

Accelerating Change: The Potential of Capital Market Actors in Addressing Modern Slavery — Recommendations for Business

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Investors are key actors in addressing modern slavery in global value chains. The Bingham Centre recently conducted, in partnership with Finance Against Slavery and Trafficking (FAST), a [research project](#) exploring the role of capital market actors in addressing modern slavery. The findings from this project showed that investors, including pension funds, development finance institutions, private equity investors, and asset managers, are starting to address social issues including child labour and payment of wages, before and after investment as part of their responsible investment and ESG agenda. In particular, investors are using their leverage through collaborative engagements with businesses after investment to influence positive change. The evidence suggests this is a [promising practice](#), but that investors face data challenges including availability, measurability, and reliability. Based on the findings from this study, we have provided recommendations for [capital market actors](#) and for [policy makers](#). In this blog, we provide recommendations to businesses as important actors in the capital markets ecosystem.

1. Ensure compliance with normative and legislative frameworks on human rights and modern slavery and ensure governance structures and management systems effectively support this.

- Ensure alignment of your human rights and modern slavery policies to international human rights frameworks such as the [UNGPs](#) and the [OECD guidelines](#).
- Ensure compliance with legislative frameworks on human rights and modern slavery, including modern slavery transparency in supply chains legislation such as the [UK Modern Slavery Act 2015](#), and (when applicable) with mandatory human rights and environmental due diligence legislation (mHREDD) including the upcoming [Corporate Sustainability Due Diligence Directive](#) (CSDDD).
- Ensure you have in place a robust ESG management system that can identify risks on an ongoing basis, that there is a team with the capacity, resources, and capability to manage it, and that there is senior level engagement and board leadership on general working conditions, labour rights, human rights, and modern slavery risks.

2. Build capacity on modern slavery risks, share practices, and learn from your peers.

- Improve awareness and understanding of modern slavery within your company and across your supply chain (downstream and upstream), including on the relation between environmental and human rights risks. Capitalise on the resources of the [Modern Slavery PEC](#) including the upcoming funded research projects on the [links between the climate crisis and modern slavery](#).
- Ensure that senior level people, including the C-Suite, CFOs, and members of the Board of Directors are involved in all company engagements led by investors, including in awareness raising and training activities.

- Share your practices and experiences on what works and what does not with other businesses and seek to learn from each other.

3. Engage in public consultations and research calls to inform national and international standards, policy, and practice.

- Participate in consultations to inform the development of human rights and modern slavery related standards with a specific focus from the finance sector. For example, in the [International Sustainability Standards Board](#) (ISSB) consultations in regard to Human Rights and Human Capital and their international applicability.
- Participate in consultations for evidence to inform policy. For instance, in calls for input of the [Working Group on Business and Human Rights](#) and in consultations regarding the regulation of ESG rating agencies.
- Participate on future research projects that can contribute to identify what works for addressing modern slavery, including for example the upcoming BIICL research project on [the impacts of mHREDD legislation on internal corporate practice](#).

4. Capitalise on available resources to increase data disclosure to investors.

- Consider engaging with standards organisations that support companies provide appropriate disclosures to investors such as the [Sustainability Accounting Standards Board](#) (SASB), the [Global Reporting Initiative](#) (GRI), and the [European Sustainability Reporting Standards](#) (ESRS).
- Make use of modern slavery-specific guidelines such as that of the Stock Exchange of Thailand (SET) on modern slavery risks for Thai businesses and context specific guidelines such as the UNDP's and the UN Working Group on Business and Human Rights' [guidance on heightened human rights due diligence for businesses in conflict-affected contexts](#).
- Consider the use of innovative technologies, such as [Tech Against Trafficking](#), to provide regulators, investors, and CSOs with improved transparency and visibility on modern slavery risks in value chains.
- Engage in meaningful conversations with investors, especially with asset managers to build trust, find out what data they require, why and how they will use it, discuss challenges faced, and best ways to work together to address data challenges.

5. Collaborate with other businesses, investors, policy makers and international actors to address systemic issues.

- Consider engaging with the [Global Commission on Modern Slavery](#) to collaborate on international and multi-stakeholder efforts to catalyse action at a systems level.
- Collaborate with other businesses to work towards SDG16: peace, justice, and strong institutions. For instance, collaborate to strengthen the Rule of Law, in particular on issues that increase people's vulnerabilities and the risk of modern slavery such as corruption, weak labour laws, weak law enforcement, and lack of civil justice.
- Collaborate with national and international investor alliances on modern slavery and human rights, such as [CCLA](#), [IAST APACT](#), and the [Investor Alliance for Human Rights](#), that work with businesses and engage in advocacy and standard setting activities.
- Consider having a conversation with investors on how together, investors and companies, can financially support suppliers (especially in the Global South) to comply with supplier codes of conduct.

6. Engage with CSOs that represent people with lived experience and seek to involve investors in these engagements.

- Engage with CSOs that represent people with lived experience such as [Survivor Alliance](#), to collect on-the ground data and aim to involve investors in these engagements.
- In collaboration with investors, support CSOs that represent people with lived experience in their capacity building, especially regarding knowledge and skills to better inform businesses and investors.
- Consider engagement with worker-driven organisations such as the [Worker-Driven Social Responsibility Network](#) (WSR).

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