FOREWORD

Businesses in Australia today are largely responsible organisations complying with legal requirements and operating within ethical frameworks. Yet there is a dark cloud that hangs over virtually all organisations, across all sectors, and that is the spectre of what has become known as modern slavery.

More than ever before we live in a connected world where companies are reliant on supply chains that span multiple international jurisdictions and a variety of cultures with wide ranging social norms and legal systems. This has presented business with both significant economic benefits e.g. as a result of sourcing from low cost labour markets but also exposed business to significant risks.

Robust research, conducted by highly respected global organisations, informs us that there are more people today working in slave like conditions than at any point in human history. These people are experiencing extreme forms of exploitation ranging from being totally enslaved, with no freedom of movement whatsoever, through to millions of people working in conditions of unimaginable exploitation. The stark reality is that many of these are in corporate supply chains, and businesses in Australia are inadvertently either reselling the products produced off the back of this human misery or consuming these goods within their own operations.

Certainly, no business wishes to be complicit in any form of slavery, it’s not who they are, and it’s not representative of who their leaders are. However, the complexity of supply chains today has made the incidence of slavery so widespread that many businesses simply do not know where to begin in order to eradicate slavery from their operations.

With the creation of the Australian Modern Slavery Act the Federal Government signalled to business that they will now be held accountable for investigating their supply chains and taking action where modern slavery is detected.

Although this new reporting requirement from government can be viewed as simply another legislative requirement it is hoped that businesses will provide adequate resourcing that moves well beyond mere compliance, and simply the submission of an annual report, and in fact in consultation with suppliers leads to a significant reduction in the abuse of vulnerable human beings and ultimately to the eradication of slavery itself.

This practical guidebook produced by Deloitte provides every organisation practical information to assist with working through the maze that is the complex web of supply chain structures. I highly commend the guide to any organisation in Australia.

Dr David Cooke
Chairman and Managing Director
Konica Minolta Business Solutions Australia
Chair, Global Compact Network Australia
# Table of Contents

1. What is modern slavery? .............................................. 05
2. The MSA ............................................................. 08
3. Why business cares .................................................. 11
4. Build internal support .............................................. 13
5. Analyse gaps ......................................................... 15
6. Identify & prioritise risks .......................................... 17
7. Engage with suppliers ............................................. 19
8. Address instances of modern slavery ....................... 22
9. Assess impact of actions ......................................... 25
10. Provide remedy .................................................... 27
11. Prevention is key .................................................. 29

Acknowledgements .................................................. 31
Authors .................................................................. 32
End Notes ................................................................. 33
Jai came to Australia to work as a chef. Upon arrival, his passport was taken, and he was forced to work 12h per day and sleep in the storeroom. He was told he would not be paid until the relocation and board cost were worked off.\(^1\)

In Australia, 15,000 people live in conditions of modern slavery on any given day\(^2\). The Modern Slavery Act 2018 (Act or MSA) encourages reporting entities to act and respond to modern slavery in their operations and supply chains.

This handbook was created to provide corporate professionals with responsibility for maintaining human rights with practical knowledge, case study examples and advice from a range of stakeholders to begin or continue your entity’s efforts to prevent, respond to and remediate modern slavery risks. It will inform and prepare you to tackle modern slavery and go beyond compliance with the MSA. The handbook is principles-based, victim-centred and informed by the UN Guiding Principles on Business and Human Rights.
1 What is modern slavery?

‘Modern Slavery describes situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom’.3

The Australian Government defines modern slavery as encompassing eight types of serious exploitation:

- Trafficking in persons4
- Slavery5
- Servitude6
- Forced labour7
- Debt bondage8
- Forced marriage9
- Deceptive recruiting for labour or services10
- The worst forms of child labour11

WHERE DOES MODERN SLAVERY FIT?12

Modern slavery happens at the most extreme end of a spectrum that ranges from decent work to serious criminal exploitation.

MODERN SLAVERY
- Worker cannot refuse or cease work because of coercion, threats or deception
- Worker may also be deprived of personal freedom

DANGEROUS OR SUBSTANDARD WORKING CONDITIONS
- Worker can refuse or cease work but doing so may lead to detriment
- Worker is not paid fairly and does not receive some or all entitlements
- Worker may be required to work excessive hours
- Workplace is unsafe

DECENT WORK
- Workers’ rights respected
- Worker free to refuse or cease work
- Worker paid fairly (at least the minimum wage)
- Workplace is safe

The 2018 Global Slavery Index (GSI) estimated that there are more than 40.3 million people in modern slavery globally, 71% of which are female and with 24.9 million in forced labour. The most affected industries globally include apparel and footwear, electronics, agriculture and food, construction, and mining.

Modern slavery is more likely to occur in countries with a weak rule of law13, high levels of corruption, civil unrest, armed conflict and/or where population groups are vulnerable due to poverty, membership to a minority group or a persecuted group, or their migrant status14.
The Minderoo Foundation, Transparency International and the World Justice Project provide resources to assist entities in assessing the different risk profiles of geographies in which they operate.

In Australia, forced labour primarily occurs in the agricultural, construction, hospitality, meat processing, cleaning, domestic work and food services industries. Australia is also a destination country for human trafficking. In fact, Melbourne was exposed as a major destination for sex trafficking in 2009.

The products that entities import are often made from materials that originate from around the world before ending up as a finished good. The GSI reported that collectively, G20 countries import US$354 billion worth of at-risk products per year.

As per the GSI, the top five high risk products imported by Australia are:

<table>
<thead>
<tr>
<th>Product</th>
<th>High-risk source countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Laptops, computers, phones</td>
<td>China, Malaysia</td>
</tr>
<tr>
<td>2 Garments</td>
<td>China, India, Vietnam, Thailand, Malaysia, Brazil</td>
</tr>
<tr>
<td>3 Fish</td>
<td>Thailand, Indonesia, China, Taiwan, Japan, South Korea, Russia, Ghana</td>
</tr>
<tr>
<td>4 Rice</td>
<td>India</td>
</tr>
<tr>
<td>5 Cocoa</td>
<td>Cote d’Ivoire, Ghana</td>
</tr>
</tbody>
</table>

KnowTheChain – ICT Key Findings 2020

KnowTheChain is a resource to understand and address forced labour risks. It evaluates the 49 largest information communications and technology (ICT) companies on their efforts to address forced labour and human trafficking in their supply chains.

The 2020 report is the third installment of the benchmark and it shows some improvement, but a significant gap remains between the disclosure of policies and their implementation.

The average company, with a score of 30/100:

**Typically has in place:**
- A supplier code of conduct prohibiting forced labour
- Training for procurement staff and suppliers on policies addressing forced labour
- A policy prohibiting worker-paid recruitment fees in its supply chains
- An audit process for monitoring labour conditions at suppliers
- A grievance mechanism for suppliers’ workers
- A corrective action process for addressing non-compliance at suppliers

**Typically Lacks:**
- A supplier code that covers all International Labour Organisation (ILO) core labour standards, in particular the right to freedom of association and collective bargaining
- Training for procurement staff on the Employer pays principle and implementation of the costs of recruitment into purchasing practices
- Evidence of implementation of such a non-fee policy
- Use of worker-driven monitoring (i.e. monitoring undertaken by independent organisations, such as local worker-led organizations, unions, or local civil society partners) and/or action taken beyond social auditing (e.g. worker engagement)
- Evidence that the mechanism is communicated to workers in their supply chains, let alone evidence that it has been used by workers (i.e. is trusted and effective)
- Outcomes of remedy for impacted workers
The Minderoo Foundation, Transparency International and the World Justice Project provide resources to assist entities in assessing the different risk profiles of geographies in which they operate.

In Australia, forced labour primarily occurs in the agricultural, construction, hospitality, meat processing, cleaning, domestic work and food services industries. Australia is also a destination country for human trafficking. In fact, Melbourne was exposed as a major destination for sex trafficking in 2009.

