
WORTH OF THE WORKFORCE ENGAGEMENT PLAN

Railpen's system-wide stewardship plan for 2026 - 2030



RAILPEN



CONTENTS

Executive summary	3
Background	4
Our engagement plan	6
Workforce relations and treatment	6
Our priority jurisdictions, sectors and engagements	8
Objectives and milestones	10
Fair pay and benefits	11
Our priority jurisdictions, sectors and engagements	12
Objectives and milestones	13
Modern slavery	14
Our priority jurisdictions, sectors and engagements	14
Objectives and milestones	15
References	16



EXECUTIVE SUMMARY

Companies with strong worker voice and fair pay practices consistently outperform peers in productivity and retention, while those failing to address workforce risks face higher turnover, reputational damage, and regulatory scrutiny.

Railpen’s workforce stewardship approach is grounded in the recognition that effective human capital management is financially material for companies within our portfolio and builds upon our extensive previous research and activity on workforce topics¹. We focus on the workforce not only as a source of operational strength, but as a lever for addressing systemic risks such as inequality, which can undermine economic stability and investment returns.

For the next 3-5 years, we’ll focus on the following themes:

- **Workforce relations and treatment:** ensuring workers have meaningful mechanisms to express concerns and influence decisions, supporting improved performance, stronger corporate governance and reduced operational risk
- **Fair pay and benefits:** evidence from Gallup and Harvard Business Review shows that fair pay, competitive benefits and enhanced wellbeing support measurable gains in productivity and profitability – a systemic risk that undermines economic stability
- **Modern slavery:** addressing modern slavery is both a regulatory imperative and a material management issue. Failures in due diligence can lead to litigation and serious reputational damage. We will continue to push for stronger company practices and more robust regulatory frameworks

Where and how we will engage

Our engagement will focus on where Railpen can deliver the greatest value for members. As such, we will prioritise markets and sectors where Railpen’s exposure is highest, including in the UK and US. Engagement will focus on the following:

- Companies with persistent or material workforce risks
- Organisations progressing too slowly on key issues
- Leading companies that can set market-wide best practice

Where objectives align – and to help amplify our influence and drive systemic change – we’ll work with and alongside collaborative investor initiatives, including the Railpen-led Workforce Directors Coalition, Good Work Coalition, and the Find It, Fix It, Prevent It Campaign. Internally, we will continue partnering closely with Railpen’s People team to enhance the depth and effectiveness of our engagement.

Clear objectives to drive measurable engagement

Setting specific milestones allows us to measure and progress, allocate resources effectively and adapt to emerging risks. Our internal objectives – summarised here at a high level – include the following:

- Increased adoption of meaningful worker voice mechanisms
- Improved pay, benefits disclosure and workforce outcomes
- Strengthen company and regulatory responses to modern slavery

Delivering sustainable value for members

By focusing on these financially material themes and maintaining an outcomes-driven approach, Railpen aims to reduce systemic risks, enhance transparency and promote sustainable business practices that protect and grow long-term value for our members.

¹ Railpen have produced several reports on workforce topics, including [Worthwhile workforce reporting \(2022\)](#), [Investor guidance on workforce directors \(2023\)](#), [Future of workforce reporting \(2025\)](#).





BACKGROUND

An organisation’s workforce is a strategic asset, and a significant source of potential value. This is especially true in growing sectors like technology and information services, where effective talent management is key to financial performance.

Following the evidence that good human capital management is a financially material factor, Railpen has long worked with portfolio companies to help ensure their workers are motivated, engaged and fulfilled. A truly effective workforce management approach must be holistic, integrating fair pay and benefits, workforce demographics, employee wellbeing, worker voice, and fair treatment across all employment types.

Research indicates that organisations with robust human capital strategies experience higher productivity, reduced employee turnover, and stronger reputational standing². With growing regulatory demands, talent scarcity in innovation-driven industries, the development of new workforce-relevant technologies such as Artificial Intelligence (AI), and heightened stakeholder and political scrutiny, workforce-related risks and opportunities are increasingly material to financial outcomes.



