



# Eradicating Modern Slavery

How the new modern  
slavery laws affect  
your organisation

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# Modern slavery worldwide

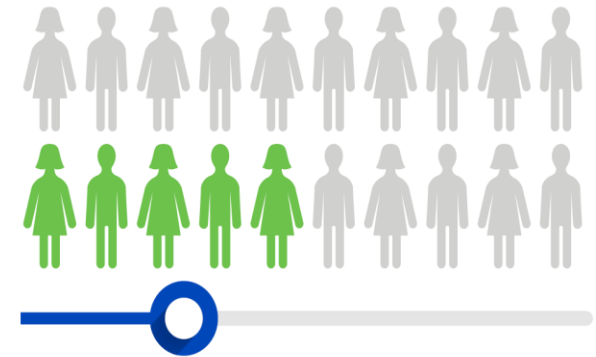
AN ESTIMATED

**40.3** MILLION

people in the world live in modern slavery



In Australia, it's estimated around 15,000 people live in slavery or slave-like conditions.



Around

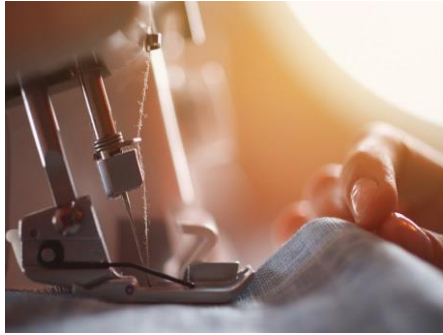
**25%**

are children

*\*Data from the Global Slavery Index 2018*

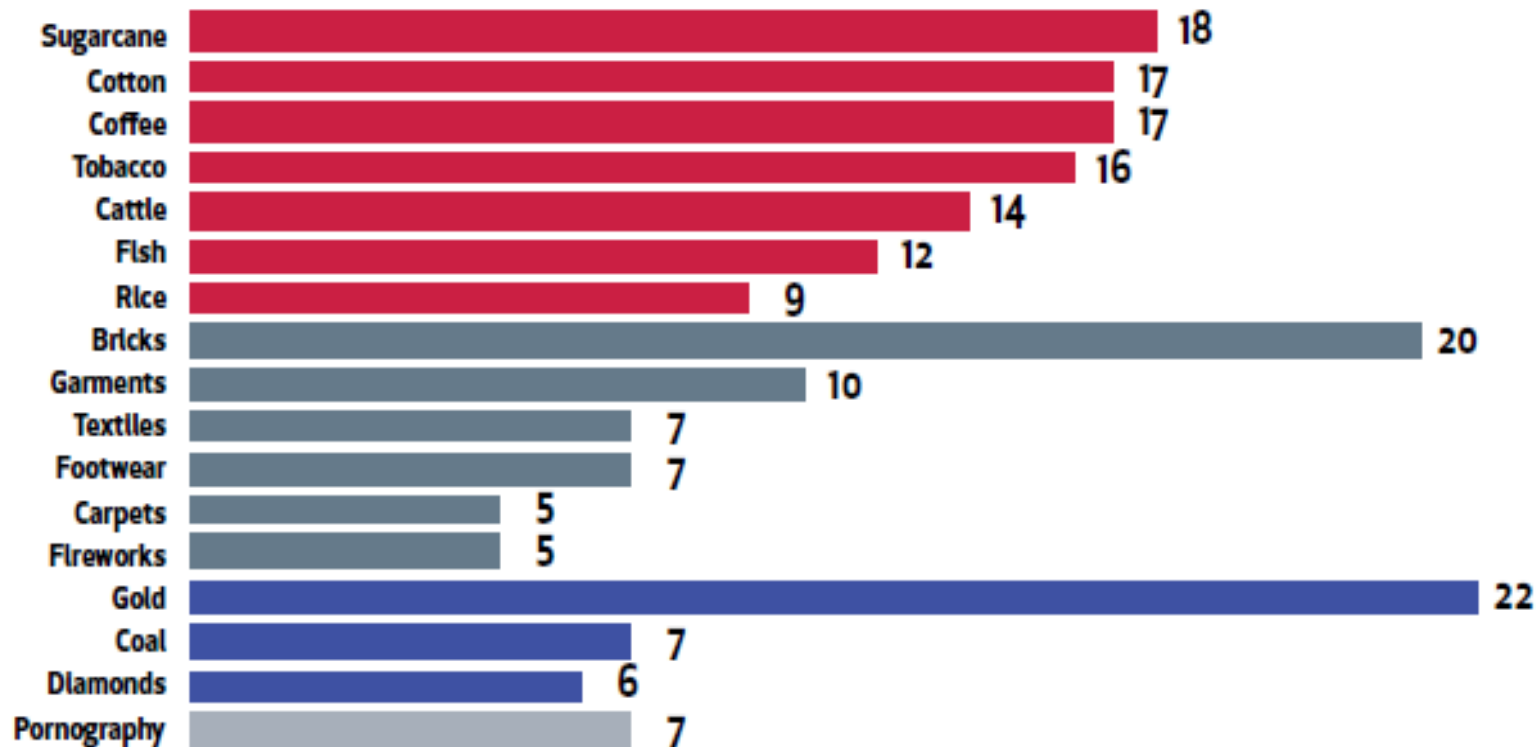
# Modern slavery in everyday products

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# US Department of Labor report

## Goods with Most Child Labor and Forced Labor Listings by Number of Countries



Source: Based on research by the U.S. Department of Labor's Bureau of International Labor Affairs