The products that entities import are often made from materials that originate from around the world before ending up as a finished good. The GSI reported that collectively, G20 countries import US$354 billion worth of at-risk products per year.

KnowTheChain – ICT Key Findings 2020

KnowTheChain is a resource to understand and address forced labour risks. It evaluates the 49 largest information communications and technology (ICT) companies on their efforts to address forced labour and human trafficking in their supply chains. The 2020 report is the third instalment of the benchmark and it shows some improvement, but a significant gap remains between the disclosure of policies and their implementation.

The average company, with a score of 30/100:

- Typically has in place:
  - A supplier code of conduct prohibiting forced labour
  - Training for procurement staff and suppliers on policies addressing forced labour
  - A policy prohibiting worker-paid recruitment fees in its supply chains
  - An audit process for monitoring labour conditions at suppliers
  - A grievance mechanism for workers
  - A corrective action process for addressing non-compliance at suppliers

- Typically Lacks:
  - A supplier code that covers all International Labour Organisation (ILO) core labour standards, in particular the right to freedom of association and collective bargaining
  - Training for procurement staff on the Employer pays principle and implementation of the costs of recruitment into purchasing practices
  - Evidence of implementation of such a non-fee policy
  - Use of worker-driven monitoring (i.e. monitoring undertaken by independent organisations, such as local worker-led organizations, unions, or local civil society partners) and/or action taken beyond social auditing (e.g. worker engagement)
  - Evidence that the mechanism is communicated to workers in their supply chains, let alone evidence that it has been used by workers (i.e. is trusted and effective)
  - Outcomes of remedy for impacted workers

As per the GSI, the top five high risk products imported by Australia are:

- **Product**
  - Laptops, computers, phones
  - Garments
  - Fish
  - Rice
  - Cocoa

- **High-risk source countries**
  - China, Malaysia
  - China, India, Vietnam, Thailand, Malaysia, Brazil
  - Thailand, Indonesia, China, Taiwan, Japan, South Korea, Russia, Ghana
  - India
  - Cote d'Ivoire, Ghana
2 The MSA

The MSA is Australia’s national Modern Slavery Reporting Requirement.

Who is eligible? Entities (public and private) with an annual turnover exceeding $100 million
What do they need to do? Publish annual Modern Slavery Statements
What is a Modern Slavery Statement? A statement on the reporting entity’s actions to assess and address modern slavery risks within its operations and supply chains
When is the first statement due? Entities using the Australian or Foreign Financial Year have their deadline, respectively 30 September and 31 December 2020, extended by 3 months due to COVID-19
Where are statements published? Statements will be uploaded to an online, publicly available central repository

When publishing a MSA statement, it is important to communicate it to relevant stakeholders such as employees, suppliers, local communities and customers/consumers.

**Commonwealth MSA Mandatory Criteria to report on:**

1. Identify the reporting entity
2. Describe the reporting entity’s structure, operations and supply chains
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes
5. Describe how the reporting entity assesses the effectiveness of these actions
6. Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)
7. Any other relevant information
Even though modern slavery is still not a crime in 94 countries\(^2\), governments have been enacting regulations to require businesses to deal with the issue:

**UK**
Modern Slavery Act 2015 – organisations with a turnover of GBP 36m or greater must disclose steps taken to address modern slavery in their business and supply chain.
Strategic Report – includes information on annual greenhouse gas (GHG) emissions, diversity and human rights under the Commons Act 2006 (Strategic and Directors Reports) Regulations 2013.

**Canada**
The Canadian government planned consultations to discuss the enactment of modern slavery and forced labour legislation in late 2019.

**USA**
Section 1502 of the Dodd-Frank Act 2010 – requires listed companies to evaluate and disclose their use of conflict mineral sourced from the Democratic Republic of Congo.
California Transparency in Supply Chain Act – requires large businesses who conduct operations in California to be transparent about their efforts to eliminate modern slavery and human trafficking in their supply chains.

**France**
Corporate Duty of Vigilance Law 2017 - The law requires French companies to identify and prevent adverse human rights and environmental impacts linked to their corporate activities, including through subcontractors and suppliers.

**Holland**
Child Labour Due Diligence Act 2019 - requires companies to identify, prevent and assess the issue of child labour in their supply chains.

**Europe**
Non-Financial Reporting Directive, effective December 2016, requires public interest entities (listed companies, banks, insurance companies) to report on environmental, social and employee aspects in respect to human rights, anti-corruption and bribery.

**Hong Kong**
Hong Kong Legislative Council members proposed a draft modern slavery bill in 2017. A consensus was not reached & discussions will continue at a later date.

**Australia**
Protecting Vulnerable Workers Act 2017 (franchisee focus). The Modern Slavery Act 2018 – requires companies with an annual consolidated turnover greater than AUD 100m to report modern slavery risk in their operations and supply chains.

All maps are indicative and are not exact representations of country borders

**FURTHER READING**
The Global Reporting Initiative (GRI) together with the Responsible Labour Initiative released a toolkit to advance corporate modern slavery reporting in late 2019.
Modern Slavery Act 2018 - A practical guidebook

Having been recognised internationally as a major global problem, modern slavery was included in Goal 8 (Target 8.7) of the UN's Sustainable Development Goals – our global roadmap to 2030.

TARGET
END MODERN SLAVERY, TRAFFICKING AND CHILD LABOUR
Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

ERADICATING MODERN SLAVERY IS THE RIGHT THING TO DO FOR PEOPLE AND THE BUSINESS
- Fundamental principles governing all human moral frameworks is to respect people and do no harm. Corporations that take their responsibility to respond to modern slavery seriously will alleviate the exploitation of millions of people worldwide and level the playing field.

- **REPUTATION**: Campaigns by NGOs, trade unions, the media, shareholders and other stakeholders can result in brand and reputational damage and loss of social licence. This can also hinder retention and recruitment of employees.

- **OPERATION**: Human rights abuses may lead workers to strike, damage facilities, and disrupt productivity (and deadlines).

- **FINANCIAL**: Reputational damage leads to reduced sales, loss of market share, share price impacts, consumer boycotts and divestment resulting in reduced access to capital and reduced shareholder value.

- **LEGAL**:
  - Potential lawsuits from workers, shareholders and governmental agencies and/or class action lawsuits on behalf of consumers or shareholders.
  - Increasing reporting obligations in various jurisdictions on supply chain management and modern slavery.
  - Forced labour is illegal in many countries and may carry civil and/or criminal sanctions for an entity and its directors.

INTERNATIONAL STANDARDS
In 2011, the UN endorsed the Guiding Principles on Business and Human Rights (UNGPs), a non-legally binding instrument consisting of 31 principles that implement the ‘Protect, Respect and Remedy’ framework. According to Pillar II, “Respect”, enterprises should not only ‘avoid causing or contributing to human rights impact’ but also ‘seek to prevent or mitigate [those impacts that are] directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.22

Businesses should respect all internationally recognised human rights. At a minimum, this means the rights set out in the International Bill of Human Rights - which comprises the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

Other standards include the OECD Guidelines for Multinational Enterprises, the 10 principles of the UN Global Compact and the GRI and ISO 20400 Reporting Standards.

Why business should care
There are compelling reasons for companies to address risks of modern slavery, ranging from legal compliance (including the Australian Modern Slavery Act) to ethics and reputation. Modern slavery also poses risks to business continuity; managing effectively can improve a business’ access to markets and capital. This is because companies prioritising the social and labour rights tend to be more successful, have greater productivity and innovation, better retention and worker motivation.

Salma Moolji, CDC Group
3 Why business should care

Having been recognised internationally as a major global problem, modern slavery was included in Goal 8 (Target 8.7) of the UN's Sustainable Development Goals – our global roadmap to 2030.

ERadicating modern slavery is the right thing to do for people and the business - fundamental principles governing all human moral frameworks is to respect people and do no harm. Corporations that take their responsibility to respond to modern slavery seriously will alleviate the exploitation of millions of people worldwide and level the playing field.

