
BEYOND COMPLIANCE IN THE ELECTRONICS SECTOR:

**Assessing UK and Australian Modern Slavery Act
statements produced by electronics companies.**



Cover Image:
Sunderland, United Kingdom, July 2021.

Workers at Nissan's Sunderland plant build the UK's first car battery "gigafactory," marking a step towards greener transport. While this advances the Just Transition, the electronics industry faces significant human rights challenges. As we push for sustainable solutions, companies must prioritise ethical practices, comply with modern slavery legislation, and ensure worker protections throughout their supply chains. Photo by OLI SCARFF/ AFP via Getty Images.



Nanchong, China, April 2024

Workers produce electronic products at a workshop in Nanchong, Sichuan Province, China. China was the leading electronics exporter in 2023, accounting for more than 25% of all electronics exports. The industry faces scrutiny over labour practices, with reports suggesting heightened risks of forced labour and exploitative working conditions, particularly among vulnerable groups such as migrant workers and ethnic minorities. Photo by Costfoto/NurPhoto via Getty Images.

INTRODUCTION

The electronics sector is a colossal global industry, with the consumer electronics market alone valued at over \$740 billion in 2022 and projected to surpass \$1 trillion by 2030.¹ From smartphones to electronic vehicles, our modern world runs on electronics, and some 18 million people worldwide work to produce them.²

Electronics supply chains encompass miners extracting raw materials from the earth, factory workers assembling components, and a myriad of suppliers and subcontractors in between. They are complex global systems that have enabled technological advancements and brought digital tools to billions but are also coming under increasing scrutiny due to pervasive links to modern slavery and labour exploitation.³

Modern slavery in the electronics sector takes many forms, from forced labour in mineral mines to exploitative working conditions in factories. Workers are vulnerable to debt bondage, illegal overtime, wage theft, and hazardous conditions, with migrant workers, children, and other marginalised groups facing heightened risk.

Not only is this a pervasive human rights issue, it also cuts to the heart of corporate responsibility and legal compliance. Companies have a moral and, increasingly, legal responsibility to protect workers and ensure that their supply chains are free of exploitation. National legislation has responded to this with Modern Slavery Acts (MSAs) and Mandatory Human Rights Due Diligence Legislation (mHRDD), which place varying degrees of obligations on companies to report on how they are responding to, or mitigating, the risks of modern slavery in their direct operations and supply chains.

To gain an understanding of how the electronics sector is complying with these obligations, Walk Free and Wikirate have assessed the statements of 108 of the largest and most influential electronics companies reporting under the UK and Australian MSAs. This report provides a snapshot of their level of disclosure of modern slavery risks, identifies good practice, and highlights gaps in reporting quality.

1 Consumer Electronics Market (2023), Reports Insights. Available from: <https://www.reportsinsights.com/industry-forecast/global-consumer-electronics-market-statistical-analysis-673824> [September 25 2024].

2 Ibis World (2024), Global Biggest Industries by Employment in 2024. Available from: <https://www.ibisworld.com/global/industry-trends/biggest-industries-by-employment/> [September 25 2024].

3 Z2Data (2023), Importance of Addressing Human Trafficking & Forced Labor in Electronic Supply Chains. Available from: <https://www.z2data.com/insights/importance-of-addressing-human-trafficking-forced-labor-in-electronic-supply-chains> [September 25 2024].; Investors Against Slavery and Trafficking Asia Pacific (2022) Modern slavery risks in electronics supply chains in Asia. Available from: <https://www.iastapac.org/2022/09/28/modern-slavery-risks-in-electronics-supply-chains-in-asia> [September 25 2024].

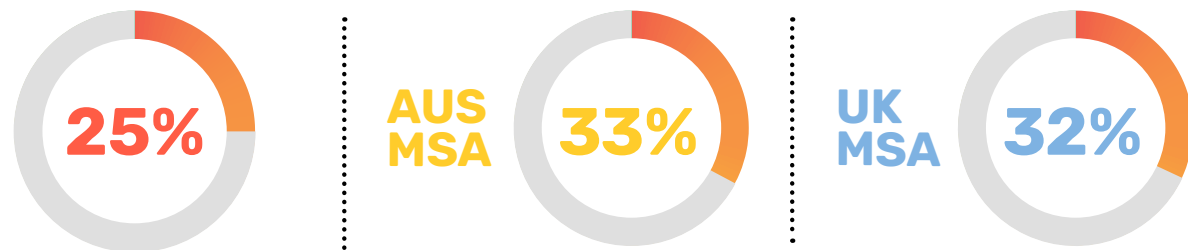
FINDINGS

01

The level of compliance with MSA's varies significantly, with most companies failing to meet basic reporting requirements. This suggests many companies view modern slavery reporting as a box-ticking exercise rather than a catalyst for meaningful change.