# US Department of Labor report

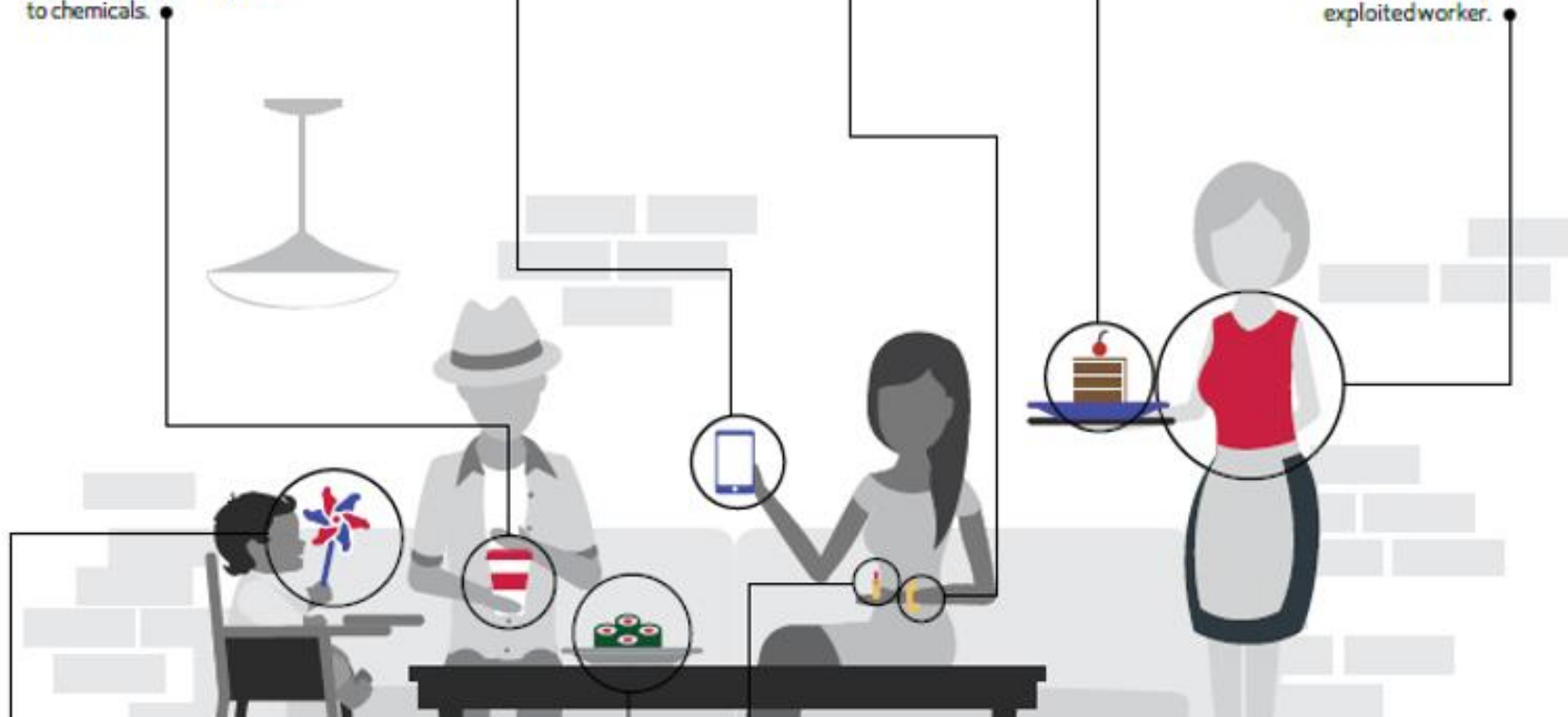
**COFFEE AND SUGAR.** There is evidence of child labor or forced labor in sugarcane and coffee harvesting in a combined 25 countries worldwide. Workers, some of them trafficked or in debt bondage, toil for long hours in the heat. They often lack protective equipment, increasing the risk of physical injury and exposure to chemicals.

**CELL PHONE.** Children in the Democratic Republic of the Congo labor in harsh and dangerous conditions to mine cobalt ore, a mineral essential to the rechargeable lithium-ion batteries in our cell phones, laptops, and electric cars.

**GOLD.** Children mine gold underwater or along river shorelines, using oxygen tubes to breathe; they process gold using mercury, a poisonous substance, which causes irreversible damage to their health. Twenty-two countries are known to use child labor or forced labor in gold, the most of any good on the List.

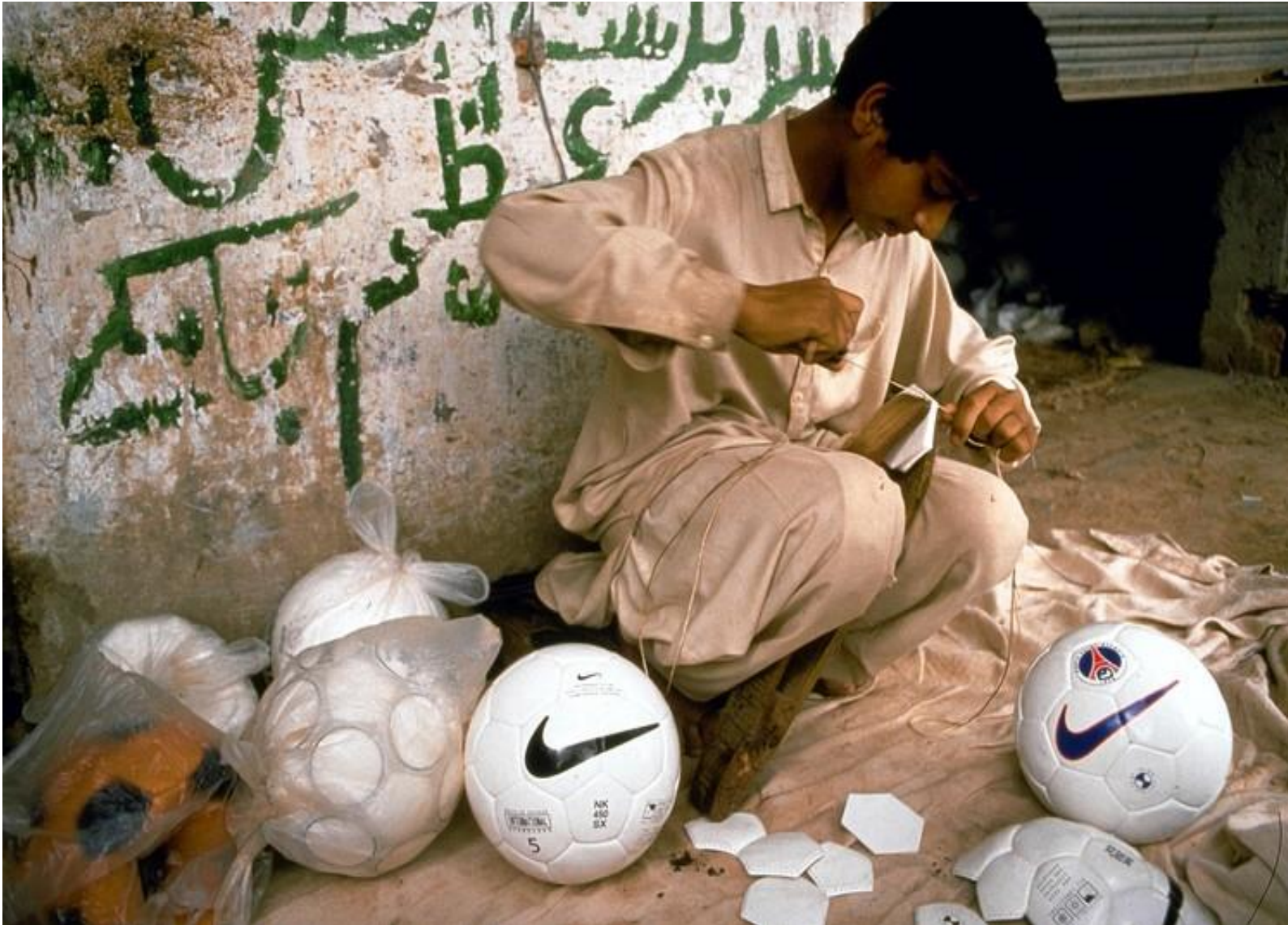
**CHOCOLATE DESSERT.** Adults and children are forced to harvest palm oil, an ingredient found in nearly 50% of packaged supermarket products, and cocoa, the main ingredient in chocolate. According to a 2013/14 report from Tulane University, there are an estimated 2 million children working in the cocoa sector in West Africa.

