



WA Strategic Procurement Thought Leadership

*Identifying and addressing modern slavery
through procurement*

10 December 2024





Agenda

01 Welcome address

Andrew Davy | Assistant Director,
Social Procurement & Sector Capability at Finance

02 Presentation

Chris Newman and Kylie McKinlay | ArcBlue Consulting

03 Q&A



Introducing ArcBlue

ArcBlue are Asia Pacific's leading procurement & supply chain consultancy

Our Solutions



PERFORMANCE IMPROVEMENT

Deliver value through consulting, digital solutions, change management & transformation



LEARNING & DEVELOPMENT

Unlock more potential for your team & build sustainable talent growth



SOCIAL & SUSTAINABLE

Empowering procurement to make sustainable impact every day



PROJECT PROCUREMENT

Access flexible resources, major projects, sourcing & bid advisory



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About ArcBlue

We are Asia Pacific's leading procurement & supply chain consultancy

Established in 2013, ArcBlue started with the mission to support organisations to deliver more from their procurement activities. ArcBlue delivers end-to-end procurement advisory services built upon the experience of pragmatic procurement practitioners.

After years of successful partnership, ArcBlue is now wholly owned by Bain & Company.

How we work



Practical, hands-on advice



Support to **deliver and embed** the change you seek



Advice from practitioners who have **been in your shoes**



We leave you with tools & resources to **build internal capability**

We are...



Authentic



Passionate



Bold



Curious



Committed to Sustainability



One Team

Our cultural values to ensure our people are happy and our clients experience a consistently high level of service in every engagement.

Worked with

1000+ Organisations



in **20+** Industries



Experienced in **22+** Direct & indirect categories

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Social and Sustainable Procurement Services



Strategy, Frameworks & Policy

Identify opportunities and focus your organisation's Social & Sustainable Procurement roadmap



Legislation, Modern Slavery & ISO 20400

Assess your organisation's compliance within the emerging legislative and ISO landscape



Education

Uplift your team's capability, knowledge, skills and their ability to deliver Social & Sustainable outcomes



Change & Implementation

Mobilise and embed Social & Sustainable Procurement with hands-on help and guidance from trusted subject matter experts



Major Projects Advice

Maximise the social, environmental and economic impact of your project including planning and RFX design and documentation



Tendering & Bid Advice

Advice for tendering for social or Indigenous evaluation criteria, or bidding on economic and workforce development requirements



Supply Chain Engagement & Development

Support, advice and facilitation to help you engage with and develop your supply chain including SME's, social or Indigenous suppliers



Impact Measurement & Reporting

Create meaningful models to set targets, track progress and report on your Social & Sustainable Procurement activities

ArcBlue draws on specialist multi-disciplinary expertise to inform our Social & Sustainable Procurement service offerings.



Place-based Programs

Design and delivery of place-based partnership programs, using ArcBlue's expertise to drive local economic development and address disadvantage through local and social procurement and inclusive employment



Purpose of today's session



To raise your awareness and understanding of modern slavery and the potential risks within your supply chains



To provide key tips to support you to identify and manage modern slavery risk through your procurement activities.



To help attendees know where to find more information.



AGENDA

What is modern slavery?

What is being done to address modern slavery?

What does this mean for procurement?

How do we address modern slavery risk in our procurement?

Wrap up and questions



Remember to add your questions to the chat and we'll answer them at the end

What is modern slavery?

- Modern slavery refers to situations where one person has taken away another person's freedom – their freedom to control their body, their freedom to choose, to refuse certain work or to stop working – so that they can be exploited.
- Freedom is taken away by threats, violence, coercion, abuse of power, and deception.



Eight types of serious exploitation:

Trafficking in persons

Slavery

Servitude

Forced marriage

Forced labour

Debt bondage

The worst forms of child labour

Deceptive recruiting for labour or services



Where is modern slavery?