While all 108 companies have produced some form of modern slavery statement, the quality and depth of these statements vary dramatically.

PERCENTAGE OF COMPANIES MEETING MINIMUM LEGISLATIVE REQUIREMENTS



Only 25 per cent of the total companies meet minimum requirements for the legislation under which they are reporting.

33 per cent for Australian MSA and 32 per cent for UK MSA are meeting the minimum legislative requirements.

This paints a picture of an industry in which many companies view modern slavery reporting as a low-priority obligation, potentially not even taking the legislation seriously enough to meet its most basic requirements. The low compliance rates suggest a failure by companies to take their responsibility to protect human rights seriously and underscores the need for more robust enforcement mechanisms and stricter legislative requirements. It also highlights the importance of looking beyond mere compliance to assess the true impact of corporate efforts in combating modern slavery.

Australia MSA minimum requirements

- A description of the entity's structure, operations, and supply chains, including information about the goods and services it provides and the countries in which it operates.
- A description of the entity's modern slavery risks, including information about the specific types of slavery or trafficking that may occur in its operations or supply chains.
- A description of the actions the entity has taken to assess and address modern slavery risks in its operations and supply chains, including information about the due diligence processes it has undertaken, the policies and procedures it has implemented, and the training it has provided to its employees and business partners.
- A description of any actions the entity has taken to support the identification and protection of victims of modern slavery, and to prevent modern slavery from occurring in its operations and supply chains.
- A description of the performance indicators and targets used to measure the effectiveness of the entity's actions to address modern slavery risks, and a summary of the results achieved.
- The name of the person or persons who is/are responsible for ensuring that the entity complies with the reporting requirements under the Act and the contact details of the person or persons.
- A statement that the information provided in the MSS is accurate and complete to the best of the person's knowledge and belief.
- The statement must be signed off by a director of the highest governing body and submitted to the Australian government for publication on a public registry.