**CLOTHES.** Labor abuse of children and adults in garment manufacturing occurs in numerous countries from South America to Southeast Asia. From simple T-shirts to luxury eveningwear, your clothes may have been cut, stitched, or embellished by an exploited worker.



# Remember this?

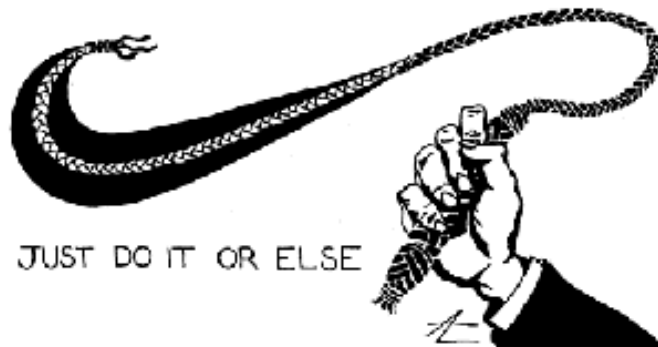
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# Which turned to this...



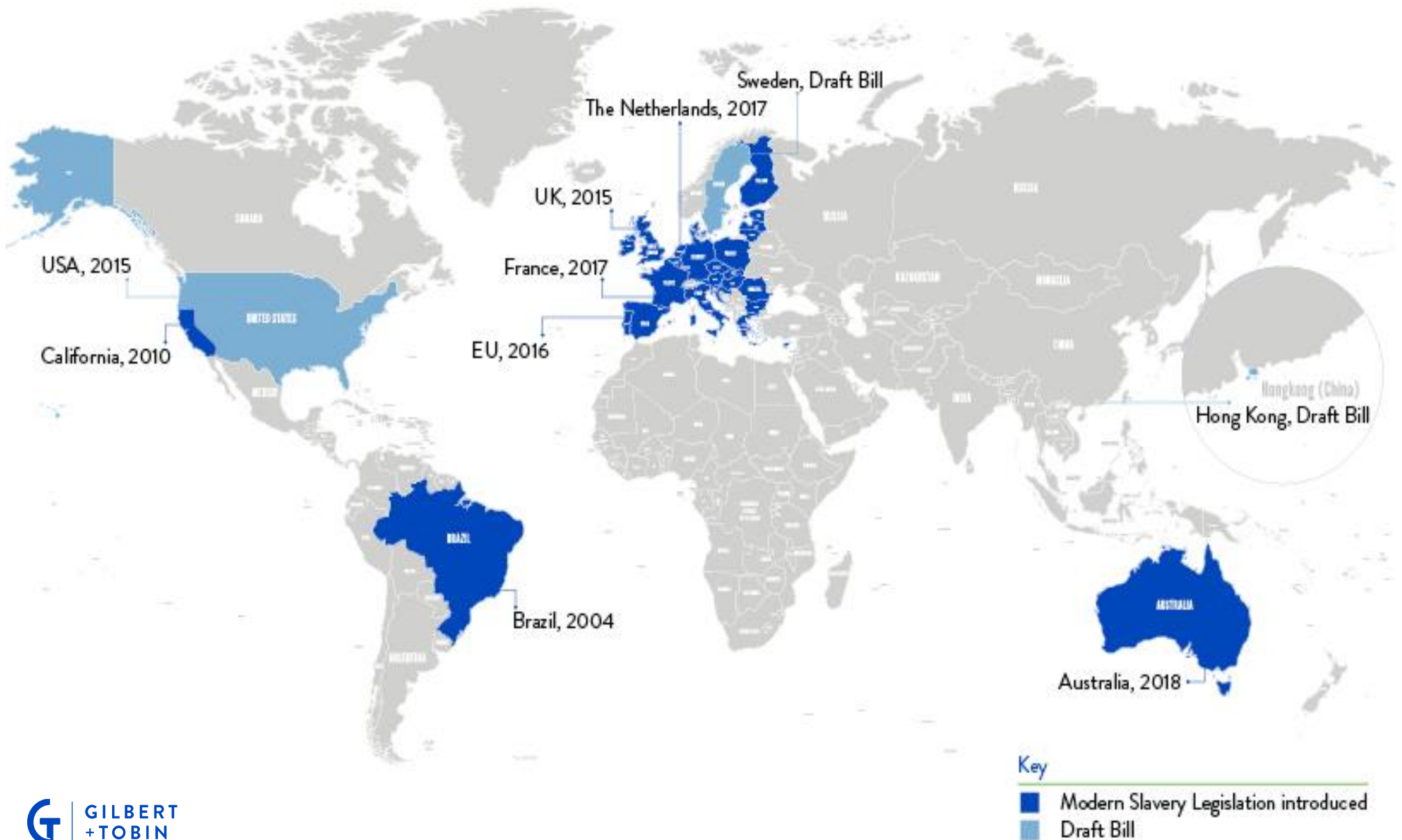
7.6.99 The FINANCIAL TIMES, SPECIAL PRIS, SECTION 2.



