

# RESPECTING HUMAN RIGHTS IN OUR SUPPLY CHAINS

A practical guide to understand and address the moral and business challenges facing the energy industry

October 2019



This white paper has been developed by EPSA INC in conjunction with Action Sustainability Asia Pacific.



Special thanks to the following member organisations for their valued input to the development of this white paper:



#### 100% Recycled Paper

This paper is printed on EcoStar 100% recycled carbon neutral paper. It is manufactured from 100% post consumer recycled paper in a process chlorine free environment under the ISO14001 environmental management system.

#### Copyright

Copyright in this material is owned by or licensed to Energy Procurement Supply Association Incorporated. Permission to publish, modify, commercialise or alter this material must be sought directly from Energy Procurement Supply Association Incorporated.

#### Rules of Engagement

EPSA's mission is to deliver quantifiable benefits to its members and suppliers through collaboration on supply chain processes. The members of the Group share information for the purposes of progressing EPSA activities towards this mission but in doing so all members are reminded that;

1. The Group shall not do, cause to do or prevent any member from doing anything which would lead to a breach of the principles of fair competition as agreed under EPSA's Model Rules - Constitution. The Group will not operate to take collective decisions concerning any supplier or contractor, and explicitly will not discuss pricing issues relating to suppliers or contractors.
2. Each member is bound to protect the confidence of all confidential information of the other members, and of EPSA collectively, as set out in the Confidentiality Agreement to which all members are party. Each member will maintain a reasonable degree of care and diligence in protecting the confidence of such information, and will not disclose confidential information to non-members who are not party to the same terms of confidentiality.

# CONTENTS

<b>ABOUT EPSA</b>	<b>04</b>
<b>ABOUT THIS DOCUMENT</b>	<b>05</b>
<b>EXECUTIVE SUMMARY</b>	<b>06</b>
<b>HUMAN RIGHTS ISSUES IN PRACTICE</b>	<b>07</b>
What are human rights?	08
How are human rights protected?	09
How prevalent are human rights issues?	10
Illustration of human rights breaches	14
Why and how do these issues happen?	15
Additional resources	16
<b>FOCUS ON THE AUSTRALIAN COMMONWEALTH MODERN SLAVERY ACT:2018</b>	<b>17</b>
What is the Modern Slavery Act?	18
How should procurement contribute to the annual report?	20
Lessons learned from the UK Modern Slavery Act:2015	22
<b>WHY SHOULD WE PROACTIVELY ADDRESS HUMAN RIGHTS?</b>	<b>23</b>
Building the business case	24
<b>HOW CAN WE PRACTICALLY MANAGE HUMAN RIGHTS IN OUR SUPPLY CHAINS?</b>	<b>25</b>
Key implementation principles	26
Understanding human rights risks	28
Engaging teams and suppliers	32
Managing human rights incidents	38
Collaborating with stakeholders	42
<b>IMPLEMENTATION TOOLKIT</b>	<b>47</b>
<b>WHAT'S NEXT?</b>	<b>51</b>
<b>FOOTNOTES</b>	<b>53</b>

# ABOUT EPSA

The Energy Procurement Supply Association (EPSA) is an Asia Pacific not-for-profit association that is made up of energy industry procurement and supply professionals. EPSA activities are managed and delivered largely through the voluntary work of the membership.

EPSA brings together members and often prospective members to network and collaborate for the purpose of sharing and creating tangible, sustainable business benefits to their respective organisations. This includes exploring contemporary issues and best practice opportunities that drive and enable supply chain optimisation.

EPSA holds regular conferences across the Asia Pacific region, and where appropriate instigates follow-up workshops on common issues and conducts qualitative and quantitative benchmarking. Moving forward, EPSA will introduce programs that support the personal development of supply chain and procurement professionals within the energy industry.

Outside of the formal conference arrangements, members also benefit from initiating their own simple surveys on specific contemporary issues, sharing information to identify best industry practices and collaborating at an Asia Pacific cluster level on a regular basis.

# ABOUT THIS DOCUMENT

The energy industry in the Asia Pacific region, like many other industries across the globe, is becoming increasingly motivated to take a closer look at human rights across their supply chains.

From human rights related legislation like the Modern Slavery Act, to maintaining social license to operate, to morally just doing the right thing, there are many reasons why human rights is climbing higher up the procurement agenda.

Taking all reasonable action to respect human rights in supply chains is a very complex issue that requires a high degree of collaboration.

EPSA has developed this document as a first step to help the energy industry procurement and supply chain professionals to understand and ensure that human rights are preserved through any business dealings. The document assists in understanding the concepts of human rights (including modern slavery) and develop the required capability to stimulate executive level discussions and buy-in from key stakeholders. The document also serves as a guide on the implementation of a human rights compliance program, including appropriate mechanisms to detect, manage and report on human rights issues.



**Tony Ballard**  
EPSA President

# EXECUTIVE SUMMARY

Human rights issues are becoming an increasingly important consideration for energy companies and their procurement teams. There is a growing demand to address these issues through many drivers such as legislation and stakeholder expectations, however there is also the moral factor to consider. That it is simply the right thing to do.

Despite being the right thing to do, understanding and addressing these issues can be quite a challenge.

A major challenge is getting people on board. Often it is perceived that human rights issues are not prevalent in highly regulated and developed countries such as Australia. However, the facts indicate that human rights issues, such as modern slavery still exist, even in developed countries and, through our procurement practices, we contribute to and/or perpetuate those human rights issues that exist in the countries we buy from. The Global Slavery Index estimates that in 2018, 40.3 million people were victims of modern slavery globally, with two thirds of victims based in the Asia Pacific region, and at least 15,000 people in Australia were living in conditions of modern slavery.

The UK had already recognised these issues and introduced its Modern Slavery Act in 2015. However, 4 years on from their implementation, despite many ongoing awareness campaigns, there is still a need to educate further.

Ensuring people understand the breadth and severity of human rights issues that exist in our world today and its relevance to businesses and procurement practices is vital to getting business buy in. Showing real-life evidence that human rights violations do exist, throughout the extended supply chains, makes a solid business case to address the issue.

Knowing where to start can be difficult. It can seem quite overwhelming at a first glance, but as an organisation it is important to set priorities based on a balance of risks to the people, risks to the organisation and capacity to influence. That way, you can focus your efforts in the most effective way possible. EPSA recently conducted a risk assessment exercise to map sustainability risks and opportunities within their member's supply chains. Page 29 shows an extract of this heat map, identifying categories that have high and significant human rights risks. These categories would be a good place to start for businesses in the energy industry.

Once the priorities are set, the next challenge is to manage the complexity of dealing with extended supply chains, which can seem impossible. On page 33 of this paper, we use an example from the technology industry on the sourcing of conflict free minerals to help understand how we look at answering the biggest question: when it comes to engaging your supply chains on human rights, 'how far do you go'?

By making the most of existing frameworks (i.e sustainable procurement, workplace health and safety, risk management) addressing these challenges can be made simpler. In general, if you have a solid framework in place for sustainable procurement, managing human rights should either already form part of that framework, or easily fit into it.

Despite your efforts to prevent human rights violations, once on the journey, it is likely you will encounter an incident. This is where remediation comes into play, which essentially means driving solutions to identify and resolve issues. Collaboration with victim's associations is key, page 42 provides practical insights on what should be done to manage these wrongs.

Finally, complex human rights issues cannot be solved in isolation. A call to action is therefore required for organisations to work together. "Alone, you go faster. Together, we go further!"

## HUMAN RIGHTS ISSUES IN PRACTICE



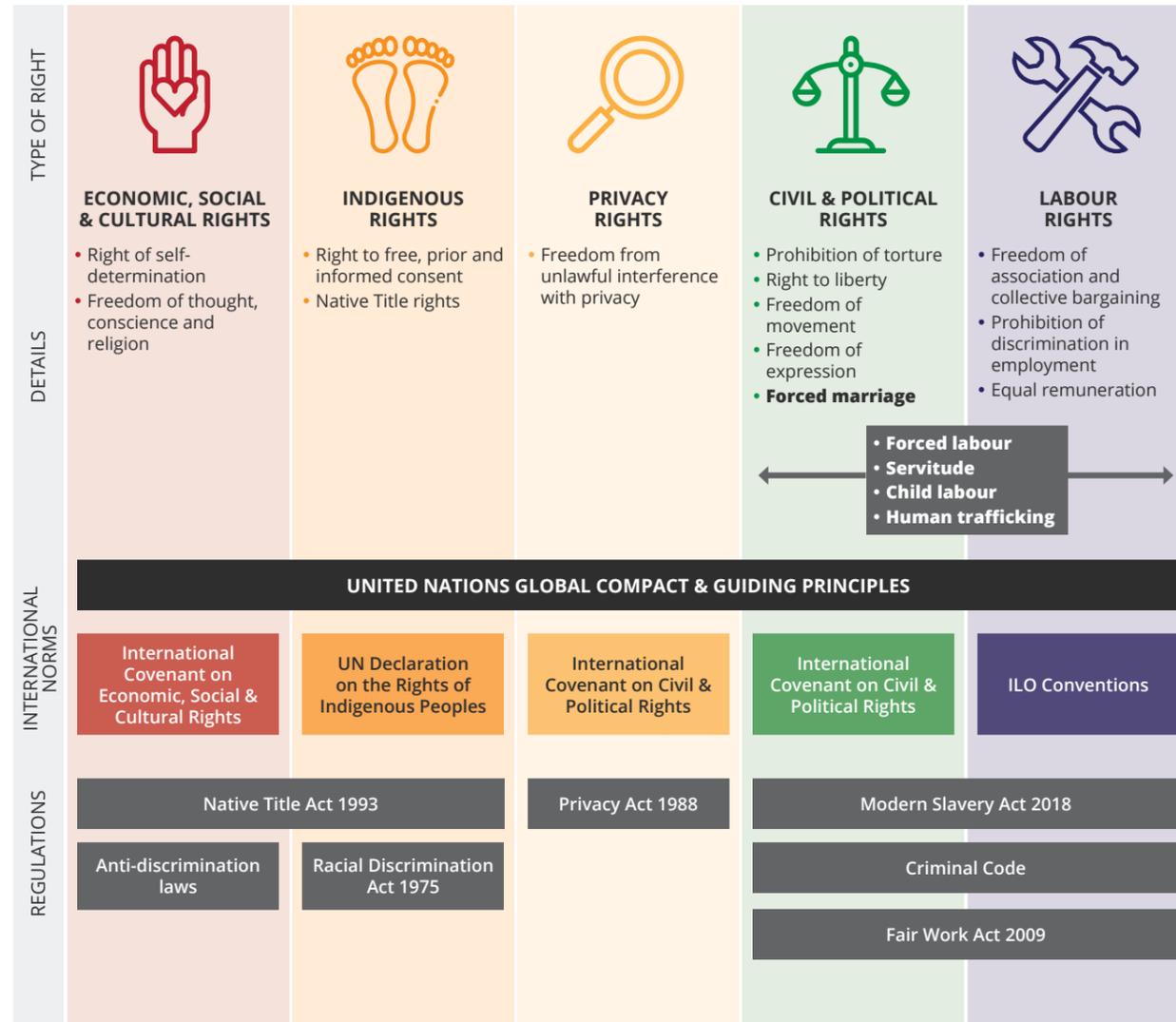
# HUMAN RIGHTS ISSUES IN PRACTICE

## What are human rights?

Human rights recognise the inherent value of each person, regardless of background, where they live, what they look like, what they think or what they believe. They include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

SOURCE: UNITED NATIONS<sup>1</sup>

There are many different types of human rights, some of which are highly relevant to businesses. For the purpose of this paper, a specific focus on labour rights and modern slavery (as highlighted in **bold** writing below, this includes forced marriage, forced labour, servitude, child labour and human trafficking) in the examples and resources provided.