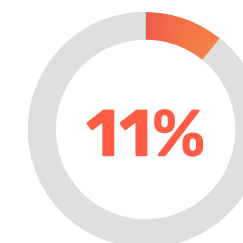
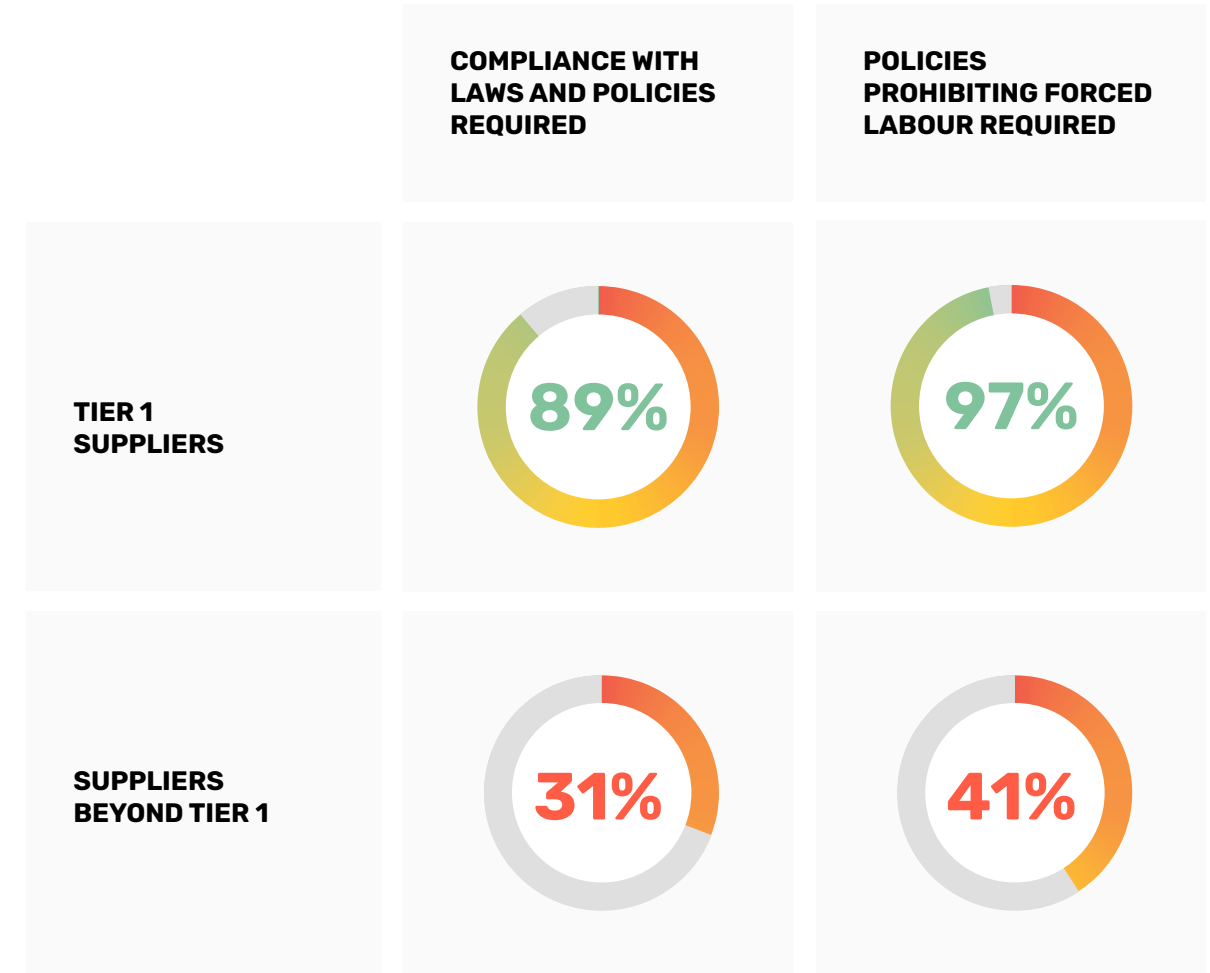
UK MSA minimum requirements

- There is a link on the company's website homepage to the statement
- Statement has been approved by the Board
- Statement is signed by appropriate person

02

Companies' engagement with their supply chains drops off dramatically beyond tier 1 suppliers, leaving millions of workers in extended supply chains potentially invisible and unprotected.

The "engagement cliff" observed in the data is striking. While 89 per cent of companies require tier 1 suppliers to comply with laws and policies, this plummets to 31 per cent for suppliers beyond tier 1. The drop is also pronounced when it comes to policies prohibiting forced labour: 97 per cent for tier 1 versus 41 per cent beyond. Strikingly, only 22 per cent of EV companies explicitly require suppliers beyond tier 1 to comply with laws and policies.



11 per cent disclose the names of at least some of their suppliers.

It is therefore unsurprising that almost half of the companies disclose no information about their supply chain at all, with a mere 11 per cent disclosing the names of at least some of their suppliers. No EV companies assessed named specific suppliers.

This lack of supply chain transparency represents a critical blind spot in the industry's response to modern slavery risks. The electronics supply chain is complex, often involving multiple tiers of suppliers across various countries. Many of the highest-risk activities – such as mineral extraction or component manufacturing – occur in these deeper tiers of the supply chain. This lack of transparency leaves many workers invisible to mechanisms designed to protect them. It also creates a scenario where companies can claim compliance and engagement based on their tier 1 suppliers, while remaining wilfully blind to potential abuses further down the chain.

This "out of sight, out of mind" approach has real consequences. Prominent companies within the electronics and electronic vehicle industry have been tied to cases of forced labour in their supply chain in recent years.

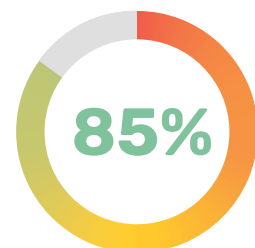
03

Companies demonstrate “policy-practice gap”: widespread adoption of due diligence tools, but superficial implementation, with low rates of risk identification, inadequate worker-centred remediation, and limited effectiveness measurement.

