

# Fund Manager Briefing:

## Modern Slavery Risks in the Electronics Sector



**At the University of Sydney, respecting human rights goes to the heart of our vision to deliver world-class teaching and research that transforms peoples' lives. We are committed to taking meaningful action to address modern slavery risks in our investments.**

The University takes a risk-based approach to addressing modern slavery, tailoring our due diligence to sector-specific risks, through targeted engagement with our fund managers.

For 2026, the University is focusing on the electronics sector<sup>1</sup> in our investment due diligence and engagement. The sector is considered high risk for modern slavery, given the limited visibility of working conditions deep within complex, global supply chains and sourcing raw materials and components from high-risk regions.

This briefing provides fund managers with an overview of the key risks in the sector and outlines our goals for addressing these risks.

The University takes a shared responsibility approach to addressing modern slavery, supporting our managers to identify and mitigate modern slavery, through open dialogue, guidance and resources.

### Why is the University engaging on electronics?

The University has due diligence and annual reporting obligations to identify and address modern slavery in our operations and supply chains under the Commonwealth *Modern Slavery Act 2018* and the NSW *Modern Slavery Act 2018*.

These obligations include identifying modern slavery risks in externally managed investment portfolios and considering how to address areas of *significant risk*.

In line with the United Nations Guiding Principles on Business and Human Rights (UNGPs), we have identified that the University may be **directly linked** to modern slavery<sup>2</sup> through our investments in the electronics sector.

Under the UNGPs, where we identify a direct link, we should work with our fund managers to use the levers within our influence to mitigate the impact.

### The UN Guiding Principles on Business and Human Rights framework for assessing human rights impacts

#### CAUSE

An entity's operations may directly result in modern slavery practices

- ✓ Stop or prevent the impact
- ✓ Provide for or cooperate in remediation

#### CONTRIBUTE

An entity's operations or actions in its supply chain may contribute to modern slavery, including acts or omissions that may incentivise modern slavery.

- ✓ Stop or prevent contribution
- ✓ Use leverage to mitigate any remaining impact, if possible
- ✓ Provide for or cooperate in remediation

#### DIRECTLY LINKED

An entity's operations, products or services may be connected to modern slavery through the activities of another entity it has a business relationship with.

- ✓ Build or use leverage to prevent and mitigate the impact
- ✓ Be able to show ongoing efforts to mitigate the impact
- ✓ May also take a role in remediation.

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<sup>1</sup> Includes Sub-Industries: Technology Hardware, Storage & Peripherals, Semiconductors, Semiconductor Materials & Equipment, Communications Equipment and Electronic Equipment & Instruments.

<sup>2</sup> Modern slavery is a serious violation of an individual's dignity and human rights. Exploitative practices, including human trafficking, forced labour, child labour, debt bondage and forced marriage, are all considered modern slavery and are serious crimes under Australian law.

### Did you know?



**US\$243.6 billion** of electronics imported annually into G20 countries are at risk of being produced with modern slavery, the highest of any at-risk product.

**US\$3.1 billion** of electronic imports have been banned from entering the US over links to forced labour.



**45** of the largest ICT companies are not well equipped to address forced labour in their supply chains, scoring 20/100 on average on the KnowTheChain global benchmark.

### Modern slavery practices in the sector

Modern slavery can occur throughout the electronics supply chain during the extraction of raw materials, the manufacture of components, and final product manufacturing.



#### Exploitation of migrant workers

Reports of forced labour, hazardous working conditions, withholding of identity documents, payment of unlawful recruitment fees and debt bondage of migrant workers in electronics manufacturing, particularly in Malaysia and Taiwan.



#### Forced student internships

Students reportedly required to work, including excessive overtime and night shifts, in electronics factories in China, under threat their diplomas will be impacted if they do not comply.



#### State-sponsored forced labour in China

Widespread reports of state-sponsored forced labour of Uyghur and other ethnic minorities from the Xinjiang Region in China in raw material processing, manufacturing and assembly of electronic components.



#### Lack of transparency and limitations on traditional due diligence

Limited supply chain transparency and oversight of working conditions, given complex, fragmented supply chains.

### Regulatory requirements

- Electronics companies that meet the revenue threshold may be required to report annually under the [Australian Modern Slavery Act](#) (AU\$100 million), UK Modern Slavery Act (£36 million) or [Californian Transparency in Supply Chains Act](#)
- US companies are required to map their supply chain to ensure products are not mined, produced, or manufactured in the Xinjiang Region, as they are prohibited from entering the US under the [Uyghur Forced Labor Prevention Act](#).
- In Japan, companies are expected to undertake human rights due diligence in line with the Government's Guidelines on Respecting Human Rights in Responsible Supply Chains.