## How are human rights protected?

Human rights are protected through a combination of international norms and Australian legislation:

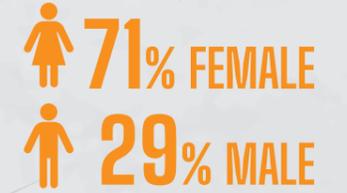
TITLE	TYPE	DESCRIPTION
<a href="#">United Nations Global Compact</a> <sup>2</sup>	International norms	Non-binding pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.
<a href="#">United Nations Guiding Principles</a> <sup>3</sup>	International norms	31 principles implementing the United Nations 'Protect, Respect and Remedy' framework on the issue of human rights. They encompass three pillars outlining how states and businesses should implement the framework, including: the state duty to protect human rights, the corporate responsibility to respect human rights, access to remedy for victims of business-related abuses.
<a href="#">International Covenant on Civil and Political Rights</a> <sup>4</sup>	International norms	Multilateral treaty adopted by the United Nations General Assembly. The covenant commits its parties to respect the civil and political rights of individuals.
<a href="#">International Labour Organisation (ILO) Conventions</a> <sup>5</sup>	International norms	190 laws which aim to improve the labour standards of people around the world. There are eight fundamental conventions (on prohibition of forced labour, child labour, the right to organise in a trade union, and suffer no discrimination) which are binding upon every member country of the ILO.
<a href="#">Modern Slavery Act (2018)</a> <sup>6</sup>	Legislation	An Act which requires some entities to report on the risks of modern slavery in their operations and supply chains and actions to address those risks, and for related purposes. The definition of modern slavery used in the Act includes the worst forms of child labour. The worst forms of child labour means extreme forms of child labour that involve the serious exploitation of children, including through enslavement or exposure to dangerous work. The worst forms of child labour does not mean all child work. See page 18 for an overview of the Act.
<a href="#">Criminal Code (1995)</a> <sup>7</sup>	Legislation	The rules of statute and common law which direct that certain actions are punishable by the state. Each Australian jurisdiction has a body of criminal law, usually embedded in a Criminal Code. The Department of Home Affairs guidance specifies that "Australia's existing criminal justice response to modern slavery includes specialist police investigative teams, a dedicated victim support program and a National Action Plan on Human Trafficking and Slavery. The Department of Home Affairs is responsible for implementing Australia's criminal justice response to modern slavery and the reporting requirement."
<a href="#">Fair Work Act (2009)</a> <sup>8</sup>	Legislation	Primary piece of legislation governing Australia's workplaces. It sets out rights and responsibilities of employees, employers and organisations in relation to that employment through the National Employment Standards (NES), Modern Awards and National Minimum Wage orders.

How prevalent are human rights issues?

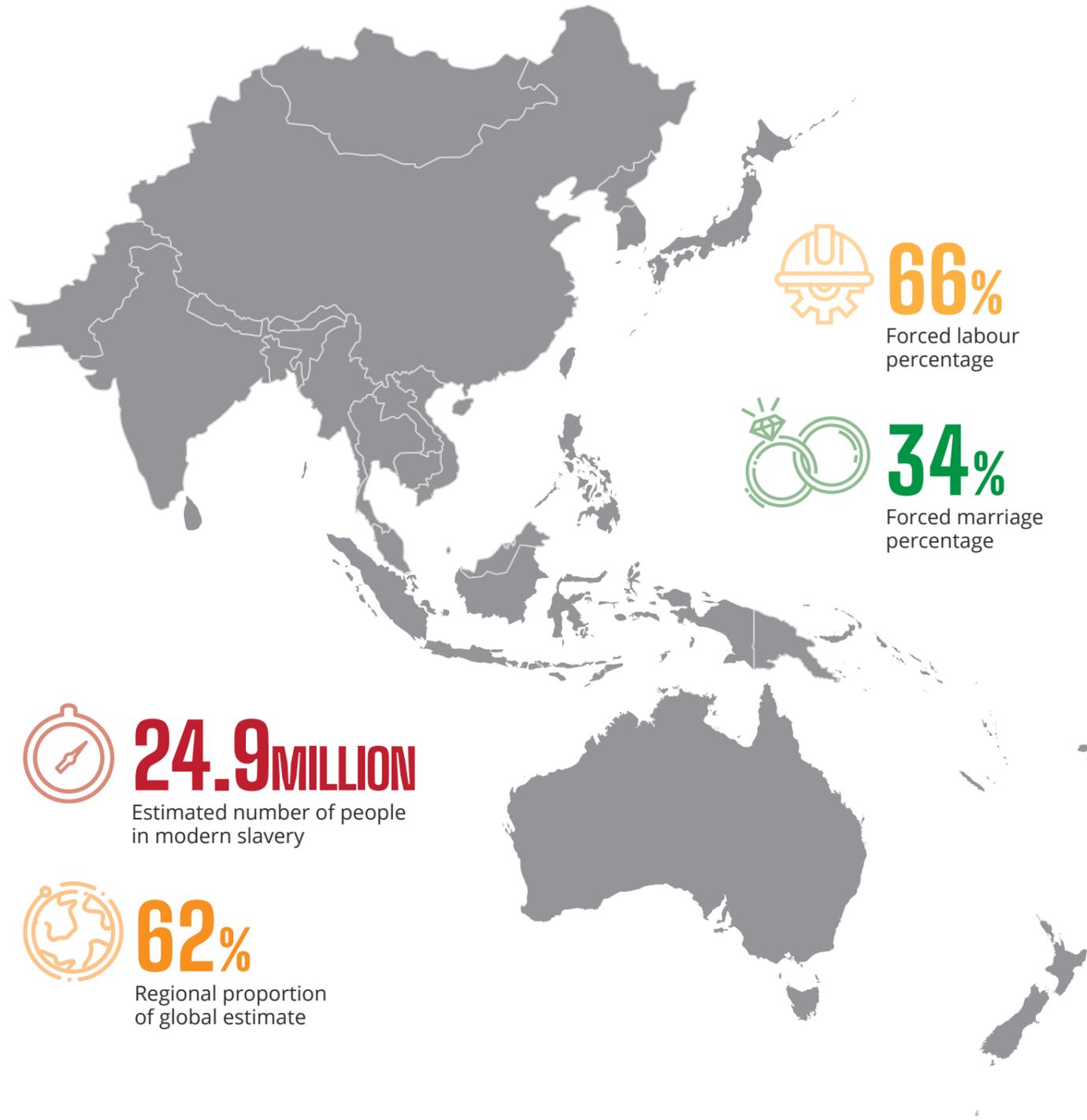
It is a global issue:



SOURCE: GLOBAL SLAVERY INDEX<sup>9</sup> & ILO<sup>10</sup> 2018



As a region, Asia and the Pacific has the second highest prevalence of modern slavery:



RANK	COUNTRY	ESTIMATED PREVALENCE*	ESTIMATED ABSOLUTE NO. OF VICTIMS	POPULATION
1	Korea, Democratic People's Republic of (North Korea)**	104.6	2,640,000	25,244,000
2	Afghanistan	22.2	749,000	33,736,000
3	Pakistan	16.8	3,186,000	189,381,000
4	Cambodia	16.8	261,000	15,518,000
5	Iran, Islamic Republic of	16.2	1,289,000	79,360,000
6	Mongolia	12.3	37,000	2,977,000
7	Myanmar	11.0	575,000	52,404,000
8	Brunei Darussalam	10.9	5,000	418,000
9	Papua New Guinea	10.3	81,000	7,920,000
10	Lao People's Democratic Republic	9.4	62,000	6,664,000
11	Thailand	8.9	610,000	68,658,000
12	Philippines	7.7	784,000	101,716,000
13	Timor-Leste	7.7	10,000	1,241,000
14	Malaysia	6.9	212,000	30,723,000
15	India	6.1	7,989,000	1,309,054,000
16	Nepal	6.0	171,000	28,656,000
17	Indonesia	4.7	1,220,000	258,162,000
18	Viet Nam	4.5	421,000	93,572,000
19	Bangladesh	3.7	592,000	161,201,000
20	Singapore**	3.4	19,000	5,535,000
21	China**	2.8	3,864,000	1,397,029,000
22	Sri Lanka	2.1	44,000	20,714,000
23	Korea, Republic of (South Korea)**	1.9	99,000	50,594,000
24	Hong Kong, China**	1.4	10,000	7,246,000
25	Australia	0.6	15,000	23,800,000
26	New Zealand	0.6	3,000	4,615,000
27	Taiwan, China**	0.5	12,000	23,486,000
28	Japan**	0.3	37,000	127,975,000

\*Victims per 1,000 population.

\*\*Substantial gaps in data exist for the Central and East Asia subregions where, with the exception of Mongolia, surveys cannot be conducted for reasons such as (i) survey is only delivered face-to-face, (ii) survey is delivered only in the main language which many migrant workers do not speak, or (iii) national authorities would not, or were unlikely to, consent to the module on modern slavery. Unlike several countries in Western Europe where no surveys were conducted, none of the countries in these subregions were identified as sites of exploitation by respondents in the 48 countries where surveys were implemented.

SOURCE: GLOBAL SLAVERY INDEX<sup>9</sup> 2018

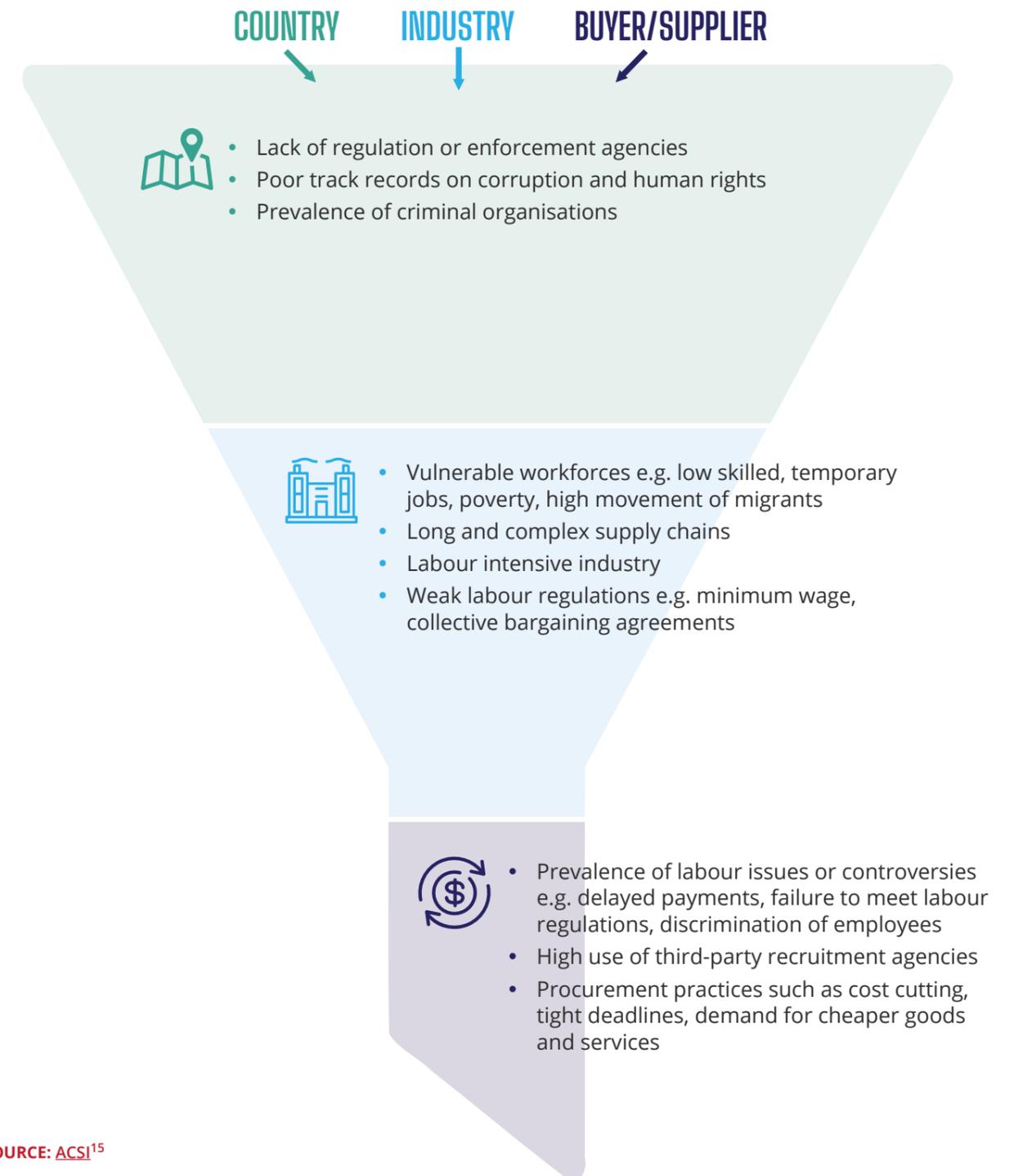
## Illustration of human rights breaches

EXAMPLE	COUNTRY	HUMAN RIGHTS ISSUE	PROCUREMENT CATEGORY	OVERVIEW
 <b>FORCED CHILD LABOUR IN THE GARMENT INDUSTRY</b>	India	Forced child labour	Clothing	Aditi is a 14-year-old girl from North India, who was offered a job to spin and weave cotton in a factory in the South. She was forced to work 16 hours a day in poor and unsafe working conditions, watch this video <a href="#">here</a> <sup>11</sup> for more details.
 <b>HUMAN RIGHTS IN WIND TURBINE SUPPLY CHAINS</b>	Democratic Republic of Congo	Forced child labour	Raw materials	Minerals such as aluminium, boron, chromium, lead, manganese, iron, nickel, cobalt, copper, and zinc are used in the production of wind turbines. More than half of the world's total supply of cobalt comes from Democratic Republic of the Congo (DRC), where 20% currently comes from artisanal miners in the southern part of the country. There are approximately 110,000 to 150,000 artisanal miners in this region, working alongside much larger industrial operations. Among these artisanal miners are children as young as seven who scavenge for rocks containing cobalt in the discarded by-products of industrial mines, and who wash and sort the ore before it is sold. Children reportedly work between 10-12 hours a day in and around these cobalt mines, often carrying sacks of mineral ore weighing between 20-40 kg. To find out more, read Action Aid Netherlands' report <a href="#">here</a> <sup>12</sup> .
 <b>NON-PAYMENT OF WAGES</b>	Australia	Illegal working and wage dispute	Construction	In 2018 more than 100 Chinese plasterers walked off the Royal Hobart Hospital job in Tasmania over visa and pay disputes, some workers were owed up to \$12,000, see ABC's news article <a href="#">here</a> <sup>13</sup> for more details.
 <b>POOR WORKING CONDITIONS FOR AIRPORT WORKERS</b>	Australia	Working conditions	Aviation/ Facilities Management	Sydney Airport aviation workers were found sleeping on makeshift beds amid squalid conditions while waiting for their next shift. In 2017 workers were found to be spending more than 14 hours per day at the airport under split-shift arrangements in order to cut costs. See Sydney Morning Herald's article <a href="#">here</a> <sup>14</sup> for more details.