Nowadays it has become more important to assess companies on how they are able to attract and retain talent rather than analysing the value of factories and machines, which it was all about 30-40 years ago



Matthias Eifert
Railpen Head of
Fundamental Equities

We view these issues as not only company-specific, but also systemic, risks that can disrupt the wider financial system. **Poor workforce management – such as low wages or inadequate benefits – exacerbate economic inequality, which in turn undermines market stability by reducing consumer confidence and spending.** For example, a 2024 Federal Reserve survey reported that 29% of US adults face income volatility due to insecure work and insufficient pay, increasing financial vulnerability and economic instability^a.

Evidence shows that our choice of sub-themes (workforce relations and treatment; fair pay and benefits; and modern slavery) are particularly useful levers in the inequality debate. **We consider effective worker voice mechanisms to be often overlooked, despite evidence that workforce engagement is fundamental to long-term value creation.** In rapidly changing financial markets, ensuring companies have a workforce treatment strategy in place safeguards fundamental labour rights, which in turn ensures fair pay and decent working conditions are not deprioritised in the pursuit of competitiveness. Likewise, addressing modern slavery is critical as regulatory scrutiny and supply chain risks intensify globally, making it a financially material issue and a core component of sustainable business practices. Through dedicated research and individual and collaborative engagement with companies and policymakers, we will look to undertake impactful stewardship on material workforce issues.

² For instance, Gallup’s study of 1.8 million employees across 82,000 business units demonstrated a strong connection between higher employee well-being and improved customer satisfaction, decreased staff attrition, and increased profitability.



The foundational role of good workforce reporting

Like other material issues, good workforce reporting provides transparency on critical workforce areas such as cost, composition, reward, skills, and training. Without clear reporting, stakeholders lack the insight needed to assess workforce stability and capability, making it harder for companies to improve practices and for investors to secure sustainable returns. High-quality, consistent and comparable disclosure enables better capital allocation decisions and supports shareholder confidence that companies are managing their most significant asset effectively.

Railpen has collaborated with others in the corporate and investor community to improve workforce reporting standards. We will continue to raise awareness of our practical guidance for companies, however positive developments including the International Sustainability Standards Board's (ISSB's) Sustainability Disclosure Standards **enable us to take a step back and focus on other material issues where greater progress is required.**

For long-term investors like Railpen, constructive engagement with companies, policymakers and standard-setters is vital to safeguarding and enhancing value for members. With a Trustee Board that empowers us to focus on material system-wide issues, our history of work as investment stewards on workforce issues, and our close and long-standing collaboration with both internal and external HR leaders and experts, means we can usefully apply practical and investment-focused insights on workforce issues over the next few years.



OUR ENGAGEMENT PLAN

Workforce relations and treatment

Good relationships between senior management and the wider workforce, and fair treatment of workers play a critical role in maintaining the motivated, engaged and fulfilled workforce that supports long-term business performance. While there are many aspects of what we have called ‘workforce relations and treatment’ that matter to businesses, Railpen prioritises those that are most material to long-term value creation and where we are most likely to achieve positive impact in members’ interests.

Worker voice

Intentionally including the workforce perspective in strategic decision-making and governance processes is integral to a company’s performance.

Worker voice mechanisms – such as employee surveys, representation on boards, or collective bargaining – help surface operational risks early and build trust between workers and management. There is also emerging evidence to show that companies with strong worker voice tend to be more agile, better governed, and less exposed to reputational shocks³.

Railpen will continue to champion meaningful worker-voice structures, including through our work as Chair and founder of the \$2.5trn Workforce Directors Coalition (WDC)^b.

While the workforce director model won’t be the right approach for every company, evidence from our engagements – including with Mears Group PLC, recognised as one of the top ten best big companies to work for in the UK and ranked seventh overall in the prestigious Best Companies’ league table for 2024^c – shows that effective employee voice can enhance culture, improve risk management and support high-performing workplaces.