SLA NIKERY

# International response

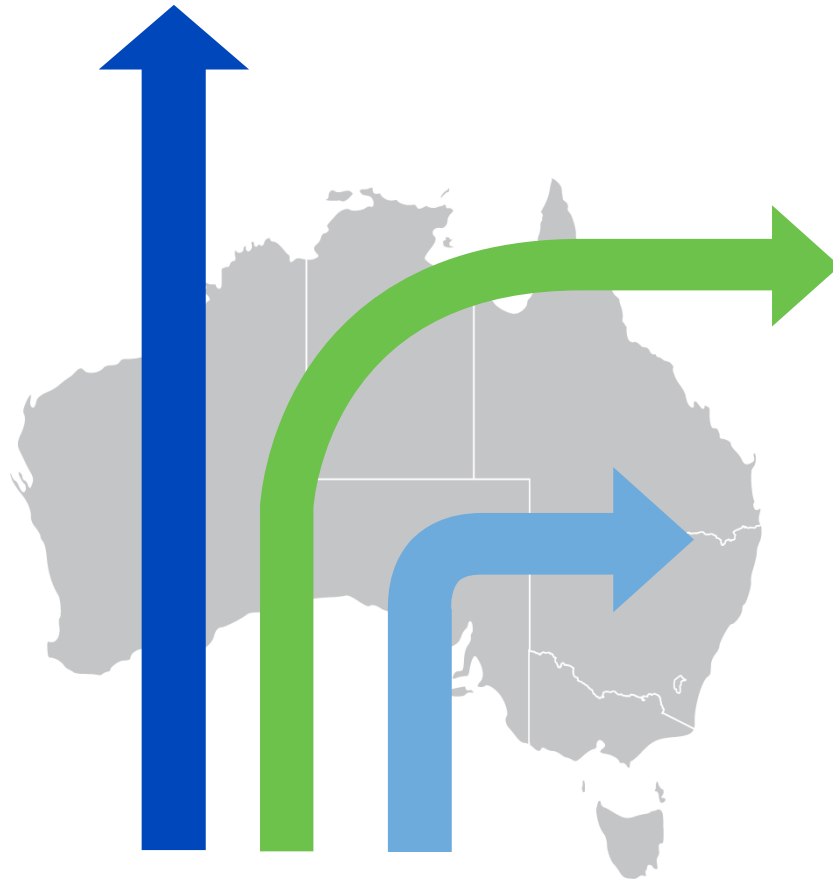
## Regions that have introduced modern slavery legislation





# What is being done in Australia?

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## Commonwealth Act

Passed by Parliament on 29 November 2018.

Commenced on 1 January 2019.

## NSW Act

Passed by NSW Parliament in June 2018.

Has not yet come into effect.