## Why and how do these issues happen?

There are several key factors that increase the risk of human rights issues. The level of risk depends on a range of intersecting factors such as the conditions in the countries within which an organisation and its suppliers operate, the industries in which it operates and sources from and the supply chain procurement practices. Where multiple high-risk factors co-exist, there is a higher likelihood of human rights risk.

### RISK FACTORS



SOURCE: ACS1<sup>15</sup>

## SPOT THE SIGNS

Possible indicators that someone is a victim of human rights issues such as modern slavery:



Poor living conditions—living at work, in overcrowded houses, caravans or outbuildings, blackened out windows



Isolation—unable to communicate, unable to speak the country's language, someone else speaks on their behalf



Physical appearance—malnourished, unkempt, poor hygiene, tired



Psychological—fearful, anxious, stressed, withdrawn, confused



Restricted freedom—unable to come and go, reluctant to leave their situation, unable to produce documents, in debt, unwilling to handle money

SOURCE: UNSEEN<sup>16</sup>

## ADDITIONAL REFERENCES

- [Global Slavery Index interactive map](#)<sup>17</sup>
- [Supply Chain School UK toolbox talk – spot the signs](#)<sup>18</sup>
- [Stop the Traffik Australia video – what is modern slavery?](#)<sup>19</sup>
- [ILO – Profits of slavery](#)<sup>20</sup>
- [The Conversation – Human trafficking and slavery still happen in Australia](#)<sup>21</sup>
- [United Nations](#)<sup>1</sup>
- [Antislavery.org](#)<sup>22</sup>
- [Minderoo – Walk Free Foundation](#)<sup>23</sup>

# FOCUS ON THE AUSTRALIAN COMMONWEALTH MODERN SLAVERY ACT:2018



# FOCUS ON THE AUSTRALIAN COMMONWEALTH MODERN SLAVERY ACT: 2018

## What is the Modern Slavery Act?

Following in the footsteps of global legislations such as America's Dodd Frank Act and California Transparency Act, the UK's Modern Slavery Act and France's Due Diligence Law, on 29th November 2018 Australian Parliament passed its very own Modern Slavery Act.

**DID YOU KNOW?** New South Wales Government has also prepared a [Modern Slavery Act](#)<sup>24</sup>, however it is still undergoing consultation.

The Act requires organisations with an annual turnover greater than \$100 million to produce an annual report detailing the risks of modern slavery in their operations and supply chains and actions taken to address those risks. Reports are to be submitted to the Department of Home Affairs via an online central register.

Reporting requirements entered into force on 1st January 2019. The chart below explains the timeframes for reporting:

	1ST JAN 2019	1ST JULY 2019	1ST JAN 2020	30TH JUNE 2020	31ST DEC 2020	30TH JUNE 2020
 Entities using an <b>Australian Financial Year</b> reporting period	<b>MODERN SLAVERY ACT 2018 COMMENCES</b>	 First reporting period commences		 End of first reporting period	 First Modern Slavery statement due	
 Entities using a <b>Calendar Year</b> reporting period			 First reporting period commences		 End of first reporting period	 First Modern Slavery statement due

SOURCE: DEPT OF HOME AFFAIRS, COMMONWEALTH MODERN SLAVERY ACT 2018 – GUIDANCE FOR REPORTING ENTITIES<sup>25</sup>

It is estimated that 3,000 entities are required to submit an annual report. EPSA members that meet the following criteria will be required to report:

- Has a consolidated revenue of at least AUD\$100 million over its twelve-month reporting period; **AND**
- Is an Australian entity at any time in that reporting period; **OR**
- Is a foreign entity carrying on business in Australia at any time in that reporting period.

Annual reports should include:

- ✓ Details of the reporting entity;
- ✓ Overview of the reporting entity's structure, operations and supply chains;
- ✓ Description of the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls;
- ✓ Description of 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;
- ✓ Description of how the reporting entity assesses the effectiveness of these actions;
- ✓ Overview of the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement); and
- ✓ Any other relevant information.

See [guidance](#)<sup>25</sup> issued by the Department of Home Affairs for more details on the Modern Slavery Act.

## How should procurement contribute to the annual report?

THE ACT'S REPORTING REQUIREMENT	PROCUREMENT FUNCTION CONTRIBUTION	EXAMPLES
DETAILS OF THE REPORTING ENTITY	It is possible that Procurement is the function responsible for the development of the annual statement, in which case Procurement should work with the organisation's Legal and/or Finance teams to accurately describe the organisation's business details, such as business name, place of registration and any parent company/subsidiary information.	N/A
OVERVIEW OF THE REPORTING ENTITY'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS	Provide an overview of the organisations supply chains – e.g. organisations outsourcing model, number of suppliers, countries of supply, types of products and services, complexity of supply chains (tiers/subcontracting/use of intermediaries etc).	<b>NATIONAL GRID<sup>26</sup></b> Detailed overview through graphics, figures, tables and text on: <ul style="list-style-type: none"> <li>• Organisation - what they do and where</li> <li>• People – workforce, diversity</li> <li>• Supply chain – number of suppliers, spend, top tier 1 countries, top 25 suppliers</li> </ul>
DESCRIPTION OF THE RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS OF THE REPORTING ENTITY AND ANY ENTITIES IT OWNS OR CONTROLS	Identify areas of the supply chains which have risks of modern slavery practices and describe which areas are to be prioritised for action and why (see below extract of EPSA Heat Map).	<b>NATIONAL GRID<sup>26</sup></b> Desk-based risk assessment of top 250 suppliers to identify the level of potential risk, based on criteria of category, location and supply chain complexity. This identified 32 current suppliers operating in potentially high-risk categories (2018 report <sup>27</sup> details these): <ul style="list-style-type: none"> <li>• Construction/civil works</li> <li>• Substations</li> <li>• Facilities (catering/cleaning/security)</li> <li>• Maintenance, repair &amp; operations/PPE (personal protective equipment)</li> <li>• Travel management</li> <li>• Office stationery</li> </ul>
DESCRIPTION OF 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	Describe the actions taken to address these supply chain risks: <ul style="list-style-type: none"> <li>• <b>Prevent</b> – e.g. due diligence, supplier engagement, contractual agreements</li> <li>• <b>Remediate</b> – e.g. grievance mechanism, corrective action plans</li> </ul>	<b>Prevent:</b> <ul style="list-style-type: none"> <li>• <b>Marks and Spencer<sup>28</sup></b> – due diligence and assessment, examples of ethical audits given.</li> <li>• <b>National Grid</b> – supplier engagement through a risk assessment and action planning workshop.</li> </ul> <b>Remediate:</b> <ul style="list-style-type: none"> <li>• <b>Vodafone<sup>29</sup></b> – grievance mechanism 'speak up' is made available to suppliers and is included in Code of Ethical Purchasing.</li> <li>• <b>Unilever<sup>30</sup></b> – specific example given where during an assessment cases of passport retention, recruitment fee payment and substandard worker accommodation were found, corrective actions were taken.</li> </ul>
DESCRIPTION OF HOW THE REPORTING ENTITY ASSESSES THE EFFECTIVENESS OF THESE ACTIONS	Describe how effectiveness of the actions have been assessed: <ul style="list-style-type: none"> <li>• Supplier performance monitoring and continuous improvement</li> <li>• Organisational performance monitoring and continuous improvement</li> </ul>	<b>NATIONAL GRID<sup>26</sup></b> <ul style="list-style-type: none"> <li>• Performance indicators in place covering supplier engagement, supplier screening and grievance mechanisms (confidential helpline).</li> </ul>

THE ACT'S REPORTING REQUIREMENT	PROCUREMENT FUNCTION CONTRIBUTION	EXAMPLES
OVERVIEW OF THE PROCESS OF CONSULTATION WITH ANY ENTITIES THE REPORTING ENTITY OWNS OR CONTROLS (A JOINT STATEMENT MUST ALSO DESCRIBE CONSULTATION WITH THE ENTITY GIVING THE STATEMENT)	Consult and coordinate with other procurement teams 'affiliated' with the entity.	<b>WESFARMERS<sup>31</sup></b> Undertook a consultation process with all of their wholly owned subsidiary businesses to draft their statement.
ANY OTHER RELEVANT INFORMATION	Procurement could be involved in additional activities related to respecting human rights, e.g. contributing to advocacy work to enhance policies and regulations.	<b>BEST PRACTICE</b> <ul style="list-style-type: none"> <li>• Work as a team: Writing the annual report is a team effort. Modern slavery risks impact many different areas of an organisation, responsibility should not fall on just a single function (see below RACI example).</li> <li>• Reporting entities must provide their statements to the Australian Government for publication on a central online website.</li> <li>• Statements must be approved by the principal governing body of the reporting entity and signed by a member of that board.</li> <li>• Reference your organisation's broader position on these issues: For example, ethical sourcing policy, signature to UN Global Compact.</li> </ul>

### EXAMPLE ROLES AND RESPONSIBILITIES IN WRITING THE ANNUAL REPORT

WHO	TYPICAL RACI*	ROLE
Procurement	R & A	Manage the process, provide expertise on supply chain aspect of the statement.
Sustainability	R & A	Support procurement in management and provide expertise on organisational aspect of the statement.
Legal/Compliance	C	Provide legal counsel (e.g. the Act, grievance mechanisms, contracts).
Human Resources	C	Provide expertise on workforce management processes (e.g. payroll, hours worked, working conditions).
Operations	C & I	Provide knowledge of on-the-ground issues and guidance on engaging the general workforce population.
Comms/Marketing	R & C	Design the statement, proof-read, gain Board sign-off and communicate to stakeholders (e.g. website, press release).

\***RACI:** RESPONSIBLE, ACCOUNTABLE, CONSULT, INFORM

## Lessons learned from the UK Modern Slavery Act:2015

The UK Modern Slavery Act came into force in 2015 and with it brought an increased awareness amongst the UK population. Its aim was not only to toughen up sentences for individuals and gangs who were found guilty of exploitation, but also to challenge UK businesses to take responsibility for its requirements and supply chain practices. This is especially true where poor procurement and supply chain management created the conditions for exploitation to thrive.

The main requirement of Section 54 of the Act was to request that businesses report on current actions that they have taken to address exploitation in their supply chain. There were 6 requirements:

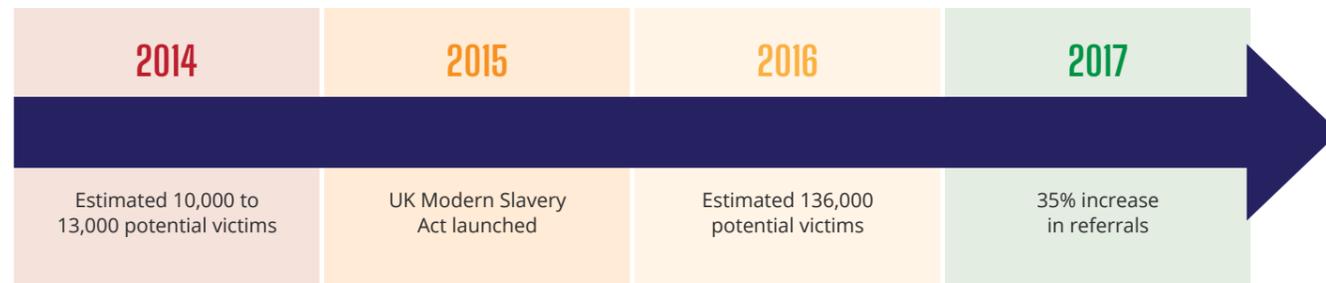
1. Businesses must have a turnover of £36million or above;
2. The statement must provide details of actions taken to address exploitation within its supply chain;
3. It must be signed by Directors;
4. It must be approved by the board;
5. It must be visible or easily accessible online; and
6. It must be produced 6 months after end of year accounts are published.

