Responsible Investment Association Australasia

# RIAA Submission: Modern Slavery Bill

28 May 2026

## Overview

The Responsible Investment Association Australasia (RIAA) thanks the Aotearoa New Zealand Parliament | Pāremata Aotearoa and the Education and Workforce Committee (Committee) for the opportunity to comment on the jointly sponsored Modern Slavery Bill (the proposed Bill).

RIAA urges the Committee to support and progress the proposed Bill. While this submission includes recommendations to strengthen the Bill's clarity, workability, and implementation, we emphasise the importance of maintaining momentum on this reform and advancing the Bill through the legislative process.

RIAA strongly endorses the objectives of the proposed Bill, including improving transparency, strengthening due diligence, and increasing accountability for identifying and addressing modern slavery risks across operations and supply chains. Modern slavery is not only an ethical concern but also a material business and investment risk. Companies connected to forced labour or exploitation face risks to long-term business sustainability, reputational harm and legal and regulatory scrutiny. In this context, unmanaged modern slavery risks can undermine business resilience, credibility, and access to capital.

Clear and effective modern slavery legislation supports institutional investors to better assess and manage these risks by improving the quality, consistency, and usefulness of information. Appropriate legislation also creates a level playing field by establishing common expectations for all businesses, supporting more consistent standards across the market. See Appendix A for further information about why modern slavery risks are important for institutional investors.

The recommendations set out in this submission are intended to support effective implementation of the Bill in practice. They focus on promoting clarity, consistency, and a risk-based, proportionate approach, while enabling high-quality reporting and meaningful action to address modern slavery risks. We also include recommendations for the focus of the proposed statutory review under the proposed Bill, to be no later than 3 years from commencement.

RIAA's response has been informed by the input of RIAA members. We are grateful for the strong engagement from our membership and thank those RIAA members who contributed to the development of this submission. We welcome ongoing engagement as the Bill progresses, including in the development of supporting guidance and regulations once it is enacted.

For more information, please contact RIAA Policy at policy@responsibleinvestment.org.

## About RIAA and our engagement on combatting modern slavery risk

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy: see below for more information about RIAA.

RIAA has been actively engaged in consultation and policy development on modern slavery regulation across Australia and New Zealand, including through direct engagement with our Human Rights Working Group.

As similar legislation has progressed in New Zealand, we have engaged our Aotearoa Collaborative Working Group. This group provides a platform for RIAA members in New Zealand to participate in and contribute to responsible investment and sustainability policy issues, including modern slavery.

Given the close alignment between the Australian and New Zealand regulatory contexts, and the global systemic nature of modern slavery risks, RIAA considers its work across both jurisdictions to be directly relevant to this submission. RIAA has contributed to a range of related consultations and policy processes, both in Australia and internationally, which inform the recommendations made within this submission set out below.

**January 2026: RIAA convened joint statement supporting laws in New Zealand:** *Private sector unites in support of laws to combat modern slavery in New Zealand and global supply chains*

**Australian Attorney-General's Department targeted consultation**
Following the 2025 consultation on *Strengthening the Modern Slavery Act 2018*, the Australian Attorney-General's Department commenced targeted consultation on due diligence obligations and high-risk declarations. RIAA has been actively involved in this process, including through participation in a workshop with the Department.

Should similar targeted consultation processes be undertaken as part of the progression of this Bill, RIAA would welcome the opportunity to contribute.