- REPUTATION: Campaigns by NGOs, trade unions, the media, shareholders and other stakeholders can result in brand and reputational damage and loss of social licence. This can also hinder retention and recruitment of employees.
- OPERATION: Human rights abuses may lead workers to strike, damage facilities, and disrupt productivity (and deadlines).
- FINANCIAL: Reputational damage leads to reduced sales, loss of market share, share price impacts, consumer boycotts and divestment resulting in reduced access to capital and reduced shareholder value.
- LEGAL:– Potential lawsuits from workers, shareholders and governmental agencies and/or class action lawsuits on behalf of consumers or shareholders.
  – Increasing reporting obligations in various jurisdictions on supply chain management and modern slavery.
  – Forced labour is illegal in many countries and may carry civil and/or criminal sanctions for an entity and its directors.

INTERNATIONAL STANDARDS

In 2011, the UN endorsed the Guiding Principles on Business and Human Rights (UNGPs), a non-legally binding instrument consisting of 31 principles that implement the ‘Protect, Respect and Remedy’ framework. According to Pillar II, “Respect”, enterprises should not only ‘avoid causing or contributing to human rights impact’ but also ‘seek to prevent or mitigate [those impacts that are] directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.’

Businesses should respect all internationally recognised human rights. At a minimum, this means the rights set out in the International Bill of Human Rights - which comprises the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, and the ILO Declaration on Fundamental Principles and Rights at Work.

Other standards include the OECD Guidelines for Multinational Enterprises, the 10 principles of the UN Global Compact and the GRI and ISO 20400 Reporting Standards.

“ There are compelling reasons for companies to address risks of modern slavery, ranging from legal compliance (including the Australian Modern Slavery Act) to ethics and reputation. Modern slavery also poses risks to business continuity; managing effectively can improve a business’ access to markets and capital. This is because companies prioritising the social and labour rights tend to be more successful, have greater productivity and innovation, better retention and worker motivation.

Salma Moolji, CDC Group
A meaningful modern slavery response requires an entity-wide commitment and leadership from the top. Entities that make an impact in the fight against modern slavery typically have significant involvement from business leaders and have internal champions and cross-functional working groups with the resources to coordinate and implement impactful projects.

### Build internal support

- **Support of senior executives**: Integrating human rights into an entity requires the support of senior executives. It means raising awareness and understanding of the modern slavery risks, impacts and opportunities that exist. Senior leadership’s passion and engagement were a key driver of modern slavery responses in 79 percent of companies studied by the Hult International Business School and the Ethical Trading Initiative.

### Engage relevant departments

Engage relevant departments such as procurement, legal, risk, IT, human resources, sustainability, purchasing, marketing, finance, and compliance. This is critical to ensure risks, impacts and opportunities are identified.

### Create a cross-functional working group

Create a cross-functional working group: This sends a clear message that tackling modern slavery and respecting human rights is the responsibility of the entity, rather than one department.

### Design a responsible decision-making framework

Design a responsible decision-making framework: Tackling modern slavery will inevitably involve difficult decisions. Decisions that have not been made before, where uncertainty of the financial and social impacts of decisions exists. Ethical frameworks help align decision making with the entity’s ‘DNA’ – i.e. its purpose, values and principles.

### Build capacity

Build capacity: The objective of capacity building and training is to ensure leaders and employees are better equipped to deal with human rights issues. Roles that could receive training include senior executives, procurement executives and frontline officers, country level managers, auditors, legal, human resources and general employees.

### Define goals and action plan

Define goals and action plan: An effective response to modern slavery will require companies to clearly define the roles and responsibilities for relevant employees and prepare a budget. Entities must decide their levels of ambition and what they want to achieve in the short, medium and long term. It is important to appoint an internal champion or leader for the entity’s efforts. This person would ideally be in a senior management role with decision-making capabilities, resources and influence within the entity.

Excerpts from interviews:

- Executives have so many competing priorities that building buy-in can be challenging. People are motivated for change when they see an impact on other people. It is important to put a face to the issue so that executives can see and feel it to understand it. 
  
  Liam O’Neill, Deloitte Australia

- Strong action on modern slavery needs a champion to incite culture change.
  
  Carolyn Kitto, Be Slavery Free

- David Cooke, Chairman and Managing Director of Konica Minolta in Australia, took on the challenge of ethical sourcing, creating a fulltime post in the entity and developing an ethical sourcing roadmap. He has been recognised as a champion in helping to eradicate modern slavery.
4 Build internal support

A meaningful modern slavery response requires an entity-wide commitment and leadership from the top.

Entities that make an impact in the fight against modern slavery typically have significant involvement from business leaders and have internal champions and cross-functional working groups with the resources to coordinate and implement impactful projects.

Support of senior executives: Integrating human rights into an entity requires the support of senior executives. It means raising awareness and understanding of the modern slavery risks, impacts and opportunities that exist. Senior leadership’s passion and engagement were a key driver of modern slavery responses in 79 percent of companies studied by the Hult International Business School and the Ethical Trading Initiative.

Engage relevant departments such as procurement, legal, risk, IT, human resources, sustainability, purchasing, marketing, finance, and compliance. This is critical to ensure risks, impacts and opportunities are identified.

Create a cross-functional working group: This sends a clear message that tackling modern slavery and respecting human rights is the responsibility of the entity, rather than one department.

Design a responsible decision-making framework: Tackling modern slavery will inevitably involve difficult decisions. Decisions that have not been made before, where uncertainty of the financial and social impacts of decisions exists. Ethical frameworks help align decision making with the entity’s ‘DNA’ – i.e. its purpose, values and principles.

Build capacity: The objective of capacity building and training is to ensure leaders and employees are better equipped to deal with human rights issues. Roles that could receive training include senior executives, procurement executives and frontline officers, country level managers, auditors, legal, human resources and general employees.

Define goals and action plan: An effective response to modern slavery will require companies to clearly define the roles and responsibilities for relevant employees and prepare a budget. Entities must decide their levels of ambition and what they want to achieve in the short, medium and long term. It is important to appoint an internal champion or leader for the entity’s efforts. This person would ideally be in a senior management role with decision-making capabilities, resources and influence within the entity.

"Executives have so many competing priorities that building buy-in can be challenging. People are motivated for change when they see an impact on other people. It is important to put a face to the issue so that executives can see and feel it to understand it."

Liam O’Neill, Deloitte Australia

David Cooke, Chairman and Managing Director of Konica Minolta in Australia, took on the challenge of ethical sourcing, creating a fulltime post in the entity and developing an ethical sourcing roadmap. He has been recognised as a champion in helping to eradicate modern slavery.

"Strong action on modern slavery needs a champion to incite culture change."

Carolyn Kitto, Be Slavery Free
Determine what the entity already does in this space, particularly what existing policies and procedures can be leveraged. A gap analysis will inform next steps and the resources required to eradicate modern slavery from operations and supply chains.

An entity may already have some policies, codes and procedures in place that deal with the commitment to respect human rights and/or deal with modern slavery risks that need updating or extending, or they may need to develop entirely new ones. Policies and procedures should be aligned with international standards and based on the entity's ethical values and human rights principles.

The first step is to review existing policy documents and codes of conduct to identify if modern slavery-related risks are covered. Key documents to review when conducting gap analysis include:

- A holistic review of policies and procedures will not be limited to a desktop examination. Engage with the policy owner as well as relevant internal and external stakeholders to understand how it is implemented and understood. For example, there may be a human rights policy that is compliant with international standards but is not implemented in practice, i.e. no one is aware of it or trained on how to execute against it. This analysis will provide a picture of the risk appetite and culture for modern slavery risks within the entity.

DEVELOP OR ADAPT POLICIES AND PROCEDURES BASED ON GAP ANALYSIS

Policies can provide guidance for supplier and employee decision-making. They communicate to stakeholders the entity's stance on modern slavery. Policies on modern slavery need to specify expectations of employees, suppliers, business partners and third parties who are directly linked to the entity's operations, products and services.