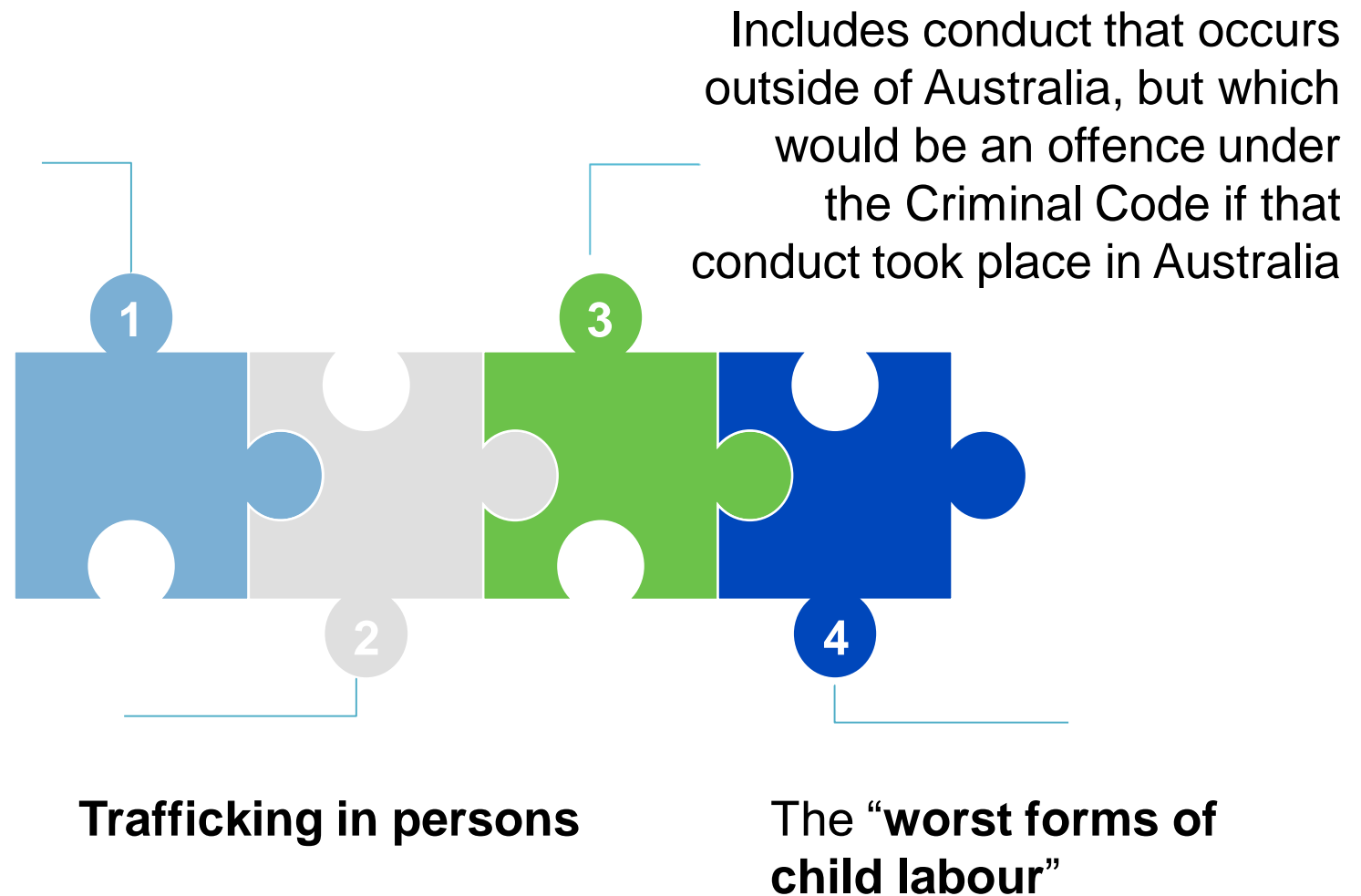
# Commonwealth Act vs. NSW Act

Issue	Commonwealth Act	NSW Act
<b>Who must comply?</b>	<ul style="list-style-type: none"> <li>Carry on business in AU with revenue over \$100M.</li> <li>Commonwealth Govt entities.</li> </ul>	<ul style="list-style-type: none"> <li>Commercial, private sector entities, with employees in NSW and revenues over \$50M.</li> </ul>
<b>Definition of modern slavery</b>	<ul style="list-style-type: none"> <li>Criminal offences under Div 270 or 271, Criminal Code.</li> <li>Worst Form of Child Labour (ILO Convention)</li> <li>People Trafficking (UN Organised Crime Convention)</li> </ul>	<ul style="list-style-type: none"> <li>Same as Cth Criminal Code offences.</li> <li>Does <u>not</u> include Worst Form of Child Labour or People Trafficking.</li> <li>Sexual servitude and child pornography offences under NSW Crimes Act.</li> <li>Human tissue trading.</li> </ul>
<b>Requirement</b>	Public Statement for each financial year in approved form	Public Statement for each financial year
<b>Content of Statement</b>	<ul style="list-style-type: none"> <li>Entity's identity, structure, operations and supply chains</li> <li>Potential risks of modern slavery in operations</li> <li>Actions taken to address modern slavery risks</li> </ul>	<ul style="list-style-type: none"> <li>Entity's structure, business and supply chains.</li> <li>Due diligence re modern slavery.</li> <li>Steps taken to address modern slavery risks.</li> <li>Staff training.</li> </ul>
<b>Penalties?</b>	No penalties	Penalties of up to 10,000 penalty units (\$1.1 million) for non-compliance with reporting obligations

# What is modern slavery?

Slavery offences under the Australian Criminal Code:

- **slavery**
- slavery-like conditions
- servitude
- **forced labour**
- forced marriage
- **debt bondage**
- deceptive recruiting

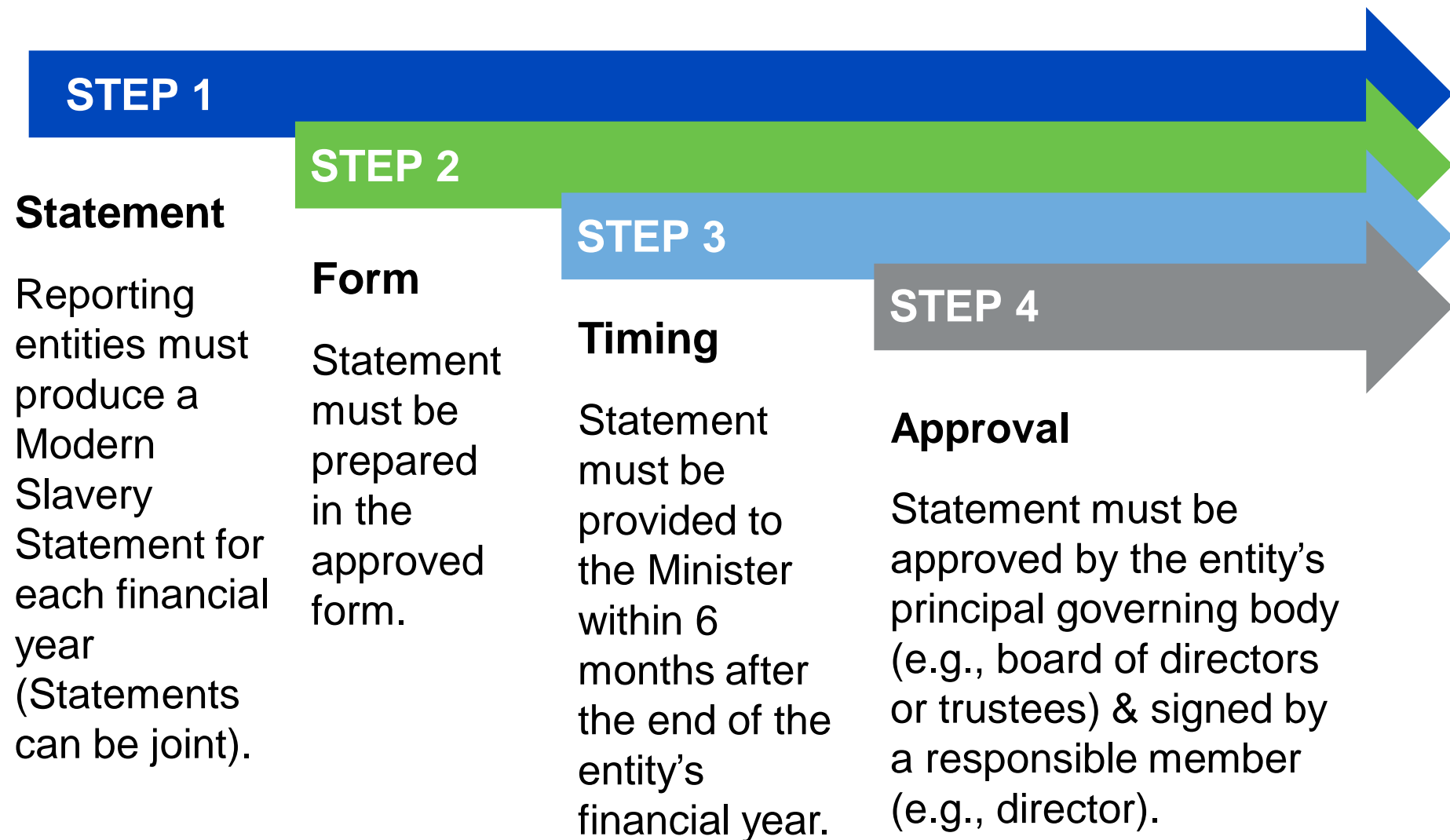


# Who must comply?

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# Requirements for compliance

