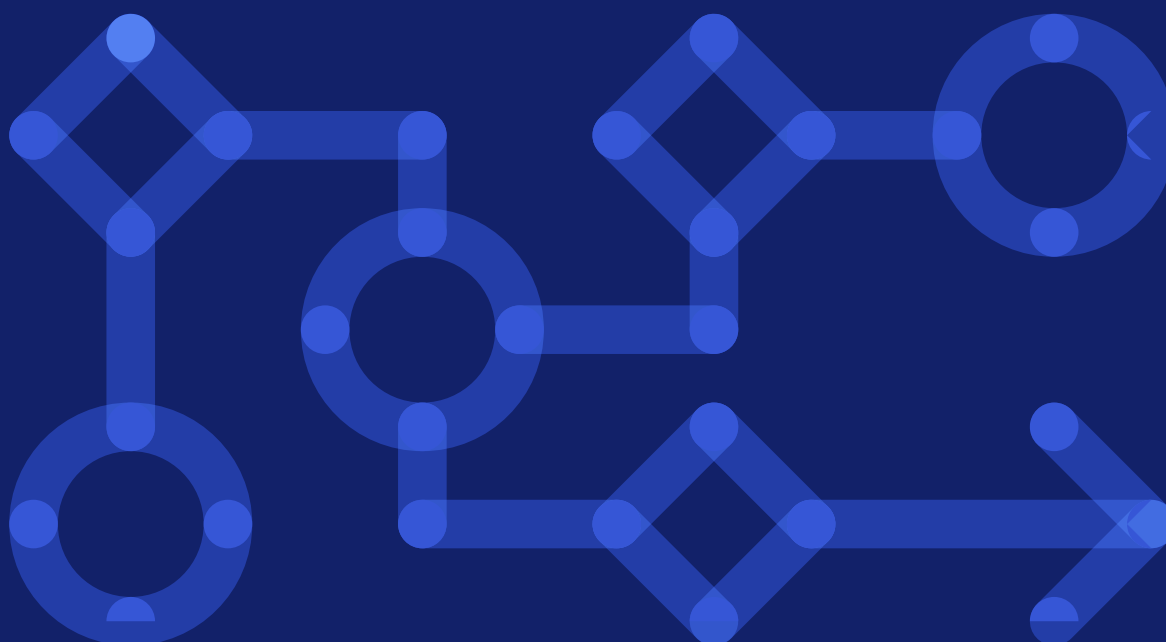


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Beyond Paper Compliance



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Beyond Paper Compliance: Why Supply Chains Struggle to Confront Forced Labour

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Issue

Forced labour is too often treated as an isolated crime carried out by rogue suppliers or traffickers. In reality, it is a systemic feature of globalised production, leaving 27.6 million people currently trapped in forced labour, according to the International Labour Organization.¹ Governments in the UK, Australia, and the EU have introduced mandatory transparency and due diligence measures, while companies have invested in audits, supplier codes of conduct, and disclosure reports. Yet these measures have not fundamentally reduced exploitation, and modern slavery incidents continue to occur in supply chains.

Forced labour is a predictable outcome of business models that rely on downward pressure on prices and labour costs.² When buyers impose contracts below production costs, demand unreasonably short lead times, or shift recruitment costs onto workers, suppliers are driven into exploitative practices and modern slavery incidents are more likely to occur. Risk management systems are not designed to address these structural drivers.³ Instead, they protect companies against financial vulnerability, supply chain disruptions, and reputational and legal exposure. This means they fail at two crucial points; before modern slavery incidents occur at the prevention and detection phases, and after modern slavery incidents occur at the remedy and response phases.

Background

Over the last decade, governments have introduced a wave of laws intended to tackle forced labour in global supply chains. The UK Modern Slavery Act of 2015 and the Australian Modern Slavery Act of 2018 require companies to publish transparency statements.