Stakeholders should be engaged during policy development to enable "the entity to hear, understand and respond to their interests and concerns, including through collaborative approaches."24 These policies should be supported and signed off by the board and senior management and distributed across the entity and to affected/relevant stakeholders as well as translated into other languages where applicable.

- Supplier code of conduct
- Supplier contract
- Human resources policy
- Procurement policy
- Whistleblowing & complaints policy
- Anti-corruption & fraud policy
- Human rights policy (including child labour…etc.)
- Diversity and inclusion policies
- Employee code of conduct
- Code of ethics and behaviour
- Risk appetite statement

Often, companies draft supplier codes of conduct and policies that do not get socialised or communicated to suppliers. Consequently, nobody reads or enforces them. If you haven't explicitly told people what you mean by human rights and modern slavery in a culturally sensitive way, how can you expect anyone to uphold them?

Justine Autour, Deloitte Australia
5  Analyse gaps

Determine what the entity already does in this space, particularly what existing policies and procedures can be leveraged. A gap analysis will inform next steps and the resources required to eradicate modern slavery from operations and supply chains.

An entity may already have some policies, codes and procedures in place that deal with the commitment to respect human rights and/or deal with modern slavery risks that need updating or extending, or they may need to develop entirely new ones. Policies and procedures should be aligned with international standards and based on the entity’s ethical values and human rights principles.

The first step is to review existing policy documents and codes of conduct to identify if modern slavery-related risks are covered.

**Key documents** to review when conducting gap analysis include:

- Supplier code of conduct
- Supplier contract
- Human resources policy
- Procurement policy
- Whistleblowing & complaints policy and procedures
- Anti-corruption & fraud policy
- Human rights policy (including child labour...etc.)
- Diversity and inclusion policies
- Employee code of conduct
- Code of ethics and behaviour
- Risk appetite statement

A holistic review of policies and procedures will not be limited to a desktop examination. Engage with the policy owner as well as relevant internal and external stakeholders to understand how it is implemented and understood. For example, there may be a human rights policy that is compliant with international standards but is not implemented in practice, i.e. no one is aware of it or trained on how to execute against it. This analysis will provide a picture of the risk appetite and culture for modern slavery risks within the entity.

**DEVELOP OR ADAPT POLICIES AND PROCEDURES BASED ON GAP ANALYSIS**

Policies can provide guidance for supplier and employee decision-making. They communicate to stakeholders the entity’s stance on modern slavery. Policies on modern slavery need to specify expectations of employees, suppliers, business partners and third parties who are directly linked to the entity’s operations, products and services.

Stakeholders should be engaged during policy development to enable “the entity to hear, understand and respond to their interests and concerns, including through collaborative approaches.”

These policies should be supported and signed off by the board and senior management and distributed across the entity and to affected/relevant stakeholders as well as translated into other languages where applicable.

“Often, companies draft supplier codes of conduct and policies that do not get socialised or communicated to suppliers. Consequently, nobody reads or enforces them.

If you haven’t explicitly told people what you mean by human rights and modern slavery in a culturally sensitive way, how can you expect anyone to uphold them?”

*Justine Autour, Deloitte Australia*
Entities responding to modern slavery look to assess where the risks of modern slavery lie in their operations and supply chains. These risks need to be first identified, then prioritised.

Entities need a clear understanding of their entire supply chain to identify and manage risks, starting with tier one suppliers and then digging deeper to include sub-suppliers. Getting this level of visibility can take time and working through all the tiers in the supply chain may be a long-term project.

**MAP ENTITY STRUCTURE AND VALUE CHAIN**
- Is there a category of product or service that is high risk?
- Is there an operation in a high risk country?
- Does the entity operate within a high risk industry?

**MAP SUPPLY CHAIN**
If no supplier taxonomy is available, use accounts payable data. The critical data to identify risk is name, location, category (and subcategory if available) and spend.

**IDENTIFY MODERN SLAVERY RISKS**
Cross reference suppliers with country, sector and product risk ratings and spend to determine overall risk scores. The format of these will likely depend on existing risk rating mechanisms within the entity, which could take the form of a RAG rating (traffic light rating system) or involve a more detailed risk matrix depending on the entity's operating context.

**PRIORITISE RISKS**
Entities will need to prioritise which potential risks to focus their efforts on. In line with the UNGPs, reporting entities should prioritise those risks where the impacts and harm to people are most severe.

According to the UNGPs, severity is determined by:
- **Scale** means the gravity of the impact on the human right(s)
- **Scope** means the number of individuals that are or could be affected
- **Remediability** means the ease with which those impacted could be restored to their prior enjoyment of the right(s)

The UNGPs identify three ways for an entity to impact on human rights – cause, contribute or directly linked to – which can inform its responsibility to address them (and prioritisation of risks).

Finally, determine your entity's ability to influence another party that is causing or contributing to harm. Leverage is the final parameter to consider when prioritising risks.

Woolworths Group:
Big W publishes the details of factories that directly produce their own brand apparel and general merchandise and Woolworths Food Group publishes the list of factories that directly produce their apparel and textile products.

ASOS:
Has mapped and published tiers one (production sites), two (Processes integral to production) and three (enhancements to production) of their supply chain. Tiers four (fabric and components) and five (raw materials) have been partially mapped.
6 Identify & prioritise risks

Entities responding to modern slavery look to assess where the risks of modern slavery lie in their operations and supply chains. These risks need to be first identified, then prioritised.

Entities need a clear understanding of their entire supply chain to identify and manage risks, starting with tier one suppliers and then digging deeper to include sub-suppliers. Getting this level of visibility can take time and working through all the tiers in the supply chain may be a long-term project.

MAP ENTITY STRUCTURE AND VALUE CHAIN

- Is there a category of product or service that is high risk?
- Is there an operation in a high risk country?
- Does the entity operate within a high risk industry?

MAP SUPPLY CHAIN

If no supplier taxonomy is available, use accounts payable data. The critical data to identify risk is name, location, category (and subcategory if available) and spend.

IDENTIFY MODERN SLAVERY RISKS

Cross reference suppliers with country, sector and product risk ratings and spend to determine overall risk scores. The format of these will likely depend on existing risk rating mechanisms within the entity, which could take the form of a RAG rating (traffic light rating system) or involve a more detailed risk matrix depending on the entity’s operating context.

PRIORITISE RISKS

Entities will need to prioritise which potential risks to focus their efforts on. In line with the UNGPs, reporting entities should prioritise those risks where the impacts and harm to people are most severe.

According to the UNGPs, severity is determined by:

- **Scale** means the gravity of the impact on the human right(s)
- **Scope** means the number of individuals that are or could be affected
- **Remediability** means the ease with which those impacted could be restored to their prior enjoyment of the right(s)

The UNGPs identify three ways for an entity to impact on human rights – cause, contribute or directly linked to - which can inform its responsibility to address them (and prioritisation of risks).

Finally, determine your entity’s ability to influence another party that is causing or contributing to harm. Leverage is the final parameter to consider when prioritising risks.
Engage with suppliers

Fostering long-term relationships and building capacity and trust with suppliers is a crucial component of tackling modern slavery.

Below are some examples of ways entities can engage with their suppliers on modern slavery risks:

- **Distribute Code of Conduct/Ethical Procurement Policies**
  - Communicate to suppliers the ethical standards upheld by the entity to promote mutual understanding of ethical standards. Ensure the following:
    - Policies are translated for international suppliers as necessary
    - Policies provide clarity and guidance to suppliers about their expected behaviours based on ethical values and formalise the requirement that they do not support or engage in modern slavery
    - Request codes/policies to be signed by the supplier's management, to confirm understanding of their obligations

- **Training**
  - Work with suppliers to support them to comply with codes of conduct. This can enable both parties to create a shared vision for tackling modern slavery. This can take the form of training and workshops and developing guidelines on how to comply.

- **Investment**
  - Entities may decide to invest in tier one suppliers in the form of ICT and/or resource capabilities to incentivise and improve capacity to pass improvements through the supply chain to lower tiers.