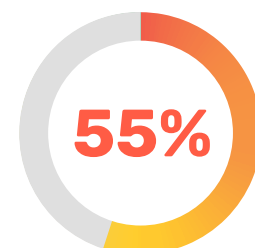
Our analysis reveals a concerning pattern in the electronics industry's approach to modern slavery due diligence. At first glance, the numbers appear encouraging: nearly all companies employ risk assessment tools, with **85 per cent** conducting audits, and an impressive **80 per cent** implementing whistleblowing mechanisms. Moreover, **88 per cent** of companies claim to offer some form of remediation for incidents.

However, delving deeper into these practices exposes significant shortcomings that call into question the effectiveness of these due diligence efforts. Despite widespread risk assessment tools, only **55 per cent** of companies have identified concrete modern slavery risks in their supply chains. This disparity suggests that many companies may be conducting superficial assessments that fail to uncover the reality of widespread issues in a high-risk industry.

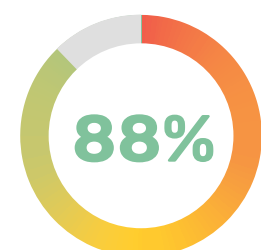
DUE DILIGENCE TOOLS



85 per cent of companies conducted audits.



55 per cent of companies have identified concrete modern slavery risks in their supply chains.



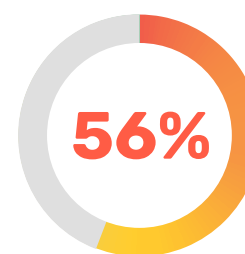
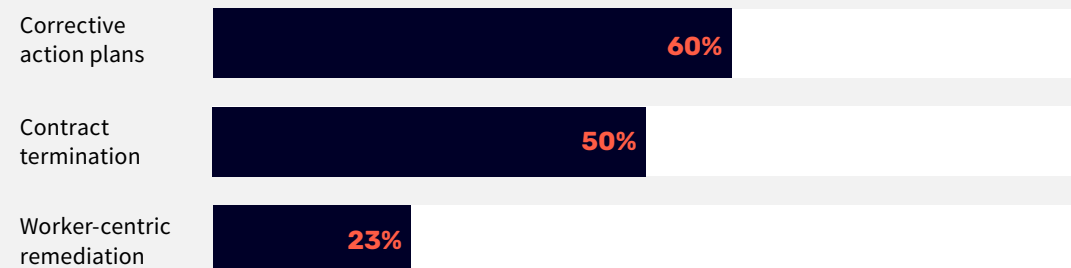
88 per cent of companies have remediation processes.

REMEDICATION

Even more troubling is the approach to remediation. While most companies report having remediation processes, these predominantly focus on actions like corrective action plans (**60 per cent**) and contract termination (**50 per cent**). Notably less common (**23 per cent**) is the disclosure of worker-centric remediation, indicating a prioritisation of business continuity over worker welfare.

The stark reality of this inadequacy is further highlighted by the fact that only two companies in our sample reported discovering a case of forced labour in their supply chain. Given the known prevalence of labour exploitation in global electronics supply chains, this near-absence of reported cases points to an alarming failure in detection and disclosure practices.

Approach to remediation



KEY PERFORMANCE INDICATORS

Furthermore, only **56 per cent** of companies have established Key Performance Indicators (KPIs) to measure the effectiveness of their actions. Without robust metrics, it becomes challenging to assess whether these due diligence efforts are making any tangible impact.

Spotlight: Investors

We also assessed the statements of 20 major asset managers and pension funds with investments in the electronics industry. The majority (**60 per cent**) of investors have a human rights investment policy in place. However, this policy does not effectively prevent funding to companies with a high risk of modern slavery, as **50 per cent** of those with a policy do not report assessing modern slavery risks before making investment decisions. Investors (**60 per cent**) report engaging with investees to address human rights issues if they arise, but only **5 per cent** of them expect their investees to publish a modern slavery statement as mandated under the UK or Australian Modern Slavery Act.

50%
OF INVESTORS WITH A HUMAN RIGHTS INVESTMENT POLICY DID NOT REPORT ASSESSING MODERN SLAVERY RISKS BEFORE MAKING INVESTMENT DECISIONS.