**Submissions on Australia's Modern Slavery Act 2018**
- **September 2025:** RIAA Submission – *Strengthening the Modern Slavery Act 2018*
- **November 2022:** RIAA Submission – *Review of Australia's Modern Slavery Act 2018*
- **November 2022:** RIAA Human Rights Working Group Joint Submission – *Review of Australia's Modern Slavery Act 2018*

**Submissions to the Australian Anti-Slavery Commissioner**
- **April 2025:** RIAA Response to the Australian Anti-Slavery Commissioner's Strategic Plan 2025–2028

**Submissions to UN Special Rapporteur on contemporary forms of slavery**
- **April 2025:** RIAA Feedback to OHCHR – *The role of the financial sector in eradicating contemporary forms of slavery*

# RIAA comments: Changes to the proposed Bill

## Embed a clear and consistent risk-based approach throughout the framework

**Relevant provisions:** Sections 3, 9(2)(c), 9(2)(d), and 24(2)

RIAA supports the proposed Bill's emphasis on due diligence and considers a risk-based approach to be essential to achieving its purpose. While this is reflected in parts of the Bill, greater clarity would be helpful that reporting entities are expected to prioritise the modern slavery risks that are most severe and most likely to arise in their operations and supply chains.

This is particularly important for institutional investors, who often manage highly diversified and large-scale portfolios across multiple sectors and geographies. In this context, it is not practical or meaningful to treat all risks equally. Investors need to focus on the areas of greatest risk and materiality, and rely on a clear risk-based framework to guide both their own due diligence and their assessment of reporting entities.

A clearer and more consistent risk-based framing would support more meaningful action, improve comparability across statements, and reduce the risk of reporting entities focusing on volume of disclosure rather than the quality of their risk assessment and response. It would also better support proportionate implementation by helping entities direct attention and resources to the areas of greatest concern.

**RIAA recommends:**

1. Clearer indication that assessment, prevention, mitigation, remediation, and reporting should be undertaken using a risk-based approach.
2. Reinforce the importance of prioritising the most severe and most likely risks, consistent with the Bill's due diligence framework.
3. Use regulations and guidance to support a more consistent understanding of proportionate and risk-focused reporting expectations in practice.

## Refine training requirements to support proportional, risk-based implementation

**Relevant provisions:** Section 9(2)(g)

RIAA considers that the training requirement in section 9(2)(g)(ii), which refers to training for "employees of any other entity that is in the reporting entity's supply chain", may be interpreted too broadly and impose disproportionate obligations in practice.

As currently drafted, the provision risks being read as requiring direct training of all supply chain employees. This may not be feasible or appropriate in many circumstances, particularly when applying a risk-based approach to due diligence.

Aligning training expectations with a risk-based framework is particularly important for investors, who often manage highly diversified and large-scale portfolios across multiple sectors and geographies. In this context, it is not practical or meaningful to apply training requirements uniformly across all entities. Investors need to prioritise engagement and resources toward higher-risk exposures and relationships, consistent with how materiality is assessed in practice.

A clearer risk-based framing of training requirements would support proportionate implementation, reduce unnecessary burden, and ensure efforts are focused where they are most likely to be effective.

**RIAA recommends:**

4. Clarify and refine section 9(2)(g)(ii) for the training requirements to be applied on a risk-based basis, consistent with our recommendations for the broader due diligence framework.
5. Confirm through guidance that training provided by suppliers, or training targeted at supplier management and higher-risk exposures, can be sufficient where appropriate.

## Support efficient and proportionate reporting, and minimise duplication

**Relevant provisions:** Sections 8–11, Section 24

RIAA considers that efficient reporting mechanisms are critical for the framework operates in a proportionate and workable way in practice. This is particularly important for groups with multiple reporting entities and for investors operating across complex organisational and investment structures. This will also reduce regulatory cost and burden.

Without appropriate mechanisms, there is a risk of duplicative reporting, increased administrative burden, and reduced clarity for users of modern slavery statements. This may divert effort away from identifying and addressing higher-risk exposures.

RIAA emphasises the importance of allowing joint reporting to accommodate different corporate structures. While group-level reporting is often useful for investors, entity-level reporting may be necessary in some cases to ensure transparency. In this context, it is important that parent entities actively engage with subsidiaries to support accurate, complete, and meaningful reporting across the group.

