

## RISK MANAGEMENT AND MODERN SLAVERY REPORTING OBLIGATIONS

SUE TREZISE – Sue-Lutions Ltd

**The Commonwealth Modern Slavery Act 2018 (the Act) has been in force since 1 January 2019. The Act applies to entities carrying on business in Australia with an annual consolidated revenue of at least \$100 million.**

Reporting obligations mean the entity must prepare annual Modern Slavery Statements setting out the actions to assess and address modern slavery<sup>1</sup> risks in their global operations and supply chains. Reporting is mandatory and the statements will be publicly available.

New Zealand businesses operating in Australia will be directly affected by the legislation, while those who supply to Australian companies will also be impacted. While no financial penalties apply for non-compliance at this stage, there is potential for significant reputational damage.

New Zealand does not (yet?) have corresponding legislation however increasingly customers are considering the ethical reputation of a business when choosing to purchase a product or services. Businesses face growing expectations that, as well as their own operations, their supply chain will also comply with sustainability and social and human rights criteria. Investors also recognise the risk that allegations of forced labour and trafficking can have on their return.

According to the law firm Norton Rose Fulbright, entities that have not already done so should consider taking the following steps:

1. Map the organisation's structure, businesses and supply chains.
2. Formulate policies and procedures in relation to modern slavery by collating current policies, identifying gaps, adapting existing policies and formulating new policies as needed.
3. Carry out a risk assessment to identify those parts of the business operations and supply chains where there is a risk of modern slavery taking place.
4. Assess and manage identified risks which may include reviewing and adapting contract terms and codes of conduct with suppliers.
5. Establish processes and KPIs to monitor the effectiveness of the steps taken.
6. Carry out remedial steps where modern slavery is identified.
7. Develop training for staff on modern slavery risks and impacts.

<sup>1</sup> At its broadest, the term 'modern slavery' refers to any situations of exploitation where a person cannot refuse or leave work because of threats, violence, coercion, abuse of power or deception.

## SUE TREZISE

Sue Trezise has over 12 years experience providing risk expertise and advice for government and organisations on strategic, enterprise and operational risk management. An experienced facilitator, Sue assists communication between technical experts and non-technical stakeholders and makes managing risk practical and effective.

## REFERENCES

<https://www.homeaffairs.gov.au/criminal-justice/Pages/modern-slavery.aspx>

<https://www.nortonrosefulbright.com/en/knowledge/publications/06a565ee/modern-slavery-act-what-businesses-in-australia-need-to-know>

Further information on the New Zealand context can be found at <https://www.employment.govt.nz/workplace-policies/ethical-sustainable-work-practices/>



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