individuals, based on their scale, scope, and remediability and are most likely to occur. By focusing on these critical areas, IFM can direct our due diligence efforts toward the most pressing risks to people in our portfolio, with the goal of having meaningful interventions that protect vulnerable individuals and uphold sustainable investment practices.

We believe that companies that respect human rights within their own operations and value chains are better positioned to mitigate these risks, protect their reputation and social license to operate, and drive long-term value creation—making them a more attractive investment. With these guidelines in mind and acknowledging the necessity for comprehensive risk analysis, IFM has created an internal supply chain risk assessment model.

Built using publicly available data, the model maps potential risk exposures across GICS (Global Industry Classification Standard) sub-industries' supply chains, spanning upstream, operational, and downstream activities. Generally, these risks are hard to see because they are buried deep in complex networks of suppliers, manufacturers, and distributors. Our framework breaks down these supply chains, showing where risks are most concentrated, whether in raw material sourcing, production, or distribution. This enables a standardised, holistic, and scalable approach to supply chain risk assessment across sectors.

For example, a retail sector holding focused on apparel may appear low risk operationally but reveal significant upstream exposure to forced labour in cotton farming or offshore manufacturing. The model helps surface these less visible risks, allowing investors to spot red flags early, identify patterns, and compare risk profiles across a diversified portfolio.

Importantly, the model is designed to work flexibly across asset classes offering a consistent framework while allowing for tailoring based on asset-specific needs. By moving beyond surface level disclosures to expose risks embedded deep within supply chains, IFM's model aims to equip investment teams to make better informed decisions and drive tangible improvements in supply chain risk analysis and mitigation.

> Modern slavery is a key social risk, both in terms of its impact on people and impact on investment portfolios. It's an area where investors can make a real difference through detailed due diligence, ongoing monitoring and engagement, and setting a high standard of expectations to help lift the bar on labour practices globally. In order to support this work, it's essential to have in-depth modelling and analysis capabilities, underpinned by data and tools to identify these risks.
>
> Maria Nazarova-Doyle, IFM Investors

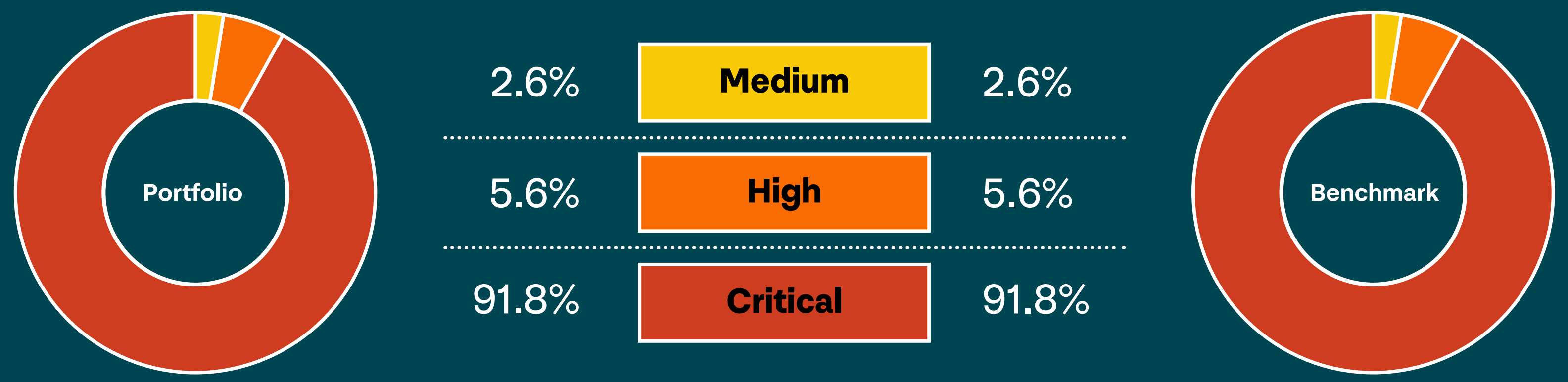
CASE STUDY

In developing our internal model, we've drawn on the breadth of specialist internal investment knowledge to understand how the tool can support different decision-making needs. These conversations have not only helped define the model's intended use cases such as screening portfolios for red flags, developing more targeted engagement strategies, cross-portfolio comparisons and responding to growing regulatory expectations, but have also highlighted opportunities to enhance its granularity and usability. This ongoing dialogue is critical to ensure the model evolves with the needs of users, supports more effective modern slavery due diligence, and ultimately helps close the gap between risk identification and meaningful mitigation.

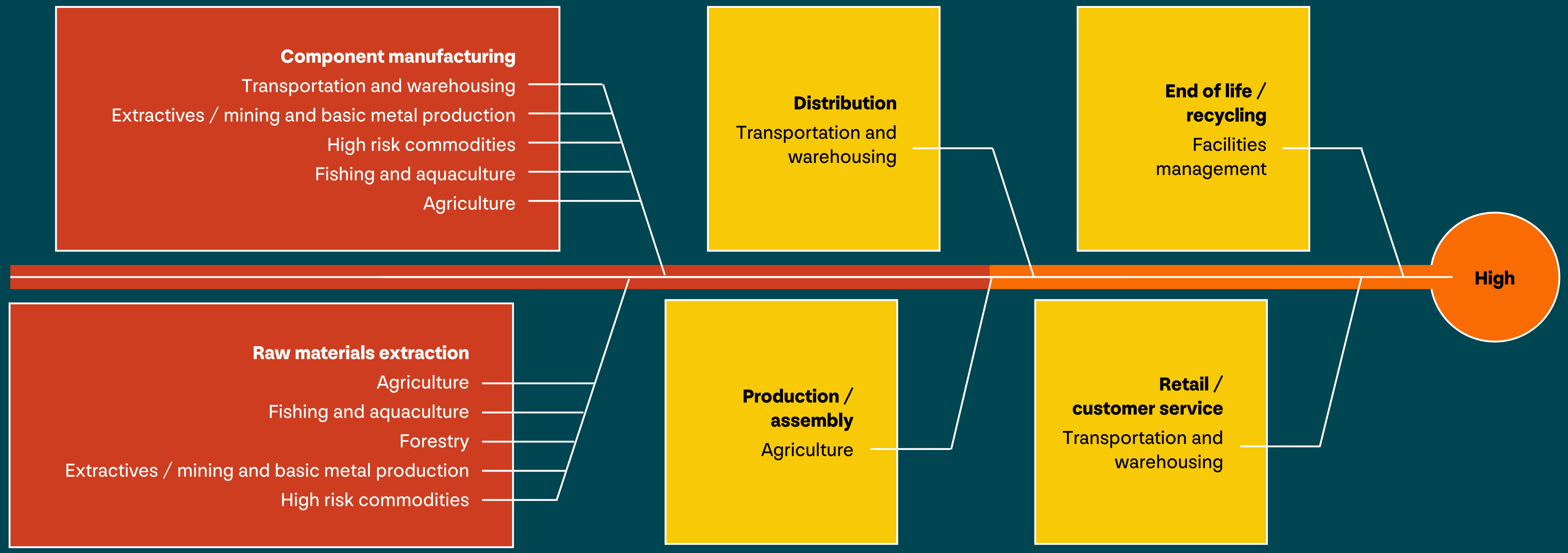
Effective frameworks must do more than identify risk. They must also enable continuous improvement through structured feedback loops. Insights generated through tools like IFM's supply chain risk assessment model, as well as supplier audits and ground level intelligence, should directly inform investor actions such as engagement priorities, contract negotiations, and risk assessments. This type of iteration is essential to remain responsive to shifting exposures, evolving regulation, and real-world supply chain dynamics.

