

New research finds boardrooms must still do more to eradicate modern slavery

April 25 2022



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New research led by Lancaster University and published today by the United Kingdom's Financial Reporting Council (FRC), in conjunction with the UK Anti-Slavery Commissioner, has identified significant

shortcomings in the quality of companies' modern slavery reporting.

The research, led by Lancaster University Management School, looked at a sample of 100 major companies' modern [slavery](#) statements and their strategic and governance reports. The findings reveal one in ten companies do not provide a modern slavery statement despite it being a legal requirement. Where companies did comply, only one-third of these statements were considered clear and easy to read.

The majority of modern slavery statements reviewed were fragmented, lacked a clear focus and narrative, and often contained boilerplate language. Disclosures about key performance indicators (KPIs) to measure the effectiveness of steps to minimize modern slavery risks were particularly poor. Only a quarter of companies disclosed KPI results and just 12% confirmed they have made informed decisions based on those KPIs.

The review suggests that too many companies appear not to view human rights issues in their workforce and [supply chain](#) as a principal source of risk for their business, and that modern slavery considerations are still not a mainstream concern for many boardrooms.

Researchers say these findings are an opportunity for companies to present a more joined-up approach to reporting and provide information on the effectiveness of their policies.

The UK's Independent Anti-Slavery Commissioner, Dame Sara Thornton DBE QPM, said, "With an estimated 16 million modern slavery victims working in the private sector, businesses carry significant material and reputational risk of modern slavery being found somewhere in their supply chains.

"Modern slavery is perpetrated by organized criminals and cynical

opportunists; however, irresponsible commercial practices and poor governance can also create the conditions that allow exploitation to thrive. Companies have a responsibility to demonstrate the steps they are taking to minimize modern slavery risks and to show strong leadership in this area."

Professor Steve Young from Lancaster University Management School led the research, alongside Dr. Mahmoud Gad. Prof. Young said, "Slavery, [trafficking](#) and human rights are critical issues for business and society. Our review of corporate reporting practice suggests that these risks may be passing under the radar in some companies, while others seem to be adopting a compliance-oriented approach with processes and disclosures satisfying regulatory requirements rather than seeking to understand and address fundamental concerns.

"At the other end of the spectrum, however, we see a number of companies that are leading the way in terms of their thinking and transparency. We hope our evidence helps to promote best practice and illustrate the stakeholder benefits that are possible when boards prioritize the issue."

The FRC's CEO Sir Jon Thompson said, "High-quality reporting is vital to shining a light on how seriously businesses take social issues in their day-to-day operations.

"It is therefore unacceptable that many companies did not produce a modern slavery statement and that modern slavery considerations appear to not be a mainstream concern for many boardrooms. Looking ahead, companies must clearly set out the actions they are taking to deal with modern day slavery in all aspects of their operations."

More information: The report titled Modern Slavery Reporting Practices in the UK is [available as a PDF](#).

Provided by Lancaster University

Citation: New research finds boardrooms must still do more to eradicate modern slavery (2022, April 25) retrieved 1 September 2024 from <https://phys.org/news/2022-04-boardrooms-eradicate-modern-slavery.html>

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