



Five Common Assumptions About Modern Slavery Risk



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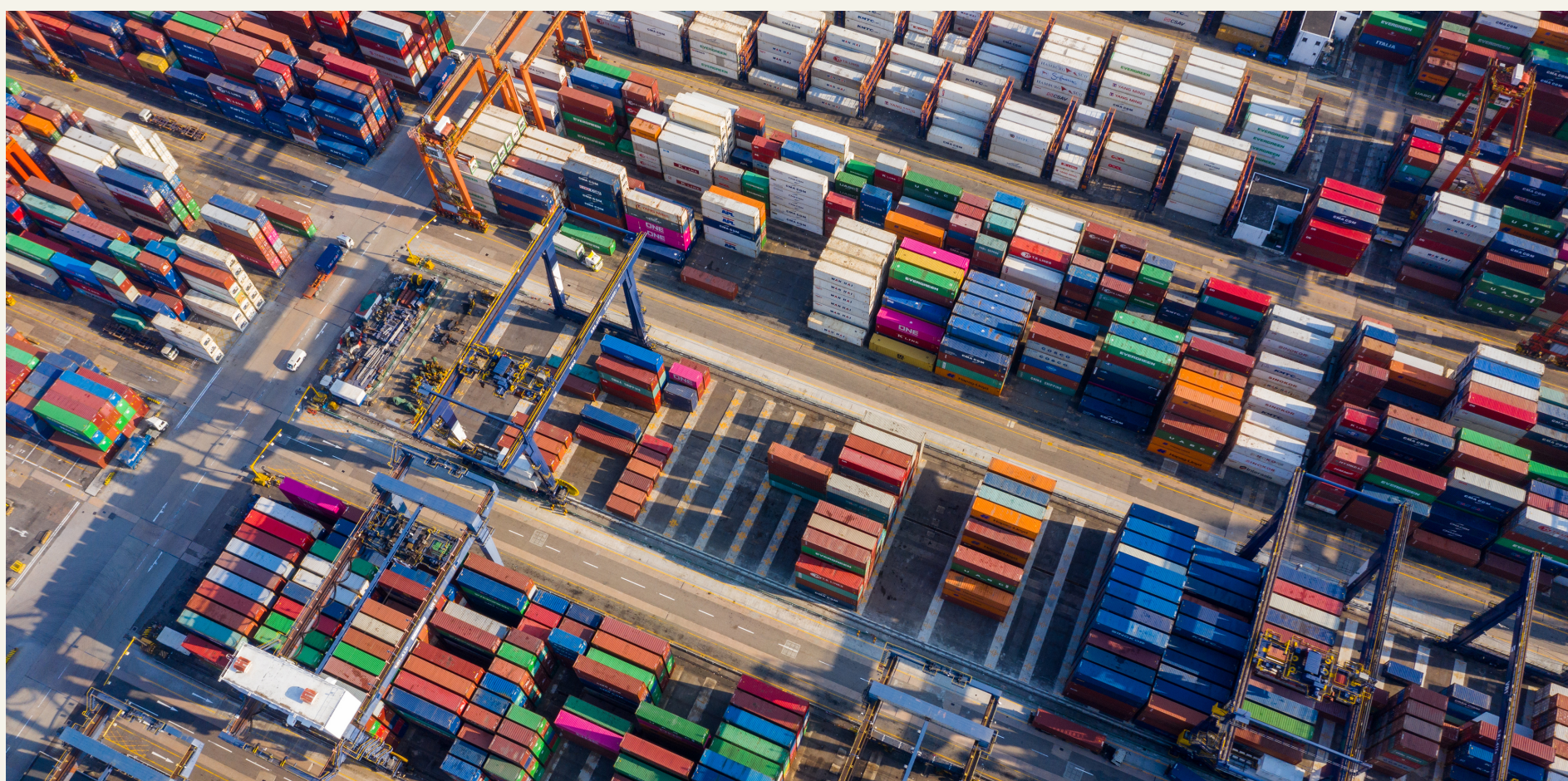
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MODERN SLAVERY RISK

Supply chains are complex, multi-tiered and ever changing. Understanding modern slavery risk helps entities prioritise limited resources so that the most salient risks can be addressed first. However, common assumptions about what modern slavery risk looks like can hold businesses back from effectively assessing, addressing and monitoring modern slavery risk.



WHY IS CHALLENGING OUR ASSUMPTIONS IMPORTANT?

While the requirements of the *Modern Slavery Act 2018* (Cth) are relatively new, the issue of slavery is not. However, pervasive forms of exploitation make it difficult to define. This has led to assumptions being made about what modern

slavery looks like and where it occurs. These assumptions in turn inform due diligence and risk management approaches. Following are a few common assumptions businesses make about modern slavery risks.

WHAT CAN YOU DO?

- Educate staff and suppliers about modern slavery risk indicators.
- Review and update due diligence processes to ensure that underlying assumptions aren't reflected in your policies.
- Understand your supply chain and use respected data sources to map your modern slavery risk.
- Focus on the most vulnerable *people* in your supply chain.



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1. Australian suppliers are low risk for modern slavery

FALSE

Australian suppliers can also be high risk suppliers. There are various factors that determine an entity's modern slavery risk and geography is only one of these. Other risk indicators include the commodity being supplied and the demographic of an entity's workforce (for example the use of temporary migrants). The Global Slavery Index estimates that 15,000 people are trapped in modern slavery in Australia.

3. Policies are effective in managing modern slavery risk

PARTIALLY TRUE

While policies are an important part of risk mitigation, policies alone will not reduce modern slavery risk, nor do they demonstrate effective due diligence unless implemented and verified. Policies must be communicated, and processes established to verify compliance with policies both internally and externally.

5. We only need to engage our Tier 1 (direct) suppliers to manage our risk

FALSE

Modern slavery is difficult to detect and is often hidden deeper in the supply chain. While many reporting entities have started their risk management approach by engaging Tier 1 suppliers, mapping and understanding risk throughout the extended supply chain is essential to effectively assess and address modern slavery risk.

2. Entities should terminate supplier contracts where modern slavery is suspected

FALSE

The *Modern Slavery Act 2018* (Cth) encourages reporting entities to engage and collaborate with suppliers and assess and address risks throughout the extended supply chain.

As modern slavery and human rights legislation becomes increasingly prevalent globally, businesses will play a key role in ensuring that the rights of vulnerable workers are respected and protected.

Collaboration is key to assisting suppliers improve their practices so that workers everywhere are safe and free. Of course, where suppliers do not change practices and continue to threaten worker rights, contracts ought to be terminated.

4. Minor labour rights violations do not need to be addressed

FALSE

Modern slavery exists at the extreme end of the 'spectrum of exploitation' where coercion, control and criminal activity is prevalent. While minor labour rights violations are illegal, this is not necessarily modern slavery.

However, violation of labour rights or exploitation of workers may be an indicator of, or precursor to, modern slavery. For this reason, identifying and documenting labour rights violations is important to effectively manage and mitigate potential modern slavery risks throughout the supply chain.

Modern Slavery is about risk to People

We've been working with businesses for over two decades to identify both environmental and social sustainability risks. While businesses are skilled at identifying and managing risk to their business, they are less experienced in assessing risk to people, particularly those working in their complex supply chains.



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