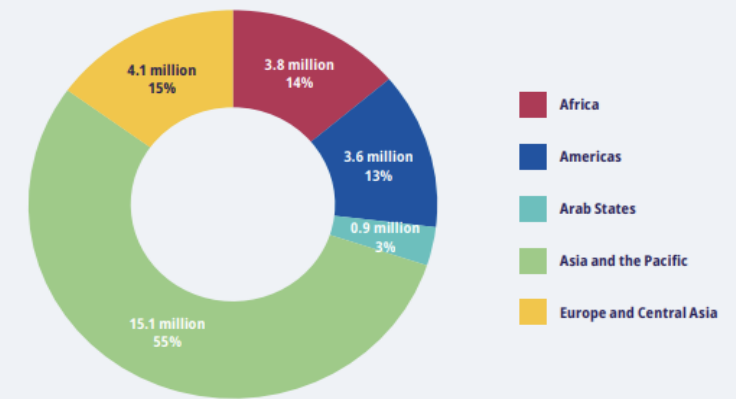
- It is estimated that **50 million people** are trapped in modern slavery world-wide.
- **28 million** of those are in forced labour and 22 million in forced marriage.
- **Women and children** are disproportionately affected.
- No region is spared – Estimates of **15.1 million people in Asia Pacific Region**
- Only **1 in 5 victims are detected in Australia** (80% of victims do not get support they need)



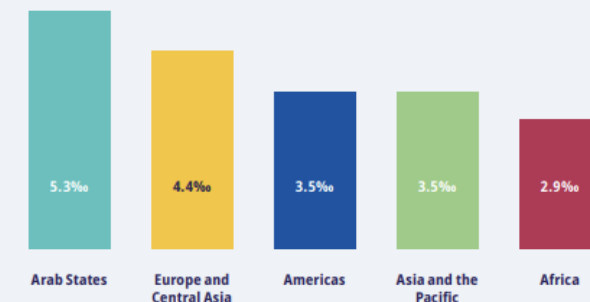
What is the current estimate of people in modern slavery in Australia?

Images taken from ILO and Walk Free 2021 Report:
https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf

The Asia and the Pacific region has the highest number of people in forced labour and the Arab States the highest prevalence