It is particularly important to include worker voice on a range of issues that are most clearly linked to workforce productivity and motivation, including fair pay and benefits, and technology adoption, to ensure policies reflect the realities and priorities of those most affected⁴.

³ Research found that companies appearing in the ‘Great Place to Work’ institute’s ‘Great companies to work for’ all exceeded the performance of the wider stock market in their country of listing. In addition, when ranked by engagement score, organisations in the top quartile outperformed average returns to shareholders across those surveyed by 4 per cent, while those in the bottom quartile underperformed by 8 per cent – [PLSA understanding the workforce 01-12-16.pdf](#)

⁴ For instance, in 2024, PwC UK invested £100m in AI and digital technologies – including generative AI skills training for all UK staff – while reducing partner payouts to support reskilling efforts. PwC cited this as a key contributor to their strong recent performance.



Where effective worker voice mechanisms could be most impactful

Pay practices: Including worker voice in the development of fair pay and benefit policies helps ensure fairness, transparency, and alignment with organisational values. When employees have a channel to express their perspectives, it helps build trust and engagement, reducing the risk of perceived inequities between executive pay and the wider workforce. Worker input can also provide valuable insights into how pay structures impact motivation and retention, supporting a more sustainable and inclusive approach to compensation.

Use of AI: The emergence of AI further increases the need to achieve genuine two-way dialogue between senior management and the wider workforce, as automated decision-making increases, job insecurity and opaque pay practices can become more common. Including the workforce perspective and ideas in the adoption of AI should help reduce transition risk and allow companies to capitalise on innovative opportunities.

Workforce relations and treatment

Companies that neglect workforce wellbeing can face issues with productivity, absenteeism, and talent retention, which carry financial costs⁵. Conversely, fostering a positive and supportive work environment helps attract and retain skilled employees, enhances operational efficiency and builds resilience⁶.

There's evidence to show that companies investing in mental health support, flexible working, and inclusive cultures tend to outperform peers on talent retention and operational resilience. For instance, one study found firms with strong health and wellness programs saw stock appreciation of 235% versus 159% for the S&P 500 overall^{7 d}.

Of increasing importance is the way in which companies manage contract workers, gig economy roles, and outsourced labour. This is due to the growing popularity of contingent workers with companies facing economic and geopolitical uncertainty⁸.

Finally, ensuring fair and consistent treatment across all employment types continues to be closely scrutinised by both regulators and consumers⁹. Exploitative practices in any part of the value chain can lead to litigation and operational disruption, and may indicate modern slavery risks, which exist at one extreme of the workforce treatment continuum.



⁵ [World Economic Forum](#) notes annual health-related productivity losses cost employers \$530 billion globally, while poor mental health costs UK firms up to £45 billion annually.

⁶ Work by the CIPD found that resilience is underpinned by supportive managers and positive psychological traits, helping employees cope with stressors. Gifford, J., & Young, J. (2021). [Employee resilience: an evidence review: Evidence summary](#). Chartered Institute of Personnel and Development. While the Society for Human Resource Management finds employees in positive cultures are nearly four times more likely to stay with their employer Xiang, N. (2024, December 12). [Workplace Culture Fosters Employee Retention Worldwide](#). Society for Human Resource Management.

⁷ Although mental health is important for attracting and retaining talent, Railpen and CIPD's 2025 research shows that only 39% of annual reports from the UK's largest companies address mental wellbeing in health and safety or risk assessment. This is, however, a notable rise from 13% in 2022, indicating growing recognition of its importance. CIPD & Railpen. (2025). [Future of workforce reporting](#). Chartered Institute of Personnel and Development and Railpen.