The EU Corporate Sustainability Due Diligence Directive, adopted in 2024, imposes broader obligations for human rights due diligence. These measures have raised awareness but remain limited in scope. Penalties are weak, enforcement is patchy, and many corporate disclosures use generic boilerplate language. Such measures often fail to address the commercial practices that drive exploitation. Additionally, poorly designed regulatory enforcement tools can harm workers by undermining worker-led remediation efforts. For example, the Dindigul Agreement is a Worker-Driven Social Responsibility (WSR) agreement that comprises a set of legally binding agreements between a trade union in India run by women, with major apparel companies.⁴ The regulatory efforts of governments to raise labour standards in supply chains have the potential to inadvertently undermine the Dindigul Agreement.⁴ This policy brief is grounded in a study conducted by Maryam Lotfi and Helen Walker, which used an abductive qualitative design that drew on deductive themes that were identified from the supply chain risk management literature whilst being sensitive to the research context and allowing inductive themes to emerge from the empirical data.⁵ Twenty-two semi-structured interviews were conducted with stakeholders including business executives, NGOs, policymakers, and legal experts. Modern slavery is notoriously difficult to research as companies fear exposure, and this study makes a novel contribution by interviewing stakeholders engaged in the mitigation of modern slavery. The study produced a conceptual model that identified barriers to managing modern slavery at different levels - macro, supply chain and organisational - and before and after a modern slavery incident happens - in the pre-incident and post-incident phases.

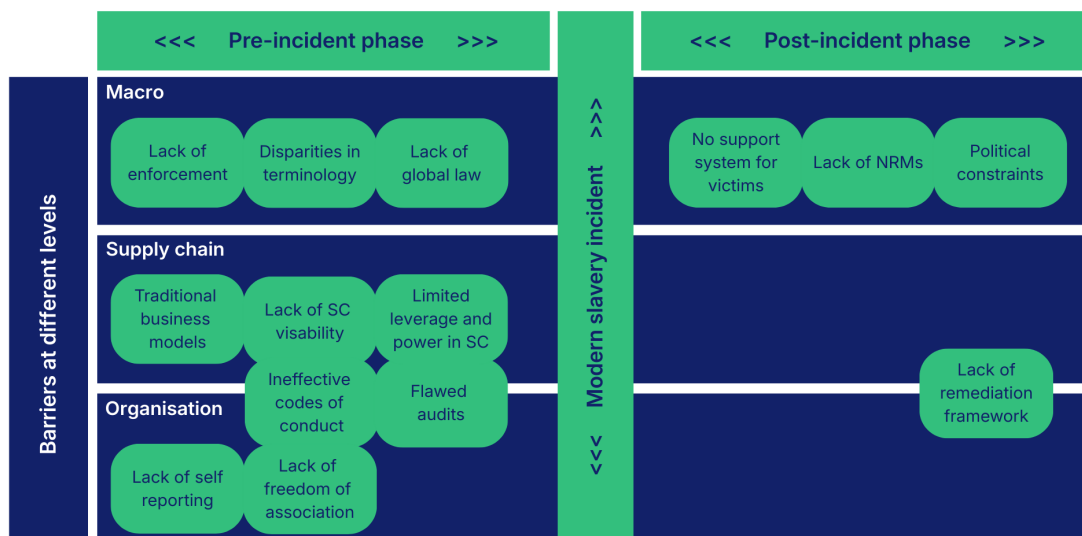


Figure 1: Conceptual model of barriers impacting modern day slavery in supply chains. Adapted from Lotfi, M. and Walker, H., 2025.

Considerations

The authors offer a model of barriers in both pre-incident phase of prevention and detection, and post-incident of remedy and response as presented in Figure 1.

1. Pre-incident barriers

→ At the **macro level**, legal and regulatory fragmentation undermine prevention. National laws vary widely in scope, definition, and enforcement. Some governments deliberately weaken enforcement to maintain trade competitiveness. This patchwork system creates loopholes, weakens accountability, and makes cross-border coordination difficult.

→ At the **supply chain level**, power asymmetries between lead firms and suppliers incentivise exploitation. Lead firms exert pressure through low prices and short delivery times, while suppliers pass costs and risks onto workers. As discussed by one of our interviewees:

“Downward pressure placed by large companies on suppliers to meet short lead times...to kind of cut corners in terms of labour protection for workers.”⁵

Migrant workers and women are particularly vulnerable, often lacking access to collective bargaining.