Forced labour by region: percentage distribution

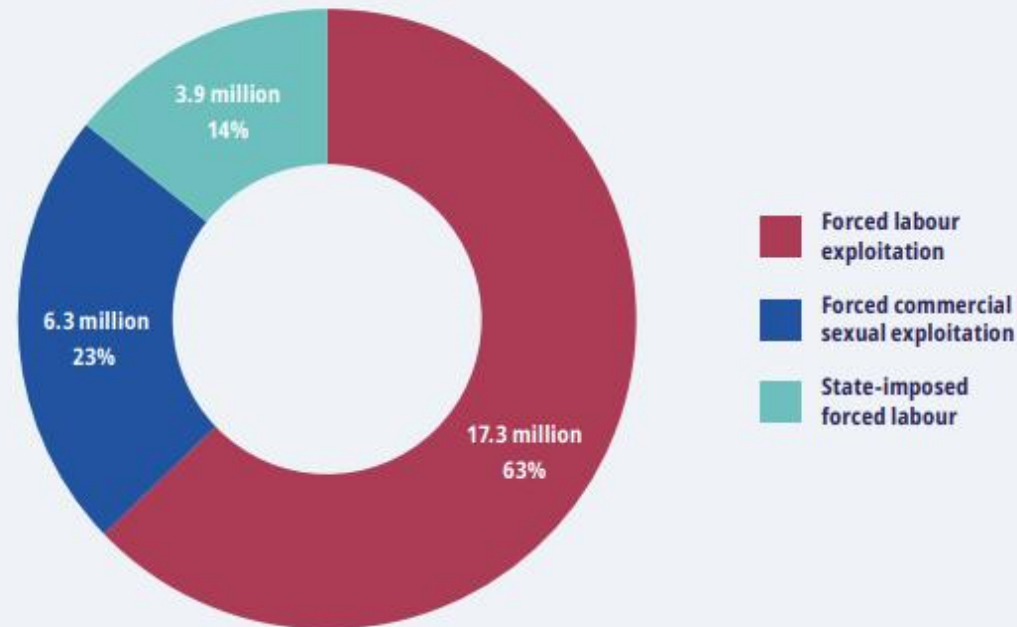


Forced labour by region: prevalence per thousand population



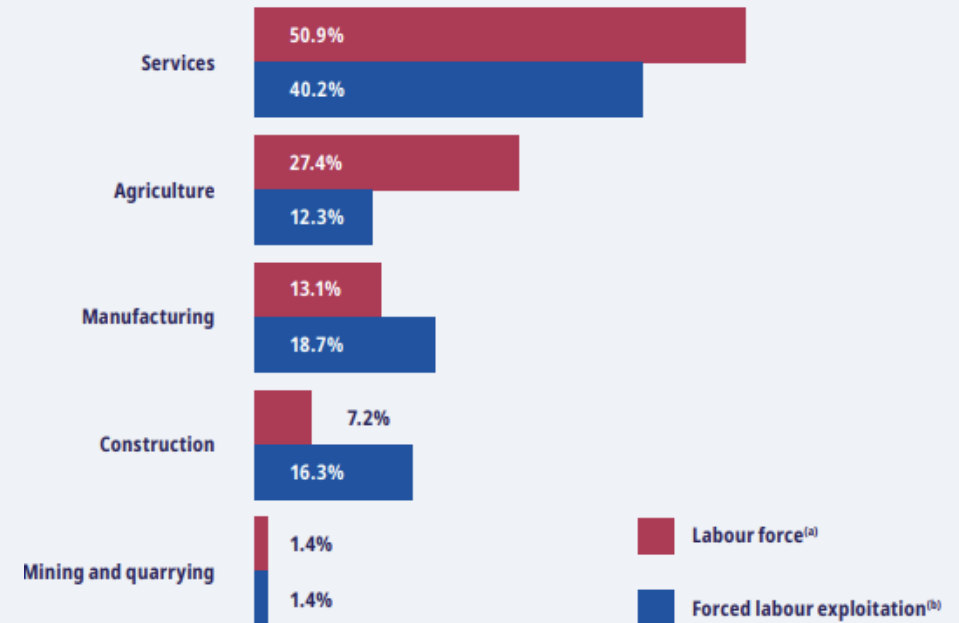
Where is modern slavery in my supply chain?

Eighty-six per cent of forced labour is imposed by private actors



Number and percentage distribution of people in forced labour, by category

The composition of forced labour exploitation differs from that of the broader labour force in a number of ways



Percentage distribution of adults in the global labour force and adults in forced labour exploitation, by sector

Images taken from ILO and Walk Free 2021 Report:
https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf



Examples of modern slavery in our backyard

Shameful exploitation of vulnerable migrant workers

Amanda Cropp · 05:00, Jun 23 2019



There are more than 22,000 Filipinos working here on migrant visas

Some Auckland migrant workers ended up living in a warehouse. (Video)

This was published 1 year ago

The "welcome to New Zealand" page of Radius C website has photographs of newly arrived Filipino workers at Auckland airport grinning and giving thumbs up. There are no pictures of their future accommodation: included 22 cabins inside a former bingo hall last with a dangerous building notice by Auckland Council for posing serious fire risks.

Pacific island meat workers on \$9 per hour after wage deductions

Richard Baker
September 12, 2021 – 7:30pm

Earlier this year a secret recording was made of a transport company boss Stan Semenoff repeatedly threatening to send his Filipino drivers home, banging the table and calling some of them arseholes and mongrels to emphasise the consequences.

Workers from Pacific Islands paying hundreds to live in cramped quarters in regional Australia

By social affairs reporter Norman Hermant

Posted Thu 11 Jun 2020 at 6:05am, updated Thu 11 Jun 2020 at 2:10pm

27 NOV 2024

Australia's refugee policies risk fuelling modern slavery as Albanese Government and Dutton Opposition push controversial bills

'I just want to feel safe': Modern slavery in New Zealand



x-employees of Nekita Enterprises protest after losing their jobs when five Canterbury workers were stripped of their licences. (Video first published September 2021).

Using her index finger, a 23-year-old woman points to a photograph.

It is an image of where she sleeps at the end of a 12-hour shift.

The six-bedroom Christchurch home is owned by her employer. She shares a room with a colleague. It is divided only by a curtain and a white sheet.

She sleeps on a mattress on the floor and cooks on a portable electric cooker in this confined space.

A plywood box in a liquor store backroom, home for one of New Zealand's estimated 3000 modern day slaves

Benn Bathgate · 05:00, Nov 06 2021



This is the plywood "bedroom" in the storeroom of a North Island liquor store that a man, named only as DS in Tenancy Tribunal documents, lived in for months.

For a man named only as "DS", a plywood box in the storeroom of a liquor store was the place he called home.

According to a Tenancy Tribunal ruling seen by Stuff, that was his home for months.

Woolworths contractors underpaying cleaners in 'serious exploitation' across Tasmania, inquiry finds

Posted Wed 14 Feb 2018 at 8:06am, updated Wed 14 Feb 2018 at 12:43pm



Modern slavery is on the rise in Australia. Here's how this state plans to combat it

The NSW Anti-slavery Commissioner says cost-of-living pressures have meant more people are vulnerable to experiencing modern slavery

Sydney and Melbourne airports to tackle human trafficking and modern slavery in new campaign



AGENDA

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Wrap up and questions

What is being done to address modern slavery?