⁸ Despite a slowdown in permanent recruitment, many UK employers are turning to contingent workers to navigate uncertainty, with the Association of Professional Staffing Companies' October 2025 report showing contract vacancies increased 8% year-on-year, and contract placements rose 13% compared to October 2024 Association of Professional Staffing Companies. (2025). [APSCo Bullhorn Recruitment Trends Snapshot October 2025](#)

⁹ In 2025, the [UK government issued formal warnings](#) to gig economy companies about misclassifying workers as self-employed, which can deny them rights like minimum wage and paid holidays. Also in 2025, the [Empowering App-Based Workers Act](#) was introduced in US Congress, aiming to require gig platforms to disclose pay algorithms, guarantee drivers a minimum share of fares, and prohibit pay discrimination.



Our priority jurisdictions, sectors and engagements

Railpen’s engagement priorities reflect where we can deliver the greatest value for our members. Our areas of focus are driven by our analysis and assessment of material financial exposures, potential systemic importance, and opportunities for meaningful change.

We will increase our focus on policy engagement as a key lever for systemic change across all our thematic priorities, including workforce treatment and relations. This recognises public policy’s potential effectiveness to encourage companies in a particular jurisdiction or sector to change, and the need to use alternative stewardship tools in a context where shareholder rights are diminishing¹⁰ and direct company engagement is presenting new challenges as a result.

While we have always worked closely with Railpen’s People team, we will also consider how to co-engage with companies and policymakers alongside our senior internal People professionals, to help us achieve a richer dialogue and greater impact.



Jurisdictions

We will concentrate our engagement on the UK and US – markets with significant regulatory scrutiny, evolving workforce expectations and policy, and material financial exposure for us and other long-term investors. Their size and globally influential employment models create both heightened risks and opportunities to drive good practice system-wide.



Sectors

Our attention will remain on sectors with the most significant workforce treatment and relations challenges – driven by skills shortages, disconnect between workers and senior management, health and safety and wellbeing pressures, and human-rights risks.

High-risk sectors include:

- **Manufacturing & industrial:** large operational workforces with heightened health and safety exposure and complex workforce management demands across multiple sites
- **Consumer discretionary:** high turnover, customer facing roles where variable training and management practices can strain workforce relations
- **Consumer staples:** labour-intensive production and distribution settings where operational pressures and supply-chain complexity can challenge wellbeing and worker engagement



Companies

We will engage with companies experiencing workforce issues or which continue to demonstrate insufficient progress in strengthening workforce relations and treatment.

By additionally targeting some leading market participants we can aim to drive best practice, resulting in systemic “ripple effects” among peers.

We will continue to focus on practical guidance and support for companies, recognising that workforce issues are usually top of mind for senior executives, albeit further work is needed to understand the shareholder perspective in a rapidly evolving policy environment. This practical approach will be enhanced by co-engaging alongside Railpen’s own People professionals.

¹⁰ In Feb 2025, the US Securities and Exchange Commission’s guidance expanded the ability of companies to exclude shareholder proposals and make it more complex for investors to engage with US companies on ESG issues. U.S. Securities and Exchange Commission. (2025). SEC.gov | Shareholder Proposals: Staff Legal Bulletin No. 14M (CF)





Investor initiatives

As a universal owner, Railpen works closely with other investors on system-wide issues, to help achieve the critical mass necessary for system-wide change.

We'll focus on those initiatives that are based in priority jurisdictions, including the US and UK, such as the **Workforce Directors Coalition (WDC)**, the **Human Capital Management Coalition (HCMC)**¹¹ and the **Taskforce on Inequality and Social-related Financial Disclosures (TISFD)**¹².



Policymakers and standard setters

Our policy engagement will prioritise initiatives aimed at enhancing workforce governance and improving corporate transparency on workforce treatment and relations. **Our focus will be on UK policymakers where regulatory frameworks and workforce expectations are undergoing significant change**, presenting both substantial risks and opportunities for investors.

Specific opportunities for engagement will include the following:

- **Employment Rights Bill** (improving workplace standards and worker voice)
- **UK Corporate Governance Code** (on workforce engagement mechanisms)
- **Emerging UK AI regulation** (how the UK government considers workforce interactions)

¹¹ This was formed by institutional investors representing over \$10tn in assets and seeks to elevate human capital management as a critical driver of long-term shareholder value by engaging companies and advocating for stronger disclosure and practices around workforce issues such as hiring, training, diversity, and employee well-being.