- **Self Assessment Questionnaire**
  - Send all/high risk/new suppliers a self-assessment questionnaire. Self-assessment may provide a basis for action if a questionnaire identifies areas of non-compliance with a code of conduct or if a supplier chooses not to complete the questionnaire. However, be aware of the potential for self-assessment questionnaires to be 'gamed' to avoid exposing slavery or poor labour practices.

  **Example questions:**
  - How does your entity have policies and procedures to identify, investigate, mitigate risk and remedy actual instances of modern slavery?
  - How do you provide training to your employees on modern slavery risks?
  - How does your entity conduct supplier due diligence for modern slavery risks?
  - What action does your entity take if modern slavery is suspected?
  - Are any original identity related documents of workers (e.g. passports, birth certificates, national identity cards) retained?

Unannounced audits are critical. Buyers must have the right to turn up unannounced written into contracts. Buyers can create an incentive system for suppliers. If a supplier is performing well, you may ease off and let them know ahead of time.

Helena Barton, Deloitte Denmark

**Case Study: Agriculture Company in Brazil:**

The company conducted a HRIA involving desktop research and internal and external stakeholder interviews. They found that their logistics were most exposed to human rights impacts through third party contractors used to transport products to remote locations in Brazil. NGOs advised that truckers were involved in widespread sexual exploitation of children along Brazilian highways. The company used its leverage to incentivise good behaviour. The company reviewed its policies and code of conduct and extended them to include anyone they paid – including contract employees and third parties. They also provided training to local staff.
7 Engage with suppliers

Fostering long-term relationships and building capacity and trust with suppliers is a crucial component of tackling modern slavery.25

Below are some examples of ways entities can engage with their suppliers on modern slavery risks:

**Distribute code of conduct/ethical procurement policies**
- Communicate to suppliers the ethical standards upheld by the entity to promote mutual understanding of ethical standards. Ensure the following:
  - Policies are translated for international suppliers as necessary
  - Policies provide clarity and guidance to suppliers about their expected behaviours based on ethical values and formalise the requirement that they do not support or engage in modern slavery
  - Request codes/policies to be signed by the supplier’s management, to confirm understanding of their obligations

**Training**
- Work with suppliers to support them to comply with codes of conduct. This can enable both parties to create a shared vision for tackling modern slavery. This can take the form of training and workshops and developing guidelines on how to comply.

**Investment**
- Entities may decide to invest in tier one suppliers in the form of ICT and/or resource capabilities to incentivise and improve capacity to pass improvements through the supply chain to lower tiers.

**Self Assessment Questionnaire**
- Send all/high risk/new suppliers a self-assessment questionnaire. Self-assessment may provide a basis for action if a questionnaire identifies areas of non-compliance with a code of conduct or if a supplier chooses not to complete the questionnaire. However, be aware of the potential for self-assessment questionnaires to be ‘gamed’ to avoid exposing slavery or poor labour practices.

**Example questions:**
- How does your entity have policies and procedures to identify, investigate, mitigate risk and remedy actual instances of modern slavery?
- How do you provide training to your employees on modern slavery risks?
- How does your entity conduct supplier due diligence for modern slavery risks?
- What action does your entity take if modern slavery is suspected?
- Are any original identity related documents of workers (e.g. passports, birth certificates, national identity cards) retained?

**Case Study: Agriculture Company in Brazil:**

The company conducted a HRIA involving desktop research and internal and external stakeholder interviews. They found that their logistics were most exposed to human rights impacts through third party contractors used to transport products to remote locations in Brazil. NGOs advised that truckers were involved in widespread sexual exploitation of children along Brazilian highways. The company used its leverage to incentivise good behaviour. The company reviewed its policies and code of conduct and extended them to include anyone they paid – including contract employees and third parties. They also provided training to local staff.

Unannounced audits are critical. Buyers must have the right to turn up unannounced written into contracts. Buyers can create an incentive system for suppliers. If a supplier is performing well, you may ease off and let them know ahead of time.

Helena Barton, Deloitte Denmark
SUPPLIER AUDITS

Audits are a diagnostic tool that organisations use to assess, measure, track and enforce the practices and performance of suppliers against a standard, policy or code of conduct. Audits involve physical site visits to suppliers to review and validate documentation of practices and performance.

Modern slavery risks should be considered by a company’s internal audit department when developing their audit plans. This may include prioritisation of geographies or sites identified as being high risk for modern slavery. Targeted audits can also provide an effective initial response to any concerns received regarding potential modern slavery practices or red flags, particularly if these concerns are anonymous and do not contain specific allegations or details. It would involve cross-checking information against multiple sources, including management interviews, worker interviews, site visits and tours and a review of documents and records.

Supplier audits may result in developing corrective action plans. Where this is the case, periodic visits (e.g. monthly) may then be required to support implementation and trouble shoot any issues before they escalate. It is important that auditors are culturally sensitive and ask the right questions.

AUDIT TYPES

- Self-audit
- NGO or MSI audit
- Schedule audit with supplier
- Conduct unscheduled or unannounced audit
- Engage third party to conduct independent audit
- Engage third party to shadow internal auditors

SUPPLIER RELATIONSHIP TERMINATION

Companies may choose to terminate supplier relationships if, after reasonable attempts to improve practices, suppliers fail to adhere to the buyer’s code of conduct or policy and engage in modern slavery practices.

However, the withdrawal of business from a supplier should be regarded as a last resort as this does not solve the problem within the community or at an individual level and may simply move the problem to another company. For example, there is a high likelihood that competitor companies take over the operation.
SUPPLIER AUDITS

Audits are a diagnostic tool that organisations use to assess, measure, track and enforce the practices and performance of suppliers against a standard, policy or code of conduct. Audits involve physical site visits to suppliers to review and validate documentation of practices and performance.

Modern slavery risks should be considered by a company's internal audit department when developing their audit plans. This may include prioritisation of geographies or sites identified as being high risk for modern slavery. Targeted audits can also provide an effective initial response to any concerns received regarding potential modern slavery practices or red flags, particularly if these concerns are anonymous and do not contain specific allegations or details. It would involve cross-checking information against multiple sources, including management interviews, worker interviews, site visits and tours and a review of documents and records.

Supplier audits may result in developing corrective action plans. Where this is the case, periodic visits (e.g. monthly) may then be required to support implementation and trouble shoot any issues before they escalate. It is important that auditors are culturally sensitive and ask the right questions.

SUPPLIER RELATIONSHIP TERMINATION

Companies may choose to terminate supplier relationships if, after reasonable attempts to improve practices, suppliers fail to adhere to the buyer's code of conduct or policy and engage in modern slavery practices. However, the withdrawal of business from a supplier should be regarded as a last resort as this does not solve the problem within the community or at an individual level and may simply move the problem to another company. For example, there is a high likelihood that competitor companies take over the operation.

AUDIT TYPES

- Self-audit
- NGO or MSI audit
- Schedule audit with supplier
- Conduct unscheduled or unannounced audit
- Engage third party to conduct independent audit
- Engage third party to shadow internal auditors

Are companies cutting ties with suppliers and moving all the time? Can they build a long-term relationship with a supplier? Research suggests that when suppliers have guaranteed business or orders, they are more likely to invest in their workers and facilities.

Justine Nolan, Professor and Associate Dean at UNSW Faculty of Law.
8 Address instances of modern slavery

Any action taken by a company in response to an identified case of modern slavery must place victims at the forefront of decision-making. This is called a ‘victim-centred approach’.

DEVELOP A CORRECTIVE ACTION PLAN (CAP)

A corrective action plan is a step by step plan to address human rights impacts resulting from business activity or relationships. Their design should be informed by relevant stakeholders. Short-term objectives would include victim remediation, while longer term objectives look to examine the broader context and contributing factors that have led to the situation and to develop systems to prevent re-occurrence.

Communication with the supplier is an integral component in developing an appropriate plan to tackle a modern slavery situation.