- While it is referred to as modern slavery, this is not a new issue locally or globally.
- In the late 1990s, the NSW Government developed a code of practice to address exploitation in the textile, clothing and footwear industry, it was an effort to prevent agencies from buying 'sweatshop' produced goods.
- Since that time, there have been:

①
**(More)
Codes of
Practice**

②
Policy

③
Legislation

④
Directives

⑤
**Trade bans/
restrictions**

- While there are many ways to tackle modern slavery, it's the ongoing advocacy and actions by procurement professionals that will continue to drive more ethical procurement outcomes.



Modern Slavery - Regulatory timeline

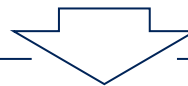


What does Australia's modern slavery legislation require?

- **Commonwealth's Modern Slavery Act** requires Australian organisations with a consolidated revenue of \$100m plus during the reporting period (over 3000 organisations) to **report annually** on the risks of modern slavery within their **operations and supply chains** as well as the efforts taken to **address and mitigate** those risks.
- The *Modern Slavery Act 2018* (MS Act) reporting requirement aims to support the identification of modern slavery risks and **develop responsible and transparent supply chains**.

Underpinning principles & objectives

- To build corporate awareness of modern slavery
- Foster positive changes to corporate behaviour
- Encourage positive corporate culture shift to promote best practice
- Self-regulating market dynamics to drive not only compliance but a thorough, proactive approach to ethical business



Eligible organisations are required to produce and publish a Modern Slavery Statement annually



What does the MS Act require suppliers to report on?



1 Identify the reporting entity

2 **Describe the reporting entity's structure, operations and supply chains**

3 **Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls**

4 **Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes**

5 **Describe how the reporting entity assesses the effectiveness of these actions**

6 Describe the process of consultation with any entities the reporting entity owns or controls (joint statements must also describe consultation with the entity giving the statement)

7 Any other relevant information



Three years after being enacted, the MS Act was reviewed



What was the outcome of the Review?

Commonwealth's Modern Slavery Act Review

- The Issues Paper was released in August 2022 to initiate a 3-month public consultation period. The Issues Paper set out key areas of focus for the review and included 27 targeted consultation questions.
- Review received:
 - 136 written submissions
 - 496 survey responses from reporting entities

in May 2023 found the law had “not yet caused meaningful change” for people living with modern slavery and made 30 recommendations to strengthen the Act

Human Rights Law Centre

Government Response

1. Commitment to amend the Act to implement policy change
2. In principle agreement to civil penalties for non-compliance
3. No change to the reporting threshold
4. In principle agreement to adding new mandatory criteria
5. Improve guidance material
6. Acknowledged the importance of a due diligence system
7. Establish a procedure for the receipt and investigation of complaints
8. In principle agreement to written declarations to cover high risk regions, industries, products, suppliers or supply chains



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What does this mean for procurement?

Direct suppliers

Suppliers, vendors, services providers (etc.) you are directly engaging or purchasing from.

Products

e.g. uniforms, PPE, office supplies, construction materials, food

Services

Cleaning, specialist subcontractors, security, gardening

Extended supply chains

Products and services used by indirect suppliers in your supply chain

Raw materials

Cotton, minerals in electronics, aluminium, steel

Labour and services

Transportation between factories, making of clothing, outsourcing call centres

What modern slavery risks should be considered when procuring?

Industry risks



Certain sectors and industries have higher modern slavery risks because of their characteristics, products & processes.

Are suppliers operating in high-risk sectors or industries? E.g., Agriculture, construction, fishing, food, hospitality, manufacturing, recruitment, resource and energy.

Product and services risks



Certain products and services have higher modern slavery risks because of the way they are produced, provided or used.

Are suppliers providing high-risk products and services? E.g., Bricks, Brazil nuts, carpets, cattle, coal, cocoa, coffee, cotton, diamonds, electronics, fish, garments, gold, palm oil, rice, shrimp, solar panels, stones, sugarcane, textiles, thread/yarn and timber.

Geographic risks



Some countries have higher risks of modern slavery due to poor governance & rule of law, conflict, migration & socioeconomic factors.

Do suppliers have sites, manufacturing or sourcing in geographic locations with high risk of modern slavery? E.g., China, Eritrea, India, Mauritania, North Korea, Pakistan, Saudi Arabia and Türkiye.

Entity risks



Some suppliers have higher risks of modern slavery due to poor governance structures, poor worker treatment & human rights violations.

