



Need to know:

Modern slavery

What is modern slavery?

Modern slavery describes extreme forms of exploiting people for personal or commercial gain.

This includes human trafficking, slavery and slavery-like practices, such as servitude, forced labour, forced marriage, selling and exploiting children and debt bondage. It often means taking away someone's freedom to choose where and what they do for work. Modern slavery is a serious global issue that breaches human and labour rights.

Global supply chains are complex. Geopolitics and lack of transparency make it challenging to develop effective strategies to reduce, and ideally eliminate, modern slavery. Organisations may be unaware they are supporting modern slavery through their supply chains.

Sustainability tools and concepts can seem daunting, we know.

We're here to help, with our suite of thinkstep-anz *Need to Know* guides. They are short, they sum up what you need to know (and leave out what you don't), and we've written them in plain English.

Why you need to tackle modern slavery

Engaging with your supply chain shows you value collaborative relationships with like-minded business partners and suppliers. It also demonstrates that you care about modern slavery and human rights.



Business opportunities

- Manage supply chain risks
- Reduce social impacts including unknowingly supporting modern slavery
- Market your products and services with confidence
- Communicate your sustainability strategy with confidence
- Build relationships (suppliers, communities, employees)



Business results

- = Comply with regulations on modern slavery
- = Meet customer expectations and remain a preferred provider
- = Strengthen social licence as a responsible and trustworthy brand
- = Build supplier partnerships
- = Grow investor confidence

What is modern slavery?

Modern slavery takes many forms. The most relevant forms for businesses are:



Human trafficking

Using violence, threats or coercion to transport, recruit or harbour people and then exploit them through forced labour, criminal activities, prostitution, forced marriage or removing organs.



Forced labour

Making people work against their will, usually under threat of punishment.



Debt bondage/ bonded labour

Forcing people who have borrowed money to work to pay off the debt with no control over their work conditions or the debt.



Child labour/ slavery

Exploiting a child for someone else's gain. This can include child trafficking and domestic slavery.



How big is the problem?

While most of us like to believe that slavery has long been outlawed, according to the latest [Global Estimates of Modern Slavery \(2023\)](#) from Walk Free, the International Labour Organization and the International Organization for Migration, on any given day in 2021:



50m

50 million people live in modern slavery; 28 million of those in forced labour and/or 22 million in forced marriage




1/4

Roughly a quarter of all victims of modern slavery are children



Migrant workers are particularly vulnerable to forced labour

Most forced labour happens in low-income countries. However, reports estimate that in 2023 modern slavery covered around 8,000 people in New Zealand and 41,000 people in Australia.

Source: Global Slavery Index, September 2023

Which products have the highest risks of modern slavery?



Electronics

Tech companies often produce goods in Malaysia and China where cases of forced labour and debt bondage have been reported. They also need conflict minerals (see page 7) that are mined in the Democratic Republic of Congo and China.



Garments and textiles

Demand for fast fashion sees brands from wealthy countries produce in lower-income countries including Vietnam, China, Indonesia or Malaysia where workers may face poor working conditions.



Agriculture and fishing

Palm oil, cotton, cocoa and coffee are consumer products often linked to human rights abuses.

Forced labour is also a big problem in the fishing sector.

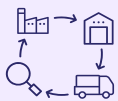


Mining

Workers in the mining industry are often subjected to forced labour. This applies especially to conflict minerals (see page 7).



All products and services that use renewable energy can be high-risk too. Read more on page 7.