Despite published guidelines providing a framework for organisations to use when publishing their statements, compliance has been poor.

- It has taken the 4 years to get between 50 – 60% compliance with the reporting requirements;
- Organisations have been reluctant to publish anything on activities that they have undertaken due to the nature of risk and the perception of reputational damage in the UK;
- There is a lack of ownership within organisations, with some passing it to their legal department as a pure legislative compliance piece and others passing it to Human Resources;
- Procurement practice is poor in this area due to the lack of transparency and poor supply chain management processes – which ultimately leads to lack of power, knowledge and resources to combat exploitation within multiple supply chain tiers;
- Business is stuck on awareness raising and there have been fragmented initiatives popping up across the UK which has meant that collaboration is not really happening as effectively as it could;
- Modern Slavery is only one of a multitude of issues businesses must deal with and as a result unless the risk is imminent then businesses are not really addressing it.

The Act has been positive in raising awareness, with the number of reported victims up year on year. Awareness is increasing but neither business nor the government are yet really getting to grips with how to tackle the issues. Tackling modern slavery is a journey, the UK's experience demonstrates this. The Australian context is different in many ways, however let's take all the lessons learned we can from the UK.

### UK'S MODERN SLAVERY JOURNEY



# WHY SHOULD WE PROACTIVELY ADDRESS HUMAN RIGHTS?

# WHY SHOULD WE PROACTIVELY ADDRESS HUMAN RIGHTS?

## Building the business case

It is very important to be able to build a great business case to convince decision makers to back the initiative to proactively address human rights. These decision makers hold the keys to getting both financial and human resource support to aid management of the issue.

To sell the initiative you need to understand your organisations drivers, positioning human rights as both a moral and business issue.

DRIVER	WHAT DOES IT MEAN?	HOW YOU SHOULD RESPOND	EXAMPLES
RISKS OF LEGAL NON-COMPLIANCE	Non-compliance to some legislation on human rights issues can result in naming and shaming, penalty fines or even imprisonment.	"We have to comply with current legislation and policies and be prepared for upcoming ones."	<b>MELBOURNE CRICKET GROUND<sup>32</sup></b> Fines handed out to both the client (ISS Facility Services) and its contractor (First Group) in underpaid cleaner scandal.
RESPOND TO STAKEHOLDER EXPECTATIONS	Stakeholders including communities, shareholders, government and customers may have expectations or be concerned over issues of human rights and modern slavery.	"Our employees, customers, investors and communities expect us to manage human rights in our supply chains."	<b>FASHION REVOLUTION<sup>33</sup></b> Fashion brands, such as Zara, respond to social media posts calling out for better transparency in their supply chains with 'who made my clothes?' campaign.
EXPOSES AND REPUTATIONAL DAMAGE	Exposes can be damaging to reputation and have significant economic impacts.	"We don't want to be facing a scandal or having disruptions to our organisation because of human rights issues."	<b>NAME AND SHAME FOR ELECTRONICS AND CAR MANUFACTURERS<sup>34</sup></b> Industry giants fail to tackle child labour allegations in cobalt battery supply chains.
VALUES AND CULTURE	Taking into consideration human rights and issues such as child labour in your supply chain can be argued as just 'doing the right thing', and a way of demonstrating your organisations moral values.	"Human rights are closely linked to our values; we can use it to attract and retain talent and boost motivation and pride of what we do."	<b>FORTESCUE METALS GROUPS<sup>35</sup></b> Group Chairman Andrew Forrest: "I found hideous examples of Modern Slavery in my supply chains..."
BUSINESS CONTINUITY	Addressing human rights issues can minimise the risk of supply chain disruption, e.g. a major human rights incident could prevent a factory from supplying (strike, legal action, loss of license to operate...).	"Some of our key suppliers may be at risk for not managing human rights in their operations and supply chains. Let's address these risks with them to ensure continuity of supply."	<b>RANA PLAZA DISASTER<sup>36</sup></b> Major supply chain disruption for fashion brands due to building collapse.

# HOW CAN WE PRACTICALLY MANAGE HUMAN RIGHTS IN OUR SUPPLY CHAINS?



# HOW CAN WE PRACTICALLY MANAGE HUMAN RIGHTS IN OUR SUPPLY CHAINS?

## Key implementation principles



### USE EXISTING PROCESSES

Addressing human rights should not create additional or parallel processes, and instead should integrate into an organisation's existing framework. Organisations should have a process to address all types of sustainability risks (see [EPSA White Paper – Sustainable Procurement in the energy industry](#)<sup>37</sup> for further information). In general, if you have a solid framework in place for sustainable procurement, managing human rights should either already form part of that framework, or easily fit into it.

When you do address modern slavery, we recommend a broader human rights approach that protects your organisation in terms of compliance, reputation, stakeholder expectations and value.



### ADOPT A RISK-BASED APPROACH

Setting priorities, focusing on high-risk suppliers will enable organisations to focus their resources on where they can have the greatest impact. Priority setting should consider the relevance and significance of human rights issues, as well as other considerations such as the organisation's capacity to influence outcomes.



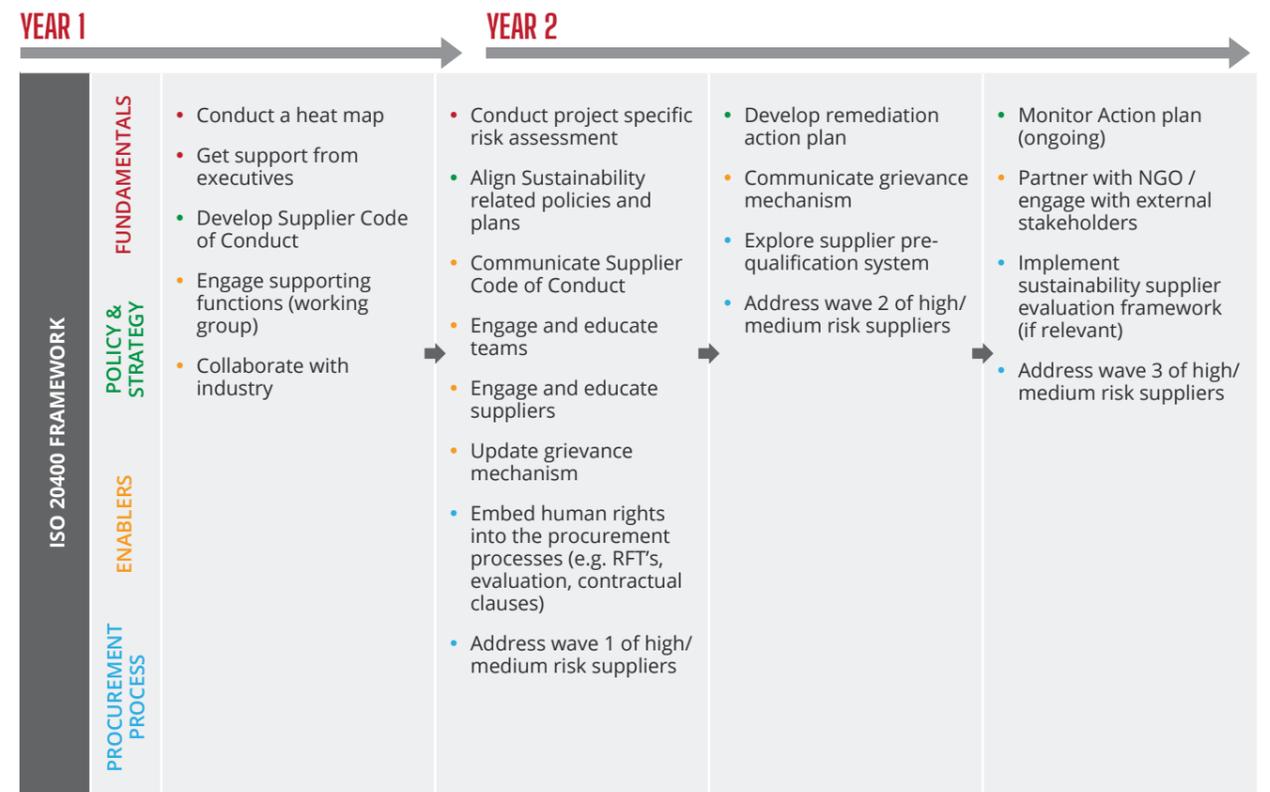
### LOOK AT THE COSTS & RESOURCING

Managing human rights risks will require resources such as investment and dedicated time from staff. The level of resources required depends on the level of risk identified. Whilst addressing human rights in supply chains comes with its costs, a good business case should outline the financial consequences of not acting. This includes fines for non-compliance, detracting investors, staff disengagement etc. See examples of some resources that may be required over the page.

TYPICAL AREAS OF INVESTMENT	DEGREE OF INVESTMENT		
	LOW	MEDIUM	HIGH
COORDINATION	Part-time for existing staff	Full-time for existing staff	New human rights and procurement specialist recruit
EDUCATION/ TRAINING	Generic and focused on awareness	Mix of generic induction and tailored training for key staff	Full induction and training program supported by experts
SUPPLY CHAIN RISK ASSESSMENT	High level assessment of procurement categories	Detailed assessment of categories and suppliers	Subscription to third party risk data providers and live feeds e.g., Bureau Van Dijk, SAP Ariba, FRDM
GRIEVANCE MECHANISMS	Already existing mechanism and implement basic communication	Implement tailored solution and invest in staff and supplier communication and education	Subscription to third party services e.g., Whispli and/or partnership with NGOs
SUPPLIER EVALUATION CAPABILITY	In-house/basic system based on Word or Excel	Use of third party online platform e.g., SEDEX, Ecovadis, Informed365	Industry collaboration supported by third party platform
SUPPLIER AUDITS	Ad hoc audits conducted by staff visiting sites or factories	Audits for high risk suppliers supported by social auditor e.g., Elevate, Verite	Regular audit schedule and long-term partnership with social auditor

Remember—it is a journey.

Managing human rights risks, at first glance, may seem overwhelming. Organisations must remember that addressing human rights is a journey. You cannot achieve everything in one year. Set a vision for the next 2-3 years alongside a list of realistic objectives for year one. See below an overview of a typical action plan.



## KEY AREAS TO MANAGE HUMAN RIGHTS IN OUR SUPPLY CHAINS

The rest of the section covers four critical areas of work to address human rights in your supply chains:

1. Understand your human rights risks
2. Engage your teams and suppliers
3. Remediate human rights issues
4. Collaborate with stakeholders

For each of the following areas, we cover four key questions—WHY, WHO, WHAT and HOW.