E.g., Have there been reports indicating suppliers' noncompliance with human rights/labour standards or worker complaints? Do they have poorly managed or inefficient procurement processes or complex/opaque supply chains? Are there labour hire costs that are not covered by the supplier?



Where do you start?

1. Consider the supply chain of your key categories of spend.
2. Identify potential risks – everything you procure will have different risks. Consider:
 - Country of origin
 - Industry / sector
 - Products / services
 - Entity risk
3. How exposed are your categories to these risks? Very or not at all?
4. If you don't know the answers, how do you find out?



Country Risk

58% of people in slavery are from India, China, Pakistan, Bangladesh and Uzbekistan. High risk countries also include North Korea, Cambodia, Qatar, Democratic Republic of Congo, Sudan, Iraq, Afghanistan.



Industry Risk

High risk sectors are: informal and unregulated, have poor visibility over lower tier suppliers; rely on a workforce to perform undesirable, low skills or hazardous work; are seasonal and low-paying.



Entity Risk

Businesses at risk often have: a long chain of labour recruiters; avoid formal contracts; use irregular salary deductions; require excessive working hours; restrict worker communications and freedom of movement.



Remember:

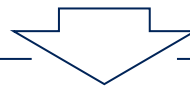
you need to consider your suppliers (Tier 1) but also their suppliers (Tier 2, 3, 4, etc)



What are the red flags for modern slavery?



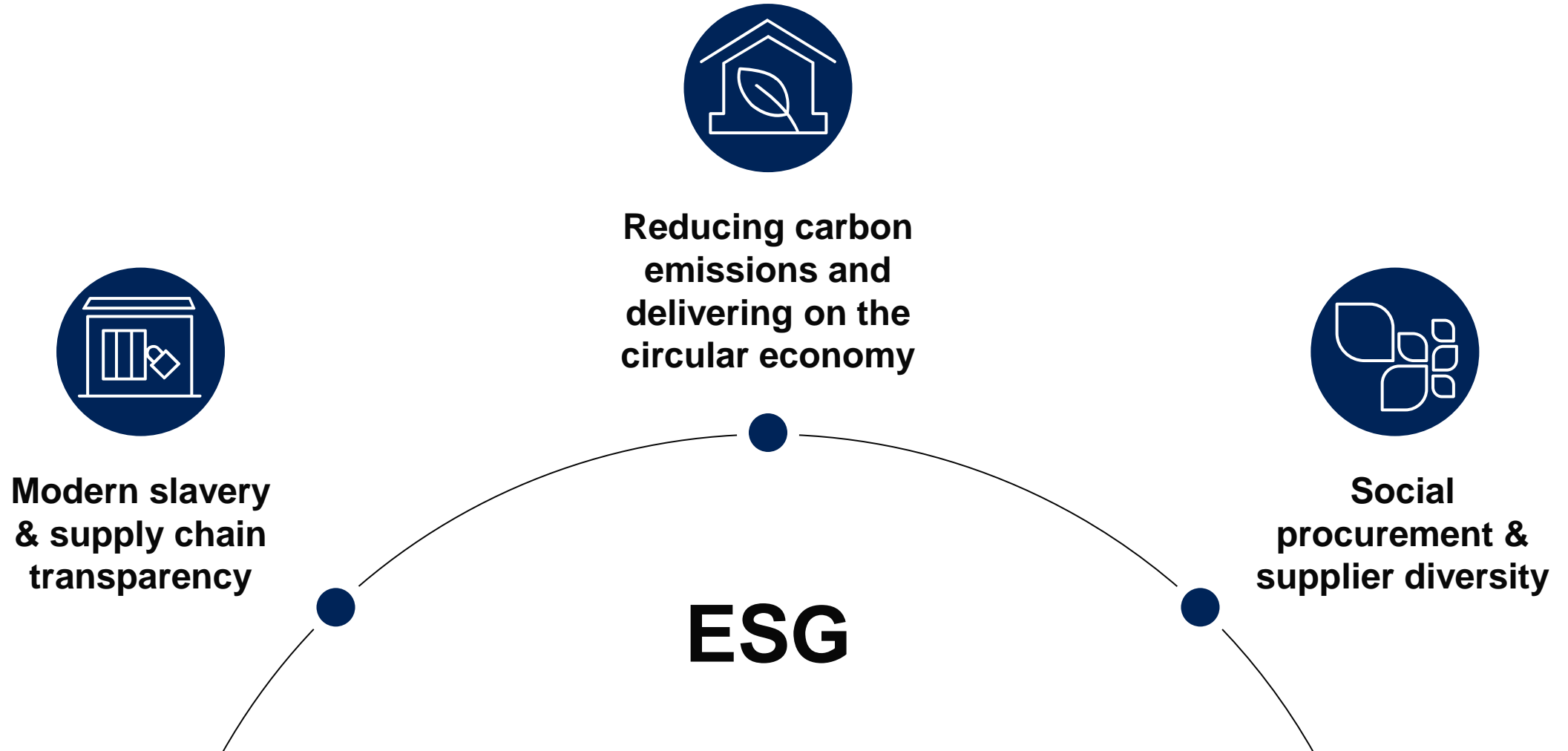
- Employees are living at the workplace
- Employees are underpaid, work excessive hours or pay is withheld
- Employees are confined, isolated or guarded at their work/accommodation
- Employees are managed by an intermediary or third party who 'holds' or 'invests' their money for them
- Employees are unable to terminate their employment at any time
- Employees appear to have false travel/personal documents and/or are not allowed access to these documents by an employer or third party
- Employees are not informed of, or do not appear able to understand the terms and conditions of their employment
- Employees do not have permission to work because they are from another country or appear to be working in breach of visa requirements