5%
OF INVESTORS EXPECT THEIR INVESTEES TO PUBLISH A MODERN SLAVERY STATEMENT AS MANDATED UNDER MSAS.

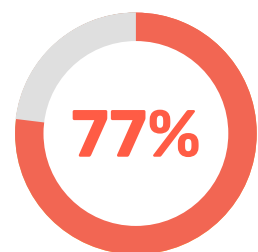
This data paints a picture of an industry that has adopted some of the procedures of due diligence, without genuinely embracing its spirit or core purpose. While companies have implemented various tools and processes, the lack of concrete risk identification, worker-centred remediation, and meaningful measurement suggests that many of these efforts may be more about ticking boxes than driving real change. As the industry moves forward, there is a clear need for more rigorous, worker-focused due diligence practices that can effectively identify and address modern slavery risks.

04

Most companies do not report cases of forced labour in their modern slavery statements

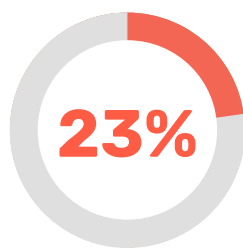
The lack of transparency on forced labour occurring in supply chains represents a glaring gap in companies' reporting.

DID NOT REPORT INCIDENTS



Strikingly, the majority (77 per cent) of companies do not report any kind of incidents. When they do, they often stop short of disclosing confirmed cases of modern slavery.

DISCLOSED VIOLATIONS



Instead, a minority of companies (23 per cent) disclose human rights and labour violations, many of them considered risk indicators for modern slavery: payment of recruitment fees, working hours, safety and wages were among the other concerns identified in statements.

Only one company reported cases that they explicitly recognise as forced labour, a finding that we know cannot reflect the reality of incidents occurring in a high-risk industry. No EV companies in our sample reported confirmed cases.

This discrepancy between reporting risk indicators and explicitly acknowledging instances of forced labour is concerning, as it suggests that companies may be falling short of properly investigating risks and incidents. This could be due to a lack of clear definitions, fear of legal or reputational repercussions, or insufficient expertise in identifying forced labour.

The Modern Slavery Acts do not oblige companies to report on cases of forced labour in their supply chains, although disclosing violations is recommended in statutory guidance. Since disclosing such cases significantly improves transparency and stakeholders' understanding of human rights risks across the supply chain, it is reasonable to expect companies to share information about violations in their supply chains. The near absence of reported forced labour cases in an industry known for its risks is not a cause for celebration, but a red flag signalling inadequate detection and disclosure practices by companies.

Spotlight: EV companies

Electric battery manufacturing entails significant modern slavery risks, from the extraction of raw minerals to the manufacturing process. The fast-growing EV industry is not effectively responding to the heightened level of risks: despite most (94 per cent) of the 18 EV manufacturers assessed having whistleblower mechanisms in place, only one company identified incidents of forced labour in their supply chains. Our research also reveals that EV companies' remediation strategies do not include worker remediation and relies instead on cancelling contracts (39 per cent) and corrective action plans (50 per cent).

0%
NO EV COMPANIES SURVEYED HAD A WORKER-CENTRIC APPROACH TO REMEDIATION.

THE MOST COMMON FORM OF REMEDIATION WAS CORRECTIVE ACTION PLANS OR TO CANCEL CONTRACTS.

Sunderland, United Kingdom, November 2023

An employee works on a Nissan Qashqai at the factory where Nissan announced a £2 billion investment in electric vehicle production. The global automotive industry faces challenges in combating modern slavery risks, due to its reliance on raw materials and components spanning complex supply chains. While it is essential for companies to invest in greener alternatives, ensuring ethical labour practices throughout the supply chain remains a critical concern to ensure a fairer future for people as well as planet. Photo by ANDY BUCHANAN/AFP via Getty Images.





Huai'an, China, April 2024

A worker produces chips for mobile phones, cars, and LED lighting at a workshop: key products in the consumer electronics industry. As consumer electronics demand continues to surge, balancing technological innovation with ethical manufacturing remains a pressing issue for the industry. Photo by Costfoto/NurPhoto via Getty Images.