## Understanding human rights risks

<b>WHY?</b>	<p>A typical challenge organisations face when embarking on their journey to tackle human rights issues is knowing where to start.</p> <p>The task at first glance seems too large and impossible, but by understanding your organisation's risks you will:</p> <ul style="list-style-type: none"> <li>• Focus your resources on where there is the biggest impact for people as well as for the business.</li> <li>• Get your stakeholders on board to understand that there is an issue and that it should be managed.</li> <li>• Give your senior management a clear view of the situation and potential solutions.</li> </ul>
<b>WHO?</b>	<p>Understanding risks is not just a procurement activity. To ensure a holistic approach, work with other functions in your organisation.</p> <ul style="list-style-type: none"> <li>• <b>Procurement Specialists</b> – Provide spend and supplier information, facilitate the consultation process.</li> <li>• <b>Individuals involved in selection / management of suppliers</b> – Provide insights on products/services, suppliers, supply chains.</li> <li>• <b>Subject matter experts</b> – Risk, Sustainability, Workplace Health Safety &amp; Environment, Human Resources, Legal / Compliance– Provide technical advice.</li> </ul>
<b>WHAT?</b>	<p>A two-staged approach should be taken to assess risks (see below overview of risk assessment process):</p> <ol style="list-style-type: none"> <li>1. Conduct a heat map or category risk assessment which enables a manageable first filter for risk assessment (see below an extract from EPSA heatmap).</li> <li>2. Complement this analysis with a supplier or project specific risk assessment (see engaging teams and suppliers section).</li> </ol>
<b>HOW?</b>	<p><b>RISKS TO PEOPLE VERSUS RISK TO THE BUSINESS</b></p> <p>In the Modern Slavery Act the concept of risk means risk to people rather than risk to your organisation, however it makes practical sense to look at both dimensions in order to set priorities for your organisation:</p> <ul style="list-style-type: none"> <li>• <b>Risks to people</b> – e.g. non-payment of wages, retention of passports, physical abuse, long working hours, psychological abuse, poor working conditions, debt bondage. This may be influenced by factors such as sourcing country, workforce profile, industry culture, buying organisation practices...</li> <li>• <b>Risks to the business</b> – e.g. financial, reputation, business disruption, workforce morale. This may be influenced by factors such as product branding, proximity to business assets, importance of the business to supplier's turnover, dependency on supplier...</li> </ul> <p>For instance, an energy distribution or transmission company should focus its limited resources and time on strategic and direct products such as cables and transformers rather than on laptops or office supplies. In this example, it is both a question of criticality to the business and capacity to influence. For laptops and office supplies, the company may focus on exercising basic due diligence (e.g. through its supplier Code of Conduct and contractual T&amp;Cs) and buying third-party certified products that address human rights standards. For cables and transformers, the company may engage with key suppliers to evaluate their factories, conduct social audits, provide technical support and/or initiate a supplier relationship management program.</p> <p><b>WHICH RISK METHODOLOGY?</b></p> <p>The mid to long-term goal is for labour rights to become a business as usual consideration and to be embedded in the organisation's risk assessment framework. It should ultimately be treated similarly to workplace health and safety i.e. a fatality is probably currently considered as a catastrophic consequence for the business, regardless of whether that fatality would generate financial liabilities or reputational damage (see below consequence and likelihood guidance).</p>

## EXTRACT OF EPSA HEAT MAP: CATEGORIES WITH HIGH AND SIGNIFICANT HUMAN RIGHTS RISKS

DRIVER	CATEGORY	DESCRIPTION	HUMAN RIGHTS RISK	COMMENTS
CORPORATE	Cleaning Services	Commercial cleaning of all facilities	19	<ul style="list-style-type: none"> <li>• Incidents reported included issues with commercial cleaning, no report of long-service leave and child seen on site 'helping' with cleaners</li> <li>• Low visibility over labour practices given service happens after hours</li> <li>• Low visibility over contractors' practices (wages, working hours) can exacerbate threat</li> </ul>
	Safety Equipment & Workwear	PPE clothing, wet weather gear and boots, glasses, alcohol & drug testing	19	<ul style="list-style-type: none"> <li>• Work wear suppliers have had labour related issues which have created apprehension around MS requirements</li> <li>• Some organisations source from Thailand/China, some from Fiji or Australia</li> <li>• Reputational and legal (Modern Slavery Act) impact given current prominence of topic</li> <li>• Controls are starting to be in place to evaluate risk Supplier lack of capability and transparency heightens risk</li> </ul>
	Human Resources, Contractors, & Temp Field Labour	Recruitment, learning & development	14	<ul style="list-style-type: none"> <li>• Sensitive issue because of direct connection to the business - temp field labour is required to be under the same requirements as employees</li> <li>• Processes exist to monitor it but there are some gaps in the blue-collar / field area</li> <li>• Contracts are appropriately managed</li> <li>• Likelihood will vary from company to company (e.g state-owned or not, regulated work or not)</li> <li>• Labour hire companies have to be licensed in QLD, reducing likelihood in risk</li> </ul>
	Security Services & Equipment	Static & manned security	14	<ul style="list-style-type: none"> <li>• Large spend for some companies but no spend for some others</li> <li>• Patrolling and guards are usually outsourced - temporary nature of work and low-skilled means higher risk</li> </ul>
ITC	Logistics	Warehousing & transport	14	<ul style="list-style-type: none"> <li>• There could be issues around overseas logistics</li> <li>• Local logistics have better transparency and delivered by larger businesses</li> <li>• Some parts of 3PL businesses can have higher turnover rates</li> </ul>
	IT Managed Services	Professional services & support, (SAS, PAS), cloud services, data services	14	<ul style="list-style-type: none"> <li>• Service providers can be offshore (Philippines, India, Bangladesh, Pakistan) with little visibility over labour conditions and rights</li> <li>• Large contracts</li> <li>• Most organisations have put in place appropriate checks e.g clauses and site visits to ensure compliance with labour laws</li> <li>• Highly sought after jobs creating higher risk in those countries</li> <li>• Sponsorship practices in Australia also at risk of exploitation</li> <li>• Reputational damage likely if those issues are uncovered</li> </ul>
	ASSET MAINT.	Traffic Management	13	<ul style="list-style-type: none"> <li>• Issues have been reported with sub-contractors within some organisations</li> </ul>
EQUIPMENT & MATERIAL	Meters, Parts Supply	Meters, modems, single phase meters, software, three phase meters	13	<ul style="list-style-type: none"> <li>• Raw materials extraction (steel, aluminium, copper) may be associated with human rights violations</li> <li>• Companies don't have lots of oversight - Low visibility over materials supply chain may exacerbate threat</li> <li>• Low value items will represent lower threat</li> </ul>
	Line Hardware	Clamps, lugs, links, brackets, insulators	13	<ul style="list-style-type: none"> <li>• Raw materials extraction (steel, aluminium, copper) may be associated with human rights violations</li> <li>• Companies don't have lots of oversight - Low visibility over materials supply chain may exacerbate threat</li> <li>• Low value items will represent lower threat</li> </ul>
	Cables	Power cables, fibre optic cables, conductors, cable marker sleeves & electrical cables	13	<ul style="list-style-type: none"> <li>• Raw materials extraction (steel, aluminium, copper) may be associated with human rights violations</li> <li>• Companies don't have lots of oversight - Low visibility over materials supply chain may exacerbate threat</li> <li>• Industry is an important client for cables and very few suppliers used by EPSA Members, but stakes are quite low for those players to change their behaviour</li> <li>• Low value items will represent lower threat</li> </ul>
	Switchgear	Switchgear, circuit breakers	13	<ul style="list-style-type: none"> <li>• Raw materials extraction (steel, aluminium, copper) may be associated with human rights violations</li> <li>• Companies don't have lots of oversight - Low visibility over materials supply chain may exacerbate threat</li> <li>• Low value items will represent lower threat</li> </ul>

LEGEND: ■ HIGH TO VERY HIGH RISK ■ MODERATE RISK ■ LOW RISK

LABOUR RIGHTS CONSEQUENCE & LIKELIHOOD GUIDANCE

CONSEQUENCE LEVELS					
TYPE OF RISK	1. INSIGNIFICANT	2. MINOR	3. MODERATE	4. MAJOR	5. EXTREME
LABOUR RIGHTS (INCLUDING MODERN SLAVERY)	<p><b>INTENSITY</b> Accidental, unintentional breach of labour rights.</p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>Salary payment error</li> </ul> <p>and/or</p> <p><b>SCALE</b> Impacts one or few individuals directly.</p> <p>and/or</p> <p><b>REMEDIABILITY</b> Can be easily remediated.</p>	<p><b>INTENSITY</b> Minor, isolated breach of labour rights.</p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>Non-payment of extra working hours</li> <li>Breach of working hour limits</li> </ul> <p>and/or</p> <p><b>SCALE</b> Impacts one or a few individuals directly (workforce) and indirectly (families).</p> <p>and/or</p> <p><b>REMEDIABILITY</b> Can be easily remediated.</p>	<p><b>INTENSITY</b> Moderate breach of labour rights.</p> <p><b>Example:</b></p> <ul style="list-style-type: none"> <li>Failure to respect collective bargaining agreements</li> <li>Moderate psychological pressure such as intimidation or verbal abuse</li> <li>Moderate discrimination, such as denial of employment opportunities</li> <li>Some restrictions in seeking alternative employment</li> <li>Deception on working conditions prior to or upon employment</li> <li>Staff working without a visa and/or contract</li> </ul> <p>and/or</p> <p><b>SCALE</b> Impacts a few individuals directly (workforce) and indirectly (families).</p> <p>and/or</p> <p><b>REMEDIABILITY</b> May escalate if not addressed immediately.</p>	<p><b>INTENSITY</b> Major breach of labour rights.</p> <p><b>Example - Modern slavery:</b></p> <ul style="list-style-type: none"> <li>Retaining worker's identity documentation</li> <li>Requiring workers to lodge deposits or bonds</li> <li>Charging workers recruitment fees</li> <li>Restricting a person's freedom of movement from a place of work</li> </ul> <p><b>Example - Other labour rights:</b></p> <ul style="list-style-type: none"> <li>Failure to pay fair/living wage</li> <li>Denial of freedom of association</li> <li>Major case of discrimination, harassment or bullying such as physical threats or abuse</li> </ul> <p>and/or</p> <p><b>SCALE</b> Impacts several individuals directly (workforce) and indirectly (families).</p> <p>and/or</p> <p><b>REMEDIABILITY</b> May be challenging to remediate (i.e. individuals cannot be restored to their previous situation).</p>	<p><b>INTENSITY</b> Extreme breach of labour rights.</p> <p><b>Example - Modern slavery:</b></p> <ul style="list-style-type: none"> <li>Any type of child labour</li> <li>Detention, human trafficking</li> <li>Long-term debt-bondage</li> </ul> <p><b>Example - Other labour rights:</b></p> <ul style="list-style-type: none"> <li>Extreme psychological pressure</li> <li>Physical violence and threats</li> </ul> <p>and/or</p> <p><b>SCALE</b> Impacts a large number of individuals directly (workforce) and indirectly (families).</p> <p>and/or</p> <p><b>REMEDIABILITY</b> Violations are irremediable and may have an impact on the fulfilment of other rights.</p>

LIKELIHOOD LEVELS				
1. VERY RARE/UNLIKELY	2. RARE/UNLIKELY	3. INFREQUENT/POSSIBLE	4. OCCASIONAL/POSSIBLE	5. FREQUENT/ALMOST CERTAIN
Less than 10% chance of occurring in next 3-5 years	Between 10% and 30% chance of occurring in next 3-5 years	Between 30% and 50% chance of occurring in next 3-5 years	Between 50% and 75% chance of occurring in next 3-5 years	>75% chance of occurring in next 3-5 years

# CASE STUDY

**Horizon Power** has recently conducted a modern slavery supply chain risk assessment. Each spend category was given a high, medium or low risk rating considering the level of influence Horizon Power has over the suppliers and risk lenses such as skill level, labour intensity, country risk, health and safety and raw materials.

Three key high-risk supplier categories were identified. These include:

- Major equipment (e.g. crossarms, transformers and poles);
- Minor equipment and consumables (e.g. electrical consumables); and
- SCADA and retail services (e.g. AMI metres).

Due diligence recommendations are now being considered to address these modern slavery risks within the supply chain.

## HORIZON POWER

 [horizonpower.com.au](http://horizonpower.com.au)