We all have a role in identifying modern slavery risks



Modern slavery shouldn't be considered in isolation



Modern slavery is just one element of holistic ESG approach



Sourcing

- Where is the coffee from?
- Was it ethically farmed?
- Were pesticides used?
- Where is there single-source exposure?



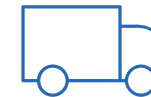
Processing

- Where was it processed?
- Were chemicals used?
- Are there alternatives if my factory is disrupted?



Packaging

- What percent of the capsule is made from recycled content?
- Is the packaging certified BPA-free?



Distribution

- How did the product travel to the customer? The consumer?



Disposal

- How did the user dispose of the capsule(s)?
- Were the capsules recycled or reused? By whom?



Consumption

- Who bought the product? How did they use it?
- Would they purchase the product again?



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Wrap up and questions

How do we address modern slavery risk in our procurement?

Planning Stage

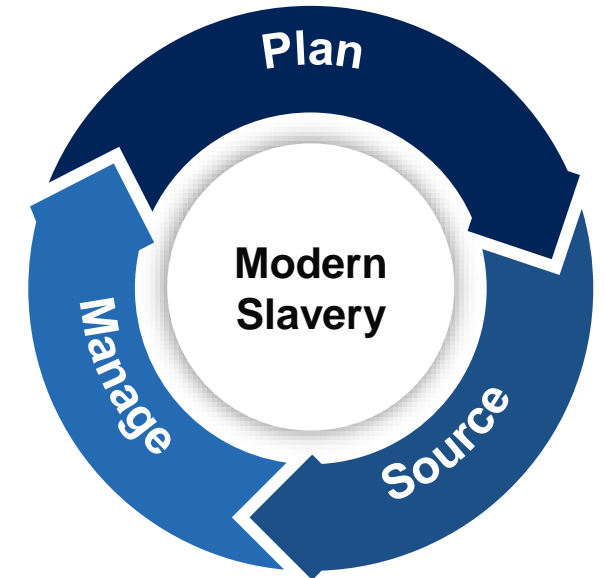
- What do we need?
- Where is it produced?
- How much your organisation needs it?
- Are there other sources of supply?
- How much is the spend?

Sourcing Stage

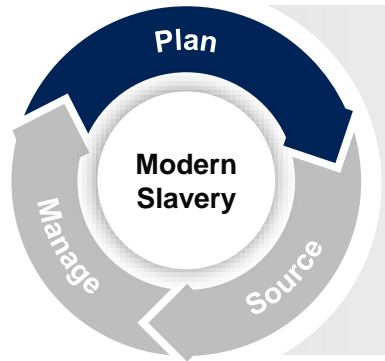
- How will we engage with the market?
- What information will we need from potential suppliers?
- How will we assess what we're told?
- How will we manage any risks identified?

Managing Stage

- What are the supplier's obligations under the contract?
- Have these been embedded in the contract?
- Are they required to report on their modern slavery exposure?
- Are they meeting their obligations?



How do we plan for modern slavery risk in our procurement?



Planning Stage

- What do we need?
- Where is it produced?
- How much your organisation needs it?
- Are there other sources of supply?
- How much is the spend?



Key tip:

Mature organisations recognise it's not if you find modern slavery in your supply chain but when.