### Good practice standards for electronics companies

Given the risk profile of the sector, portfolio companies should:

- Have a policy on modern slavery and human rights (this does not need to be a standalone policy)
- Map their supply chain beyond their tier 1 direct suppliers, as risks are likely to be deeper with the supply chain.
- Review at least annually salient modern slavery risks in their operations and supply chain.
- Undertake human rights due diligence to identify, mitigate, and where needed, remediate modern slavery in their operations and supply chains.

### Learn more

- 2025 KnowTheChain [ICT Benchmark](#) and [Investor Briefing](#)
- Investor Alliance for Human Rights [Toolkit](#) and [Risk Briefings on Technology and Human Rights](#)
- [Electronics Watch](#)

## Fund Manager Briefing: Modern Slavery Risks in the Electronics Sector

### Engagement on modern slavery risks in the electronics sector

In 2026, the University will engage with fund managers on modern slavery risks and your engagement with portfolio companies in the electronics sector.

#### Our goals for engagement

- Improved transparency and understanding of risks:** Fund managers understand their exposure to modern slavery risks and promote transparency in supply chains among portfolio companies.
- Demonstrated action to address risks:** Managers take steps with portfolio companies to address identified modern slavery and human rights concerns

### Human Rights Maturity Framework

The University measures the impact of our engagement based on progress on our [Human Rights Maturity Framework](#).

This Framework, aligned with the UN Guiding Principles on Business and Human Rights, outlines key questions, relevant to the electronics sector context, and actions for managers to identify and mitigate sector-specific risks, ranging from awareness building up to a developed human rights due diligence approach. The framework provides a guide on integrating human rights into investment processes, recognising that the operationalisation of each step might differ for managers, depending on your context, capacity and resources.

QUESTIONS FOR FUND MANAGERS	HUMAN RIGHTS DUE DILIGENCE STEPS			
	IDENTIFYING & MONITORING	ASSESSING & INTEGRATING	MEASURING & EVALUATING	ENGAGING WITH
Do you take steps to identify portfolio exposure to companies and regions with reported human rights violations in the electronics sector, including but not limited to the Xinjiang Uyghur Autonomous Region in China, Taiwan and Malaysia?  <i>If "yes", please indicate how regularly you undertake these steps, provide details and the outcomes of your findings</i>	Aware of human rights risks in the electronics sector but no screening process in place.  Monitors media and other sources ad hoc for human rights violations involving companies in the electronics sector.  At least annual screening of companies in the electronics sector for exposure to human rights violations, drawing on a variety of sources.			Proportional to manager's capacity and resources, engages with portfolio companies, at least annually, to proactively identify exposure to human rights violations and reports publicly on the outcome.
What visibility do you have of electronic companies' supply chains? Do you take steps to encourage electronic companies to publish their supplier list?  <i>If yes, please provide examples.</i>	Aware of human rights risks in the electronics sector but limited visibility of portfolio companies' supply chains.  Requests some supply chain information from portfolio companies.	Requests supply chain information from portfolio companies and uses it to assess companies' risk profiles.		Proportional to manager's capacity and resources, engages with portfolio companies to communicate expectations for transparency and encourage them to publish their supplier list.
Are human rights considerations integrated into investment decisions and stewardship activities with portfolio companies in the electronics sector?  <i>If yes, please provide examples.</i>	Aware of human rights risks in the electronics sector but no established process to consider risks in the investment lifecycle.	Integrates human rights into some stages of the investment lifecycle (e.g. negative screening)  Integrates human rights into investment decisions and to prioritise portfolio companies for engagement.	Proportional to manager's capacity and resources, integrates human rights across the investment lifecycle, with companies evaluated on their identification, mitigation and remediation of human rights risks.	
Have you engaged with any companies in the electronics sector on human rights violations and/or risks in the past year?  <i>Please provide details and the outcome of the engagement.</i>				Requests comment from portfolio companies on their response to identified human rights incidents.  Discusses response to human rights incidents with portfolio companies.  Ongoing dialogue with portfolio companies on their approach to identifying, addressing and remediating human rights incidents.  Proportional to manager's capacity and resources, engages with portfolio companies on risks (based on company profile, sector, product exposure etc), not just incidents, and communicate expectations for management of risks in line with the UNGPs.

AWARENESS BUILDING

INITIATING

DEVELOPING

DEVELOPED