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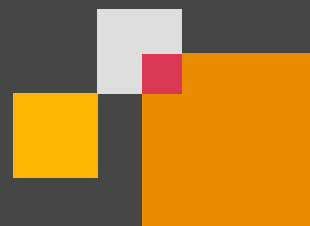
Addressing modern slavery risks to the people in your supply chain

Information for organisations when working with PwC Australia



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At PwC Australia, we are committed to delivering sustainable performance as a responsible business. In addition to our commitment to achieving net zero greenhouse gas (GHG) emissions by 2030, a key component of our approach is our commitment to respecting human rights and working to identify and eliminate modern slavery risks and practices. We know that modern slavery is a serious and complex global problem and is best addressed when we work collectively with a broad range of stakeholders. That's why at PwC Australia, our modern slavery response is more than just about compliance; it's also an opportunity to strengthen our role as a responsible business. More information on PwC Australia's Human Rights Statement and our Joint Modern Slavery Statement can be found on the [PwC Australia external website](#).



Requirements and expectations of PwC Australia suppliers

When providing goods and/or services to PwC Australia, we expect the same level of integrity and business conduct from our suppliers and their personnel as we do our own people. It is important to us that we select suppliers who are aligned with our core values. PwC Australia aims to continuously improve the ways in which we work with our suppliers that will enable us to help businesses solve important problems. We prefer to work with suppliers who can demonstrate that they share similar goals and have implemented appropriate protocols to positively impact the environment, communities and people's lives as outlined below.

- 1** Compliance with [PwC's Third Party Code of Conduct](#) (the Code). In order to work with us, existing, new and prospective Suppliers need to confirm their compliance with the Code and ensure they regularly review their compliance with it.
- 2** Responding to PwC Australia's request for information to assess the risks of modern slavery within our supply chain. For example this may include attending an interview, answering annual questionnaires and/or providing relevant documentation.
- 3** PwC Australia expects that suppliers understand the risks of modern slavery present in their operations and supply chain.
- 4** PwC Australia expects that suppliers are taking reasonable steps to implement actions to mitigate risks identified, for example, by conducting a level of due diligence on their own operations and supply chain.
- 5** PwC Australia expects that suppliers are complying with all local laws and legislation in which they operate.
- 6** PwC Australia expects our suppliers to maintain working conditions that meet internationally declared human rights and standards. Our suppliers must not engage in or support human trafficking or modern slavery, including forced, bonded, involuntary or child labour, either in their own operations or supply chains.

What is modern slavery?

'Modern slavery' is a term used to describe serious exploitation where coercion, threats or deception is used to exploit victims and undermine their freedom. Practices that constitute modern slavery can include: human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour¹.

Modern slavery can occur in every industry and sector and also distorts global markets, undercuts responsible business and can pose significant legal and reputational risks to entities. It does not include practices like substandard working conditions or underpayment of workers, though these practices may be present in some situations of modern slavery.

It is important to note that modern slavery crimes sit at the extreme end of a continuum of exploitative practices. The International Labour Organisation has produced a set of indicators to identify forced labour that recognises a continuum of exploitation. This continuum includes: forced labour, child labour, debt bondage, isolation and confinement (including in prisons and private detention facilities), exploitative practices (including excessive overtime), abusive working and living conditions, restriction of movement, physical and sexual violence, intimidation and threats, retention of personal documents, withholding wages, deception, and the abuse of vulnerability.

¹ Commonwealth Modern Slavery Act 2018, 'Guidance for Reporting Entities' May 2023, pg 76



Modern slavery



Worker cannot refuse or cease work because of coercion, threats or deception

Worker may also be deprived of personal freedom

Dangerous or Substandard working conditions



Worker can refuse to cease work but doing so may lead to detriment

Worker if not paid fairly and does not receive some or all entitlements

Worker may be required to work excessive hours

Workplace is unsafe

Decent work



Workers' rights respected

Worker free to refuse or cease work

Worker paid fairly (at least the minimum wage)