Planning to procure

Review the published annual Modern Slavery Statements of key suppliers of the goods/services you're procuring to understand common risks to plan for in your RFX process.

Consult with your stakeholders to determine if there are alternate goods/services if what they want is high-risk



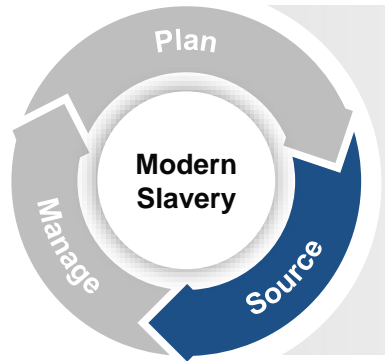
Ideally this type of information has been captured in the category plan. Don't underestimate how much your information is available



Talk with your stakeholders about the supply chain risks associated with their procurement activity. Remember it will be their risk to manage



How do we source for modern slavery risk in our procurement?



Sourcing Stage

- How will we engage with the market?
- What information will we need from potential suppliers?
- How will we assess what we're told?
- How will we manage any risks identified?

Key tip:



Consider what you are asking your suppliers for and consider how this might burden SMEs. Ensure your requests are proportionate.

Two opportunities to use a RFX to gather information

Example

Supplier Corporate Information Section

- Is your organisation covered by the Modern Slavery Act 2018? **Yes / No**



This question is for information purposes not scoring. If they say **yes**, review their public annual Modern Slavery Statements for intel on their supply chain and risk management strategies.

Supplier Response Section

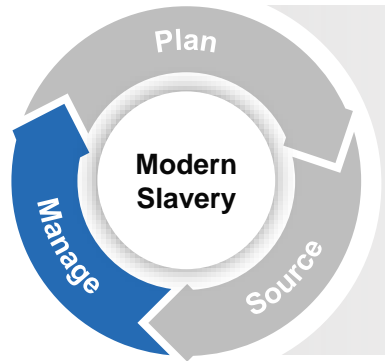
- Is your organisation taking any actions to address the risk of modern slavery (low-risk procurement activities)?
- How is your organisation identifying and managing modern slavery risks in its supply chain? (high-risk)



The complexity and number of questions should reflect the risk involved (as identified in the planning stage). The higher the risk, the more questions and the answers should give the Evaluation Panel the confidence that the supplier has systems and processes in place to manage their supply chain risk.



How do we manage modern slavery risk in our procurement?



Managing Stage

- What are the supplier's obligations under the contract?
- Have these been embedded in the contract?
- Are they required to report on their modern slavery exposure?
- Are they meeting their obligations?



Key tip:

Remember the intent of the MS Act is for buyers to work with suppliers to help them reduce their modern slavery risk and not to punish them when it's identified.

What will you be managing

Simple contractual obligations – general

- Supplier must comply with all Laws and ensure that the Deliverables and use of them by the Customer as contemplated in the Contract will comply with all Laws including not limited to [list legislation]

Simple contractual obligations – specific

- The Supplier must take reasonable steps to identify, assess and address risks of Modern Slavery practices in the operations and supply chains used in the provision of the Goods and/or Services.



If the procurement activity is assessed as high risk for modern slavery, then build on these simple clauses with more specific contract obligations.

- Within one month of the Contract Start Date, the Supplier will prepare and implement a Modern Slavery Risk Management Plan in relation to its performance of this Contract and, if requested by the Customer, provide a copy of this plan to the Customer.

[Resources](#)