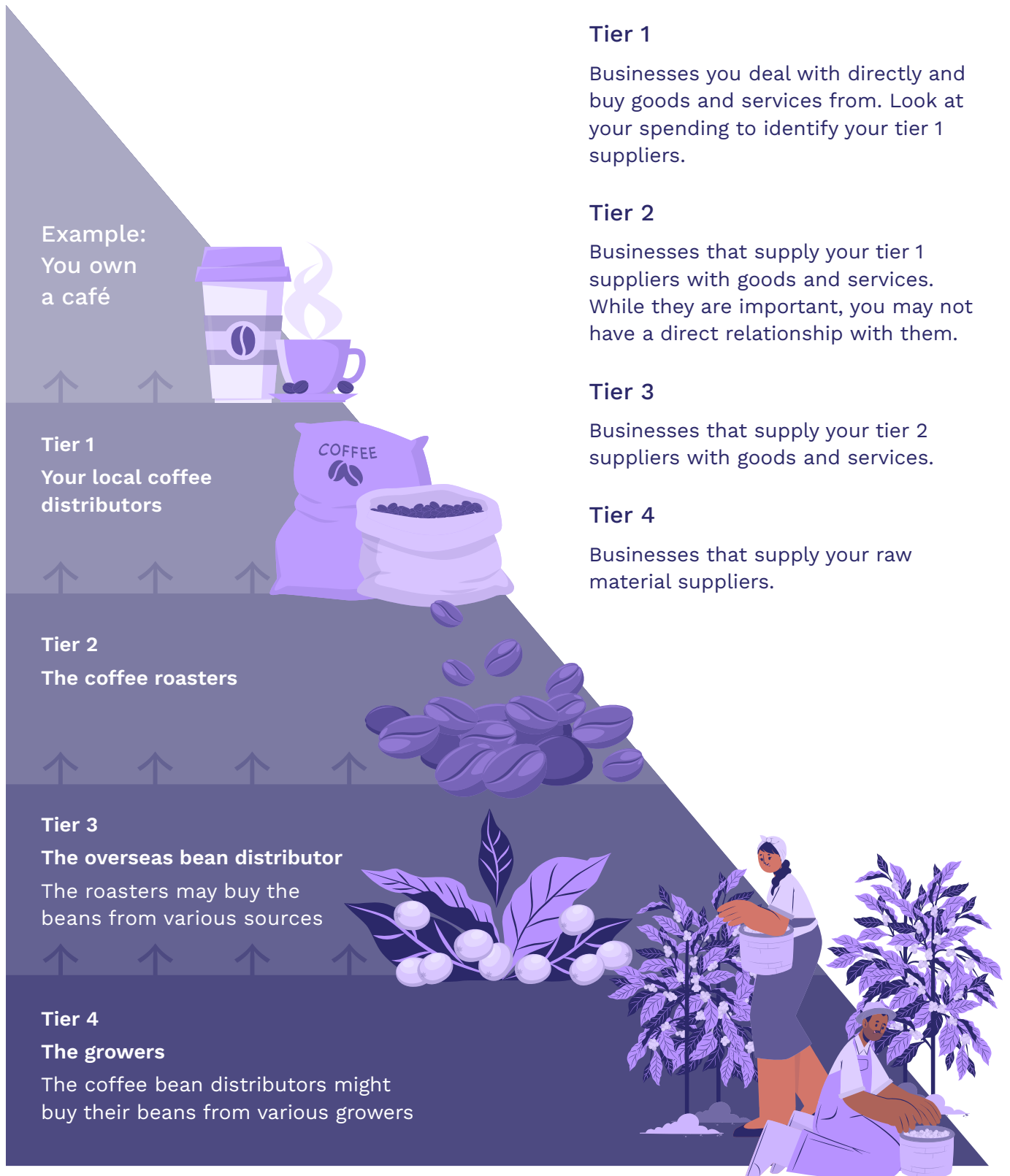
Where does modern slavery hide in the supply chain?

Modern slavery is relatively rare ‘on the ground’ in Australia and Aotearoa New Zealand. However, as businesses based here are responsible for every part of their supply chains, they need to look outside the region too. Materials sourced and products made in low-income countries are often destined for higher-income countries.

Producing goods – from sourcing raw materials to manufacturing, packaging, and transporting products – creates complex supply chains, many of them tainted with forced labour.

What are supply chain tiers?

You can break your supply chains into ‘tiers’ based on how close suppliers are to your business. Depending on your industry and the length of your supply chain, you may have more or fewer tiers.



Tier 1

Businesses you deal with directly and buy goods and services from. Look at your spending to identify your tier 1 suppliers.

Tier 2

Businesses that supply your tier 1 suppliers with goods and services. While they are important, you may not have a direct relationship with them.