Sector analysis visual output[21]

Risk exposures in 'operational' supply chain (weight of holdings)



Supply chain risk concentration map



Visual output is hypothetical and for informational purposes only.

> **"Investors are increasingly using our benchmark data, from the Corporate Human Rights Benchmark (CHRB), Social Benchmark, and Gender Benchmark, to drive meaningful engagement with companies, particularly those scoring low on critical issues like human rights due diligence or violence and harassment in supply chains. Beyond this, investors can refer to our Financial System Benchmark to gain a better understanding of their own impacts.**
>
> Namit Agarwal, World Benchmarking Alliance

Third Party Frameworks & Tools

While internal models provide the opportunity for bespoke development and use, third-party frameworks could offer a plethora of additional insight and benchmarking. That said, these external tools are not uniformly applicable across asset classes. Many were designed with public equity investors in mind, but they still can provide useful reference points, particularly when triangulated with proprietary analysis and engagement insights.

For example, KnowTheChain provides sector-specific benchmarks for listed companies in high-risk sectors such as apparel, electronics, and agriculture. It scores firms on their forced labour policies, supply chain due diligence, and worker engagement practices. Similarly, the World Benchmarking Alliance's Corporate Human Rights Benchmark (CHRB) evaluates global companies on human rights governance and due diligence. However, both tools rely on public disclosures and are most relevant for listed equities. For investors in private markets, their utility lies more in understanding leading practices and setting engagement expectations where disclosures are limited or unavailable.

More applicable to private infrastructure and debt investments are tools that support due diligence and risk screening at the project or transaction level. The Responsible Sourcing Tool[22], developed by the U.S. State Department and NGOs, offers visual risk maps, red flag indicators, and scenario-based training tailored to specific industries such as construction and transport, which are directly relevant to infrastructure assets. Development finance institutions such as the International Finance Corporation (IFC)[23] and the European Bank for Reconstruction and Development (EBRD)[24] have also published human rights screening guidance used to inform contractual protections and site-level monitoring. These include guidance on migrant labour risks, subcontractor oversight, and grievance mechanisms that can be adapted for private project finance.

The Finance Against Slavery and Trafficking (FAST) initiative[25], hosted by the United Nations, is also noteworthy. It provides investor-facing toolkits with guidance on due diligence, leverage strategies, and post-investment action. Much of its content is directly relevant to debt and infrastructure investors.

For infrastructure and real estate investors, detailed due diligence and ongoing monitoring of labour practices at the asset or project level are crucial. Infrastructure and real estate investments could involve substantial use of construction and maintenance contractors, sectors known to be vulnerable to labour abuses and subcontractor opacity. Using tools such as the IFC Performance Standards and EBRD Environmental and Social Policy frameworks can help investors implement robust contractual safeguards and effective monitoring mechanisms tailored specifically to infrastructure project risks, including subcontractor oversight and grievance channels for vulnerable workers.

While no single framework offers comprehensive coverage across all asset classes, these tools can contribute valuable inputs into broader risk identification and management process. For example, investors may use sector-level benchmarks to understand what constitutes leading practice when engaging with private companies that lack public reporting. They can also monitor the development of private market-focused ESG data platforms and NGO collaborations that aim to extend transparency and comparability into unlisted assets.

Taken together, these third-party resources can enrich investors' internal assessments, inform engagement priorities, and support more robust portfolio oversight, especially where direct visibility is limited. They shouldn't be treated as definitive sources, but as complementary layers in a wider mosaic of information that ultimately strengthens investors' ability to identify and respond to modern slavery risk.

Technology and Data Innovation

The next wave of innovation may employ the use of big data, artificial intelligence, and blockchain to trace and monitor labour conditions, leading to greater clarity regarding the existence of ethical sourcing. For example, pilot projects use blockchain ledgers to track raw materials from source to finished product, enabling greater transparency.[26] If widely adopted it could provide stakeholders with the visibility of each supplier, including any labour certification, just by scanning a QR code, benefiting both investors and consumers alike.

For investors, AI and machine learning might scour unstructured public data (news, social media, satellite images) to flag potential abuses in near real-time, feeding alerts to investors before issues hit headlines. The scope for industry collaboration exists, which can improve accuracy and potentially increase adoption. However, privacy and ethics will need guarding, preventing the invasive surveillance of workers. Used correctly, technological innovation can help improve the detection and prevention approaches of investors.

For investors, AI and machine learning might scour unstructured public data (news, social media, satellite images) to flag potential abuses in near real-time

From Identification to Action

Identifying modern slavery risk is only the first step. The real test for investors is how they respond to identified risks and work to mitigate them. Tackling modern slavery risks within investment processes requires coordinated action across the investment ecosystem – from how investment opportunities are evaluated and agreements are structured, to how company engagement is carried out and remediation action is supported when problems are found.

Investor Tools

Action during Investment Due Diligence

Implementing a modern slavery due diligence process helps identify and mitigate risks within investment portfolios, safeguarding against exposure to companies or operations that may exploit vulnerable individuals. The primary goal is to assess modern slavery risks and mitigants as part of the investment decision making process. Acknowledging the necessity for more thorough and systematic risk analysis, investors must tailor their due diligence approaches to the specific characteristics of each asset class.

In private equity for example, due diligence is a detailed process involving multiple disclosures and assessments of risks. Investors are usually able to have significant influence and governance rights, allowing them to implement comprehensive measures to address modern slavery risks.

In private debt however, the process is different and investors' claim on data and disclosures might not be seen as strong as for equity investors. However, there are still actions that can be taken, such as negotiating side letters with project sponsors to ensure sustainability policies are cascaded effectively and engaging with sponsors to implement Supplier Codes of Conduct.

For public market investments, due diligence is usually more constrained by the availability of public information. Nonetheless, investors can also engage through stewardship activities such as dialogue with companies and shareholder resolutions to seek greater transparency and improved risk management practices.

Across all asset classes, investors can enhance their influence by requesting transparency and access to detailed information where feasible, and use that information to structure investment agreements that incorporate specific clauses to mitigate modern slavery risks. Examples include detailed reporting obligations, ongoing monitoring and audit requirements, and performance-based incentives tied to ethical practices to ensure compliance with agreed-upon standards and practices.