CONCLUSION

Our research demonstrates that the electronics industry is not meeting basic legislative requirements to report on how they are addressing modern slavery risks. While companies have widely adopted the language and tools of due diligence, the reality of their implementation paints a far less encouraging picture. Our analysis exposes companies' failures to engage meaningfully with the issue of modern slavery: from the alarmingly low rates of basic reporting compliance to the dramatic drop-off in supply chain engagement beyond tier 1 suppliers. We see an industry that often treats modern slavery as a box-ticking exercise rather than an urgent human rights imperative.

Compounding these issues is the inadequacy of modern slavery reporting requirements. With weak enforcement mechanisms and limited penalties for non-compliance, the UK and Australian MSA's lack the teeth necessary to drive meaningful change.

The tools for change exist, but their potential remains largely untapped while companies fail to take their legislative obligations seriously. To effectively address modern slavery risks, companies must move beyond surface-level compliance and towards a model of meaningful engagement, robust risk assessment, and worker-centred remediation. Simultaneously, policymakers in the UK and Australia must strengthen modern slavery legislation, introducing stricter requirements and more robust enforcement mechanisms to hold companies accountable.

With 28 million people trapped in forced labour worldwide, it's time for industry leaders and policymakers to step up. Companies need to play their part in driving a thriving industry that respects human rights, supported by a regulatory framework that demands genuine accountability.

RECOMMENDATIONS

Recommendations for electronic companies

Improve reporting under MSA legislation

Ensure full compliance with all minimum reporting requirements of the UK and Australian Modern Slavery Acts. Steps to achieve this include:

- Review the Home Office guidance and requirements of the Act (UK) and Commonwealth Modern Slavery Act Guidance for Reporting Entities (Australia) to ensure compliance with modern slavery legislation.
- Facilitate analysis of their statement by stakeholders by clearly stating which legal entities it applies to, including the financial year it refers, and provide historic records of their statements to facilitate year-on-year review.
- Provide their statement in a machine-readable format, either html or digital PDF.

Extend supply chain engagement

Develop robust policies and practices to engage with the entire supply chain and conduct continuous engagement with suppliers. This should include providing avenues for worker voice and representation, for example through surveys and engagement with workers unions.

Enhance due diligence

Implement more rigorous, worker-focused due diligence practices that go beyond surface-level assessments to effectively identify and address modern slavery risks.

Improve transparency

Increase disclosure of supply chain information, including naming suppliers where possible, to promote accountability. Steps to achieve this include:

- Mapping supply chains to gain better visibility of lower tiers in order to identify risks and disclose these in MSA statements.
- Disclose specific incidents of modern slavery and steps taken to remedy these.

Focus on worker-centred remediation

Shift efforts from purely business-focused actions to include meaningful support for affected workers.

Establish effective Key Performance Indicators

Measure the effectiveness of modern slavery prevention efforts. This is crucial in identifying what works, and can help to drive positive change and an industry level.

Strengthen incident reporting

Improve processes for detecting and disclosing cases of forced labour, including clearer definitions and guidelines for identifying such cases. Reporting on incidents will provide valuable data for developing more effective prevention strategies and improve overall supply chain transparency.

Identify and engage with risks specific to the electronics sector

Identify sector specific risks to drive overall industry improvements and inform more effective responses. This will also ensure that resources and strategies can be directed where they will be most impactful.

Kolwezi, Democratic Republic of Congo, June 2023

Miners carry bags of ore in the copper-cobalt Shabara artisanal mine. Workers, including women and children in the DRC work in cobalt mines through small-scale and non-corporate mining activities referred to as "artisanal" mining, carried out under very poor conditions. Cobalt, an important component of rechargeable batteries used in cell phones, tablets, laptops and other portable electronic devices, is obtained from mines in the Democratic Republic of Congo. Photo by Arlette Bashizi/The Washington Post via Getty Images.

Recommendations for policymakers in the UK and Australia

Strengthen reporting and compliance

Strengthen reporting and compliance through improved guidance, monitoring, review, and enforcement.

Address the weak compliance and lack of enforcement action

Use existing compliance measures proactively where reporting entities are failing to report or comply with reporting requirements. New regulatory enforcement tools should also be established — including financial penalties, debarment from government procurement and injunctive relief — to compel entities to report or comply with the reporting requirements.

Implement a review schedule to ensure the legislation is updated

Implement a review schedule to ensure the legislation is updated to reflect international standards and learning from the effectiveness of supply chain transparency and mandatory human rights due diligence laws.