Workplace is safe

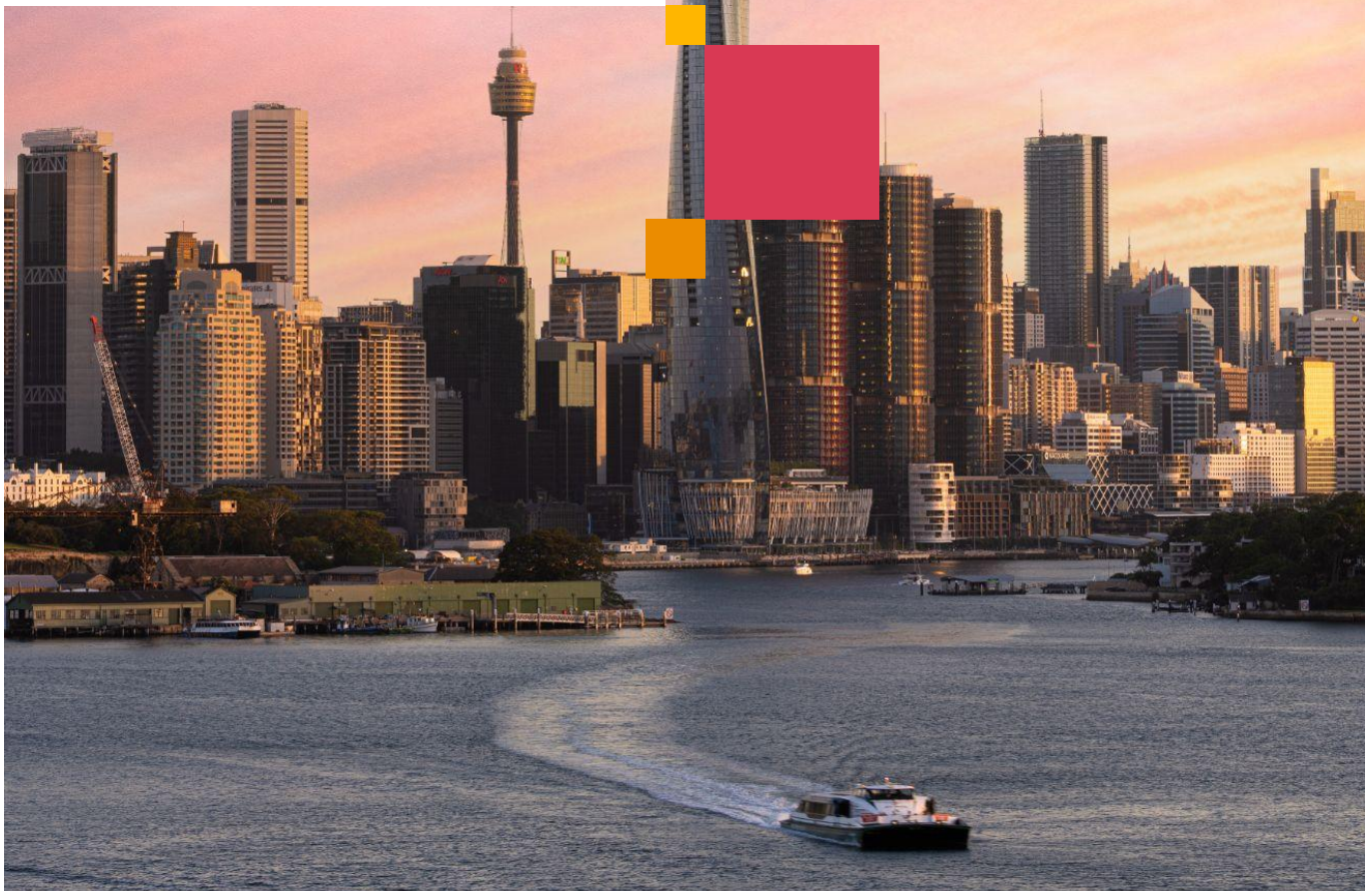
Being able to identify potential vulnerabilities early (e.g. your supplier not having appropriate policies and processes in place which means workers are not fairly paid and/or may be working in an unsafe workplace) means that a business can take positive action to prevent possible further exploitation of these vulnerabilities, which may result in modern slavery.



(Source: Commonwealth Modern Slavery Act 2018, 'Guidance for Reporting Entities' May 2023, pg 9)

How is modern slavery relevant to business and why should your business be concerned about modern slavery?