Adjusting the valuation and pricing of their investment based on risks and opportunities identified during due diligence allows investors to ensure the investment reflects the company's true value and potential. Modern slavery risks identified through due diligence can be systematically incorporated into pre-investment valuation models, capturing the potential cost and financial impact of modern slavery related risks.

"Private markets can be harder to assess for modern slavery risks, due to their structure, complexity and regulatory transparency requirements as privately held companies are not subject to the same disclosure requirements as public companies. However, we expect our fund managers to take modern slavery risks into account throughout the due diligence phase

Tom Sanders, Nest

Incorporating performance-based incentives into debt instruments can reward companies for achieving specific goals related to risk mitigation and ethical practices. Due diligence should not stop after the investment is made, rather it should morph into active ownership, and by establishing mechanisms for continuous monitoring and reporting, investors can maintain vigilance against modern slavery risks.

Ownership Opportunity

Equity investors can exert significant influence over the management and operations of the invested company once an investment is made. This influence can be exercised through board representation (more applicable to private equity), voting rights, and active participation in strategic decision-making processes. By leveraging their ownership stake, investors can advocate for changes that mitigate risks and enhance the company's value, ensuring that ethical standards are upheld and long-term sustainability goals are met to ensure long-term value.

Importantly, this influence varies by asset class, allowing for tailored responses that address specific challenges and opportunities. For instance, in real estate investments, investors might focus on improving property management practices to reduce operational risks. Conversely, for private equity or infrastructure investments, investors can leverage their significant influence and governance rights to implement comprehensive measures to address modern slavery risks. By tailoring their responses to the specific asset type, investors can more effectively manage risks and drive value creation. Debt investors tend to have more opportunity to exercise their influence at certain points in time, particularly at the point of deal origination and refinancing.

Engagement as a Lever

Investors can use engagement as a powerful tool to address modern slavery risks by actively influencing company practices and policies. Through ongoing dialogue with company management, participation in shareholder meetings, and collaboration with other stakeholders, investors can advocate for the adoption of robust anti-slavery measures. By maintaining their investment, investors can build strong relationships with company management, fostering a culture of transparency and accountability that encourages companies to take meaningful steps in combating modern slavery.

Engagement is often more useful than divestment for achieving long-term improvements in modern slavery risk management. Divestment can lead to a loss of influence, as investors no longer have a stake in the company and thus cannot drive change from within. In contrast, sustained engagement allows investors to leverage their ownership stake to advocate for better practices and hold companies accountable in line with the expectations set out in the UNGPs. This approach not only helps mitigate modern slavery risks but also contributes to broader societal benefits. By remaining invested, investors can tailor their responses to the specific asset type, addressing unique challenges and opportunities, and fostering a culture of continuous improvement and ethical business practices.

> **We published a report analysing five years of the corporate human rights benchmark, showing that companies engaged through the investor alliance improved 15 times faster than others.**
>
> Namit Agarwal, World Benchmarking Alliance

Destigmatising Disclosure

By advocating for greater disclosure, investors can help destigmatise the reporting of risks and shift the focus from blame to accountability, encouraging transparency and a 'find and fix' approach that prioritises remediation over concealment. This can be achieved through engagement with company management, supporting regulatory changes that mandate better disclosure practices, and promoting industry standards for transparency. When companies feel safe to disclose their risks, they are more likely to implement effective risk management strategies.

For investors themselves, proactively addressing modern slavery could offer significant reputational advantages. In an age of instant information and social media, capital markets respond rapidly to these issues. We believe that by proactively addressing modern slavery, investors protect their own reputations as responsible stewards and can enhance their brand value among asset owners and stakeholders.

We believe companies have a fundamental responsibility to respect human rights, including the obligation to identify, prevent, and address risks of modern slavery within their operations and supply chains. This responsibility extends beyond compliance with legal obligations and reflects growing societal, investor, and regulatory expectations. By establishing clear, well communicated objectives, investors can guide corporates to not only mitigate risks but also actively contribute to the eradication of modern slavery, fostering sustainable and ethical growth. The following section outlines these key expectations.

> **Investors can significantly contribute by educating companies on the importance of reporting instances of modern slavery and removing the stigma associated with such disclosures. This effort would help the market strive for a transparency level comparable to the reporting of near misses in safety protocols.**
>
> Liza McDonald, Aware Super

CASE STUDY

What Investors Should Expect of Corporates

Modern slavery risk management requires clear standards and mutual accountability between investors and their portfolio companies. While the complexity of global supply chains presents genuine challenges, investors have both the right and responsibility to establish minimum expectations for corporate human rights performance. The following framework outlines core areas where companies should demonstrate competence and commitment, providing investors with concrete criteria for assessment and engagement.

Upholding Human Rights

The UNGPs are the authoritative global standard for addressing and preventing business-related human rights harm, including in relation to modern slavery. The UNGPs expect businesses to undertake human rights due diligence which involved assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed. Under the UNGPs, businesses are also expected to consult with rights holders including potentially affected stakeholders. As part of human rights due diligence, companies should focus not only risks in their operations and tier-one suppliers but also risks that can occur deeper in the value chain, where modern slavery risks can be concentrated. It is reasonable for investors to expect businesses to have a supplier Code of Conduct that sets out expectations of suppliers relating to human rights, with compliance enforceable in contractual agreements. Companies should have visibility on their supply chains (well beyond tier 1), assess risk exposure, and use audits and supplier engagement as key monitoring tools.

Remediation and Access to Remedy

Where human rights harm such as modern slavery has occurred, companies and investors have a responsibility to provide for or cooperate in remediation where they identify that they have caused or contributed to human rights harm such as modern slavery. Where companies or investors identify that they are directly linked to modern slavery, they may also choose to play a role in remediation (such as supporting repayment of recruitment fees charged to a sub-supplier's workers). Grievance mechanisms should exist and be easily accessible, catering for different languages and other characteristics of the workforce. All grievances should be investigated, with the worker voice an important component. Companies should also undertake comprehensive remediation actions to also prevent future harm, and this may include collaboration with industry bodies, civil society, and governments to ensure victims of exploitation receive justice and support.

Governance and Accountability

Modern slavery risk management should be owned at the highest levels of corporate governance. Boards and executive leadership must be informed, engaged, and accountable. Clear lines of responsibility and performance indicators tied to human rights outcomes can strengthen internal oversight and drive meaningful action. Regular and targeted training on modern slavery and human rights should be a function of company programs. In addition, dedicated modern slavery or human rights working groups can play a critical role in coordinating internal efforts, facilitating cross-functional collaboration, and maintaining focus on risk identification and mitigation.

> One of the biggest challenges in assessing and benchmarking modern slavery risks is the limited availability and quality of corporate disclosure. While awareness of modern slavery has increased, many companies still disclose only general commitments, rather than detailed information about the specific practices they use to identify and address modern slavery risks.
>
> This is especially evident when it comes to practices linked to forced labour, such as recruitment fee policies, supplier monitoring or the use of labour brokers. Disclosures in these areas are often vague, inconsistent or entirely absent.
>
> Jill van de Walle, World Benchmarking Alliance

Transparency and Reporting

Transparent, high quality public reporting on modern slavery enables stakeholders, including investors, consumers, civil society organisations, and regulators, to assess a company's actions and commitments. Disclosures should go beyond boilerplate statements, providing specific details on identified risks, actions taken, lessons learned, and plans for continuous improvement.