**RIAA recommends:**

6. Enable consolidated or group-level reporting, where appropriate, to reduce duplication while maintaining transparency.
7. Consider mechanisms for mutual recognition where equivalent reporting regimes exist, starting with Australia, to minimise unnecessary duplication across jurisdictions.
8. Ensure prescribed forms and guidance to support flexibility in how information is presented, while maintaining comparability and decision-usefulness for users.

## Support a flexible and future-proof framework

RIAA supports an approach to implementation that is sufficiently flexible, proportionate, and capable of evolving over time. This is particularly important in a New Zealand context, where the size and structure of the market may warrant a different application of certain settings over time than in larger overseas regimes. For example, matters such as reporting thresholds illustrate the importance of ensuring the framework can respond to experience in practice, while continuing to capture entities for whom reporting is likely to be most meaningful.

RIAA notes that having a legislated framework in place can support businesses to develop a single, robust approach which can then be adapted across multiple jurisdictions. This will only become more necessary as global developments to address modern slavery continues to evolve, with increasing emphasis on due diligence and enforcement. For example, from December 2027, the EU Forced Labour Regulation will commence, banning the sale, import, and export of any products made using forced labour. This will apply to any business seeking to access the EU market.

Aligning early with these expectations may reduce duplication and support more efficient compliance over time, overall reducing regulatory burden and cost.

Even for businesses that do not access the EU market, the impact from global developments may be material. Valued at US$252 billion in 2022, NZ Inc. drives international engagement and is especially of value when competing in global markets for the benefit of an economy dependent on the strength of its export industry. Further, damage to NZ Inc. does not require engaging in unlawful conduct. Failing to keep up with global developments could risk this profitable brand, while risking Kiwi consumers where New Zealand becomes a dumping ground for forced labour products which cannot be sold in other markets.

It is important that the framework be designed with sufficient flexibility to accommodate experience following implementation, evolving practice, and future refinements. As with any new regulatory regime, there will be an initial period in which reporting entities build capability, systems, and internal processes. This should be recognised as part of the normal process of implementation and learning, and the framework should allow space for that process to occur without undermining the importance or intent of the legislation.

In this context, clear and practical guidance will be important to support consistent interpretation and proportionate implementation from the outset. Guidance can help entities focus effort where it is most needed, reduce unnecessary compliance burden, and support a more informed understanding of what constitutes an appropriate level of reporting effort in different circumstances. This will be particularly important in ensuring that questions of burden are considered carefully and in context, including by distinguishing between reasonable implementation demands and obligations that may prove unduly difficult in practice.

RIAA therefore encourages the Committee to support a framework that can be refined over time in light of experience, guidance, and future review. This will help ensure that implementation settings remain workable and proportionate as the regime matures, while avoiding unnecessary rigidity at the outset. In our view, this kind of flexibility is important not only to support effective implementation, but also to future-proof the legislation as expectations, practice, and comparable international frameworks continue to develop.

**RIAA recommends that the Committee:**

9. Ensure the reporting thresholds and related implementation settings are calibrated to the New Zealand context and remain capable of refinement over time.
10. Support early implementation with practical guidance that promotes consistency, proportionality, and a clearer understanding of reporting expectations in practice.
11. Use future statutory review processes to assess whether the framework is operating as intended and remains workable, proportionate, and fit for purpose as the regime develops: see also RIAA's recommendations below.

## RIAA comments: Committee report and implementation guidance

### Support effective implementation with timely, practical, and sector-relevant guidance

RIAA considers implementation guidance to be critical to the success of the Bill in practice. The Bill appears to provide a sufficient basis for guidance to be developed, and RIAA's recommendation is therefore not directed to amending the legislative provisions themselves. Rather, we emphasise that effective implementation will depend on guidance being treated as a core and ongoing part of the framework from the outset.