## Engaging teams and suppliers

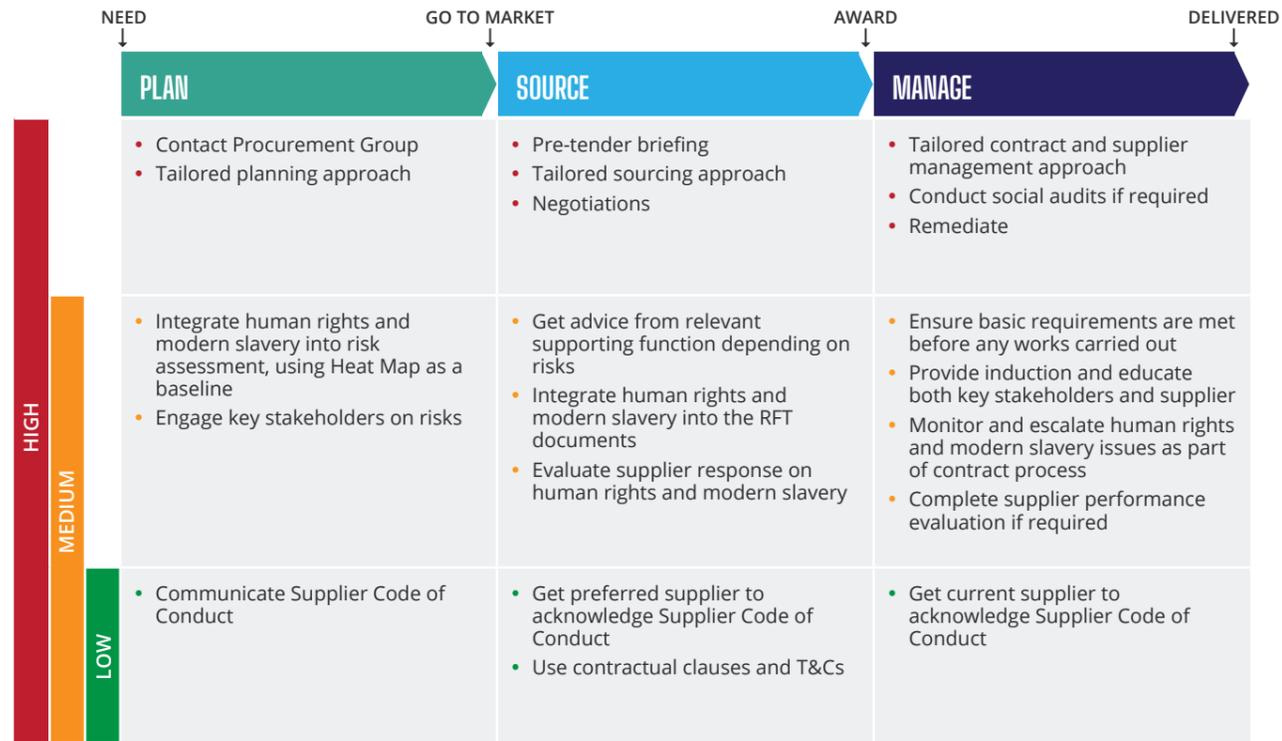
<b>WHY?</b>	<p>For most of your teams and suppliers, human rights is a new topic. There is a basic awareness of the issue, but there is still a long way to go in terms of creating awareness, building skills, review processes and implement actions.</p> <p>Engaging your organisation's teams and suppliers on human rights will help to:</p> <ul style="list-style-type: none"> <li>• Put the issue on their radar. This is part of how we do business.</li> <li>• Better understand supplier specific risks.</li> <li>• Ensure your suppliers comply with minimum requirements.</li> <li>• Develop a competitive supply base on human rights management, especially on high risk products and services.</li> </ul>
<b>WHO?</b>	<p>Many organisations use a cross-functional working group or committee to manage human rights risks. The working group would typically include the following members:</p> <ul style="list-style-type: none"> <li>• <b>Procurement Specialists</b> – Set up the supplier selection and management framework to enable teams to address human rights with suppliers.</li> <li>• <b>Subject matter experts:</b> <ul style="list-style-type: none"> <li>– <b>Workplace Health and Safety</b> – Advise on working conditions and managing risks within a workforce.</li> <li>– <b>Legal / Compliance</b> – Provide legal counsel e.g. around contracting and remediation.</li> <li>– <b>Human Resources</b> – Advise on workforce regulations e.g. temporary labour and minimum wage.</li> <li>– <b>Individuals involved in selecting and managing suppliers</b> – They will engage suppliers to address human rights.</li> </ul> </li> </ul>
<b>WHAT?</b>	<p>Engage your teams to develop their skills, confidence and motivation to manage human rights risks.</p> <ul style="list-style-type: none"> <li>• The whole organisation: <ul style="list-style-type: none"> <li>– Basic awareness training e.g. educational videos or e-learning (see Implementation Toolkit on page 47 for examples).</li> <li>– Policies and procedures that should reflect the organisation's values and expectations on managing human rights risks.</li> </ul> </li> <li>• Key teams and individuals who are responsible for managing human rights risks: <ul style="list-style-type: none"> <li>– In-depth training, coaching and guidance.</li> <li>– Team and personal incentives on management of human rights.</li> </ul> </li> </ul> <p><b>ENGAGE YOUR SUPPLY CHAIN TO ENSURE COMPLIANCE</b></p> <ul style="list-style-type: none"> <li>• Develop and communicate a Supplier Code of Conduct e.g. through website, newsletters, industry forums (see Implementation Toolkit on page 47 for examples).</li> <li>• Establish grievance mechanisms for suppliers and their workforce for example whistleblowing process and promotion on use of it (e.g. posters). They can enable problems to be addressed early before they escalate as well as helping to identify patterns over time, thus feeding directly into broader human rights due diligence.</li> <li>• Prequalify suppliers on human rights capabilities (e.g. policies, management systems, etc.). This could be undertaken with the assistance of a system such as Sedex, Ecovadis or Informed 365. See Implementation Toolkit on page 47 for example evaluation questions.</li> <li>• Educate suppliers through e-learning, Industry forums and/or supplier workshops.</li> </ul> <p><b>EMBED HUMAN RIGHTS INTO YOUR PROCESSES</b></p> <p>The procurement and contract management process is a great way to engage suppliers. Engagement with your suppliers should be tailored based on the level of risk (see procurement process below).</p> <p><b>USE SOCIAL AUDITS</b></p> <p>Social audits are processes to verify compliance with an organisation's social standards. They are generally conducted by third-party experts on behalf of an organisation, over the organisation's operations and/or supply chains (see <a href="#">Association of Professional Social Compliance Auditors</a><sup>39</sup>).</p>

<b>HOW?</b>	<p><b>HOW FAR SHOULD WE GO?</b></p> <p>One of the biggest questions when it comes to engaging your supply chain on human rights is, 'how far do you go down the supply chain'? As an organisation you are limited in resources and influence to tackle the whole supply chain. Usually, businesses stop at Tier 2 because of lack of capacity to influence beyond that tier. For instance, you may represent low percentage of turnover and you have no direct contractual relationship with Tier 3, so the likelihood that they respond to your questions is low.</p> <p>There are very few instances where you would undertake a full supply chain mapping of a product or services. However, if risks are high, it may make sense to invest in such an exercise. For instance, <a href="#">Intel invested in its Conflict Free Minerals</a><sup>39</sup> program because rare materials are a key component of its main product.</p> <p><b>USE WORKPLACE HEALTH AND SAFETY AS A SPRINGBOARD</b></p> <p>For many years now organisations have engaged their teams and suppliers on topics such as workplace health and safety and quality. Build on these existing, tried and tested methods to engage on human rights. Safety is especially relevant as it revolves around people.</p> <p><b>FOCUS ON TRANSPARENCY, NOT ZERO INCIDENT!</b></p> <p>Whilst engaging your organisation's teams and supply chains promote transparency versus zero incident. Just like workplace health and safety, focus on identification, improvement and increased transparency and avoid relationships that hide issues.</p> <p><b>SUPPLIER EVALUATION - WHAT DOES GOOD PRACTICE LOOK LIKE?</b></p> <p>Use open questions to gain an insight into your suppliers' history on human rights, their understanding of risks, current practices and future aspirations (see Implementation Toolkit on page 47).</p> <p><b>CONTRACTING – WHAT MAKES AN EFFECTIVE CONTRACTUAL CLAUSE?</b></p> <p>A study by <a href="#">Ecovadis</a><sup>40</sup> on sustainability clauses in commercial contracts found that having social responsibility requirements in contracts raised awareness on the issue with suppliers and triggered the implementation of corrective actions.</p> <p>For a contractual clause to be effective consider the following actions:</p> <ul style="list-style-type: none"> <li>• Discuss and negotiate the clause with your supplier to ensure they are aware of the requirement and that it is reasonable, train your procurement staff to carry out this negotiation.</li> <li>• Adapt the clause so that it is relevant and fit-for-purpose to the supplier, think about the supplier's size, industry, country and risk to your organisation.</li> <li>• See Implementation Toolkit on page 47 for an example.</li> </ul>
-------------	---



**PROCUREMENT PROCESS:**

Engagement with your suppliers should be tailored based on the level of risk, here is an example of activities that could be carried out throughout the procurement process based on the level of risk identified through risk assessment.



HUMAN RIGHTS & MODERN SLAVERY RISK LEVEL BASED ON HEAT MAP

# CASE STUDY

**Western Power** has been proactively working with a group of global mining, energy and resource companies located in Western Australia to develop a standardised Modern Slavery Self-Assessment Questionnaire (“SAQ”).

Recognising the industry has shared supply chains, a common SAQ was designed to promote efficiency and reduce the reporting burden for suppliers who will likely receive multiple requests from their customers on modern slavery. By agreeing a common SAQ, this will reduce any duplication of efforts, minimise the cost of compliance and provide clarity to suppliers by using consistent terminology.

The SAQ will highlight suppliers at risk of modern slavery and will support efforts to demonstrate compliance with the Modern Slavery Act. Specifically, the SAQ will:

- Support the identification of modern slavery risks;
- Foster collaborative efforts between suppliers and organisations to address these risks;
- Improve transparency; and
- Identify areas for further due diligence.

Initially launched as a pilot, Western Power targeted suppliers in ‘higher risk’ categories of supply identified through the EPSA ‘heat map’ risk assessment. Going forward, the SAQ will form part of Western Power’s systemised supplier onboarding and due diligence process. See [here](#)<sup>41</sup> for further details.

**WESTERN POWER**

 [westernpower.com.au](http://westernpower.com.au)

## CASE STUDY

**SA Power** refer to their [Sustainable Procurement Statement](#)<sup>42</sup> in tender conditions and include the following clause in agreements:

### Anti-Slavery and Human Trafficking Laws

Without limiting any other obligation regarding compliance with the Law, in performing its obligations under this Agreement, the Supplier must:

- a. Comply with all applicable anti-slavery and human trafficking Laws and have and maintain throughout the term of this Agreement its own policies and procedures to ensure its compliance;
- b. Not engage in any activity, practice or conduct that would constitute an offence under Australian anti-slavery and human trafficking laws if such activity, practice or conduct were carried out in Australia; and
- c. Include in its contracts with its direct subcontractors and suppliers anti-slavery and human trafficking provisions that are at least equivalent to those set out in this clause.

### (cont.)

The Supplier warrants that to the best of its knowledge, having made reasonable enquiries, neither the Supplier nor any of its Personnel or other persons associated with it:

- a. Has been convicted of any offence involving slavery and human trafficking; or
- b. Has been or is the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with slavery and human trafficking.

The Supplier shall notify the Customer as soon as it becomes aware of:

- a. Any breach, or potential breach, of this clause; or
- b. Any actual or suspected slavery or human trafficking in a supply chain which has a connection with this Agreement.
- c. The Supplier must, upon request by the Customer:
- d. Gather full information about the Supplier's supply chains which have a connection with this Agreement; and
- e. Provide this information to the Customer.

### SA POWER

 [sapowernetworks.com.au](http://sapowernetworks.com.au)

## Managing human rights incidents

<b>WHY?</b>	Once on your human rights journey, you will find some issues. Despite all your best efforts to prevent them from happening, they will happen. As an organisation, what do you do when you find an issue and what do you do to compensate and protect the people these issues affect?
<b>WHO?</b>	<p>Remediation is about righting the wrong and this requires a deep understanding of the impact the violation has had on the victim. Collaboration with victim's associations is key in that regard.</p> <ul style="list-style-type: none"> <li>• Procurement Specialists – Set up the framework to ensure remediation is embedded in supplier management processes.</li> <li>• Individuals involved in selecting and managing suppliers – Identify areas for remediation and manage the process.</li> <li>• <b>Subject matter experts:</b> <ul style="list-style-type: none"> <li>– <b>Legal / Compliance</b> – Provide legal counsel and manage grievance mechanism.</li> <li>– <b>HR</b> – Provide support to staff.</li> <li>– <b>Communications</b> – Provide support in managing public relations aspects of remediation.</li> </ul> </li> </ul>
<b>WHAT?</b>	<p>Remediation is a key requirement of the Modern Slavery Act, organisations that identify that they have caused or contributed to modern slavery must provide for, or cooperate in, the remediation of that impact. It essentially means driving solutions to identify and resolve issues.</p> <p><b>IDENTIFY THE ISSUE:</b></p> <ul style="list-style-type: none"> <li>• Grievance mechanisms are complaint processes that can be used by individuals from your organisation or supply chains to report concerns and incidents. It should be legitimate, accessible, a source of continuous learning, and based on engagement and dialogue. Grievance mechanisms can help provide remedy where an organisation has caused or contributed to a negative impact; they can also be an important early warning system for organisations and can provide critical information for broader human rights due diligence processes.</li> </ul> <p><b>ENSURE THE HARM CANNOT REOCCUR:</b></p> <ul style="list-style-type: none"> <li>• Manage supplier failure through corrective action plans. Beyond traditional supplier performance management, other mechanisms should be considered: <ul style="list-style-type: none"> <li>– Offering capacity-building support to the supplier to help it address the problems;</li> <li>– Working collaboratively with other organizations that have relationships with the same supplier to incentivise improvements;</li> <li>– Working with other organisations on a broader regional or sectorial basis to incentivise improvements;</li> <li>– Working with local or central government to the same end.</li> </ul> </li> <li>• Exiting the relationship should be the last resort as your organisation will only transfer the problem to someone else. This may be in breach of your values and also be noted as avoiding responsibility by your stakeholders. However sometimes if the supplier refuses to address the issue and there is no real prospect of change, contract termination may be necessary. Careful consideration should be made to address any negative impacts that may result from ending the relationship. For example, ending the relationship could have negative flow on impacts for other workers in the supply chain who may find themselves unable to access any income and at risk of further exploitation.</li> </ul> <p><b>COMPENSATE:</b></p> <ul style="list-style-type: none"> <li>• Payback wages to workers that have been incorrectly paid or provide compensation for any damage caused. For example, <a href="#">Primark</a><sup>43</sup> paid £6mil in compensation to victims of the Rana Plaza factory collapse in Bangladesh.</li> </ul>

### HOW?

#### DEVELOP AN ACTION PLAN

As an organisation, develop a generic remediation action plan, so that when an issue does arise you are prepared to deal with the situation.