¹² A global initiative to develop recommendations and guidance for businesses and financial institutions to understand and report on impacts, dependencies, risks, and opportunities related to people.





Objectives and milestones

Railpen's workforce relations and treatment objectives are structured around short (1-3 years), medium (3-5 years), and long-term (5+years) milestones, and centre on elevating workforce engagement standards and transparency across our portfolio and the wider market.

Our three core objectives are as follows:

- Championing effective worker voice mechanisms that give employees genuine influence in corporate decision making
- Promoting best practice and raising standards across the market through publication of guidance, blogposts and briefings
- Working with policymakers to shape and strengthen UK regulation and guidance on workforce engagement

We will support policy initiatives that drive clear and comparable disclosure on workforce topics, including cost, composition, employee relations, reward, and skills. By sharing research with large UK companies and advocating for legislative measures, we aim to set minimum standards for workforce reporting. Our impact will be seen in a growing proportion of companies providing comprehensive workforce data aligned with emerging standards, and in regulators adopting consistent disclosure guidelines that promote decent work.

Success will be measured not only by companies' responsiveness and recognition of the importance of worker voice, but also by the implementation of robust engagement strategies – such as appointing workforce directors – and by our ability to influence policy. Positive feedback on our briefings, meaningful engagement with parliamentarians, and invitations to contribute to regulatory consultations will all signal progress; ultimately, our efforts will help embed effective workforce engagement practices and drive improvements in standards and accountability across the market.



Fair pay and benefits

Fair workforce compensation is increasingly recognised as critical driver of sustainable financial performance. Evidence links decent pay and benefits to higher productivity, reduced turnover, and stronger reputational resilience. For long-term investors like Railpen, fair pay represents both a risk and an opportunity: companies that neglect it face reputational damage and disengaged employees, while those that work to improve pay for their low-paid workers can strengthen workforce productivity and maintain their social licence to operate¹³.

Research underscores this link. **A Harvard Business Review study found that wage increases above market rates significantly boost productivity by fostering employee motivation^{14 e}**. Yet the International Labour Organization reports that 19% of workers globally earn below the poverty threshold^f, and Oxfam highlights low pay's association with poor health^g – estimated to cost the UK economy £138 billion annually^h.

In the UK, the richest 10% hold more than half of national wealth and the gap between top and bottom earners widened by 54% between 2011 and 2021ⁱ. Similarly in the US, the top 10% of American households now own over two-thirds of the nation's total wealthⁱ.

Failure to address pay equity exacerbates systemic risks through its links to inequality. The Organisation for Economic Co-operation and Development (OECD) and International Monetary Fund (IMF) findings show that high inequality suppresses growth by reducing demand, misallocating capital, and stifling innovation. Conversely, research shows that uplifting just a quarter of low-paid UK workers to the real Living Wage¹⁵ could boost GDP by £1.5 billion^k. Fair pay and benefits provided by portfolio companies are, for investors, among the most direct levers for tackling inequality, safeguarding economic resilience, and supporting long-term value creation across our portfolio.



¹³ Fair pay and benefits opportunities can be maximised by companies through intentional, engaging, regular and factual communications to colleagues; ensuring developing understanding of the decisions and approaches an organisation deliberately chooses to take are vital in embedding and evolving organisational maturity on this issue.

¹⁴ For instance, Amazon employees experienced improved well-being which has been shown to improve productivity and the community benefitted from increased spending at local businesses, fuelling economic growth. [Amazon. \(n.d.\). Raise the Wage](#)

¹⁵ A Living wage is defined by the Global Living Wage Coalition as: “the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.” [Global Living Wage Coalition. \(n.d.\). What is a Living Wage? - Global Living Wage Coalition](#)



Our priority jurisdictions, sectors and engagements

Addressing fair pay and benefits through policy advocacy and corporate engagement is essential to safeguard long-term economic health and portfolio performance.