This guidance should support both preparers and users of modern slavery reports. For investors in particular, modern slavery statements are an important source of information for assessing risk, informing stewardship, and prioritising engagement across diversified portfolios. Investors may also be both reporters and users of these statements. Guidance that improves the quality, consistency, and decision-usefulness of reporting will therefore assist both those preparing statements and those relying on them to identify and respond to higher-risk exposures.

In RIAA's view, guidance will be especially important in supporting a clearer and more practical understanding of high-risk sectors and higher-risk exposures. This is particularly relevant for investors with diversified portfolios, who need to focus attention on the areas of greatest material risk rather than approach all sectors or entities in the same way. A well-developed guidance framework can help establish a more common understanding of where modern slavery risks are most likely to arise, how those risks may present differently across sectors, and how reporting entities can prioritise their efforts accordingly.

RIAA also considers that sector-specific guidance will be necessary to support effective implementation across the wide range of entities captured by the Bill. Because reporting entities will differ significantly in their structure, operating model, and exposure to modern slavery risk, a single set of general guidance is unlikely to be sufficient on its own. More tailored guidance, including investor-relevant guidance, will be important to support proportionate implementation and more meaningful reporting in practice. To be most effective, core guidance should also be available in a timeframe that aligns with commencement and gives reporting entities sufficient opportunity to understand expectations and prepare for implementation.

**RIAA recommends that the Committee, in its report:**

12. emphasises the importance of timely, practical, and ongoing implementation guidance as a central feature of successful implementation;
13. ensures that this guidance supports both preparers and users of modern slavery statements, including investors;
14. support the development of sector-specific guidance, including guidance relevant to investors and other entity types with distinct reporting contexts; and
15. as a matter of priority, guidance be developed which helps reporting entities:
    a. to meet their core obligations, and is available sufficiently in advance of commencement; and
    b. to identify and respond to higher-risk sectors and exposures in a practical and consistent way.

## RIAA comments: First statutory review under the proposed Bill

**Relevant provisions:** Section 25

RIAA supports the inclusion of a statutory review no later than 3 years from commencement. It is an important mechanism to assess effectiveness, provide the ability to evaluate alignment with global developments and address any potential unintended consequences.

## Strengthen the law by embedding mandatory due diligence

RIAA considers that a mandatory due diligence framework remains a necessary missing component of an effective modern slavery framework. The experience of comparable regimes, particularly Australia's *Modern Slavery Act 2018* (Cth), demonstrates that transparency and disclosure can improve awareness and establish a useful reporting baseline, but are unlikely on their own to drive sufficiently meaningful changes in business practice or outcomes for people at risk of modern slavery.

RIAA has consistently submitted that due diligence requirements are a missing piece in effective regulation. In our response to the 2022 review of Australia's *Modern Slavery Act*, we noted that reforms confined to a disclosure framework were unlikely to overcome the limitations of a reporting-only regime or materially improve how modern slavery risks are managed in practice. That position remains relevant here.

In RIAA's view, the proposed Bill provides an important opportunity to build on those lessons. Where the Bill goes further than the current Australian law, including through stronger compliance and enforcement settings, this is reasonable and reflects the direction of travel in Australia following the 2023 statutory review and recent consultations from the Australian Government.

The importance of accountability and due diligence requirements were reinforced by the findings of statutory review of the Australian *Modern Slavery Act*. The review concluded that there was no hard evidence that the reporting regime had caused meaningful change for people living in modern slavery conditions; and observed that improvements in reporting quality were still not significant enough. Those findings are highly relevant to New Zealand as it considers how to ensure this Bill, which goes beyond transparency and disclosure, heeds these lessons and supports substantive action, not simply improved disclosure.

RIAA supports stronger integration of due diligence within the framework over time. However, the absence of a standalone mandatory due diligence obligation at this stage is not a reason to delay passage of the Bill. In our view, it is important that the proposed Bill progresses, with stronger enforcement, implementation settings, and a clear pathway for future review and improvement.