#### TAILOR THE RESPONSE TO THE SEVERITY OF THE VIOLATION

When you find an issue, you need to demonstrate that you have done all that is reasonably possible to remediate the issue. As an organisation, you should set an internal 'red line' to determine how far you will go to remediate an issue.

#### EVOLVE YOUR EXISTING GRIEVANCE MECHANISM

Map your current grievance mechanisms that may be used for issues such as bribery and corruption or discrimination and modify to include human rights. In situations where the current grievance mechanism is not suitable for adaptation, look for a specific whistleblowing/grievance process for labour rights. Share the process with your organisation and supply chains, as mentioned earlier (see engaging teams and suppliers section), posters and e-learning are great ways to communicate.

#### SEEK PROFESSIONAL HELP

Do not attempt to resolve the situation by yourself. Trying to deal with the situation without support from professionals ([Salvation Army](#)<sup>44</sup> and [Australian Federal Police](#)<sup>45</sup>) may lead to further harm to the victim or victims.

#### BE TRANSPARENT

If you find an issue, own up to it and share your learnings.



**IF YOU HAVE ANY CONCERNS, REPORT ISSUES TO THE AFP ON 131AFP (131 237) OR EMAIL: [A OCC-CLIENT-LIAISON@AFP.GOV.AU](mailto:A OCC-CLIENT-LIAISON@AFP.GOV.AU).**

## CASE STUDY

**Woolworths**<sup>46</sup> recently launched an internal process to manage worker grievances in their global supply chain. Grievances were raised via a number of channels including 'Supplier Speak Up', information shared directly with their team, worker representatives, the Fair Work Ombudsman and civil society organisations.

All claims were reviewed based on the level of information received to determine if further investigation was required. Based on the findings of the investigation, Woolworths worked with their suppliers to make sure grievances were remedied in alignment with their Standards. This may mean working with their direct suppliers to provide remedy at the second tier or to workers via labour providers.

For example, in Australia, Woolworths facilitated AUD\$198,720 in repayments by labour contractors to 35 workers that had been underpaid and in China, Woolworths secured the repayment of US\$24,695 in wages for 55 workers by their employers. For more information see [Woolworth's 2019 Sustainability Report](#)<sup>46</sup>.

## CASE STUDY

Through supply chain auditing, **Apple**<sup>47</sup> discovered violations such as underage or involuntary labour, false documentation and worker intimidation. Any supplier guilty of these violations was placed on probation until successful completion of their next audit. During probation, issues are monitored closely and if Apple believed that the supplier is not truly committed to change, they terminated the relationship.

Where cases of underage labour were found, Apple-mandated remediation included the suppliers returning the young worker to school, financing their education and providing income to the workers matching what they received while employed. For more information see [here](#)<sup>47</sup>.

## Collaborating with stakeholders

<b>WHY?</b>	<p>Given the ever-increasing urgency to address human rights issues and its inherent complexity, organisations should seek opportunities to collaborate with their peers, suppliers and other stakeholders such as regulators, NGOs or certification bodies.</p> <p>Collaborating could help you:</p> <ul style="list-style-type: none"> <li>• Enhance the effectiveness of your actions.</li> <li>• Increase leverage to address supply chain and industry issues.</li> <li>• Learn from others.</li> </ul>
<b>WHO?</b>	<p>External engagement should be aligned with the organisation's approach to other forms of external engagement.</p> <ul style="list-style-type: none"> <li>• Communications / external affairs – Coordinate and support external engagement</li> <li>• Subject matter experts: <ul style="list-style-type: none"> <li>– <b>Procurement Specialists</b> – Participate in sessions relevant to procurement.</li> <li>– <b>Individuals involved in selecting and managing suppliers</b> – Participate in sessions relevant to industry area.</li> <li>– <b>Sustainability</b> – Provide guidance on the organisation's stance on human rights issues.</li> <li>– <b>Legal / Compliance</b> – Provide legal counsel on competitive and confidentiality risks.</li> </ul> </li> </ul>
<b>WHAT?</b>	<p>Look to collaborate with the following stakeholder groups:</p> <ul style="list-style-type: none"> <li>• Industry peers – Potential collaborative initiatives include: <ul style="list-style-type: none"> <li>– Awareness and capability development e.g. market monitoring/benchmarking, common eLearning and training, guidelines...</li> <li>– Industry engagement e.g. industry forum, set of standards/requirements, common prequalification system, partnership with external specialists.</li> <li>– Integrated supplier engagement e.g. one panel/contract, common supplier relationship management, pilot projects.</li> </ul> </li> <li>• Human rights networks – They can be a good place to learn and exchange information. For example, <a href="#">UN Global Compact</a><sup>2</sup>.</li> <li>• Government – Working with government can provide opportunities for your organisation to influence and gain insight on policies and standards.</li> <li>• NGOs and associations – They can provide real-life and local knowledge about vulnerable communities, supplier practices, criminal organisations. For example, <a href="#">Oxfam</a><sup>48</sup>, <a href="#">Amnesty International</a><sup>49</sup>, <a href="#">Stop the Traffik</a><sup>50</sup>.</li> <li>• Researchers – They can support research into a specific human rights issue, sourcing country or supply chain. For example, <a href="#">Somo</a><sup>51</sup>, <a href="#">Action Aid</a><sup>52</sup>, <a href="#">UNSW</a><sup>53</sup>, <a href="#">Business and Human Rights Resource Centre</a><sup>54</sup>.</li> <li>• International and national standards and certifications – Standards, certifications and labels such as <a href="#">Fairtrade</a><sup>55</sup> and <a href="#">SA 8000</a><sup>56</sup> can provide assurance that products or services come from sources that are trying to do the right thing.</li> </ul>
<b>HOW?</b>	<p><b>NON-COMPETITIVE, ETHICAL COLLABORATION</b></p> <p>Addressing human rights issues should be approached non-competitively. Organisations should transparently share resources and effort in a fair and equitable way. Care should be taken to ensure that any engagement is ethical and cannot be deemed anti-competitive. Due consideration should also be given to protecting confidential information or intellectual property, protection against bribery or fraud to avoid complicity.</p> <p><b>ONE-OFF VERSUS PARTNERSHIPS</b></p> <p>Engagement could be done on a one-to-one basis or can potentially be more effective through partnering, long term, with groups such as NGO's and industry peers.</p> <p><b>SHARE BAD EXAMPLES</b></p> <p>Bad examples or worst-case scenarios can be useful to learn from.</p>

## CASE STUDY

**Jemena** commenced their journey to assess and address Modern Slavery (MS) risks in their supply chain in 2018. Since then Jemena has undertaken a number of programs to assess and address both MS and Sustainability. These programs are focused on ensuring that the goods and services they procure, have the lowest negative and the most positive social, environmental and economic impacts with a focus this year on modern slavery.

While Australia has a low presence and strong stance against slavery, Jemena are reviewing their supply-chain due to its breadth and complexity and to enable a deeper understanding of their risks.

Jemena have been actively involved in the EPSA Modern slavery assessment through workshops and developing the EPSA heat map along with other EPSA members. In addition to this Jemena have developed a roadmap to address all areas of the risks and created a project team to help focus and drive the initiatives. This project team includes a resource drawn from a collaboration with the Smith Family to support the Cadetship to Career program. As part of the program a procurement cadet has been placed and will be supported throughout the period of their tertiary studies. The cadet has been imbedded into the project team to focus on supporting the development of the initiatives and activities to assess and address any potential MS risks.

Jemena is committed to sustainable procurement and to ensuring they understand any supply chain risks they may have and have commenced implementing a number of initiatives across procurement and contracting activities. They are working closely with EPSA, other utilities, suppliers and stakeholders and share learnings to address any MS risks and promote Sustainability through community engagement and participation.

**JEMENA**

 [jemena.com.au](http://jemena.com.au)

# CASE STUDY

**Ausnet** consulted several external third-party service providers to understand potential solutions in assisting with management and reporting of modern slavery risks.

See the next two pages for more details.

**AUSNET**

 [ausnetservices.com.au](https://ausnetservices.com.au)

SUPPLIER	SERVICES OFFERING
DOW JONES	<p><b>ABOUT</b></p> <ul style="list-style-type: none"> <li>• Dow Jones Risk &amp; Compliance is a global provider of third party risk management and regulatory compliance solutions.</li> <li>• They deliver research tools and outsourced services for on-boarding, vetting and investigation to help companies comply with anti-money laundering, anti-bribery, corruption and economic sanctions regulation in mitigating third party risk.</li> <li>• Dow Jones solutions cover onboarding, continuous monitoring and extended due diligence.</li> </ul> <p><b>PRICING STRUCTURE</b> Pricing is based on a combination of users, entities to be screened and volume.</p> <p><a href="#">WEBSITE<sup>57</sup></a></p>
SEDEX	<p><b>ABOUT</b></p> <ul style="list-style-type: none"> <li>• UK based with solid Australian presence, global membership organisation who own a collaborative platform for sharing responsible sourcing data on supply chains, utilised by 55,000 companies globally.</li> <li>• Members are able to analyse the data and manage their supply chain risks related to labour rights, health and safety, the environment and business ethics.</li> <li>• Suppliers are requested to self-complete a sector specific questionnaire. Sedex does not conduct audits, but facilitates the sharing of audits (as needed) which are uploaded by internal or third-party auditors.</li> <li>• Risk Assessment Tool: from the Supplier survey submission, an implied risk score is applied to the Supplier sites, resulting in classification of High/Medium/Low risk for each Supplier.</li> <li>• Each organisation is thereafter able to determine focus Suppliers for their internal Modern Slavery deep dives and remediation activities.</li> </ul> <p><b>PRICING STRUCTURE</b></p> <ul style="list-style-type: none"> <li>• Buyers – annual membership based on turnover</li> <li>• Suppliers – annual membership per site</li> </ul> <p><a href="#">WEBSITE<sup>58</sup></a></p>
ECO VADIS	<p><b>ABOUT</b></p> <ul style="list-style-type: none"> <li>• Provide business sustainability ratings for supply chains through CSR (Corporate Social Responsibility) scorecards.</li> <li>• Scorecard shows supplier performance across 21 CSR indicators across environment, labour and human rights, ethics and sustainable procurement.</li> <li>• Benchmarks supplier performance by purchasing category or country.</li> <li>• Offers a “Corrective Action Plan”, a collaborative tool assisting with development of action plans to assist with commencement of dialogue with suppliers on action taken to improve performance.</li> <li>• Provides category profile, offering insight into key sustainability issues for the industry (regulations, sector initiatives, eco-labels).</li> </ul> <p><b>PRICING STRUCTURE</b> Based on organisation revenue.</p> <p><a href="#">WEBSITE<sup>59</sup></a></p>

SUPPLIER	SERVICES OFFERING
BUREAU VAN DIJK	<p><b>ABOUT</b></p> <ul style="list-style-type: none"> <li>• Provide entity risk information on public and private companies from all over the world: approx. 320-million companies globally.</li> <li>• Specialising in mapping corporate group structures, foreign and domestic ownership, and individuals associated with businesses.</li> <li>• Facilitation of supplier on-boarding, risk analysis for all regulatory risks (incl. Modern Slavery), and electronic questionnaires within proprietary BvD software.</li> <li>• Mapping of supply chain by country, sector, risk profile and monitor for ongoing changes across thousands of information points.</li> </ul> <p><b>PRICING STRUCTURE</b></p> <p>Annualised subscription fees for access to database and software, considering number of suppliers, number of users and data requirements as a basis for the commercial model.</p> <p><a href="#">WEBSITE<sup>60</sup></a></p>
INFORMED 365 <sup>o</sup>	<p><b>ABOUT</b></p> <ul style="list-style-type: none"> <li>• Informed 365 develops customised, real-time CSR (Corporate Social Responsibility) platforms with predictive capabilities and unlimited analytics to provide visibility and transparency. The Supply Chain Management application covers governance, human rights (incl. Modern Slavery Act), environment, community, fair operating practices, consumer issues and climate risk and can be customised to a user's exact requirements.</li> <li>• Data collected and visualised in a web-based solution.</li> <li>• Integration of existing, historical and third-party data via APIs.</li> <li>• Interactive dashboards and automated reporting.</li> <li>• Audit interfaces, suppliers asked to respond to targeted questionnaires.</li> <li>• Risk filters can be applied to supplier profile allowing a granular risk rating of individual suppliers and any metric within the questionnaire can be flagged/scored in accordance with an organisation's risk appetite.</li> </ul> <p><b>PRICING STRUCTURE</b></p> <p>Monthly fee, with additional cost options for consideration.</p> <p><a href="#">WEBSITE<sup>61</sup></a></p>