We'll broaden our historic focus on executive remuneration to advocate for pay practices that go beyond financial metrics and market benchmarks to consider alignment with the wider workforce experience, inequality, and workforce perspectives. We will encourage companies to engage directly with employees, workforce directors, or dedicated forums to gather input on pay policies. Boards should also ensure leaders are rewarded for navigating economic challenges while remaining sensitive to the experiences of the wider workforce. We will also continue to ask UK companies to achieve Living Wage accreditation or to provide clear justification for non-compliance, particularly in sectors with high numbers of low-paid or contingent workers.

We will continue to deepen our policy advocacy, given ongoing policy and societal debates around cost of living challenges and pay practices. Railpen supports the UK Employment Rights Act 2025 as part of its commitment to fair pay, decent work, and sustainable value creation, and will continue to advocate for fairer pay practices. Our approach combines backing improved workforce engagement and protections with calls for transparent, decision-useful disclosures, ensuring companies and investors can adapt effectively while raising standards across our portfolio and improving economic growth.



Jurisdictions

Railpen will continue to prioritise engagement on fair pay and benefits in key jurisdictions specifically the **UK** (through proactive dialogue with FTSE-350 companies) and in the **US** where we see ever-growing executive remuneration quantum and benefits which are not always aligned with performance and the wider workforce experience.



Sectors

We will target sectors that are both high risk and systemically important:

- **Retail:** significant employers with high proportions of minimum-wage employees
- **Hospitality:** extensive reliance on low-paid, hourly roles and precarious contracts
- **Health and social care:** service failures can ripple into public health and productivity with underpayment in care roles, burnout and talent shortages



Companies

We'll seek to refine UK portfolio company engagements by **assessing key fair pay and benefits data points in line with the Fair Reward Framework (FRF)** and use this as a basis for our **analysis of US companies to help us prioritise companies with egregious pay practices.**



Investor initiatives

We will continue collaborating through initiatives such as the **Good Work Coalition¹⁶**, the **Fair Reward Framework (FRF)¹⁷** and **Ceres' Wage and Benefits Equity initiative¹⁸**, leveraging these platforms to drive transparency and raise standards.



Policymakers and standard setters

As a UK asset owner, we will focus policy engagement on initiatives that promote fair pay and benefits in the UK. This includes policy debates on the **Employment Rights Act**, as well as **pay gap reporting.**

¹⁶ A collaborative investor initiative focused on improving pay, working conditions, and workforce inclusion across UK companies.

¹⁷ A publicly available assessment tool – developed by a coalition of asset owners and research partners – that provides comparable data by evaluating corporate pay practices across scrutiny and oversight, policies and outcomes.

¹⁸ An initiative working with companies to ensure equal pay, provide at least a living wage, and expand equitable access to comprehensive benefits for all workers, including contractors



Objectives and milestones

Our engagement objectives are structured around short, medium and long-term milestones, recognising that system-wide change often takes time.

Our core objectives are as follows:

- Providing clear guidance to companies on the importance of fair pay and disclosure
- Increasing the adoption of fair pay practices and reporting across our portfolio companies
- Supporting the establishment of living wage and benefits policies

We will keep under review company responses and developments, consider further engagement where necessary, and contribute to government consultations to help shape minimum standards for pay reporting.

Progress will be tracked and reviewed regularly to ensure continued alignment with evolving best practices and regulatory expectations. Our success will be reflected in companies acknowledging the materiality of fair pay and worker voice on pay, implementing comprehensive pay and benefits policies and practices, and publicly disclosing meaningful workforce pay data.

We want more companies to meaningfully consider workforce perspectives when setting remuneration policies and publicly explain how these views influence pay decisions. Success will be measured through the extent to which companies across our portfolio respond, adopt fair pay practices, improve transparency and workforce engagement.