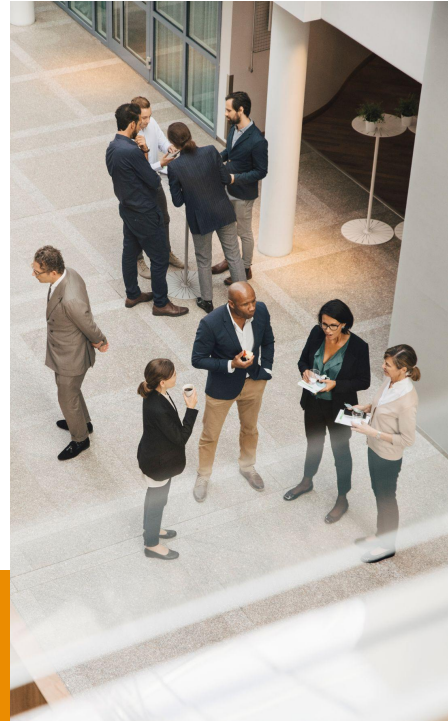
According to the Global Slavery Index² 50 million people around the world are living in modern slavery conditions, with up to 15,000 victims living in Australia. As the number of people around the world living in modern slavery conditions continues to increase, there are greater stakeholder expectations and legislative requirements about the role of a business and how they are, or should be, addressing human rights across their entire value chain. Businesses that are failing to integrate a robust sustainability framework into their everyday business dealings may not only increase their risk of exposure to brand and reputational damage, litigation and loss of business but also businesses must be able to identify, understand and manage their human rights responsibilities and obligations, beyond just legislative compliance.



2 The Global Slavery Index 2023 (<https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>)

What may be different for small to medium enterprises?

Under current Australian legislation, an entity with annual revenue of less than \$100m is not required to report. It is important to note that Australian legislation is currently under review and recommendations seek to lower the reporting threshold from \$100m to \$50m. Although small to medium enterprise businesses (**SMEs**) may not meet current (or even future) reporting threshold, there are still increasing expectations on SMEs to show they are meeting standards and requirements to work with bigger corporations, meaning there is a need to have implemented a certain level of requirements across the business to address human rights and modern slavery risks. In addition to this increasing expectation, SMEs that work in high risk industries, geographies or provide high risk products/services provide an even greater reason for why your business should be addressing modern slavery and human rights risks, regardless of legislative compliance.



What are some key risk factors to look for?



Sector and industry risks

Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes.³

For example:

- Use of unskilled, temporary or seasonal labour.
- Use of short-term contracts and outsourcing.
- Use of foreign workers or temporary labour.



Geographic risks

Some countries may have higher risks of modern slavery, due to poor governance, weak rule of law, conflict, migration flows and socio economic factors such as poverty. A number of organisations issue public reports evaluating governance, corruption and rule of law in countries around the world. You can use these reports to identify higher risk countries for modern slavery.³

For example:

- High prevalence of human rights violations or occurrences of modern slavery.
- Reported weak rule of law, systemic corruption.
- Inadequate worker protections or high prevalence of law enforcement hostility towards workers.

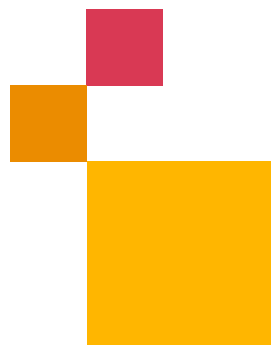


Products and services risks

Certain products and services may have high modern slavery risks because of the way they are produced, provided or used.³

For example:

- Cost requirements or delivery timeframes might require suppliers to engage in excessive working hours, make cost savings on labour hire or rapidly increase workforce size.
- The development of the product or delivery of the services has been reported as involving labour exploitation by international organisations or NGOs.
- Children are often used in the development of the product or delivery of the service.
- The product or components of the product are made in countries where there is a high risk of labour exploitation reported by international organisations or NGOs.
- The services are provided in countries where there is a high risk of labour exploitation reported by international organisations or NGOs.
- The product is made from materials or using services reported to involve a high risk of labour exploitation by international organisations or NGOs.



³ Commonwealth Modern Slavery Act 2018, 'Guidance for Reporting Entities' May 2023, pg 81

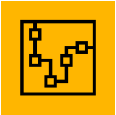


Entity risks

Some entities may have particular modern slavery risks due to poor governance structures, a record of treating workers poorly or a track record of human rights violations.⁴

For example:

- Reported non-compliance or convictions in connection with human rights or modern slavery laws.
- Poor or inadequate policies, processes, including candidate – funded recruitment practices.
- Poor reporting mechanisms or opaque and complex supply chains.