However, it is important to identify the appropriate party who is responsible for resolving the issue. Indeed, it may not always the best course of action to immediately communicate that modern slavery has been identified to the management at the site/factory/workplace. Once it has been determined that it is, the company should work with the supplier and come to an agreement on how best to proceed and promptly correct the situation.

ASK FOR HELP FROM LOCAL STAKEHOLDERS

Local stakeholders such as NGOs, local community groups, local government and/or union will be able to assist companies in identifying the contextual factors that may be leading to worker vulnerabilities and increased risk of modern slavery. Work with local stakeholders to determine most appropriate way for victim(s) to be removed from the situation and given refuge.

IF APPROPRIATE, ENGAGE WITH VICTIMS/SURVIVORS28

It is essential to engage in a dialogue with the impacted workers and/or victims/survivors in any remediation strategies. Given the extreme nature of modern slavery, this step is very sensitive and will require planning to ensure the situation is not made worse. The following should be considered when engaging with impacted workers and/or survivors/victims:

- According to the UNGPs, victims/survivors should be actively involved in the creation, operation and assessment of remediation mechanisms
- Remediation should be done in a culturally and gender sensitive manner, especially in situations where victims/survivors are migrants
- Victims/survivors may be reluctant to come forward due to mistrust in authorities and the fear of repercussions if they try to escape their situation
- Victims/survivors may not be aware they are victims of modern slavery

Sample elements of a CAP

1. Clear Statement of issue
2. Identify alternatives to limit adverse impact
3. Prioritise corrective actions to limit adverse impact
4. Timeline for expected completion of the corrective action, which may depend on the urgency of the situation
5. A responsible party for the corrective action

\[28\] Justine Nolan, Professor and Associate Dean at UNSW Faculty of Law.
EXERCISE LEVERAGE TO INFLUENCE SUPPLIER BEHAVIOUR

Exercising leverage over suppliers can help influence their behaviour and consequently can affect their impact in engaging in remediation processes.

One company may not have much individual leverage over a supplier, so a company should consider collaborating with peer companies that do business with the same supplier to get the supplier to change its behaviour.

LEVERAGE TECHNOLOGY

Technology is increasingly becoming an enabler for transparency throughout the supply chain. The emergence of new technologies is creating new opportunities for companies to directly understand employee perspectives, ideas and grievances, as well as enabling greater scope and scale of supply chain traceability. For example:

• Deloitte D-Risk uses multi-source data collection to give visibility across a range of third party risks, including modern slavery.

• Deloitte Illuminate\(^2\) allows visibility into multi-tier supply networks through the use of augmented intelligence.

• Facial Recognition Technology is being used by law enforcement agencies in the United States of America, Canada and the United Kingdom to help ‘identify victims of human trafficking and bust organised crime gangs’\(^3\).

• A food company has previously tried out Blockchain and now uses a timestamp proof system to manage traceability across the value chain from cocoa beans to the final chocolate bar. The company also uses the International Cocoa Initiative’s Child Labour Monitoring and Remediation System (CLMRS) to trace illegal child labour and solve identified cases\(^4\).

• Organic Cotton Traceability Pilot\(^5\) utilises machine vision, artificial intelligence, micro-biome sequencing and on-product unique markers to ensure adequate and comprehensive data collection to trace and identify the origin, quality and purity of organic cotton.

TERMINATE SUPPLIER RELATIONSHIP AS A LAST RESORT

Termination may lead to further harm to victims so should only be considered as a last resort after repeated attempts to improve the situation. Entities should consider the needs of victims/survivors and other potentially affected workers before resorting to the termination of a supplier relationship.

REPORT TO AUTHORITIES

It may be appropriate for the company to report a situation to local law enforcement. In countries with a weak rule of law or known corruption issues, law enforcement agencies may take bribes to ignore situations of modern slavery. Actions taken should always be adapted to specific circumstances to provide the highest protection for victims/survivors.

In Australia, suspected cases of modern slavery should be reported to the Australian Federal Police for investigation. If someone is in immediate danger, then it should be reported by dialling Triple Zero.
It is important that entities establish comprehensive evaluation and monitoring processes. Monitoring and evaluation findings can be used to embed lessons learned into future programs that an entity may pursue.

A study by the Business and Human Rights Resource Centre that examined the effectiveness of FTSE 100 business's responses to the UK Modern Slavery Act found that most reports were non-specific and lacked detail. Many companies provided no meaningful information on whether or not their actions were worthwhile in responding to modern slavery risks.

OPTIONS FOR MONITORING AND EVALUATION:

- Understand the impact you wish the plan of action to have
- Identify relevant quantitative and qualitative indicators that will help you understand if this impact has been achieved
- Establish if the indicators are available, or if they need to be developed for data collection
- Establish the measurement horizon and boundary
- Determine the governance framework for measurement, and establish reporting schedule
- Measure if the remediation efforts in place are having a measurable impact, including case studies or examples that detail how the entity has taken action to address and/or remediate modern slavery and the impact for workers. “Though perhaps less systematic than measuring progress against KPIs, disclosing case studies on remedy would enable external stakeholders to qualitatively assess the effectiveness of company actions and the extent to which they are having a true impact for workers.”

Assess impact of actions

CHECKLIST from the Responsible Investment Association Australasia (RIAA)

- Who carries out the audit of suppliers and how often are these audits carried out?
- How does the company ensure auditors remain independent and cover the key risks in their audit assessments?
- How many company people are on the ground in key sourcing locations and how often do they visit factories? If the company doesn't do this directly, on which organisations does it rely for this activity?
- Are factory visits/audits always pre-announced and does the company interview workers outside the factory?
- What KPIs do the procurement team and ethical sourcing team have and how are they aligned?
- How is the true cost of labour being calculated and incorporated in the pricing negotiations?

In 2017, a UK-based research firm analysed 150 companies that had to comply with the UK Modern Slavery Act. Across all the reporting areas, disclosure of KPIs continues to be the weakest aspect of most statements – 86% of statements did not include any detail on KPIs, and of the 14% of companies that provided some information, no company within the 2018 sample described KPIs in detail.
9  Assess impact of actions

It is important that entities establish comprehensive evaluation and monitoring processes. Monitoring and evaluation findings can be used to embed lessons learned into future programs that an entity may pursue.

A study by the Business and Human Rights Resource Centre that examined the effectiveness of FTSE 100 business’s responses to the UK Modern Slavery Act found that most reports were non-specific and lacked detail. Many companies provided no meaningful information on whether or not their actions were worthwhile in responding to modern slavery risks.

OPTIONS FOR MONITORING AND EVALUATION:

• Understand the impact you wish the plan of action to have
• Identify relevant quantitative and qualitative indicators that will help you understand if this impact has been achieved
• Establish if the indicators are available, or if they need to be developed for data collection
• Establish the measurement horizon and boundary
• Determine the governance framework for measurement, and establish reporting schedule
• Measure if the remediation efforts in place are having a measurable impact, including case studies or examples that detail how the entity has taken action to address and/or remediate modern slavery and the impact for workers. “Though perhaps less systematic than measuring progress against KPIs, disclosing case studies on remedy would enable external stakeholders to qualitatively assess the effectiveness of company actions and the extent to which they are having a true impact for workers.”

CHECKLIST from the Responsible Investment Association Australasia (RIAA)

• Who carries out the audit of suppliers and how often are these audits carried out?
• How does the company ensure auditors remain independent and cover the key risks in their audit assessments?
• How many company people are on the ground in key sourcing locations and how often do they visit factories? If the company doesn’t do this directly, on which organisations does it rely for this activity?
• Are factory visits/audits always pre-announced and does the company interview workers outside the factory?
• What KPIs do the procurement team and ethical sourcing team have and how are they aligned?
• How is the true cost of labour being calculated and incorporated in the pricing negotiations?

In 2017, a UK-based research firm analysed 150 companies that had to comply with the UK Modern Slavery Act. “Across all the reporting areas, disclosure of KPIs continues to be the weakest aspect of most statements – 86% of statements did not include any detail on KPIs, and of the 14% of companies that provided some information, no company within the 2018 sample described KPIs in detail.”
Grievance mechanisms can facilitate the provision of remedy for victims/survivors and can enable early detection of potential adverse impacts.