**RIAA recommends that the Committee, in its report, refers to the first statutory review and:**

16. recognises that mandatory due diligence is an important element of an effective modern slavery regime, complementing disclosure requirements rather than replacing them;
17. ensures the Bill more clearly situates due diligence within the overall framework, including its relationship to reporting, risk management, remediation, guidance, and enforcement;

18. maintains strong compliance and enforcement settings, reflecting lessons learned from Australia that guidance and disclosure alone are not sufficient to drive meaningful change; and
19. continues to draw on lessons from comparable jurisdictions, particularly Australia, while designing a New Zealand framework that is proportionate, workable, and aligned with emerging international practice.

## Consider establishing an independent Anti-Slavery Commissioner

A key consideration for the first statutory review under the proposed Bil is whether, following implementation of modern slavery laws in New Zealand, an independent Anti-Slavery Commissioner should be established to support the effectiveness of the modern slavery framework.

Experience from other jurisdictions suggests that an independent Commissioner can play a useful role in supporting implementation, including through the provision of guidance, coordination across stakeholders, and ongoing monitoring of the regime. This may assist in improving the consistency and quality of reporting, as well as supporting a more informed understanding of emerging risks and good practice over time. See for example the role of the Australian Anti-Slavery Commissioner.

**RIAA recommends that the Committee, in its report, refers to the first statutory review and:**

20. recognises the potential to establish an independent Anti-Slavery Commissioner to address modern slavery and support the effectiveness of New Zealand combatting modern slavery risk.

# Appendix A

## Modern slavery risks are crucial to institutional investors

For investors, modern slavery is associated with a number of investment risks because of exposure to investee companies that do not manage the risks across their value chains.

For example:

- **Brand damage**, which can lead to loss of sales and good will, which can be hard to quantify. Given that market value is increasingly made up of intangible drivers, including brand and customer / supplier relationships, human rights issues can be material and therefore impact valuation multiples.
- **Reputational issues** can be a distraction to management and impact staff engagement, as well as business-to-business customer relationships.
- **Failure to understand the value chain** also leaves the company vulnerable to external shocks and unforeseen events unrelated to labour rights or human rights, such as geopolitical events, environmental catastrophes, pandemic illness outbreaks; and
- **Lack of sustainable earnings** where a company with value chains that relies on exploited or underpaid labour, weak regulation or even illegal activities such as modern slavery, are unlikely to produce sustainable earnings, particularly in a world with increased regulation and globalisation.

New Zealand investors are cognisant of the risk of modern slavery and human rights abuses and the impact on both responsible investment strategies as well as reliability of returns. RIAA's Benchmark Research shows that, in 2023:

- asset managers are highly engaged with corporates on a broad range of both social and environmental issues, with 70% of respondents focused on human rights, including modern slavery; and
- respect for human rights including human trafficking and modern slavery increased in popularity with 13% of respondents positively screening against this risk, up from 9% in 2022.[i]

In recent years, there have been a number of examples globally which demonstrate the consequences of poor supply chain risk management:

- **Top Glove:** On 15 July 2020, listed Malaysian glove manufacturer, Top Glove was temporarily stopped from exporting to the US under the US Customs and Border Protection (CBP), due to allegations of forced labour issues in Malaysia (related to alleged debt bondage, excessive overtime, abusive working and living conditions and retention of identity documents).[ii] Following a rally in the share price due to the demand for rubber gloves during the COVID-pandemic, the share price collapsed. As of March 2022, the MARGMA (the Malaysian Rubber Glove Manufacturers Association) estimated an accumulated loss of RM3.6 billion (approximately AUD1.2 billion) for a group of companies that were affected by the ban.[iii] The export ban on Top Glove was subsequently lifted on 10 September 2021, following a statement by the CBP that Top Glove had addressed all indicators of forced labour.