Paradoxically, companies may avoid investigating or disclosing modern slavery risks because they fear negative publicity if something is found. This creates a perverse incentive to remain wilfully blind rather than proactively identifying and addressing issues, which would be detrimental to the company and society in the long run.

Continuous Improvement and Collaboration

Investors expect companies to view compliance as the floor, not the ceiling of their responsibilities. Eliminating modern slavery is a complex, evolving challenge that requires collaboration across sectors, sharing good practices, and investing in worker driven solutions to make real progress.

> **Modern slavery practices are a systemic risk. One company cannot fix that risk on its own. As well as engaging with some of the assets we invest in directly through our ESG and Stewardship program, we also engage in collaborative forums because it's important that we work with other investors to look at opportunities to address modern slavery risks.**
>
> Antonia Parkes, AustralianSuper

Industry Wide Collaborations

The UK Taskforce on Social Factors

As global investors continue to refine their approaches to managing modern slavery risk, recent guidance from the UK's Taskforce on Social Factors offers a useful benchmark[27]. Convened by the Department for Work and Pensions, the Taskforce was created to support pension funds and other institutional investors in integrating social factors (such as modern slavery) into investment and stewardship processes. Its 2023 report and accompanying workstream on modern slavery provide practical guidance for embedding these issues in both governance and investment and stewardship practice.

The Taskforce encourages a shift in focus from policy declarations to tangible outcomes. It highlights the importance of using diverse, real-world information sources including worker voice, trade union feedback, civil society insights, as well as independent grievance mechanisms to complement traditional ESG ratings and company disclosures. This reflects a growing consensus that modern slavery risks are rarely captured by top-down metrics alone, and that meaningful due diligence must intersect more directly with lived experience.

The guidance also sets expectations for investor action. Where risks are identified, the Taskforce urges a structured response: from targeted engagement and escalation pathways, to incorporating modern slavery expectations into investment agreements, with practical examples on how to do so. It reinforces the need for investors to be transparent about the steps they are taking and the impact of those actions, particularly under frameworks like the UK Stewardship Code.

For investors seeking to align fiduciary duties with responsible investment principles, the Taskforce offers a clear, outcomes-oriented roadmap. Its recommendations align closely with IFM's own approach, which emphasises multi-source risk identification, cross-portfolio comparability, and practical steps to drive improvement over time.

> **The way we approached our task was taking modern slavery as a case study of a specific social issue and doing a deep dive on it, reflecting the complexity of this topic. This contributed well to the rest of the work of the Taskforce which considered a wide array of social factors.**
>
> Hilkka Komulainen,
> The UK Taskforce on Social Factors

Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)

IAST APAC is a coalition of investors committed to eradicating modern slavery and human trafficking within the Asia-Pacific region. The organisation aims to leverage the collective influence and resources of its members to drive systemic change in corporate practices and policies. By engaging with companies, advocating for stronger regulatory frameworks, and developing tools to assess and mitigate slavery risks, IAST APAC seeks to promote transparency, accountability, and ethical investment practices. Ultimately, the coalition strives to protect vulnerable populations and ensure that businesses operate with respect for human rights.

> **The largest role we can play is through policy, advocacy and engagement. That's what IAST APAC was formed to try and solve for.**
>
> Liza McDonald, Aware Super

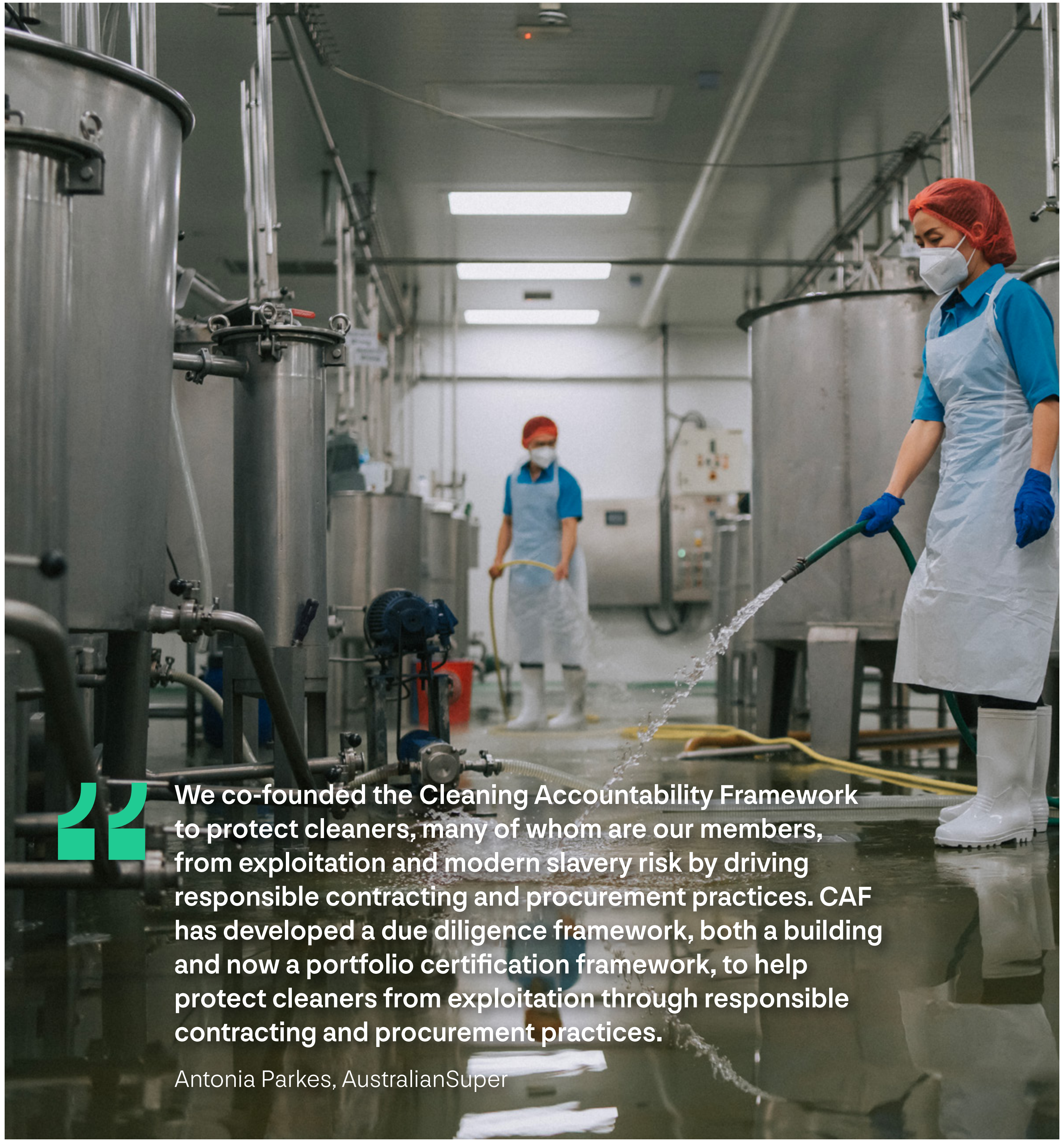
Through IAST APAC, investors have the opportunity to lead and support engagement with a number of companies, including large retailers, discussing how these companies are locating, fixing and seeking to prevent human rights abuses in their supply chains as well as their own workforces. Engagements with large retailers such as Coles and Kmart Group have resulted in significant improvements, including enhanced supplier audits, better traceability and transparency across supply chains, the implementation of robust grievance mechanisms, and specific worker support programmes addressing modern slavery risks.[28]