The users of grievance mechanisms should be at the forefront of decision making regarding their design and operation.

Grievance mechanisms are formalised ways that organisations can identify, assess and resolve adverse impacts they may have caused or contributed to. Examples of grievance mechanisms include whistleblower hotlines, complaints procedure, community liaison officers, regular escalation processes through chain of command, trade unions and health and safety incident reporting systems.

The UNGPs state that effective operational level grievance mechanisms should be:

1. Legitimate
2. Accessible
3. Predictable
4. Equitable
5. Transparent
6. Compatible
7. A source of continuous learning
8. Based on engagement and dialogue

1. Provide remedy

ALDI Alert Line

The ALDI Alert Line can be used by business partners and employees to raise concerns or report policy violations. It is an independent service staffed by multi-lingual call handlers and is available 24 hours a day, seven days a week in Australia. The Alert Line is promoted to our employees and suppliers and all reports to the line are confidential and fully investigated.

Deloitte Halo (Whistleblowing Service) is offered both online and as a telephone service – where those with information can lodge a disclosure 24/7 – from nominated locations around the world and with their chosen level of anonymity. Deloitte Halo can be promoted to potential whistle-blowers (both inside an organisation or externally to the wider defined Eligible Whistleblower group) as either a Deloitte managed service or customised to complement any organisation's own brand, culture, size of footprint.

Internal or 3rd party whistleblowing hotline?

Considerations:

• Costs – training, technology, operation
• Competency of individuals who manage the hotline
• Decision making framework used to manage reports – ensure not reliant on individual discretion
• Capability for anonymous reporting.
10 Provide remedy

Grievance mechanisms can facilitate the provision of remedy for victims/survivors and can enable early detection of potential adverse impacts. The users of grievance mechanisms should be at the forefront of decision making regarding their design and operation.

Grievance mechanisms are formalised ways that organisations can identify, assess and resolve adverse impacts they may have caused or contributed to. Examples of grievance mechanisms include whistleblower hotlines, complaints procedure, community liaison officers, regular escalation processes through chain of command, trade unions and health and safety incident reporting systems.

The UNGPs state that effective operational level grievance mechanisms should be:

1. Legitimate
2. Accessible
3. Predictable
4. Equitable
5. Transparent
6. Compatible
7. A source of continuous learning
8. Based on engagement and dialogue

A key challenge in preventing and tackling modern slavery is its hidden nature. One of the most direct methods of shining a light on modern slavery practices is through whistleblower hotlines. Even when entities have a culture of psychological safety embedded, enabling workers to escalate issues or questions within the business, for various reasons some people may prefer to use a whistleblower hotline where issues can be raised anonymously. The benefits of these hotlines are outlined below:

- Free to use
- Easily accessible
- Available to internal and external stakeholders
- Anonymous
- Advertised and promoted in native languages where applicable
- Available 24 hours per day, 365 days per year
- Mechanism – Email, phone, mobile app, online form, mail, in-person

**ALDI Alert Line**

The ALDI Alert Line can be used by business partners and employees to raise concerns or report policy violations. It is an independent service staffed by multi-lingual call handlers and is available 24 hours a day, seven days a week in Australia. The Alert Line is promoted to our employees and suppliers and all reports to the line are confidential and fully investigated.

**Internal or 3rd party whistleblowing hotline? Considerations:**

- Costs – training, technology, operation
- Competency of individuals who manage the hotline
- Decision making framework used to manage reports – ensure not reliant on individual discretion
- Capability for anonymous reporting.

**Deloitte Halo (Whistleblowing Service)** is offered both online and as a telephone service – where those with information can lodge a disclosure 24/7 - from nominated locations around the world and with their chosen level of anonymity. Deloitte Halo can be promoted to potential whistle-blowers (both inside an organisation or externally to the wider defined Eligible Whistleblower group) as either a Deloitte managed service or customised to complement any organisation’s own brand, culture, size of footprint.
Prevention is the best form of remedy.

AVOID PRACTICES which can exacerbate risks of modern slavery such as low purchase prices, short time frames for product manufacturing and service delivery, poor order forecasting, and poor payment terms, etc.

When entities engage in these business models, suppliers are incentivised to cut corners in ways that can heighten modern slavery risks.

ADVOCATE Advocacy can be a powerful tool to drive policy change. Engaging and collaborating with governments, non-government organisations and trade unions on policy and legislation is an important and effective way that entities can support human rights and the movement to eradicate modern slavery.

Some options for corporate advocacy include:

- Lobby governments on high-priority human rights issues
- At the national level, entities can lobby governments of the countries in which they operate to ratify relevant UN and ILO conventions
- Make a submission to a government inquiry into establishing legislation on modern slavery or human rights
- Meet and build relationships with elected officials
- Partner with other organisations. “Where corporations may have little influence acting alone, they may nevertheless find themselves in positions of substantial leverage once they collaborate with other players” 41 (Wettstein 2015).

PARTNER Entities can collaborate with peers to reduce modern slavery risks within an industry, product or sector. By combining resources and expertise, partnerships can increase the capacity for effective modern slavery risk reduction and impact mitigation, enable the sharing of risks and costs, and provide access to specialised staff, training and increased finance 42.

NGOs can serve as valuable partners and resources for entities looking to tackle modern slavery risks. NGOs have specialised skillsets, local knowledge and expertise that can be of great value to entities. NGOs can offer contextual knowledge into the dynamics of local communities and provide the capabilities that the business community may lack for reducing modern slavery impacts.43

Entities who join the UN Global Compact gain access to multi-stakeholder networks and participate in dialogue with other members and the public sector on business and human rights.

Ikea is a global partner of Save the Children, and has committed to addressing the worst forms of child labour in cotton-growing districts. Ikea also supports Save the Children’s emergency humanitarian response activities guaranteeing a decision at most 24 hours after receiving a funding application.44

Building local resilience and empowering communities is an impactful way of reducing modern slavery in corporate operations and supply chains. Empowered communities have knowledge and capacity that reduces their underlying vulnerabilities that can lead to situations of modern slavery.

The Sustainable Food Policy Alliance between Nestle, Mars, Danone and Unilever was created to advocate for US public policy that improves supply chain transparency and supports people and communities.

The Property Council of Australia with leading property organisations and industry experts to create a platform to ask key suppliers about the actions they are taking to assess and address human rights issues and modern slavery risks across shared operations and supply chains. By sharing information entities can pull together an accurate picture of their supply chain, share best practice, and collectively address modern slavery.

A Food and Drink Corporation has a program that aims to improve local livelihoods of around 716,000 smallholder farmers in developing countries through various activities. These activities include training on farm productivity, education and training on issues of human rights, labour rights, living wages and health and safety, as well as building capacity, developing alternative income streams and fostering opportunities for open dialogue between workers and their representatives.

When businesses think about the burden of addressing modern slavery, they think about what they have to do themselves. But collaborating with local stakeholders to empower workers can build community resilience and awareness.

“Alexandra Channer, Human rights and social impact advisor

“
11 Prevention is key

Prevention is the best form of remedy.

AVOID PRACTICES which can exacerbate risks of modern slavery such as low purchase prices, short time frames for product manufacturing and service delivery, poor order forecasting, and poor payment terms, etc.

When entities engage in these business models, suppliers are incentivised to cut corners in ways that can heighten modern slavery risks.

ADVOCATE

Advocacy can be a powerful tool to drive policy change. Engaging and collaborating with governments, non-government organisations and trade unions on policy and legislation is an important and effective way that entities can support human rights and the movement to eradicate modern slavery.

