Calling for a Robust Modern Slavery Act Briefing Sheet Due Diligence in Supply Chains

Nearly 21 million people - three out of every 1,000 people worldwide - are victims of forced labour across the world, trapped in jobs which they were coerced or deceived into and which they cannot leave. The Asia-Pacific region accounts for the largest number of forced labourers in the world; 11.7 million (56%) of the global total.¹

Of that 21 million, about 14.2 million or 64% are in situations of economic exploitation – that is they are in our supply chains.

Australia agreed to support the United Nation’s Sustainable Development Goals in 2015. Goal 8.7 is a target for member states to meet by 2030:

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.

Australia is inevitably implicated in slavery through the consumption of imported goods where forced labour and child labour are used in their production. Currently there is little way of knowing with certainty the extent of slavery which touches Australian consumer goods. Whilst statistics can provide an indication as to the extent of slavery in developing nations, they are unable to demonstrate the extent to which developed nations are touched by slavery as a result of importing goods from offshore manufacturing and labour, including forced labour.

The only way in which Australian consumers can develop an awareness of the potential connection between the products they consume and human trafficking, forced labour and slavery is if corporations are required to be transparent with regard to the way in which their products are produced and made available for sale within Australia. The only way we can fulfil our international commitments to ending forced labour, modern slavery, human trafficking and child labour is to develop robust legislation and due diligence on supply chains by business. People who work to make the products we consume should be entitled to the same fair treatment in their employment, as we expect in Australia.

Problems surrounding the lack of transparency in corporate supply chains have been recognised in other countries, and various mechanisms have been put in place to address these. Australia can both learn from these mechanisms and improve on them to ensure we are leading the world in best practice due diligence practices. Due diligence means that corporations not only engage in corporate social responsibility but are also required to take specific measures to ensure that they are addressing the risk of human trafficking and slavery in all its forms in their whole supply chains.

Any legislation around transparency in supply chains should include

1. Requiring companies to publicly report on due diligence measures they are taking to address slavery and exploitation throughout their supply chains.
   a. Responsibility for these matters should lie with the board of the corporation and a Director should be required to ‘sign off’ on such a report
   b. A public on-line repository of such reports should be complied which the Australian public can access
   c. There should be penalties for non-compliance in reporting, possibly including directorial liability

2. There should be mandatory reporting for businesses of a certain size and those operating in industries or countries where there is higher risk. The threshold for reporting be less than the UK threshold of £36 million ($AUD 60 Million) and thus more reflective of the size of Australian companies. Entities operating in high risk industries and countries should also be required to report. It would not make sense for companies required to report in the UK not to report in Australia. Much of ‘big’ business is already engaged in seeking to address supply chain issues linking them to modern slavery. It is those smaller and medium enterprises below the threshold and those operating in high risk industries and countries where the greatest compliance is needed.

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4. Australian Government should lead the way in ensuring that the Commonwealth will not use public resources to procure goods and services from companies that fail to demonstrate sufficient measures to minimise the risk of slavery in their supply chains.