Tier 3

Businesses that supply your tier 2 suppliers with goods and services.

Tier 4

Businesses that supply your raw material suppliers.

What do I need to do to reduce the risks of modern slavery?

Make sure you understand your business's supply chain and operations. Do your due diligence to identify, assess and address potential human rights concerns.

1. Identify your suppliers

- Look at all the tiers of your supply chain.
- Categorise your direct suppliers (tier 1, 2, etc). Consider each supplier's location, how much money you spend with them (actual or potential) and the products or services the supplier provides.

2. Assess your modern slavery risks

- Identify your risks and prioritise them.
- Your tier 2 to 4 suppliers may provide the most significant risk.

3. Manage your risks

- Make sure your suppliers know what you expect from them. Provide a clear policy and supplier code of conduct. This might be part of your responsible procurement framework. Request evidence to avoid 'greenwash'.
- Provide training and support suppliers to adapt.
- Train your team so they know what to look out for.

4. Collaborate

- Work with external stakeholders like industry associations or public interest groups to identify high-risk suppliers and promote ethical practices. Pooling your financial and human resources and sharing information openly makes your impact go further.



Information to help you

Frameworks and certifications

Some organisations will have signed frameworks such as the Global Compact or B Corp or make products that are Cradle to Cradle Certified®. These frameworks and certifications include principles or requirements around human rights and labour.

Health, Safety and Wellbeing policies

You can also learn a lot about how organisations are managing people through their Health, Safety and Wellbeing (HSW) policies. Ask to see them and follow this up with more detailed questions if they don't provide the level of comfort you need. You can also ask who is responsible for these issues, to see if senior managers view them as important.

If the HSW policy is appropriate, congratulate your supplier and ask about conditions of employment, minimum age, hours of work, local pay rates etc. A step-by-step approach builds the relationship, trust and your knowledge about where risks may be along your supply chain.

How is legislation tackling modern slavery?



Australia

Australia was one of the first countries to introduce mandatory modern slavery laws. Australia's Modern Slavery Act 2018 (MSA) requires larger companies and other entities to report on the risks of modern slavery practices in their operations and supply chain and the actions they are taking to assess and address those risks.

The statements are published to Australia's public [Modern Slavery Register](#). There are currently no financial penalties for not complying with the MSA.