Modern slavery

Modern slavery – the severe exploitation of people for commercial or personal gain¹ – remains a systemic risk across the global economy. With an estimated 50 million people affected on any given day^m, **modern slavery can result in operational disruption, remediation costs, supply chain interruption and reputational damage.** Controversies in the UKⁿ and China^o have revealed how deeply embedded modern slavery remains across global supply chains, while the Covid-19 pandemic worsened vulnerabilities within labour markets.

Drivers of worker exploitation are complex and interlinked, including poverty, social discrimination, declining union representation, migration, and concentrated corporate power. These global economic pressures require coordinated action across markets – an increasingly difficult task as the world experiences geopolitical and economic uncertainty. **For institutional investors like Railpen, the financially material imperative to act is reinforced by tightening regulatory expectations,** such as those set out in the UK Modern Slavery Act^p.



Our priority jurisdictions, sectors and engagements

Railpen undertakes individual company engagement on modern slavery, where portfolio companies present high-risk exposure and their practices could be deemed egregious, as part of our exclusions screening process. Our Governance and Conduct Zero-Weight (GZW) process combines the threat of exclusion with proactive engagements, and while modern slavery is one of several indicators assessed, doing so is a clear signal of its financial materiality to our portfolio.

We will continue to collaborate with others on modern slavery, benefiting from knowledge-sharing, benchmarking data and the convening power of such initiatives across regulators, companies and investors. We also recognise the importance of such collaborations in helping us identify gaps in disclosure and performance amongst companies, supporting us to prioritise engagement with lagging firms and setting measurable expectations.



Jurisdictions

We will target markets with high regulatory activity on modern slavery, such as the **EU, UK and US**. While we know that most modern slavery cases are in jurisdictions such as India and China, the lack of data in such high risk regions is limiting.



Sectors

Railpen’s engagement strategy is built on collaboration and integration of good practices into both due diligence and stewardship activities. This means working collectively with stakeholders, leveraging data and frameworks to identify high-risk sectors:

- **Construction:** high exposure to subcontracting chains and temporary migrant labour, increasing risks of hidden exploitation and poor oversight
- **Consumer discretionary retail:** extensive global sourcing of goods through multi-tier supply chains where visibility over labour conditions is often limited
- **Consumer staples:** reliance on agricultural and manufacturing inputs from high risk regions, where recruitment practices and supplier oversight challenges can enable forced labour risks



Companies

In the UK market, Railpen expects portfolio companies to fulfil annual reporting requirements under Section 54 of the 2015 Modern Slavery Act. Where **FTSE 350 companies fail to address the legal minimum requirements of the Act**, we will vote against the approval of the Report and Accounts.



Investor initiatives

Collaborative action is essential to addressing systemic issues. We will continue to be proactive members of:

- **CCLA's Find it, Fix it, Prevent It campaign¹⁹**
- **Rathbone's Votes Against Slavery initiative²⁰**

We'll work on policy advocacy to improve compliance data and use the data and benchmark to support our voting activities and sanctions where companies fail to meet legal requirements.



Policymakers and standard setters

Although strengthening our internal due diligence is prioritised over engagement in external public policy work at present, we'll continue to engage and support the **EU Corporate Sustainability Due Diligence Directive (CSDDD)^q** and the **UK Modern Slavery Act^r** both individually and collaboratively.



Objectives and milestones

Our core objectives are as follows:

- Improving laggard companies' modern slavery due diligence and transparency, encouraging them to acknowledge the need for improvement and enhance their practices over time
- Raising standards across the FTSE350 by encouraging companies to publish modern slavery statements that meet or exceed legal requirements

Through these objectives, we aim to increase the proportion of companies meeting regulatory expectations, with success reflected in companies' responsiveness to our engagement, tangible improvements in their modern slavery risk management, and higher scores from initial assessments.