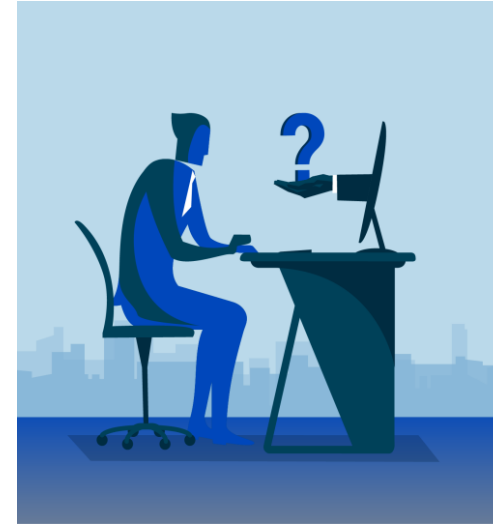


# Things to note



**Are Statements  
made public?**

Yes



**Are there penalties  
for non-compliance?**

No

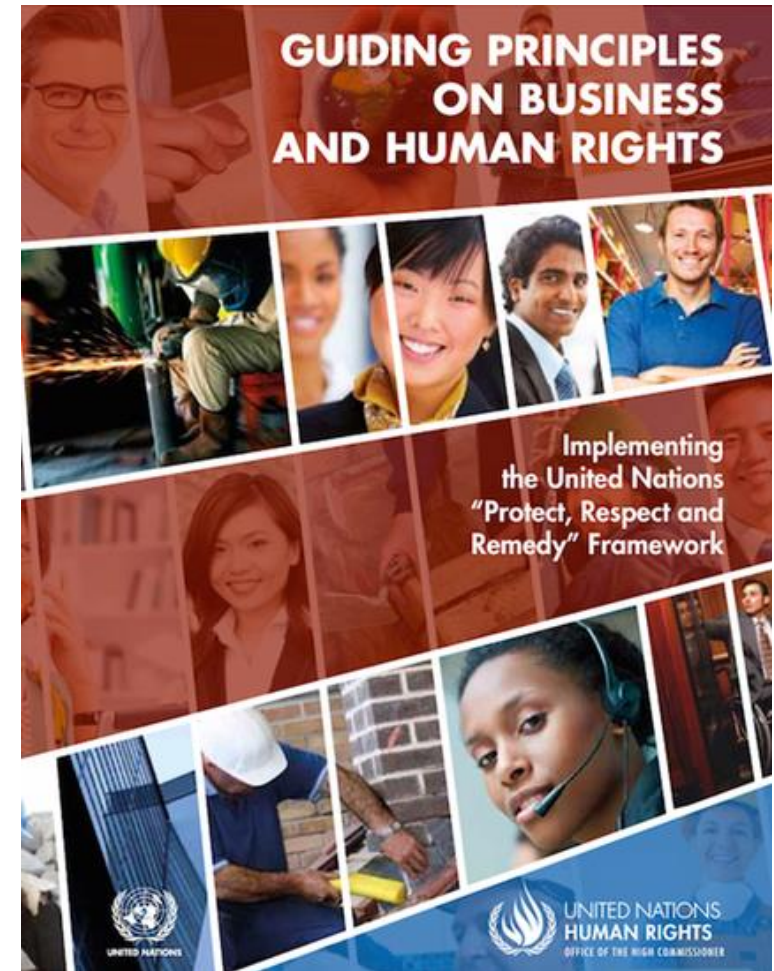
# What must Statements address?

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- ✓ Identify the reporting entity
- ✓ Describe its structure, operations & supply chains
- ✓ Describe the risks of modern slavery practices in its operations and supply chains – including relating to any entity controlled by the reporting entity
- ✓ Describe the process of consultation with any entities owned or controlled by the reporting entity
- ✓ Describe any actions taken to assess and address modern slavery risks
- ✓ Describe the effectiveness of any such actions taken to address risks
- ✓ Outline the details of approval by the principal governing body
- ✓ Additional relevant information

# What are 'operations'?

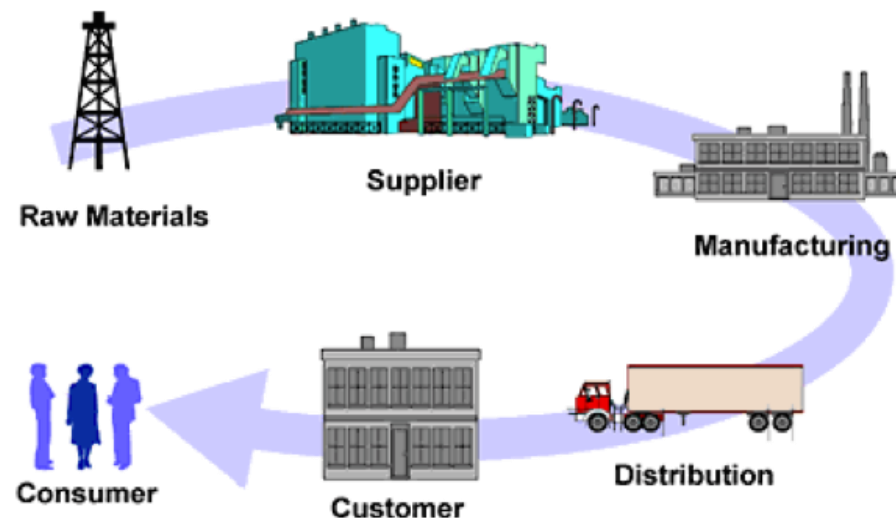
Any activity or business relationship undertaken by the entity to pursue its business objectives and strategy, including research and development, construction, production, arrangements with suppliers, distribution, purchasing, marketing, sales, provision and delivery of products or services, and financial lending and investments. This includes activities in Australia and overseas.





# What is a 'supply chain'?

The products and services (including labour) that contribute to the entity's own products and services. This includes products and services sourced in Australia or overseas and extends beyond direct suppliers.



