



Core metrics for modern slavery action, disclosure, collection and publication

About IAST APAC

The Investors Against Slavery and Trafficking Asia Pacific (IAST APAC) initiative is an investor-led, multistakeholder collaborative. It was established in 2020 to engage with companies in the Asia-Pacific region to promote effective action in finding, fixing and preventing modern slavery in operations and supply chains. IAST APAC comprises 42 investors with A\$9.4 trillion in Assets Under Management (AUM), together with the Australian Council of Superannuation Investors (ACSI), Walk Free and the Finance Against Slavery and Trafficking (FAST) initiative.

Modern slavery risks are also business risks

Ongoing and effective management of human rights and modern slavery risks can have material commercial implications including:

1. **Efficiency and resilience:** Improved corporate governance, business performance, supply chain productivity and resilience.
2. **Investor focus:** Weak management of modern slavery risks in operations and supply chains is increasingly seen as a key business risk by investors and can even determine if a company is eligible to be held in ESG funds.
3. **Stakeholder expectations:** Customers and employees are increasingly informed about company sustainability performance including human rights and make decisions based on their values and standards.
4. **Regulatory risk:** The global regulatory landscape is evolving rapidly with stronger modern slavery disclosure and sustainability reporting laws, new human rights due diligence laws, and increasing cases of fines / sanctions or market access being denied for products that fail to meet minimum standards on human rights or other ESG issues.

Why data and transparency matter

A company's exposure to modern slavery risks can be complex due to both the contextual nature of the risks (different issues can be present based on sector, industry, geography) as well as the rise of distributed, dynamic and fragmented supply chains. Given this complexity, when assessing modern slavery risks data disclosure and collection should not be seen as a substitute for qualitative analysis. The members of IAST APAC believe that disclosure of a core set of metrics can help to provide an initial scalable step towards analysis of company performance and help to facilitate discussion and engagement with companies (and other stakeholders) to understand modern slavery risks better and move towards positive outcomes.

In the table below, we believe it is helpful to distinguish between 'input' and 'output' metrics. Input metrics represent the inputs into effective management of modern slavery risk while output metrics aim to provide a quantitative measurement of tangible outcomes as a result of policies, frameworks and processes adopted and implemented. The data points are grouped by the 3 stages of the 'Find It, Fix It Prevent It' framework, which IAST APAC members use to frame engagement plans with listed companies in consumer staples and discretionary, healthcare and technology sectors under its collaborative engagement workstream. Leading indicators are in **bold**, and indicators marked with an asterisk (*) are where we would like to see momentum. We intend to publish a list of advanced metrics in due course.

Core modern slavery metrics

Framework	Input metrics	Output metrics	Why this is helpful
<i>Find It</i>	<p>Location and activities of key suppliers (Tier 1, Tier 2)</p> <p>Percentage of operations/supply chain mapped*</p> <p>Percentage of high-risk suppliers covered by third party audits*</p>	<p>Number and percentage of suppliers considered to have high exposure to modern slavery risks</p> <p>Outcomes and actions from third party audits disclosed</p>	<p>Identification and mapping of the supply chain is the first step in understanding potential exposure to modern slavery risks.</p> <p>Once identified, audits of high-risk suppliers and associated outcomes can provide evidence that a more formal evaluation has occurred.</p>
	<p>Grievance mechanism introduced in line with UNGPs effectiveness criteria</p>	<p>Number of workers identified (in operations and supply chain) as being impacted by exploitative labour practices, forced labour or other forms of modern slavery*.</p>	<p>The presence of a grievance mechanism(s) provides an important channel for identifying potential issues.</p> <p>Reviewing grievance mechanism includes whether the intended users “know”, “trust” and “use” the mechanisms.</p>
<i>Fix it</i>		<p>Percentage of workers identified as experiencing labour exploitation, forced labour or modern slavery to whom remedy was provided*</p>	<p>Given the complexity and prevalence of modern slavery risk, we expect many companies will identify some issues within their supply chain.</p>
<i>Prevent It</i>	<p>Employment/service contracts are aligned with international human rights and labour standards (including no forced/child labour, no recruitment fees, living wage paid, no excessive overtime, freedom of association, freedom of movement)</p>	<p>Percentage of workers (including migrant workers) that sign contracts consistent with international standards</p> <p>Percentage of suppliers that sign contracts consistent with international standards</p>	<p>Minimum standards and best practices for labour and supplier contracts including codes of conduct can help set the foundation for preventing modern slavery risks.</p>
	<p>Percentage of people trained on modern slavery (operations and supply chain)</p>		<p>Training and skill development to help identify and remediate</p>

			modern slavery is a key step towards prevention.
	Time-bound commitment to pay a living wage to employees in operations and workers in at least Tier 1 of supply chain	Living wage gap if any in operations and at least Tier 1 of supply chain*	Payment of a living wage is a key precondition to addressing modern slavery risks.