Notable achievements of the group include development of a set of core metrics to assess and compare company performance in addressing modern slavery risks, promoting transparency and accountability. The coalition expanded its policy advocacy beyond Australian listed companies to engage in global initiatives, including submissions to the International Sustainability Standards Board and advocacy for the establishment of a national compensation scheme for survivors of modern slavery.

> **IAST APAC uses a find it, fix it, prevent it framework to look at modern slavery practices. A sizable proportion of people living in situations of modern slavery is in the Asia Pacific region, so it's important to engage with others in the region and identify and discuss opportunities to address modern slavery risk.**
>
> Antonia Parkes, AustralianSuper

Cleaning Accountability Framework (CAF)
CAF is an Australian multi-stakeholder initiative established to improve labour conditions in the cleaning industry, a sector known to be at high risk of exploitation and modern slavery. It was founded by AustralianSuper, ISPT, the United Workers Union (formerly United Voice), and a coalition of industry leaders, including the Fair Work Ombudsman, property owners, building managers, and cleaning contractors. CAF provides an industry led certification and assurance program that sets clear standards for decent work, responsible procurement, and ethical supply chains in the cleaning sector. It includes tools such as a certification scheme, site specific audits, worker engagement processes, and ongoing monitoring to ensure compliance and promote continuous improvement.

Frameworks like CAF are essential in the fight against modern slavery because they provide practical, sector specific mechanisms for translating policy and legislation into meaningful action on the ground. They help organisations navigate complex supply chains by offering transparency, setting clear expectations, and ensuring that workers have a voice. By bringing together diverse stakeholders, these frameworks also foster accountability and shared responsibility. In high-risk sectors like cleaning, where subcontracting, low pay, and vulnerable workforces are common, initiatives like CAF are critical to identifying exploitation early, driving cultural change, and improving conditions in a sustained and measurable way.



> **We co-founded the Cleaning Accountability Framework to protect cleaners, many of whom are our members, from exploitation and modern slavery risk by driving responsible contracting and procurement practices. CAF has developed a due diligence framework, both a building and now a portfolio certification framework, to help protect cleaners from exploitation through responsible contracting and procurement practices.**
>
> Antonia Parkes, AustralianSuper

Regulation, Accountability and Momentum for Change

While investors and companies must take proactive steps, the policy and regulatory environment sets the guardrails and incentives that can accelerate progress in the fight against modern slavery. This section reviews the current landscape of modern slavery-related regulation in key markets, identifies gaps, and offers recommendations for regulators and policymakers (particularly in Australia, the UK, the United States, the EU and Canada) to strengthen the framework.

Overview of Current Regulatory Landscape

Over the last decade, and as outlined above, several major jurisdictions have introduced laws aimed at increasing corporate action and transparency on modern slavery or broader human rights issues. Indeed, according to MSCI ESG Research, "over 70% of the constituents of the MSCI ACWI Index (by market capitalisation), as of June 2025 were subject to at least one already enacted modern slavery or human rights-related regulation, compared to only 42% in 2010."

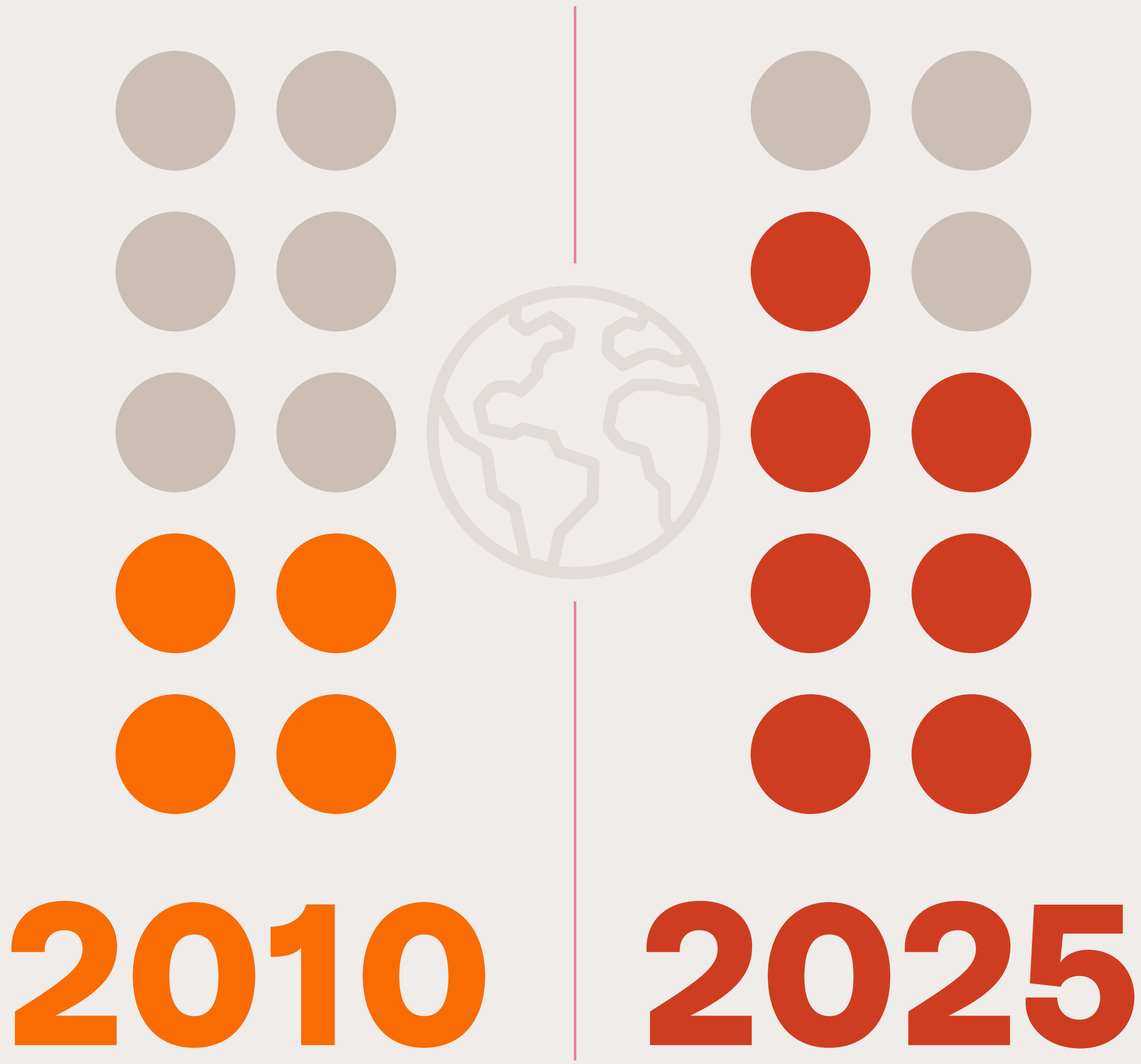
A summary of regulatory developments in a selection of markets is below:

United Kingdom

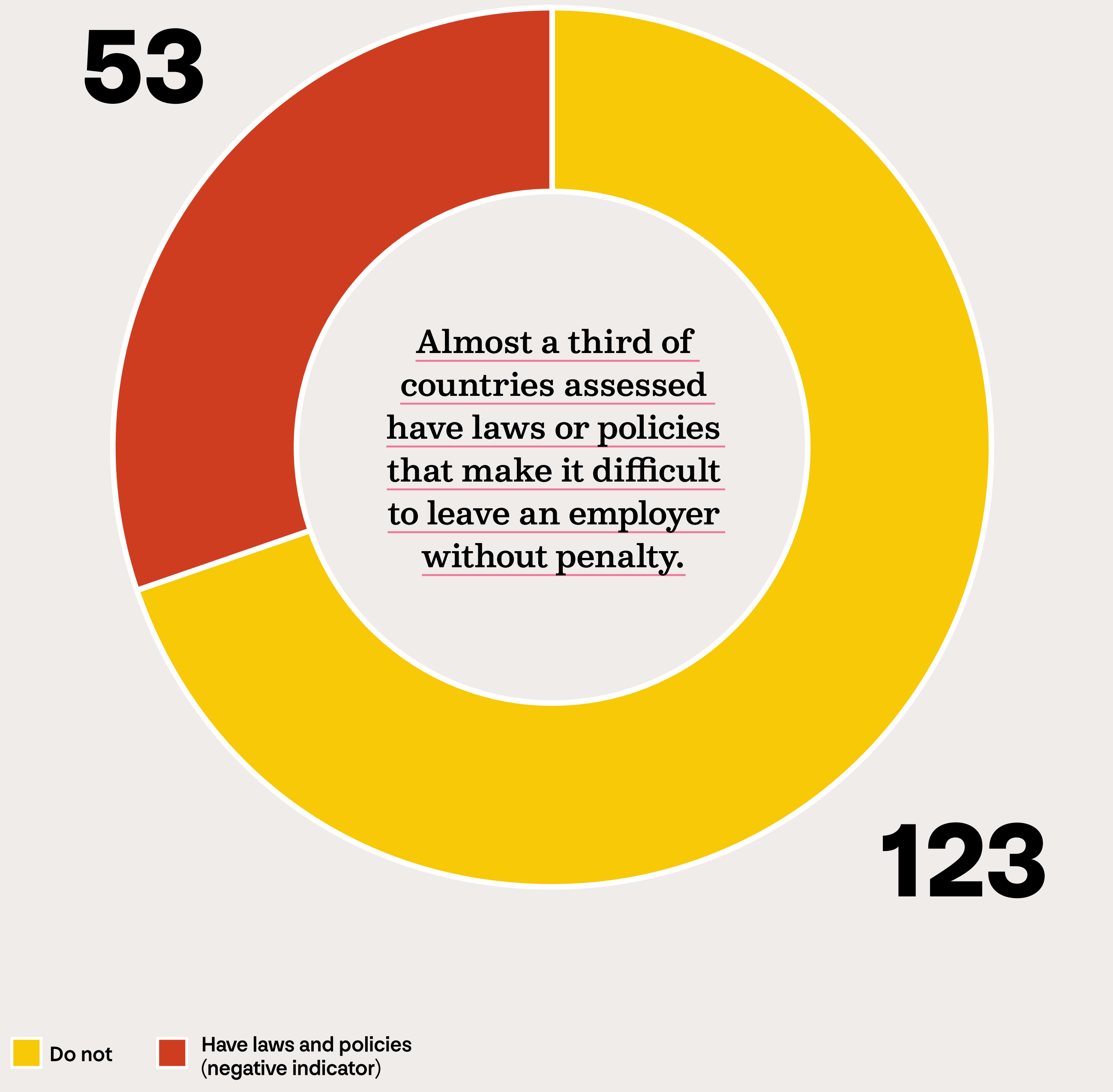
The *Modern Slavery Act (MSA)* 2015, specifically its Transparency in Supply Chains provision (Section 54), requires large companies (including many global firms operating in the UK) to publish an annual statement on steps taken to address modern slavery. Enforcement to date has been light (no fines for non-compliance, only the threat of injunctions), but it has driven a norm of annual reporting. In March 2025, the UK Home Office released updated statutory guidance for Section 54, developed in consultation with a range of external stakeholders.[29] This guidance aims to assist businesses in reporting under Section 54 and includes practical guidance about managing risks. However, the guidance remains non-binding, and the absence of mandatory reporting criteria or enforcement mechanisms continues to hinder its effectiveness.[30]

Australia

The *Australian Modern Slavery Act* 2018 threshold and builds on the reporting approach established by the UK MSA. This included establishing a public registry and prescribed reporting criteria, as well as extending the reporting obligation to the national Government. While compliance has been relatively strong, criticisms around lack of penalties, variable quality of reporting and the extent to which the Australian MSA is leading to change on the ground exist.[31] Indeed, research released by ACSI in 2023 found that only 8% of modern slavery statements of ASX200 companies identified one or more allegations or instances of modern slavery.[32] In response to a statutory review of the legislation, in 2024, the Australian government agreed in principle to introduce civil penalties for failures such as not reporting or reporting false information, subject to consultation with stakeholders. The Government also appointed a



Over 70% of the constituents of the MSCI ACWI Index (by market capitalisation), as of June 2025 were subject to at least one already enacted modern slavery or human rights-related regulation, compared to only 42% in 2010.



Source: https://www.walkfree.org/global-slavery-index/map/#mode=DATA

Federal Anti-Slavery Commissioner in 2024 to help promote compliance with the Act, and guidance. At the state level, the New South Wales (NSW) *Modern Slavery Act 2018* requires certain public entities in NSW (including government agencies, State owned corporations, Government Sector Finance agencies, and local councils) to take reasonable steps to ensure that goods and services procured are not the product of modern slavery and to report on those steps. James Cockayne was appointed NSW Anti-slavery Commissioner in 2022.