Issue additional guidance to companies operating in high-risk areas or sectors

Issue additional guidance to companies operating in high-risk areas or sectors to drive better informed industry-level responses to modern slavery risks.

Sydney, Australia, February 2022

A man flies a drone at Bondi Beach. In the period captured in the 2023 Global Slavery Index, Australia and the UK imported a combined US\$23.9B of electronics at risk of modern slavery, including popular consumer goods. Photo by Alexi Rosenfeld/Getty Images.



SAMPLES AND METHODOLOGY

The main group analysed for this research covers **108 companies in the electronics sector**. Given the size and diversity of companies operating in the sector, we were not able to represent every type of sub-sector within the electronics industry. We focused on two groups: (1) the largest brands of consumer electronics by revenue; (2) the largest component or contract manufacturers for electronic goods (including battery manufacturers) by revenue. The main criteria for inclusion in the sample was that companies must have reporting obligations under at least one of the Modern Slavery Acts. The statements were assessed using a total of **28 metrics**, including 18 metrics designed to measure legal compliance and alignment with statutory guidelines under the UK and Australian Modern Slavery Acts. Additionally, three metrics captured companies' behaviours and commitments that have the potential to improve their response forced labour (workers' engagement, collaborations, and living wage). Seven metrics were developed in collaboration with industry experts to measure companies' responses to sector-specific risks.

A second group includes **18 companies producing Electronic Vehicles (EV)**. Companies in this group were selected for their involvement in the EV sector and their reporting obligations under at least one of the Modern Slavery Acts. The sample includes companies producing private or public transport vehicles. In this case, the statements were assessed using metrics related to legal compliance in the UK and Australia, as well as three sector-specific metrics.

The last group gathered **20 major asset managers and pension funds with investments in the electronics industry**. The largest value pension funds (or the corresponding asset management company) in the UK and Australia were selected for the sample. Other asset managers were identified as being top investors for the largest electronics companies. **Four metrics** developed specifically to assess human rights due diligence in investment policies were used to assess the statements.

METRICS		SECTOR SPECIFIC METRICS
Did the company produce a statement in relation to any Modern Slavery legislation or Act?	Does the company describe a grievance mechanism to facilitate whistle-blowing or the reporting of suspected incidents of slavery or trafficking?	Does the company disclose any information on extra due diligence or precautions they are taking when it comes to sourcing minerals from conflict affected areas?
Does the company publish a link to their modern slavery statement on their homepage?	Does the modern slavery statement define the performance indicators against which the company measures the effectiveness of its actions to combat slavery and trafficking?	Does the company explicitly state restricting or excluding suppliers working in or sourcing from regions where the state is involved in the exploitation of workers?
Does the company disclose the ownership structures (or business models) of its brands, subsidiaries, and other businesses?	Does the statement describe training for staff that is specifically geared towards detecting signs of slavery or trafficking?	Does the statement identify excessive overtime as a risk or indicator of forced labour, including forced or involuntary overtime?
Does the statement describe consulting with any entities that it owns or controls?	In the modern slavery statement, does the company explain one or more of the corrective steps it has taken (or would take) in response to modern slavery incidents in their operations and/or supply chain?	Does the Statement describe efforts to ensure responsible purchasing practices?
Does the company statement identify specific geographic regions, industries, resources or types of workforce where the risk of modern slavery is the greatest?	Does the company continuously monitor suppliers to ensure that they comply with the company policies and local laws?	Does the company disclose any considerations, actions or due diligence measures it takes with regard to its engagement with artisanal and small-scale mining operations in its mineral supply chain?
Does the company statement detail one or more specific, organisational policies or actions to combat slavery in their direct (tier 1) and/or indirect (beyond tier 1) supply chain?	Has the company reviewed business KPIs to ensure they are not increasing risk of modern slavery?	Does the company take actions to minimise the risk of modern slavery among contract/agency workers throughout the supply chain?
How does the company assess the risks of modern slavery and trafficking in their supply chain?	Does the company provide a commitment on, or detail their action to ensure living wages throughout their supply chain?	Does the company take actions to minimise the risk of modern slavery among migrant workers in the supply chain?
Did the company identify any specific incidents related to modern slavery that require(d) remediation?	Does the company engage with workers or trade unions in the supply chain?	

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