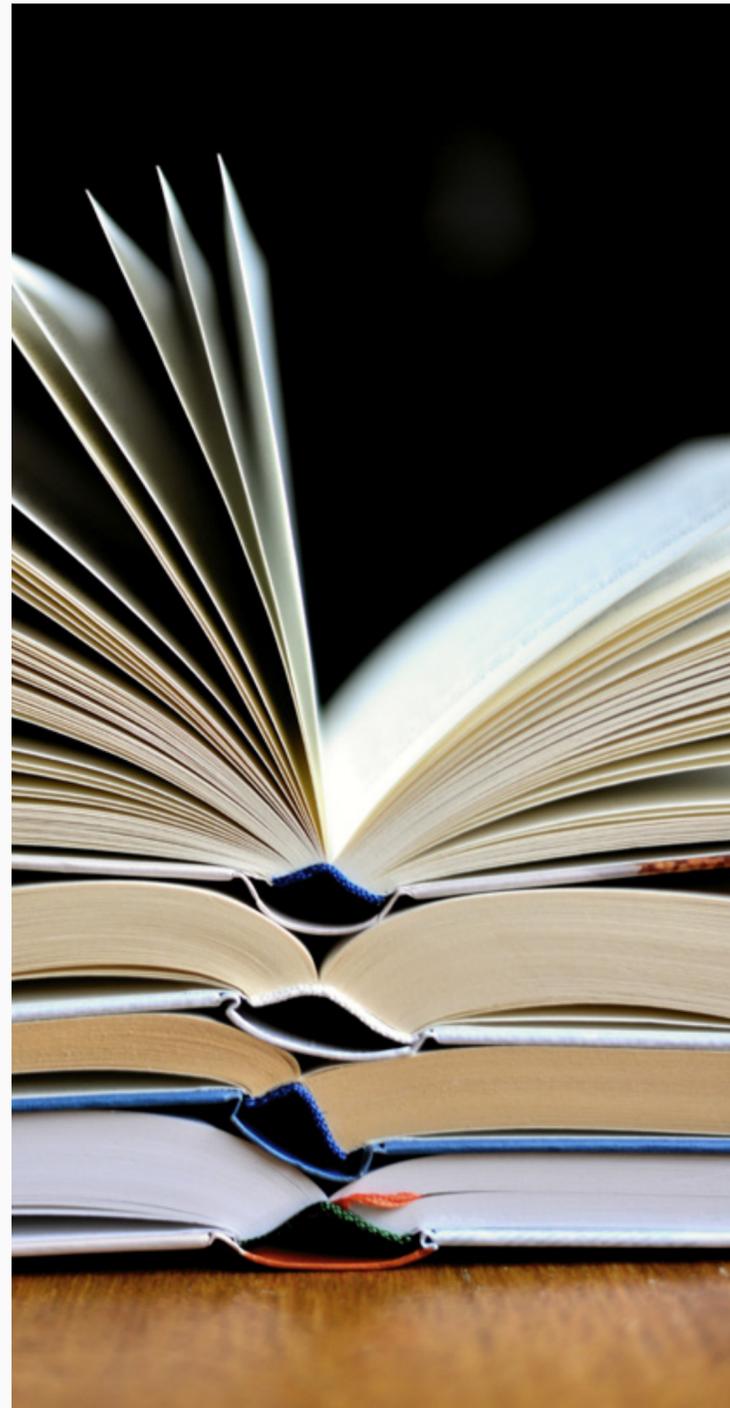
Our advocacy also extends to encouraging the UK government to strengthen supply chain transparency and centralise data sources.

We will track progress through our engagement with policymakers and by feeding into the development of policy proposals. Success will be measured by openness to statutory guidance and the establishment of accessible, centralised data sources for modern slavery.

¹⁹ An investor-led campaign designed to tackle modern slavery risks within global supply chains.

²⁰ A collaborative investor initiative launched to address the lack of enforcement mechanisms under Section 54 of the UK Modern Slavery Act.





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✉ 7 Devonshire Square, London, EC2M 4YH

@ SO@railpen.com

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