European Union and Member States

There is growing momentum in Europe towards requiring companies to undertake human rights due diligence. For example, Germany's Supply Chain Due Diligence Act (2021) requires relevant companies to conduct human rights and environment-related due diligence and includes enforcement mechanisms. An earlier 2017 Corporate Duty of Vigilance law in France requires certain large companies to develop, implement and publish an annual vigilance plan to manage human rights and environmental risks. Most recently, the EU's Corporate Sustainability Due Diligence Directive (CSDDD) requires relevant companies to conduct human rights (and environmental) due diligence (including on modern slavery) for their operations and elements of their value chains, which involves identifying and assessing actual and potential impacts and addressing those impacts.

United States

While no federal law compels companies to publish modern slavery reports, the U.S. exerts influence via trade laws and other targeted legislation. The Trade Facilitation and Trade Enforcement Act (2016) empowers the United States Customs and Border Protection Agency to detain imported goods made with forced labour, and the Uyghur Forced Labor Prevention Act (2021) now bans imports from Xinjiang, China, putting the onus on companies to ensure their supply chains are clean or face lost shipments. Additionally, the California Transparency in Supply Chains Act (2010) applies to a range of larger companies, and certain U.S. procurement regulations ban contracting with entities that use forced labour.

Canada

The regulatory landscape for modern slavery in Canada has evolved significantly with the introduction of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, broadly aligned with the UK and Australian MSAs. This legislation, which came into force on January 1, 2024, mandates reporting requirements for certain companies with a nexus to Canada. Under the Act, entities must disclose the steps they have taken to assess and mitigate the risks of forced labour and child labour within their business and supply chains. This includes preparing a report approved by their governing body, completing a mandatory online questionnaire, and publishing the report on their website.

Global Modern Slavery Regulatory Development Highlights (2010 – 2025)

2010

California enacts First Transparency Law

California enacts the Transparency in Supply Chains Act (SB 657), establishing one of the world's first legislative requirement for companies to disclose their efforts to eradicate slavery and human trafficking from supply chains.[i] The law applies to companies with worldwide gross receipts exceeding $100 million annually and requires public disclosure across five key areas including supply chain verification and employee training.

2015

UK Pioneers European Legislation

The UK Modern Slavery Act 2015 receives Royal Assent, becoming the first European legislation to impose modern slavery reporting obligations on commercial organisations.[ii] The comprehensive law requires businesses with annual turnover of £36 million or more to publish annual slavery statements and establishes an independent anti-slavery commissioner.

2017

France Introduces Due Diligence

France adopts the Corporate Duty of Vigilance Law, becoming the first country globally to mandate comprehensive human rights and environmental due diligence obligations.[iii] The legislation requires large French companies to establish and publish annual "vigilance plans" covering companies with at least 5,000 employees domestically or 10,000 employees worldwide.

2018

Australia Passes Modern Slavery Act

Australia passes the Modern Slavery Act 2018, creating a comprehensive framework with a minimum annual revenue threshold of A$100 million.[iv] The law introduces features including a government-operated central repository for statements and mandatory prescribed criteria for reporting.

2019

The Netherlands Targets Child Labour

The Dutch Senate votes to adopt the Child Labour Due Diligence Law, creating the first legislation specifically targeting child labour prevention in global supply chains.[v] Companies selling goods or services to Dutch end-users must conduct due diligence investigations and develop action plans, with violations subject to significant penalties including potential imprisonment for directors.

Australia Implements Reporting

Australia's Modern Slavery Act 2018 officially enters into force on January 1, establishing the national Modern Slavery Reporting Requirement. The implementation creates Australia's first mandatory corporate reporting system requiring covered entities to submit annual statements on modern slavery risks.

2021

Germany Adopts Supply Chain Law

Germany publishes the Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) in the Federal Law Gazette, establishing comprehensive legal requirements for German companies to respect human rights in their global supply chains.[vi] The legislation sets out detailed due diligence obligations including risk management systems, preventive measures, and remedial actions.

2022

Norway

Norway's Transparency Act, effective July 2022, requires companies with at least 50 full-time employees operating in Norway to report annually on human rights due diligence across their operations and supply chains. It also allows individuals to request information about these activities.[vii]

2023

Germany Begins Enforcement

The German Supply Chain Due Diligence Act enters into force on January 1, initially applying to enterprises with at least 3,000 employees in Germany.[viii] The law imposes substantial penalties including administrative fines up to €8 million or up to 2% of annual global turnover for companies with revenues exceeding €400 million.

Canada Passes Anti-Forced Labor Act

Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act receives parliamentary approval on May 11, establishing comprehensive reporting obligations for Canadian entities and government institutions.[ix] The Act includes transparency requirements and import prohibitions, with penalties for non-compliance up to $250,000.

2024

Multiple Major Developments

Australia appoints its first Anti-Slavery Commissioner, Christopher Evans. You can find an interview with Christopher in Section 7.[x] Germany expands the LkSG coverage to companies with at least 1,000 employees, while Canada's anti-forced labour legislation enters into force on January 1. The European Union approves and implements the Corporate Sustainability Due Diligence Directive with penalties up to 5% of worldwide annual turnover.[xi]

2025

EU Simplification

The European Commission adopts a comprehensive Omnibus package designed to simplify Corporate Sustainability Due Diligence Directive requirements.[xii] The measures aim to reduce administrative burden while maintaining effectiveness of human rights and environmental due diligence obligations.

UK publishes revised statutory guidance

The UK Home Office has updated its statutory guidance for Section 54 of the Modern Slavery Act (2015). The revised guidance outlines recommended disclosures and provides examples of good and best practice.[xiii]

The overall trajectory is toward greater regulatory stringency and breadth. Since 2018, only a few of G20 countries have introduced new legislation, but those that have, set a new bar by requiring due diligence, not just reporting.

[i] https://oag.ca.gov/SB657, [ii] https://www.gov.uk/government/collections/modern-slavery-bill, [iii] LAW No. 2017-399 of 27 March 2017 on the duty of vigilance of parent companies and contracting companies (1) - Légifrance, [iv] https://www.ag.gov.au/crime/people-smuggling-and-human-trafficking/modern-slavery, [v] Dutch Senate votes to adopt child labour due diligence law - Business & Human Rights Resource Centre, [vi] https://www.bmas.de/EN/Europe-and-the-World/International/Supply-Chain-Act/supply-chain-act.html, [vii] transparency-act-english-translation.pdf, [viii] Supply Chain Act - CSR, [ix] Fighting Against Forced Labour and Child Labour in Supply Chains Act, [x] https://www.ag.gov.au/crime/people-smuggling-and-human-trafficking/modern-slavery, [xi] https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en, [xii] https://www.corporate-sustainability-due-diligence-directive.com/, [xiii] Transparency_in_supply_chains_a_practical_guide.pdf

Gaps in current regulatory frameworks

Enforcement Gaps: Many existing laws lack teeth.[33] The UK Modern Slavery Act still, as of today, has no financial penalties for companies that fail to report or that issue superficial statements. This, in our view, leads to a compliance mentality. The effectiveness of the UK Act has been questioned, with reports finding a large portion of companies producing subpar disclosures.[34] Similarly, in Australia before the anticipated amendments, a company faced no direct consequence for not reporting or for reporting poor information (beyond reputational risk, including the ability for the Government under the Act to publicly name non-compliant companies). Weak enforcement undermines the ability for regulatory change to have real economic impact. Responsible companies invest in better practices, while laggards save costs and go unpunished, at least legally.