- **Boohoo:** In 2020, Boohoo was subject to allegations of poor and illegal labour standards in its supplier base in Leicester, off the back of reports by the NGO Labour Behind the Label and the Sunday Times.[iv] Retailers including Amazon, ASOS and Zalando suspended sales of the brand, resulting in the company's share price plunging almost 50%, wiping more than £1.5bn from its value. In addition, a group of institutional investors sued the company, alleging it had made misleading statements and failed to disclose information about the issue.[v] In March 2021, the company published a list of its suppliers, after cutting ties with hundreds of suppliers over labour rights concerns. At the same time, US Customs and

Border Protection launched an investigation into Boohoo and considered an import ban following a complaint filed by campaign group Liberty Shared.[vi]

- **ATA IMS:** In December 2021, ATA IMS in Malaysia was charged with four labour law violations, including allegations of poor working conditions, forced overtime, and minimum standards violations for worker accommodation.[vii] In the same month, Dyson terminated its manufacturing contract with ATA IMS after an independent audit of the company's labour practices, while ATA IMS denied the allegations. Following the announcement, the ATA IMS share price dropped 18%, losing RM614 million in value (approximately AUD219 million).[viii]

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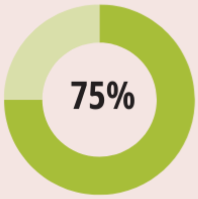
[i] Dandarvanchig, B., Herd, E., Samarakoon, N., Shepherdson, S., Seawert, A. 2024. *Responsible Investment Benchmark Report Aotearoa New Zealand 2024*, Responsible Investment Association Australasia, Melbourne: Responsible Investment Benchmark Report Aotearoa New Zealand 2024
[ii] Reuters, 17 July 2020, Amid virus crisis, U.S. bars imports of Malaysia's Top Glove over labour issues
[iii] 2 March 2022, Top Glove website - MARGMA release
[iv] Labour Behind the Label, 30 June 2020, Report: Boohoo & COVID-19: The people behind the profit; Sunday Time, 5 July 2020, Boohoo: fashion giant faces 'slavery' investigation
[v] The Guardian, 6 June 2024, Boohoo investors seek £100m in damages after minimum wage row
[vi] Sky News, 2 March 2021, Boohoo facing possible US import ban after allegations over use of slave labour
[vii] Reuters, 11 December 2022, Malaysia charges Dyson supplier ATA with labour law violations
[viii] The Edge Malaysia, 21 May 2021, ATA IMS denies allegation of forced labour as share price tumbles

## About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.

### RIAA represents

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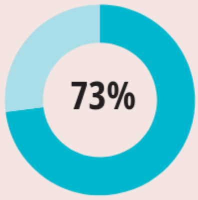



professionally managed funds in New Zealand

**NZ$ 83 trillion**

managed by our members in assets globally

World's longest running certification program for responsible investment products

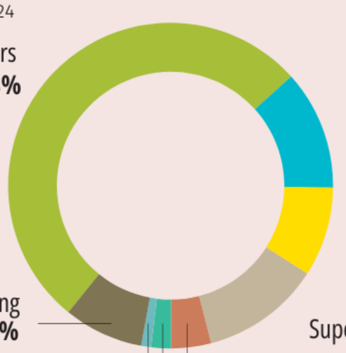
**350+ RIAA certified products**

*as at September 2025

### RIAA membership by organisations

(excludes individual members)

*as at September 2024




**10**

largest super funds by no. members / assets under management in Australia are RIAA members

**10**

largest KiwiSaver Funds by no. members are RIAA certified products

### Our journey so far

Formation of RIAA
**Year 2000**

Benchmark report launch
**Year 2002**

Establishment of RI product labelling program
**Year 2005**

RI Academy launched
**Year 2010**

Global Sustainable Investment Alliance
**Year 2020**

Australian Sustainable Finance Institute established
**Year 2021**

Sustainability Classifications Initiative launched
**Year 2024**

Index Certification launched
**Year 2025**