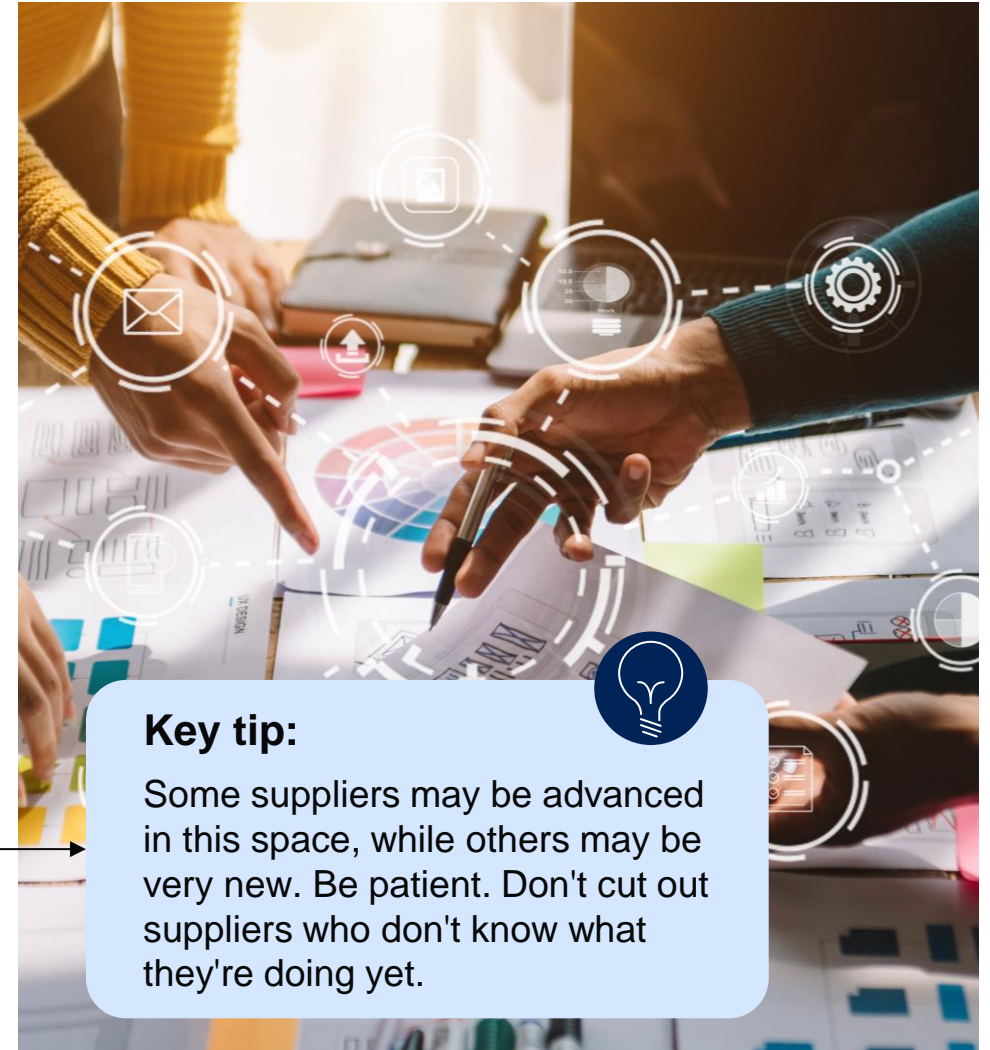
Modern slavery and Procurement professionals

Compliant 	Proactive 	Leading 
<ul style="list-style-type: none">• Adhere to mandated requirements	<ul style="list-style-type: none">• Commit to a broader Modern Slavery agenda,• Identify and monitor high risk areas of supply chains and• Implement mitigation strategies	<ul style="list-style-type: none">• Implement Modern slavery training for internal and external stakeholders• Implement risk analysis and monitoring of the whole supply chain and implement mitigation strategies• Undertake tailored risk monitoring, reporting and auditing• Foster strong supplier relationship management to further understand supply chains• Share data within the industry to enhance due diligence and gather emerging risk information• Monitor and assess the effectiveness of risk management and mitigation strategies



Practical actions - Procurement activities

1. **Develop tools and policies to monitor supplier risk.**
2. **Raise awareness with procurement stakeholders**
3. **Build modern slavery considerations into your procurement activities.**
4. **Build partnerships with high-risk suppliers.**
5. **Create fit for purpose reporting mechanisms.**



Key tip:

Some suppliers may be advanced in this space, while others may be very new. Be patient. Don't cut out suppliers who don't know what they're doing yet.



Where can I find more information?



United Nations

- Guiding Principles on Business and Human Rights
- Sustainable Development Goals
[THE 17 GOALS | Sustainable Development](#)



Anti-slavery

- [Home - Anti Slavery Australia](#)



Walk-free Foundation

- [Global Slavery Index | Walk Free](#)
- Reports & resources



International Labour Organization

- [About the ILO | International Labour Organization](#)
- Global estimates of Modern Slavery

Australia's Commonwealth Modern Slavery Act 2018

[Modern Slavery Statements Register](#)

NSW Government resources including:

①

[Link](#)

②

[Link](#)

'First principles' in combating modern slavery in New South Wales – James Cockayne (NSW Anti-Slavery Commissioner)

Buy NSW Modern slavery and procurement

QLD Government resources

[Eliminating modern slavery in government supply chains](#)



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Questions





**Scan the QR code to
provide feedback**

Thank you for your time.