Indicators of modern slavery

A combination of these signs may indicate a person is in a situation of modern slavery and that further investigation and assessment is required. You should also consider that some groups may be at a higher risk of being impacted by modern slavery, such as women and migrant workers. For example, women can be disproportionately impacted by modern slavery due to structural disadvantages, including lack of access to education.⁵

For example:

The suspected victim or victims are:

- living at the workplace, or another place owned/controlled by their employer.
- underpaid or not paid at all.
- required to work excessive hours.
- confined or isolated in the workplace or only leave at odd times.
- isolated in remote locations that are difficult to access and/or restricted from contacting or interacting with people outside the workplace (for example, their phones are confiscated or they are supervised when in public).
- managed by an intermediary or third party who 'holds' or 'invests' their money for them.
- subject to different or less favourable working conditions than other workers because of their country of origin, gender or other factors.
- unable to terminate their employment at any time.
- appear to be servicing a debt to an employer or a third party (such as a recruitment agent).
- appear to be subjected to, or threatened with, violence, emotional, sexual, verbal or physical abuse and/or degrading treatment in connection with their employment.
- appear to be subjected to intimidation, such as threats to their family or close relations in connection with their employment.
- appear to have false travel or personal documents and/or are not allowed access to these documents because they are being held by an employer or third party.
- appear to have been deceived about the conditions of their employment are not provided with contracts in a language and format that they can easily understand.
- are not informed of, or do not appear able to understand the terms and conditions of their employment.

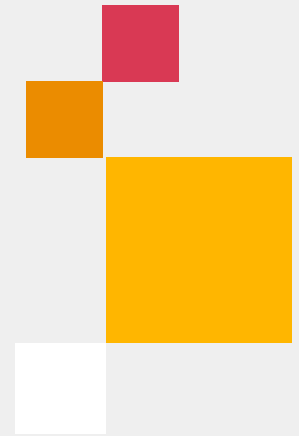


4 Commonwealth Modern Slavery Act 2018, 'Guidance for Reporting Entities' May 2023, pg 82

5 Commonwealth Modern Slavery Act 2018, 'Guidance for Reporting Entities' May 2023, pgs 82-83

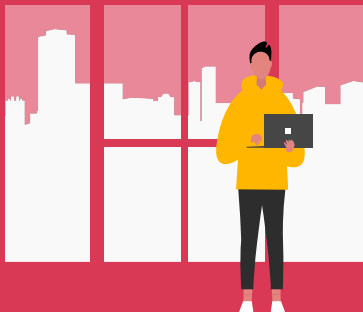
Understanding how your business could be linked to modern slavery - cause, contribute, directly linked

The United Nations Guiding Principles on Business and Human Rights (Principle 19)⁶ make it clear that the way that you respond to your modern slavery risks (by prevention and mitigation) will depend on whether your business may be linked by causing, contributing to or are directly linked to each risk. For examples, see the image below.



Modern slavery risks

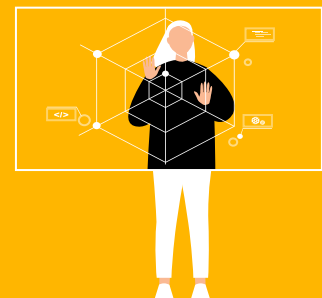
Your entity's operations may **directly result** in modern slavery practices.



Your entity's operations and/or actions in its supply chains may **contribute** to modern slavery. This includes acts or omissions that may facilitate or incentivise modern slavery.



Risks that you may be **directly linked** to modern slavery practices: this means the risks that your entity's operations, products or services (including financial products and services) may be connected to modern slavery through the activities of another entity you have a business relationship with (e.g. your supply chain).



For example, your entity may own and run a factory that uses exploited labour.

For example, your entity may retail electronic goods. These goods may have been manufactured by another entity using minerals sourced from a third entity that were mined by a fourth entity using forced labour; or your entity may fund investee to undertake an overseas infrastructure project. Despite your entity putting appropriate safeguards in place, the investee engages subcontractors that use forced labour to complete the project.

For example, your entity may have specifically asked a construction company to find the cheapest possible labour for a project and turned a blind eye to evidence that the workers were being exploited; or your entity may knowingly set unrealistic cost targets and delivery timeframes for a supplier that can only be met by using exploited labour.