→ At the **organisational level**, reliance on superficial audits prevents effective detection. Commercial auditors may allow firms to choose which aspects will be audited, so firms can choose to not audit areas where they are aware of existing issues. Audits are often announced in advance, are reliant on management-provided data, and exclude the worker's voice. As one of the interviewees noted:

“It kind of works against the detection of risk... it's sort of in the interests of the social auditing firm to deliver more favourable results rather than reporting on the actual risks to workers.”⁵

Codes of conduct lack enforcement mechanisms. These tools create the illusion of diligence while allowing forced labour to continue undetected.

2. Post-incident barriers

→ At the **macro level**, national and international remediation frameworks are weak. There is no coherent global system to ensure survivors of forced labour receive compensation or rehabilitation. National referral mechanisms are underfunded, fragmented, and inaccessible, particularly to migrants who risk deportation or criminalisation if they come forward. Political constraints further exacerbate these

- At the **supply chain level**, there is a lack of remediation frameworks. When forced labour is discovered, companies often sever ties with suppliers (“cut and run”) rather than engage in corrective action. This leaves survivors unemployed and unprotected:

“...you can’t just have a grievance mechanism without a process for the remediation of risks. And it’s a clear thing that many companies need to continue to evolve and formulate a strategy for...”⁵

- At the **organisational level**, companies lack survivor-centred remediation protocols. Even where firms acknowledge exploitation, they rarely provide compensation, rehabilitation, or proper support. Instead, they prioritise reputation management. Legal remedies are often inaccessible due to complex procedures, high costs, and lack of worker representation. Survivors are left without justice, while companies escape liability.

Next Steps

To address these barriers, governments, businesses, and civil society must work to implement practical and effective measures that move global supply chains beyond paper compliance toward the meaningful protection of workers.

Governments should:

- harmonise definitions of forced labour across jurisdictions, aligning with ILO conventions;
- strengthen mandatory due diligence frameworks with liability provisions and adequate resources for enforcement;
- embed remediation obligations into law so that survivors receive compensation and rehabilitation;
- carefully design enforcement tools such as import bans in consultation with workers to avoid undermining worker-led initiatives;
- be aware that political constraints further exacerbate challenges with regards to forced labour (An example is the recent political debate in the United States which has created additional threats for migrant workers.); and
- support the development of a binding global legal framework which could help prevent governments and political actors from enacting measures that undermine protection and instead ensure consistent, worker-centred risk management worldwide.

Businesses should:

- reform purchasing practices to ensure prices cover living wages and realistic production costs;
- embed the worker voice into risk management through unions, collective bargaining, and grievance channels;
- strengthen contracts to include binding clauses on labour rights; and
- institutionalise survivor-centred remediation frameworks that prioritise justice and compensation over reputational management.

Civil society and **NGOs** should:

- consider customer demand for cheaper products, and that the circumstances that allow modern slavery to thrive may not change until we find different approaches to traditional business models that focus on driving down costs in the lower tiers of global supply chains;
 - continue to foster worker-driven models that place workers at the centre of monitoring and enforcement;
 - provide independent oversight of corporate compliance and advocate for survivor-centred remediation; and
 - support survivors directly through legal aid, language services, and rehabilitation programmes.
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Footnotes

1. International Labour Organization (ILO). (2022). *Global Estimates of Modern Slavery: Forced Labour and Forced Marriage*. Geneva: ILO, Walk Free, IOM.
2. Re:Structure Lab. (2021). *Commercial Contracts and Sourcing Practices: How Commercial Dynamics Entrench Forced Labour in Supply Chains*. Policy Brief, July 2021.
3. Fan, Y., & Stevenson, M. (2018). A review of supply chain risk management: definition, theory, and research agenda. *International Journal of Physical Distribution & Logistics Management*, 48(3), 205-230
4. Re:Structure Lab. (2024). *Impact of Import Bans on Workers*. Policy Brief, December 2024.
5. Lotfi, M. and Walker, H., 2025. See no evil, hear no evil, speak no evil? Barriers to modern slavery risk management in supply chains: an empirical investigation. *Production Planning & Control*, 36(8), pp.1044-1059.