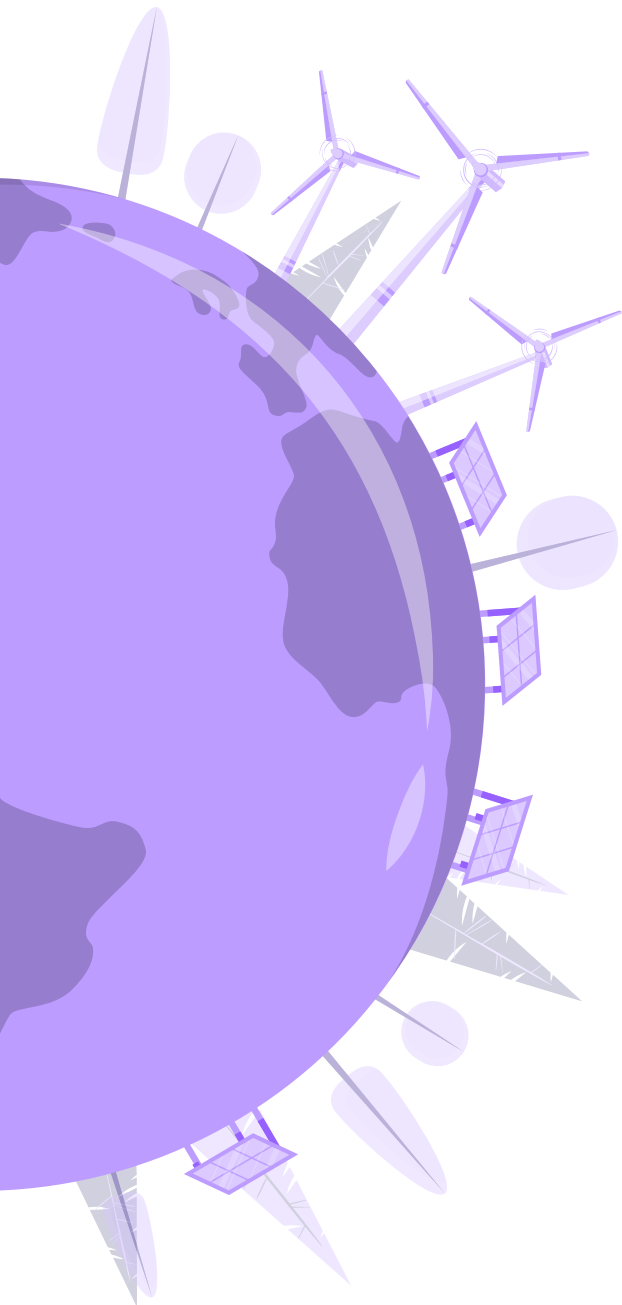
Aotearoa New Zealand

Slavery, trafficking of people and forced labour are unlawful in New Zealand. The previous government said in July 2023 that it was drafting legislation that requires organisations and businesses to be transparent about their operations and supply chains through a new public register (following Australia's example).

Organisations with NZ\$20 million or more in annual revenue would have to report on the risks of modern slavery and worker exploitation in their operations and supply chains, as well as actions they are taking to prevent, mitigate and manage those risks.

The new government is 'yet to make decisions'.





Renewable energy as a high-risk sector

The risk of modern slavery in the clean energy industry – including solar and wind energy, battery storage and biofuels – is especially high as this technology often uses Critical Raw Materials (CRMs) and conflict materials (see below). With governments, investors and businesses around the world scaling up efforts to tackle climate change, demand for renewable energy is growing fast.

The report [Addressing Modern Slavery In The Clean Energy Sector](#) by Australia’s Clean Energy Council encourages the clean energy industry to develop strategies and actions to eliminate modern slavery from its supply chains.

Different renewable energy technologies have different points of exposure to modern slavery, from manufacturing components to extracting critical raw materials. The urgent need for clean energy to tackle climate change does not absolve the industry of its impacts in other areas. Any product that is sourced from a region with high geographical risk needs an extra level of scrutiny.



What are critical raw materials?

CRMs include metals like cobalt, copper, aluminium and magnesium that are needed for consumer electronics, environmental technologies, and the automotive, aerospace, defence, health, and steel industries. Materials are described as ‘critical’ if there are no viable substitutes with current technologies. Creating a circular economy for these materials is a pressing issue.



What are conflict minerals?

These are mined in politically unstable regions where they can be used to finance armed groups, fuel forced labour and other human rights abuses, and support corruption and money laundering. They include the metals tungsten, tin, tantalum and gold which are essential for electronics, transport, producing energy and defence.

About thinkstep-anz

We're an independent sustainability firm with offices in Australia and Aotearoa New Zealand.

Our team works with you to put sustainability at the heart of your business, to set you up to succeed and inspire you to keep achieving more.

We focus on what matters and use data to understand organisations and their impact. We provide practical resources and ideas that move you ahead.

It's what we've been doing for over 17 years – bringing our technical expertise and business know-how to create value for organisations like yours and help you tell your story.

Succeed sustainably

Let's work together to put sustainability at the heart of your business: your strategy, products and services, your processes, technology and relationships. We can also build your in-house skills and tell your sustainability story.



Product



Carbon



Strategy



Reporting



Communication



Software

We don't just talk about sustainability –
we practise it too:



Keen to
learn more?

Please contact us. Our specialists would love to talk with you.

meet@thinkstep-anz.com



Check out the other guides in our growing *Need to Know* series:

- [Responsible procurement](#)
- [Task Force on Climate-Related Financial Disclosures](#)
- [Materiality assessment](#)



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meet@thinkstep-anz.com
www.thinkstep-anz.com

thinkstep ltd (NZ) +64 4 889 2520
Wellington | Auckland | Hamilton |
Christchurch | Rotorua | Taupō | Tauranga

thinkstep pty ltd (AU) +61 2 8007 3330
Sydney | Melbourne | Canberra |
Adelaide | Perth