# Preparing for compliance

1

## Map supply chains

Understand how your supply chains operate in the context of your structure and business

2

## Identify key risk areas

Identify supply chain vulnerabilities and risk factors

3

## Manage identified risks

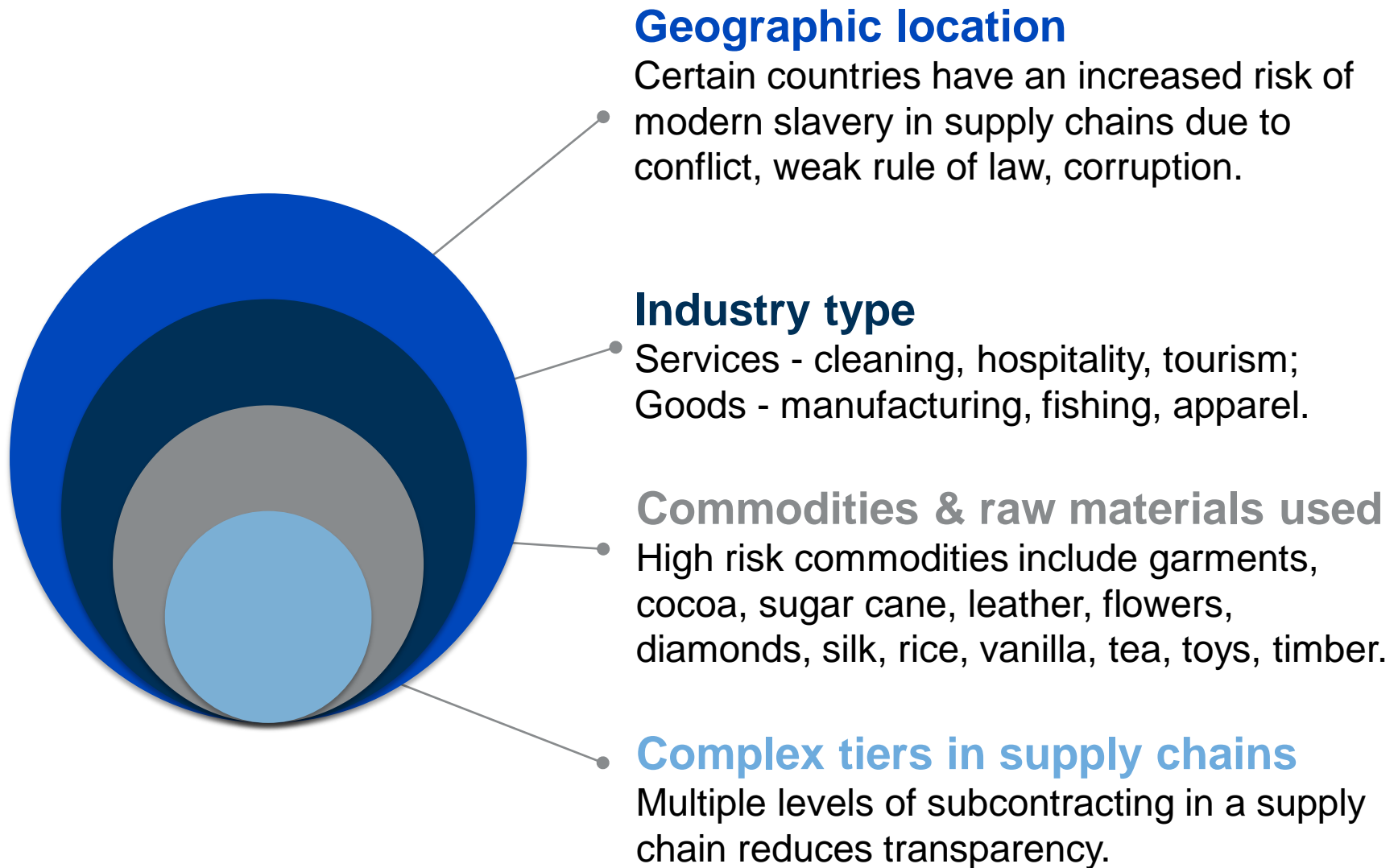
Implement measures to minimise risks of modern slavery practices in your supply chains (e.g., reviewing supply contracts)

4

## Fix identified issues

Develop an approach to remediate issues when they arise. Train staff about risks and how to take appropriate action