Scope Gaps: Most current laws apply only to 'large' companies above certain thresholds (e.g., £36M turnover in UK, A$100M in Australia, 5,000 employees in France, etc.). This leaves out many mid-sized companies and privately held firms which may collectively employ or be linked to millions of vulnerable workers (although these entities may be indirectly covered where they supply larger companies in scope of the laws). Modern slavery often thrives in tiers of supply chains populated by smaller suppliers that aren't directly under such regulatory scrutiny. The inadequacy of current thresholds was underscored by the 2023 McMillan review[35], which found Australia's Modern Slavery Act had not caused meaningful change and recommended lowering the revenue threshold to capture more mid-sized entities (among 29 other recommendations). Moreover, the focus is on companies as traditionally defined; investors themselves may escape scrutiny except for their own operations and corporate supply chains (although the Australian Government's guidance makes it clear investors must report on modern slavery risks in their investment portfolios).

Focus on Disclosure over Due Diligence: UK, Australia, and Canada's laws are disclosure-based. They require transparency about what a company is doing, but they do not explicitly require a company to do specific due diligence as expected under the UNGPs. In other words, a company could publish a statement confessing "we did nothing" and still be in technical compliance (though most likely reputationally damaged). Only some laws (France, Germany, EU upcoming) impose a duty in some form to conduct due diligence. This gap was also highlighted in the McMillan Review, which recommended mandating due diligence obligations for entities to identify and address modern slavery risks.

Lack of Worker Voice and Protection in Regulation: Modern slavery reporting laws require companies to report on their policies and processes, do not specifically require incorporation of worker input or protection of workers and other stakeholders raising concerns in supply chains. This means regulations aren't yet driving one of the critical pieces needed to uncover issues (i.e. ensuring workers can safely speak). An exception is that some due diligence laws reference grievance mechanisms e.g., Germany legally requires companies to have a complaints procedure. But broadly, the regulatory frameworks could do more to mandate mechanisms that directly engage workers or their representatives.

Fragmentation and Inconsistency: The proliferation of different national modern slavery reporting requirements can be burdensome and confusing for global companies and their investors. Each law has slightly different thresholds, definitions, and reporting formats, while broader human rights due diligence laws also vary. For instance, a multinational might have to produce a UK statement, an Australian statement (which are similar but not identical in form), report under a broader human rights reporting requirement in Norway, comply with a French vigilance plan requirement (which is more stringent and broader), and prepare for EU requirements. This patchwork can dilute focus and resources meaning companies might focus on ticking the box for each rather than on the substance of risk mitigation.

Limited Support for Remediation: Reporting focused laws often emphasise risk identification and disclosure but say little about what companies (or investors or governments) should do when modern slavery is found. There is a gap in frameworks for remediation and ensuring survivors are supported and harm is repaired, in line with the UNGPs. While this is partly outside the scope of company level legislation, broader government policy could do more to facilitate effective remediation. For example, governments could establish victim remediation funds financed by penalties, while also requiring companies to develop and disclose their own remediation plans. Without stronger legal or policy drivers to meet the expectations for remediation outlined in the UNGPs, companies may cut ties to hide a problem rather than engage in the more difficult but critical work of addressing and remediating harm.

> **The Australian Modern Slavery Act has been effective in increasing awareness of modern slavery risks and engagement of business on the issue. However, as the obligations of entities are limited to reporting, the reporting has become the end in of itself. We need to refocus on what companies are actually doing, and how, to identify and effectively address risks of modern slavery.**
>
> Christopher Evans, Australian Anti-Slavery Commissioner

Recommendations for stakeholders

Tackling modern slavery risks within investment processes requires coordinated action across the investment ecosystem.

Following detailed interviews with industry stakeholders globally, we developed the following targeted, actionable recommendations.

Policy Developers and Regulators

01 **Strengthen disclosure requirements:** Require companies to report not just on policies but on actual risk identification processes, findings, and remediation outcomes.

02 **Promote data comparability and consistency:** Support initiatives that standardise definitions, metrics, and disclosure formats across jurisdictions.

03 **Incentivise continuous improvement:** Move beyond a "tick-box" compliance approach by enhancing penalties for poor performance and rewards for meaningful action.

Investors General

01 **Integrate modern slavery risk systematically:** Proactively assess and monitor risks throughout the investment cycle, from due diligence to ownership, embedding consideration into investment mandates and decision-making processes.

02 **Enhance data and risk assessment:** Use diverse sources like civil society, worker voices, and alternative datasets beyond company disclosures or ESG ratings to identify modern slavery risk. Apply scenario analysis, supply chain mapping, and sector-specific risk indicators where transparency is low.

03 **Leverage governance influence:** Incorporate modern slavery performance into voting decisions and stewardship activities, encouraging companies to improve their practices and disclosures.

04 **Prioritise transparency and disclosure:** Disclose modern slavery policies, risk findings, and actions taken, while also actively encouraging and supporting portfolio companies to improve their own transparency and disclosure practices.

05 **Collaborate for collective impact:** Engage in collective action by investors to enhance influence over companies and markets, especially regarding supply chain risks.

Investors Private Markets

01 **Strengthen pre-investment due diligence:** Go beyond standard questionnaires—use local intelligence, sector risk maps, and on-the-ground assessments to identify red flags before investment.

02 **Build investee capacity:** Embed human rights policies and grievance mechanisms in portfolio companies. Help investees develop tools, training, and partnerships to address modern slavery risks effectively.

03 **Use control positions strategically:** Leverage board seats (where applicable) and governance rights to drive meaningful change in modern slavery practices and reporting.

04 **Ensure continuity beyond ownership:** Align exit strategies to ensure efforts to tackle modern slavery risks are sustained post-divestment, including through sale processes and buyer requirements.

Data Providers

01 **Improve risk metrics for modern slavery:** Develop indicators that go beyond high-level ESG ratings and capture supply chain complexity, including risks such as informal labour, and lack of access to effective grievance mechanisms.

02 **Incorporate ground-level insights:** Explore ways to integrate worker perspectives, grievance data, and civil society reports into risk assessments.

03 **Enhance transparency of methodologies:** Enable investors to understand how modern slavery risk scores are constructed and what assumptions underpin them.

Industry Actors (NGOs, Unions, Collaborative Initiatives)

01 **Build bridges between investors and affected communities:** Help translate on-the-ground realities into actionable insights for investors.

02 **Develop shared tools and frameworks:** Industry-wide platforms for risk assessment, supplier due diligence, and grievance mechanisms can drive consistent practices.

03 **Advocate for structural reforms:** Push for stronger worker protections, supply chain transparency, and responsible sourcing regulations.

End notes/sources

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