⁶ United Nations Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, pgs 20-22 (https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

What can a business do to combat modern slavery?

Education and development of policies



Educate your employees and suppliers about raising awareness of modern slavery risks, why eliminating modern slavery is important, what your business is doing and how they can help. By implementing education awareness, this may open communications with suppliers who may also be grappling with the same issue, and together with their suppliers, information can be gathered to further assess key risk areas and agree on action(s). As another starting point, your business may want to consider developing an Anti-Modern Slavery Policy or Statement that outlines what you, as a business, are doing to combat modern slavery. If your business does develop an Anti-Modern Slavery Policy or Statement, you may want to consider if it is necessary to review procedures already in place and/or develop any new procedures to align to your Policy or Statement.

Set expectations



Set clear expectations for your suppliers. Your business may want to consider developing a Supplier Code of Conduct that outlines your requirements and expectations of suppliers when working with your business and how they should be addressing modern slavery risks. A Supplier Code of Conduct can be aligned with a business' broader human rights framework. You may also ask your suppliers to confirm their compliance to your Supplier Code of Conduct or ask a supplier if they have their own Code of Conduct in which they comply with.



Grievance mechanisms



Ensure your employees and possibly your third parties have access to a grievance/complaints mechanism. Ideally this mechanism would be an anonymous platform to report any conduct people believe amounts to a serious violation of law or regulation or unethical conduct. It could also be utilised as a service relating to questions about your policies, standards or Supplier Code of Conduct.

Remediation and remedy framework



Develop an escalation procedure should there be any suspected acts of modern slavery in your operations or supply chain. This will help employees within your business understand how to navigate a suspected act of modern slavery. A similar type of escalation procedure may already exist within your business for other issues (e.g. a Workplace Health & Safety issue) that your business may be able to leverage. It is also important for your business to understand that should an act of modern slavery be identified (and confirmed), your business understands how it may need to react, remediate the issue and remedy any further potential incidents.

Governance group



Creating a Human Rights or Modern Slavery Governance Group including senior members from your business representing different teams allows for a forum in which to discuss Human Rights & Modern Slavery issues, trends etc. within your business that may arise. Depending on your business' requirements, this group may be an advisory group, an escalation group and/or a decision making group.

Ask your suppliers questions



Consider asking your suppliers to complete a questionnaire to understand if there are any risks in your supply chain and if they are appropriately mitigated. This is best completed prior to engaging the supplier, however it is also important to continuously ask your suppliers these questions throughout the duration of the engagement. Key to this are processes to perform due diligence on all new business initiatives and suppliers, not just at the initial point of entry, but also through regular monitoring of their progress.

Take action

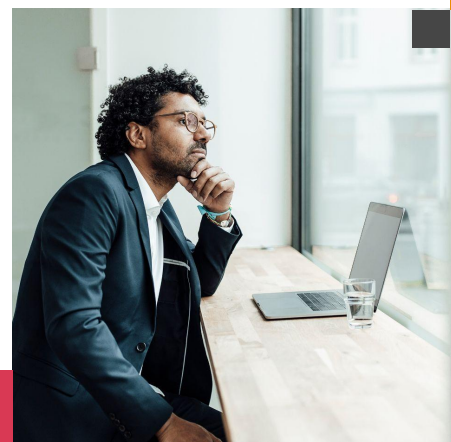


Map your supply chain to assess and identify what risks may be present to your business. This will allow your business to implement due diligence processes applicable to the risks identified.

Utilise resources available



Use publicly available resources (e.g. Global Slavery Index) to assess any potential risk areas (by location or category) in your supply chain. Suppliers identified in these categories or geographical locations may be the suppliers you decide to engage with first.



Useful references for further information and guidance:*



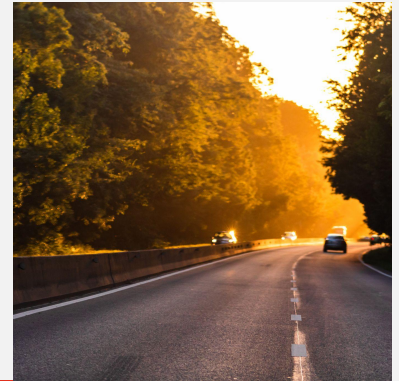
[Guiding Principles on Business and Human Rights](#)

[Commonwealth Modern Slavery Act 2018](#)

[The Global Slavery Index 2023](#)

[Anti-Slavery Australia - Modern Slavery](#)

[ABC News Australia - Investigation into modern slavery](#)



*These are a selection of publicly available resources - other reliable sources are available.

