



Five Things Leading Businesses are Doing to Prepare for Year Two Modern Slavery Reporting



For more information, visit www.sdstrategies.com.au



SDSTRATEGIES

© 2020 SD Strategies PTY Ltd



FIVE KEY ACTIONS LEADING BUSINESSES ARE IMPLEMENTING

Having worked with many large Australian entities over the past 3 to 4 years to develop and implement modern slavery risk management programs, we have gained considerable insight into the key actions entities are taking as they prepare for their second reporting year.

1. Review and update modern slavery action plan and road map

Having identified and implemented a number of actions in Year 1, it is important for entities to stocktake where they are at, review priority actions and confirm timeframes and responsibilities for ongoing implementation. Many leading entities have included three-year modern slavery road maps in their Statements and are being held to account by their boards and stakeholders to ensure priority actions are implemented. Action plans should be dynamic and address the most salient risks and gaps.

2. Educate managers and staff and build internal capability

Many reporting entities have established Modern Slavery Working Groups and conducted awareness raising workshops with a selection of staff. Engaging and educating a broader cross-section of managers and staff is critical for effective integration of modern slavery risk management into business systems and decision-making processes. Leading businesses are rolling out engaging and interactive modern slavery [eLearning modules](#) to help enhance awareness, engage staff and reinforce business relevance.

For more information, visit www.sdstrategies.com.au



SDSTRATEGIES

3. Engage priority Tier 1 suppliers to understand actual and potential risk

Many entities identified the number or percentages of potentially high risk suppliers and defined high risk spend categories in their first reporting year. In Year 2, this information is informing enhanced supplier due diligence, with leading entities engaging their highest priority suppliers, requiring them to complete self-assessment questionnaires, verifying responses and working with suppliers to develop corrective action plans. Some are also working with their Tier 1 suppliers to understand and map their high risk Tier 2 suppliers. Simply requiring suppliers to comply with policies, contract clauses or codes of conduct is neither engaging, nor an effective risk management approach. Leading entities are working collaboratively with their highest priority suppliers to assess and address risks.

4. Understand risks posed by partnerships and non-managed / operated joint ventures

While the focus in Year 1 has been primarily on modern slavery risks in an entity's operations and supply chain (specifically Tier 1 suppliers), leading entities are extending their focus in Year 2 to include business partnerships and joint ventures. This includes understanding risks associated with charitable activities and sponsorships, business relationships and investments in non-managed joint ventures or externally managed investment portfolios (in the case of the financial sector). Engaging and educating JV partners who may not be captured by the legislation is fundamental to managing modern slavery risk.

5. Enhance grievance mechanisms and document a remedy pathway

While many reporting entities have existing internal grievance processes and whistleblower mechanisms in place, leading entities are reviewing these processes in Year 2 to ensure they align with the UNGPs and the requirements of the *Modern Slavery Act 2018*. Importantly, grievance mechanisms must provide an early warning system to help businesses identify **impacts on people** working within their own operations and across their extended supply chain. A remedy pathway that is focused on victim safety, protection and consent should be identified and documented. Collaboration with reputable and experienced NGOs and independently run whistleblowing services will enhance the effectiveness of grievance mechanisms.

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.





WHAT CAN YOU DO IN YEAR 2?



Re-engage your Modern Slavery Working Group to review and update your action plan and roadmap.



Educate and engage your people and link modern slavery training to your induction and onboarding processes.



Engage your highest risk suppliers – not only through policies and codes of conduct – but through conversations, training and deep dive analysis. Help them identify their gaps and work with them to develop and implement corrective action plans.



Know where the risks lie within your business partnerships and joint ventures. Their risk is your risk!



Develop an effective grievance mechanism and response/remedy protocol so your team knows what to do when they find modern slavery in your operations or supply chain.



SDSTRATEGIES

For more information, visit www.sdstrategies.com.au

© 2020 SD Strategies PTY Ltd