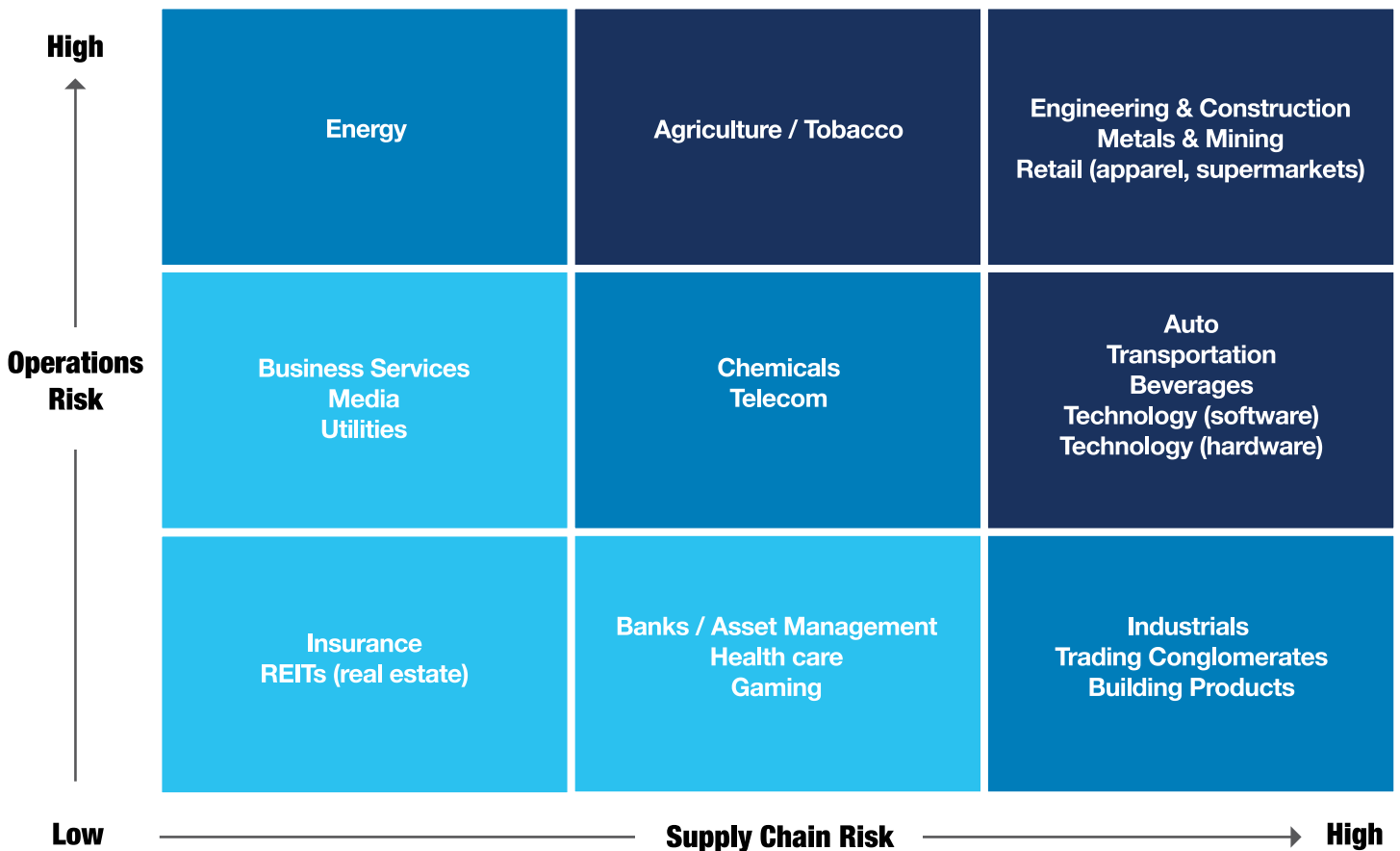


ANALYZING MODERN SLAVERY RISK

INDUSTRY RISK ASSESSMENT

The matrix below helps prioritize industries most at risk by considering the following risk factors:

1. Vulnerable populations (e.g., migrant workers, minorities)
2. High-risk geographies* (e.g., conflict affected zones, weak judiciary)
3. High-risk products and services (e.g., raw materials, basic services, 'sweat shops')
4. High-risk business model (e.g., outsourcing, seasonal demand peaks, franchises)



Source: Pzena analysis

**This consideration is embedded in both axes. Within each industry there is always the additional nuance of how operating or supply chain geography can impact the outcomes. E.g., Gulf countries are known for withholding passports from workers and the retail supply chain is notorious for operating in jurisdictions with lower worker rights/ protections than might exist in countries where retail companies are headquartered.*

ANALYZING MODERN SLAVERY RISK

ORGANIZATIONAL RISK

A guide for research and engagement

1

Governance

- i. Thoroughness of policy statements and codes of conduct, beyond compliance with local laws
- ii. Board/senior management accountability (e.g., aligned incentives)
- iii. Organizational structure and business unit accountability
- iv. Alignment with international best practices
- v. Evidence of collaboration with peers/industry organizations

2

Risk Identification

- i. High risk factors (e.g., geographical locations, products and service categories, business models)
- ii. Supplier assessments (e.g., standards, audits, site visits)
- iii. Depth of supplier evaluation (e.g., do they go beyond tier 1 suppliers)

3

Risk Mitigation

- i. Quality of employee resources (e.g., training, grievance mechanism)
- ii. Fair wages
- iii. Documented KPIs to track progress
- iv. Diligence and remediation processes
- v. Transparency of disclosure (successes and failures)
- vi. Third party verification of site audits/policy compliance

FURTHER INFORMATION

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