# IMPLEMENTATION TOOLKIT



# IMPLEMENTATION TOOLKIT

## E-LEARNING AND VIDEOS:

- [Supply chain sustainability school](#)<sup>62</sup> – e-learning, toolbox talk and videos
- [Stop the Traffik – Businesses and the Modern Slavery Act](#)<sup>63</sup> – video

## EXAMPLE OF POSTERS TO EDUCATE STAFF AND ON-SITE SUPPLIERS:

- [GLAA construction protocol](#)<sup>64</sup>

## EXAMPLES OF SUPPLIER CODES OF CONDUCT:

- [Western Power](#)<sup>65</sup>
- [SA Power Networks](#)<sup>42</sup>
- [National Grid](#)<sup>66</sup>
- [Telstra](#)<sup>67</sup>

## EXAMPLE OF CONTRACTUAL CLAUSES:

- The Supplier will:
  - Comply with all applicable human rights related laws and regulations in force in Australia, such as the Commonwealth Modern Slavery Act 2018;
  - Have and maintain throughout the term of this agreement its own policies and/or procedures to ensure its compliance with applicable human rights related regulations, including due diligence and remediation processes;
  - Not engage in any activity, practice or conduct that would constitute an offence under human rights related regulations if such activity, practice or conduct were carried out in Australia; and
  - Comply with any requests that are required to enable the organisation to meet their obligations under human rights related regulations and/or align practices with human rights related international norms of behavior.
- The Supplier will notify the organisation as soon as it becomes aware of any actual or suspected occurrence of human rights violation in any of its operations and supply chains.
- Human rights violations include the following:
  - Any Modern Slavery practice described in the Commonwealth Modern Slavery Act 2018 and Appendix 1 of the Guidance for Reporting Entities. This includes forced labour, servitude, slavery, debt bondage, human trafficking, deceptive recruiting for labour or services, forced marriage and the worst forms of child labour.
  - Any breach of labour standards applicable within Australia and included in Australian Labour legislation. This includes correct payment of rates, entitlements, fair roster and shifts, penalty rates, superannuation, holiday pay.
  - Any other breach of labour rights as per the International Labour Organisation's eight fundamental conventions. This includes freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

## EXAMPLE OF SUPPLIER EVALUATION QUESTIONS AND BEST PRACTICE RESPONSES:

- Precedent
  - Has your organisation been convicted of breaching any human rights regulations, including in relation to modern slavery and/or labour standards, or had any notice served upon it, by any regulator or authority (including local authority)?
  - If your answer to this question is “Yes”, please provide details in a separate Appendix of the conviction or notice and details of any remedial action or changes you have made as a result of conviction or notices served.
- Understanding risks
  - Which areas of your operations and supply chains present the highest human rights risks, including in relation to modern slavery and labour standards?
- Current capability
  - Please provide details of the approach your organisation has taken to address its human rights risks.
- Future capability
  - Please provide details of the approach your organisation will take to better address human rights risks:
    - As an organisation; and
    - Specifically, for the work you do for the organisation.

AREAS	POOR RESPONSE	GOOD RESPONSE	BEST PRACTICE
FUNDAMENTALS	<ul style="list-style-type: none"> <li>Poor understanding of their operations and supply chains</li> <li>Poor understanding of human rights risks and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Understand operations and supply chains</li> <li>Understand human rights risks and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Deep understanding of where human rights risks and opportunities are within their operations and supply chains</li> </ul>
POLICY	<ul style="list-style-type: none"> <li>No supporting policies or commitments relating to human rights</li> <li>No clear accountabilities</li> </ul>	<ul style="list-style-type: none"> <li>Generic policy detailing commitment to human rights</li> <li>High level action plan in place</li> <li>Clear accountabilities but limited to a few functions such as Legal and Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Policy detailing clear and measurable human rights objectives for both operations and supply chains (e.g. Supplier Code of Conduct)</li> <li>Detailed action plan in place</li> <li>Clear accountabilities across the organisation</li> </ul>
ENABLERS	<ul style="list-style-type: none"> <li>No mechanisms to educate and upskill teams and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Practical engagement methods to educate and upskill teams and suppliers</li> <li>Some form of measurement and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Sophisticated education and capability development program for both teams and suppliers</li> <li>Evidence of supply chain collaboration and procurement activity undertaken to address identified human rights risks</li> <li>Process in place to report incidents</li> <li>Evidence of detailed performance measurement and reporting</li> <li>Partnered with an NGO or other third-party expert</li> </ul>
PROCESS	<ul style="list-style-type: none"> <li>No mention of how the organisation will manage risks</li> </ul>	<ul style="list-style-type: none"> <li>Ad hoc evidence of risk management in some areas</li> </ul>	<ul style="list-style-type: none"> <li>Management of human rights is fully embedded into the organisation's management systems and processes (e.g. employee representation and dispute resolution procedures, whistle blowing facilities and addresses how victims can and will be supported should they be identified, social audits and corrective action plans for high risk areas)</li> </ul>

# WHAT'S NEXT?



# WHAT'S NEXT?

“As soon as a company admits that they’re likely or have got slavery in their supply chains you can almost hear slaves being freed. As soon as a company says, ‘No, no, I haven’t got slaves in my supply chains’, you know that their inaction is going to end up enslaving people. — Andrew ‘Twiggy’ Forrest

SOURCE: NEWS.COM

Understanding and addressing human rights issues within supply chains is very much a journey. But organisations have faced this sort of journey before, for instance look how far workplace health and safety has come. Just a few decades ago workplace health and safety was seen as an added extra, many people doubted that managing those risks would ‘take off’. However, safety is now very much business as usual, but it did take time.

To get started on your human rights journey use the following five steps:



## Don't reinvent the wheel

Build on existing frameworks and tools that are already in place i.e. sustainable procurement, workplace health and safety and environment.



## Engage and educate

Internal and supply chain engagement and awareness is key to get others on board the journey.



## Understand and prioritise

Identify human rights risks and prioritise where to best focus time and effort for the next few years.



## Be transparent

When an issue is found, own up to it and take responsibility to ensure it won't happen again.



## Collaborate

Use EPSA as a platform to share, learn and build better, stronger solutions together.

EPSA developed this document to help the energy industry procurement and supply chain community to address the moral and business challenges surrounding human rights throughout their procurement practices. Human rights issues cannot be solved in isolation. EPSA members should share experiences and join efforts with other like-minded energy procurement professionals to tackle these challenges.

# FOOTNOTES



# FOOTNOTES

1. United Nations Human Rights: <http://bit.ly/RHRSC01>
2. United Nations Global Compact: <http://bit.ly/RHRSC02>
3. United Nations Guiding Principles: <http://bit.ly/RHRSC03>
4. International Covenant on Civil and Political Rights: <http://bit.ly/RHRSC04>
5. International Labour Organisation (ILO) Conventions: <http://bit.ly/RHRSC05>
6. Modern Slavery Act 2018: <http://bit.ly/RHRSC06>
7. Criminal Code (1995): <http://bit.ly/RHRSC07>
8. Fair Work Act (2009): <http://bit.ly/RHRSC08>
9. Global Slavery Index: <http://bit.ly/RHRSC09>
10. ILO: <http://bit.ly/RHRSC10>
11. Aditi: <http://bit.ly/RHRSC11>
12. Action Aid Netherlands child miners report: <http://bit.ly/RHRSC12>
13. ABC Royal Hobart Hospital news article: <http://bit.ly/RHRSC13>
14. Sydney Morning Herald aviation workers news article: <http://bit.ly/RHRSC14>
15. ACSI: <http://bit.ly/RHRSC15>
16. Unseen: <http://bit.ly/RHRSC16>
17. Global Slavery Index Interactive Map: <http://bit.ly/RHRSC17>
18. Supply Chain School UK Toolbox Talk - Spot the Signs: <http://bit.ly/RHRSC18>
19. Stop the Traffik Australia video - What is Modern Slavery?: <http://bit.ly/RHRSC19>
20. ILO - Profits of Slavery: <http://bit.ly/RHRSC20>
21. The Conversation – Human trafficking and slavery still happen in Australia: <http://bit.ly/RHRSC21>
22. antislavery.org: <http://bit.ly/RHRSC22>
23. Minderoo - Walk Free Foundation: <http://bit.ly/RHRSC23>
24. NSW Government Modern Slavery Act: <http://bit.ly/RHRSC24>
25. Dept of Home Affairs, Modern Slavery Act 2018 - Guidance for Reporting Entities: <http://bit.ly/RHRSC25>
26. National Grid: <http://bit.ly/RHRSC26>
27. National Grid 2018 Report: <http://bit.ly/RHRSC27>
28. Marks & Spencer Modern Slavery Statement 2018/19: <http://bit.ly/RHRSC28>
29. Vodafone Modern Slavery Disclosure: <http://bit.ly/RHRSC29>
30. Unilever Modern Slavery & Human Trafficking Statement: <http://bit.ly/RHRSC30>
31. Wesfarmers - Sustainability at Wesfarmers: <http://bit.ly/RHRSC31> and Wesfarmers 2018 Sustainability Report: <http://bit.ly/2OU2dxU>
32. Melbourne Cricket Ground underpaid cleaners ABC news article: <http://bit.ly/RHRSC32>
33. Fashion Revolution - Fashion brands such as Zara respond: <http://bit.ly/RHRSC33>
34. Named and shamed - Electronics and car manufacturers: <http://bit.ly/RHRSC34>
35. Fortescue Metals Group: <http://bit.ly/RHRSC35>
36. Rana Plaza Disaster: <http://bit.ly/RHRSC36>
37. EPSA White Paper - Sustainable Procurement in the Energy Industry: <http://bit.ly/RHRSC37>
38. Association of Professional Social Compliance Auditors: <http://bit.ly/RHRSC38>
39. Intel invests in Conflict Free Minerals: <http://bit.ly/RHRSC39>
40. Ecovadis sustainability clauses: <http://bit.ly/RHRSC40>
41. Western Power SAQ: <http://bit.ly/RHRSC41>
42. SA Power Sustainable Procurement Statement: <http://bit.ly/RHRSC42>
43. Primark Rana Plaza Payout news article: <http://bit.ly/RHRSC43>
44. Salvation Army: <http://bit.ly/RHRSC44>
45. Australian Federal Police: <http://bit.ly/RHRSC45>
46. Woolworths 2019 Sustainability Report: <http://bit.ly/RHRSC46>
47. Apple terminates relationship with suppliers: <http://bit.ly/RHRSC47>
48. Oxfam: Demand a Robust Modern Slavery Act: <http://bit.ly/RHRSC48>
49. Amnesty International: <http://bit.ly/RHRSC49>
50. Stop the Traffik: <http://bit.ly/RHRSC50>
51. Somo: <http://bit.ly/RHRSC51>
52. Action Aid Australia: <http://bit.ly/RHRSC52>
53. UNSW - Human Rights: <http://bit.ly/RHRSC53>
54. Business and Human Rights Resource Centre: <http://bit.ly/RHRSC54>
55. Fairtrade: <http://bit.ly/RHRSC55>
56. SA 8000: <http://bit.ly/RHRSC56>
57. Dow Jones: <http://bit.ly/RHRSC57>
58. Sedex: <http://bit.ly/RHRSC58>
59. Eco Vadis: <http://bit.ly/RHRSC59e>
60. Bureau Van Dijk: <http://bit.ly/RHRSC60>
61. Informed 365°: <http://bit.ly/RHRSC61>
62. Supply Chain Sustainability School: <http://bit.ly/RHRSC62>
63. Stop the Traffik: Businesses and the Modern Slavery Act: <http://bit.ly/RHRSC63>
64. GLAA Construction Protocol: <http://bit.ly/RHRSC64>
65. Western Power Supplier Code of Conduct: <http://bit.ly/RHRSC65>
66. National Grid Supplier Code of Conduct: <http://bit.ly/RHRSC66>
67. Telstra Supplier Code of Conduct: <http://bit.ly/RHRSC67>



## EPSA INC

For more information about the contents of this whitepaper or the Energy Procurement Supply Association:

 [epsaonline.net](http://epsaonline.net)

 [admin@epsaonline.net](mailto:admin@epsaonline.net)