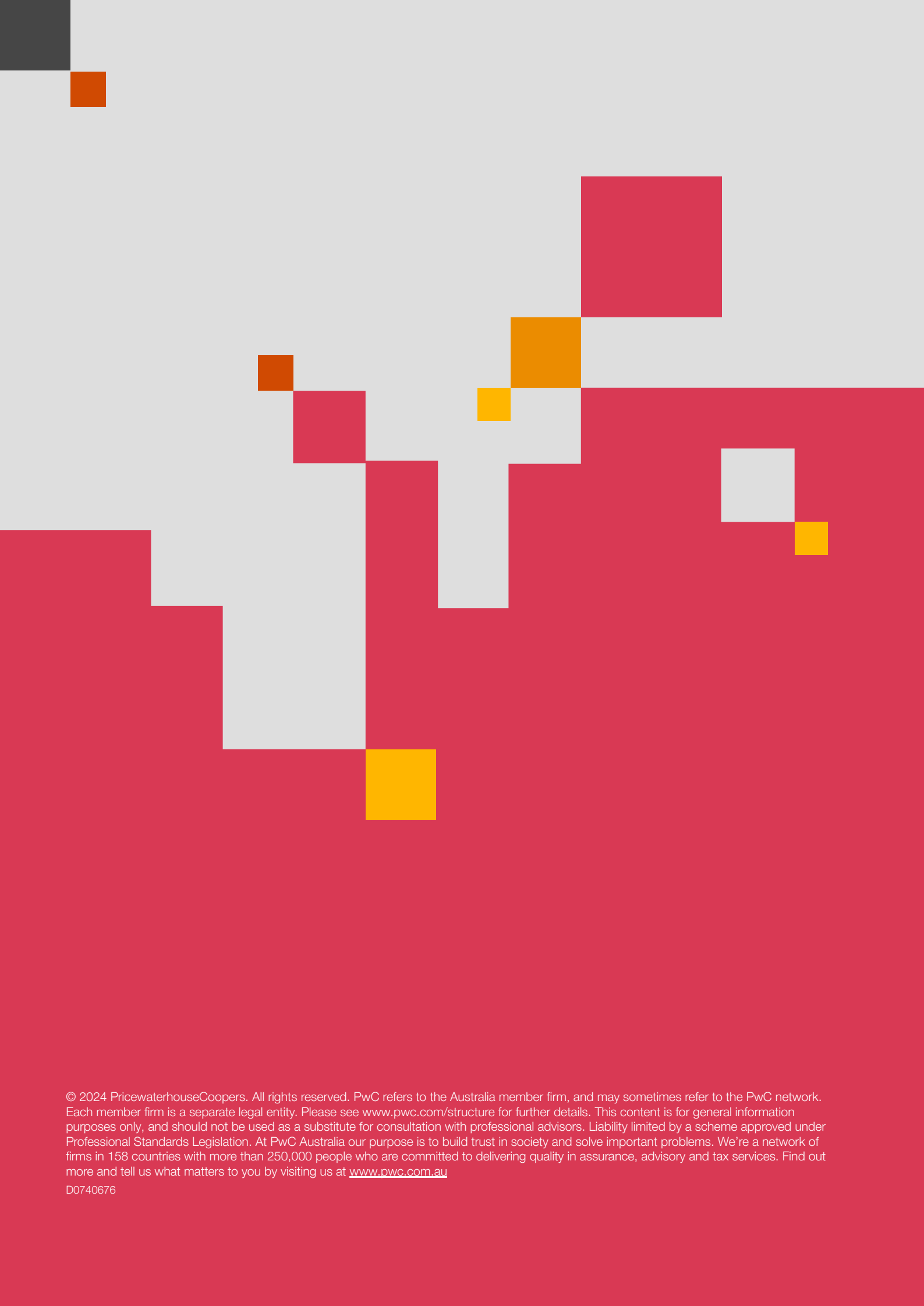
Get in touch

If your business would like more information or would like to understand how to implement any of these above practices, please contact:

AU Procurement Team



procurement_enquiries@au.pwc.com



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