# Identifying modern slavery risks

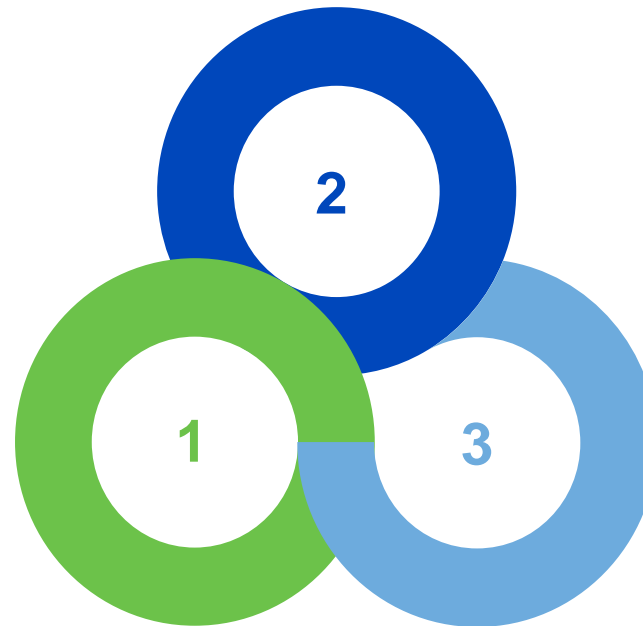


# Categorising risk

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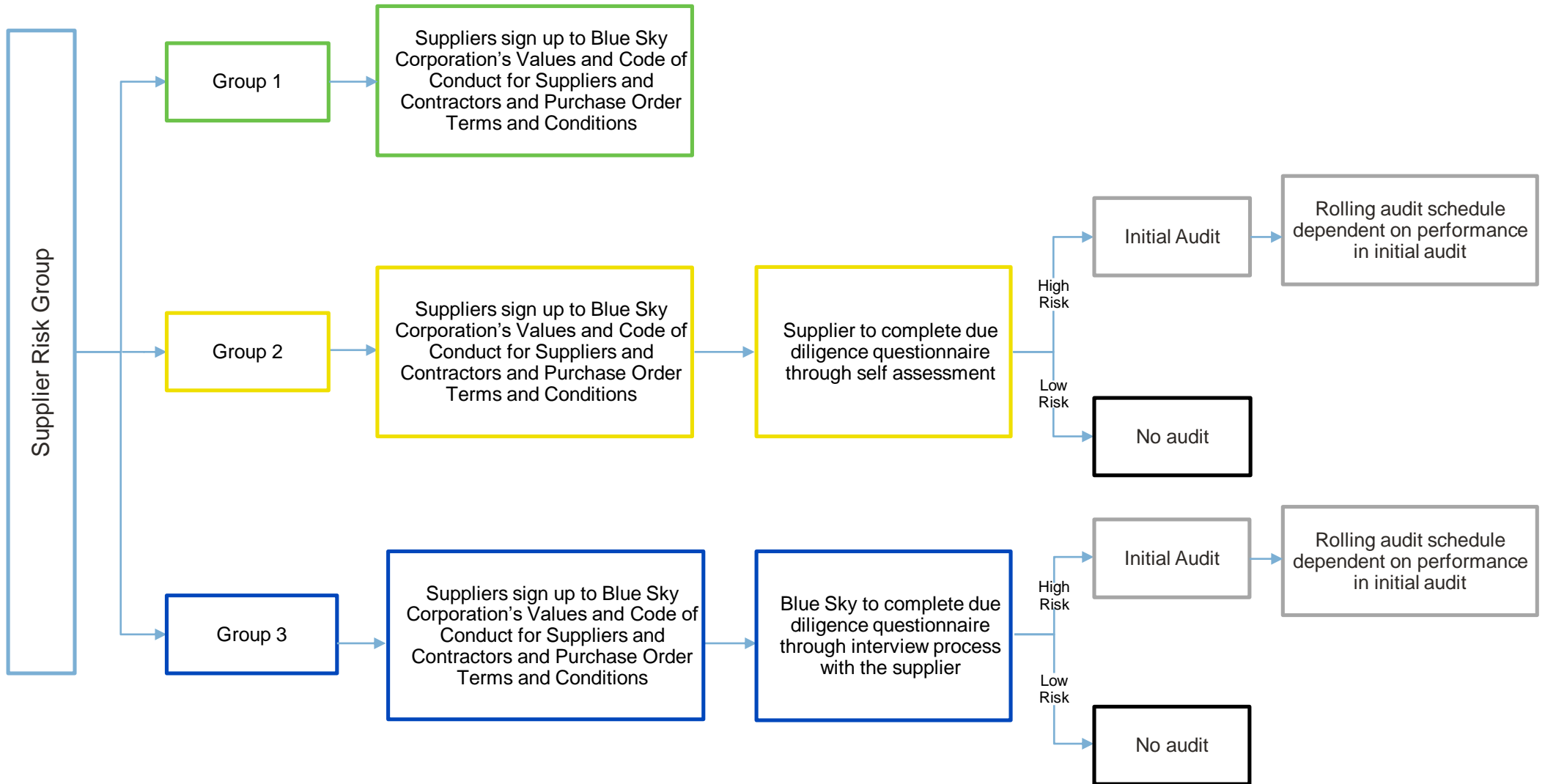
## Contributing to modern slavery

Causing modern  
slavery



Directly linked  
to modern  
slavery

# Risk response flow-diagram



# Modern slavery in contracts

1. Information rights
2. Audit rights
3. Warranties and indemnities
4. Restrictions on sub-contracting
5. Contracting strategy

# What is the impact for suppliers?

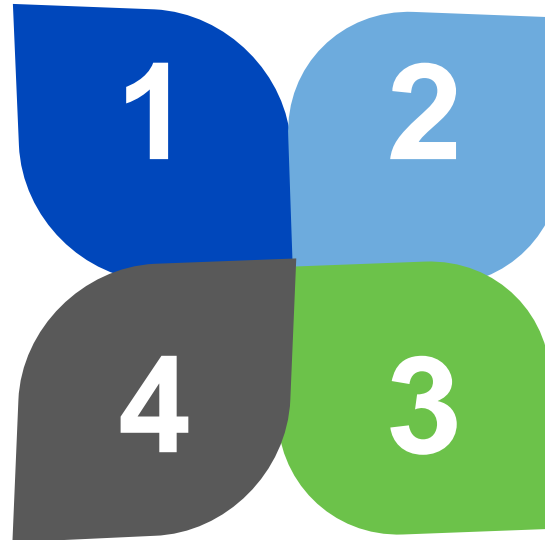
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## Due diligence and reporting

Subject to Reporting Entities' due diligence, reporting requirements.

## Contract review and training

Reviewing terms of employment contracts and training workers about their rights, obligations and ways to access support.



## Policies & Processes

Subject to compliance with Reporting Entities' code of conduct.

## Sub-suppliers

Reviewing terms of sub-supplier agreements and conducting due diligence of sub-suppliers' operations and supply chain.

# Where to go for help

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- Supply chain consultants
- Walk Free Foundation
- Global indexes and reports
- Industry working groups
- NGOs/Bureau Veritas
- Sedex
- Accreditation and audit providers





# Blue Sky Corporation

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## Operations and supply chain



### Operations

- Building sites
- The workers it employs
- Specialist workers it subcontracts
- Global sales
- Marketing program



### Supply chains

- Overseas factory where the bricks are made
- The importation of the bricks into Australia
- The subsequent sale and distribution of the bricks to Blue Sky Corporation
- Services that contribute to its operations e.g. cleaning and security companies that service Blue Sky's offices and building sites

# Key takeaways

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## **Mandatory reporting**

Businesses with annual turnover over \$100 million must report from 2020

## **Voluntary reporting**

Businesses with revenue below the reporting threshold may voluntarily submit Statements

## **Transparency**

Statements must address modern slavery in supply chains and steps being taken



## **Public database**

Statements will be published in a central public database

## **Board accountability**

Statements will require approval at board level and be signed by a company director

## **Guidelines**

Draft Guidelines have been released



GILBERT+TOBIN

**THANK YOU**

[GTLAW.COM.AU](http://GTLAW.COM.AU)