Some options for corporate advocacy include:

- Lobby governments on high-priority human rights issues
- At the national level, entities can lobby governments of the countries in which they operate to ratify relevant UN and ILO conventions
- Make a submission to a government inquiry into establishing legislation on modern slavery or human rights
- Meet and build relationships with elected officials
- Partner with other organisations. “Where corporations may have little influence acting alone, they may nevertheless find themselves in positions of substantial leverage once they collaborate with other players”

PARTNER

Entities can collaborate with peers to reduce modern slavery risks within an industry, product or sector. By combining resources and expertise, partnerships can increase the capacity for effective modern slavery risk reduction and impact mitigation, enable the sharing of risks and costs, and provide access to specialised staff, training and increased finance.

NGOs can serve as valuable partners and resources for entities looking to tackle modern slavery risks. NGOs have specialised skillsets, local knowledge and expertise that can be of great value to entities. NGOs can offer contextual knowledge into the dynamics of local communities and provide the capabilities that the business community may lack for reducing modern slavery impacts.

Entities who join the UN Global Compact gain access to multi-stakeholder networks and participate in dialogue with other members and the public sector on business and human rights.

Ikea is a global partner of Save the Children, and has committed to addressing the worst forms of child labour in cotton-growing districts. Ikea also supports Save the Children’s emergency humanitarian response activities guaranteeing a decision at most 24 hours after receiving a funding application.

Building local resilience and empowering communities is an impactful way of reducing modern slavery in corporate operations and supply chains. Empowered communities have knowledge and capacity that reduces their underlying vulnerabilities that can lead to situations of modern slavery.

The Sustainable Food Policy Alliance between Nestle, Mars, Danone and Unilever was created to advocate for US public policy that improves supply chain transparency and supports people and communities.

The Property Council of Australia with leading property organisations and industry experts to create a platform to ask key suppliers about the actions they are taking to assess and address human rights issues and modern slavery risks across shared operations and supply chains. By sharing information entities can pull together an accurate picture of their supply chain, share best practice, and collectively address modern slavery.

A Food and Drink Corporation has a program that aims to improve local livelihoods of around 716,000 smallholder farmers in developing countries through various activities. These activities include training on farm productivity, education and training on issues of human rights, labour rights, living wages and health and safety, as well as building capacity, developing alternative income streams and fostering opportunities for open dialogue between workers and their representatives.
With thanks.

It was imperative that we engaged with and interviewed a variety of stakeholders both internal and external to gain novel perspectives and insights. All stakeholder interviews were confidential and conducted under Chatham House rules. A big thanks to all interviewees who gave their time for this:

Acknowledgements

William Wall Sustainability Specialist
Woolworths Group

Pär Liljert Chief of Mission – Australia; Coordinator and Advisor for New Zealand, Papua New Guinea and the Pacific

IOM
Acknowledgements

With thanks

It was imperative that we engaged with and interviewed a variety of stakeholders both internal and external to gain novel perspectives and insights. All stakeholder interviews were confidential and conducted under Chatham House rules. A big thanks to all interviewees who gave their time for this:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maris Beck</td>
<td>Specialist Master, Forensic Risk Advisory</td>
<td>Deloitte Melbourne</td>
</tr>
<tr>
<td>Pip De Fonblanque</td>
<td>Sustainability Manager, Sustainability</td>
<td>Deloitte London</td>
</tr>
<tr>
<td>Sarah Kerrigan</td>
<td>Manager, Social Impact and Sustainable Finance</td>
<td>Deloitte Singapore</td>
</tr>
<tr>
<td>Nicholas Brischetto</td>
<td>Director, Risk analytics</td>
<td>Deloitte Sydney</td>
</tr>
<tr>
<td>Liam O’Neill</td>
<td>Senior Manager, Risk culture</td>
<td>Deloitte Sydney</td>
</tr>
<tr>
<td>Robyn Ormerod</td>
<td>Case Worker – Assisted Voluntary Return (AVR) Programme</td>
<td>IOM</td>
</tr>
<tr>
<td>Fuzz Kitto</td>
<td>Co-Director</td>
<td>Be Slavery Free</td>
</tr>
<tr>
<td>Carolyn Kitto</td>
<td>Co-Director</td>
<td>Be Slavery Free</td>
</tr>
<tr>
<td>Justine Nolan</td>
<td>Professor and Associate Dean</td>
<td>UNSW Faculty of Law</td>
</tr>
<tr>
<td>Salma Moolji</td>
<td>Executive, ESG Impact</td>
<td>CDC Group</td>
</tr>
<tr>
<td>Alex Newton</td>
<td>Author and Consultant, Responsible Business and Human Rights</td>
<td>Alex Newton</td>
</tr>
<tr>
<td>Alexandra Channer</td>
<td>Human rights and social impact consultant</td>
<td>Alexandra Channer Ltd.</td>
</tr>
<tr>
<td>Victoria Whitaker</td>
<td>Partner, Ethics, Culture and Human Rights</td>
<td>Deloitte Sydney</td>
</tr>
<tr>
<td>Helena Barton</td>
<td>Partner, Sustainability</td>
<td>Deloitte Denmark</td>
</tr>
<tr>
<td>Margaret Stuart</td>
<td>Head of Corporate and External Affairs</td>
<td>Nestle Oceania</td>
</tr>
<tr>
<td>Prad Kerdpaoroj</td>
<td>Director of Sustainability Asia</td>
<td>Thai Union PCL</td>
</tr>
<tr>
<td>Nes Parker</td>
<td>Senior Manager, Strategy</td>
<td>Monitor Deloitte USA</td>
</tr>
<tr>
<td>Matt Friedman</td>
<td>CEO</td>
<td>The Mekong Club</td>
</tr>
<tr>
<td>William Wall</td>
<td>Sustainability Specialist</td>
<td>Woolworths Group</td>
</tr>
<tr>
<td>Pär Liljert</td>
<td>Chief of Mission – Australia; Coordinator and Advisor for New Zealand, Papua New Guinea and the Pacific</td>
<td>IOM</td>
</tr>
</tbody>
</table>
Authors

Paul Dobson  
Partner 
AU-Sydney  
padobson@deloitte.com.au

Chi Mun Woo  
Partner 
AU-Sydney  
chimunwoo@deloitte.com.au

Sarah Robson  
Analyst  
AU-Sydney  
sarobson@deloitte.com.au

Victoria Whitaker  
Partner  
AU-Sydney  
vwhitaker@deloitte.com.au

Justine Autour  
Manager  
AU-Sydney  
jautour@deloitte.com.au

Thanks also to contributors:  
jackie Allender, Lucy Holliday, Scott Penton
End Notes

4. “Trafficking in persons” means the recruitment, transportation, transfer, harbouring or receipt of persons (including child), by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.
5. “Slavery” the condition of a person over whom any or all of the powers attaching to the right of ownership are exercised
6. “Servitude” when the victim provides labour, because of coercion, threat or deception, and would not consider themselves to be free to cease providing the labour or to leave the place where they provide the labour. And the victim is significantly deprived of personal freedom in respect of aspects of his or her life other than the provision of the labour or services
7. “Forced labour” when the victim provides labour, because of coercion, threat or deception, and would not consider themselves to be free to cease providing the labour or services; or to leave the place where they provide the labour
8. “Debt bondage” where a person proports to a victim that a debt is owed, which is excessive or undefined
9. “Forced marriage” when the victim is entering into a marriage without freely and fully consenting
10. “Deceptive recruiting for labour or services” When a person is deceived about their work and their work involves exploitation through a type of modern slavery.
11. “The worst forms of child labour” including the use of children in slavery, servitude, forced labour, armed conflict, prostitution, pornography, illicit activities or is likely to harm the health, safety or morals of children. See ILO Worst Forms of Child Labour Convention, 1999 (No. 182)
17. Beck, M. (??) Bought and sold. Unsuspecting women are still being trafficked to Melbourne to work in sexual slavery
22. UNGP 13


32. https://divportfolio.org/innovation/laborvoices


36. ICAR Full Disclosure report P 41


34. Ashutosh Pandey. 24/01/2020. DW. AI, Blockchain Technology to rescue modern slaves.


32. https://divportfolio.org/innovation/laborvoices


36. ICAR Full Disclosure report P. 41


