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Committee Secretary  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
PO Box 6021  
Parliament House  
Canberra ACT 2600

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## **Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into establishing a Modern Slavery Act in Australia**

Dear Secretary

ANZ welcomes the opportunity to assist the Joint Standing Committee in its inquiry into whether Australia should establish a Modern Slavery Act. ANZ is subject to the UK Modern Slavery Act 2015 (MSA), and lodged its first statement in December 2016.<sup>1</sup> We continue to work on measures to mitigate the risk of slavery, servitude and forced or compulsory labour and human trafficking ('modern slavery') within our business and supply chain.

We recognise that modern slavery is a global problem and therefore requires coordinated effort to address the cause and symptoms. We are supportive of increased transparency regarding actions taken by companies to identify and address modern slavery.

This submission focuses on our experience in developing our first MSA statement, including:

- Industry best practice (including observing the policies of our customers and business partners/suppliers);
- The extent to which we have identified modern slavery and the measures we have undertaken to address the risk of modern slavery in our supply chains;
- Our experience under the MSA reporting provisions, including where we believe it has been effective; and
- As a 'user' and 'preparer' of information regarding supply chain transparency, our view on the benefit of establishing a Modern Slavery Act in Australia.

### **Industry best practice**

We note that up until the enactment of the MSA in the UK, and The California Transparency in Supply Chains Act 2012, disclosures have been voluntary, led by companies who have implemented human rights policies or standards that contain provisions related to modern slavery. For example, ANZ is a signatory to the UN Global Compact, which encourages businesses worldwide to adopt sustainable and socially

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<sup>1</sup> ANZ's statement is available from a link on its UK website home page:  
<http://www.anz.com/resources/a/b/ab2c8a89-624f-4a27-9a8e-caa7e7925167/slavery-act-2016.pdf?MOD=AJPERES>



responsible policies, and to report on their implementation. Two of the principles specifically relate to slavery and human trafficking: Principle 4 - the elimination of all forms of forced and compulsory labour and Principle 5 - the effective abolition of child labour.

A number of companies in Australia have also developed human rights policies and standards, which contain provisions regarding 'zero tolerance' for modern slavery. Through their corporate reporting, many of these companies have demonstrated how they are applying these commitments. However these voluntary disclosures are inconsistent with the reporting requirements of the UK and Californian legislation, and due diligence requirements recently passed in France on human rights risks.

### **Identifying modern slavery**

To date, we have not found evidence of modern slavery in our business or supply chain. ANZ takes a number of steps to address the risks of slavery and human trafficking within our supply chain, including:

- ANZ's Supplier Code of Practice (SCOP) outlines our minimum requirements for suppliers in relation to governance and general compliance, workplace relations, occupational health and safety, ethical business practices and environmental management. It includes a number of commitments regarding human rights, including that the supplier will not tolerate forced or child labour and will compensate employees in compliance with wage laws. During the 2015-2016 financial year, ANZ reviewed the SCOP with a view to enhancing its slavery and human trafficking protections and as a result we inserted into the SCOP a specific section on human rights, and expectations regarding treatment of workers and no tolerance for "trafficked" labour. The SCOP aligns with ANZ's Code of Conduct and Ethics. It is also based on the OECD Guidelines for Multinational Enterprises and the UN Global Compact.
- For major suppliers, an annual attestation to adherence to the SCOP is sought. In addition, ANZ has committed to also seeking these attestations from suppliers considered to be at high risk of impacting human rights, with specific focus on suppliers located in those countries where ANZ believes there is potentially a greater level of risk. During the 2015-2016 financial year, we improved monitoring of potential human rights risks by using an external provider to screen all new suppliers, and new contract activity with existing suppliers.
- During the 2015-2016 financial year, training was undertaken of procurement staff to help them understand what constitutes modern slavery (eg forced or compulsory labour), its impact on individuals, companies and society, the background to the MSA and what ANZ is doing in response, how this will impact our supply chain and what employees can do to minimise the potential risks.

ANZ also has a Whistleblower Protection Policy, which promotes honest and ethical behaviour by providing a framework for the escalation of reportable conduct. This policy applies to employees and contractors of ANZ, including third party vendors and service providers. A disclosure may be made to an independent third party via ANZ's external whistleblower reporting service, which is managed by Deloitte.

### **Improved transparency under the UK Modern Slavery Act**

In general, ANZ supports transparency measures that help to mitigate the risk of modern slavery. We believe the MSA has helped to raise awareness of the issue at Board and senior executive level of many companies. We welcomed the opportunity to clarify



through our MSA statement the measures we take to minimise the risk of being involved in modern slavery.

We note that according to a recent report by UK-based Ergon Associates, almost 10% of statements made under the UK Modern Slavery Act were made by companies that were not formally required to report. The authors of the report stated: "...from our experience we know that some larger companies are expecting modern slavery statements from all their suppliers, irrespective of their size, so the Act is having a ripple effect through a ripple effect through B2B [business to business] relations".<sup>2</sup>

### **Whether a Modern Slavery Act should be introduced in Australia**

ANZ currently operates in 34 markets internationally. In this context, we have some concerns that parallel legislative requirements in different jurisdictions could result in inefficiencies in responding to multiple, varied requirements. For example, consider the implications for suppliers when responding to each of their customer's audit requirements across multiple jurisdictions, even though the objective of the legislation in each location is the same.

We therefore make the following suggestions to the Committee regarding a possible Modern Slavery Act for Australia:

- *Standardised approach to due diligence and reporting:* We recommend that where possible, a standardised approach to reporting should be developed and agreed between governments who share an objective of eradicating modern slavery. We would suggest an objective that a single statement could address multi-jurisdictional legislative obligations. As part of implementing any legislation, we also suggest that a standardised due diligence approach be mandated.
- *Consolidated statement by parent entity:* The MSA is prescriptive regarding who must approve a statement. For a body corporate it must be approved by the board of directors and signed by a director. While we agree there should be senior level accountability for addressing modern slavery, we recommend the legislation permit a parent company to make a consolidated statement on behalf of subsidiary companies within the group, without the need for the boards of those subsidiaries to separately approve the consolidated statement.
- *Matters to be addressed in the statement:* The MSA permits flexibility regarding the matters to be addressed in the statement, offering direction as to what the statement may cover. We consider this is a sensible approach. In this light it is important to acknowledge that a statement is made in the context of various legislative obligations in Australia (eg Australian Consumer Law) and accordingly, companies are necessarily cautious when preparing their statements to ensure their accuracy across a corporate group.
- *Identifying who is required to report:* When developing our first statement under the MSA, we spent a significant amount of time determining how to report (ie the construct of our statement's coverage and mechanisms required to make it happen) as opposed to what to report on. If a Modern Slavery Act is created in Australia, we suggest making it easier for companies to ascertain whether they are required to report under the legislation, such as publishing guidance on companies that are required to report.

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<sup>2</sup> See page 2 of a report by Ergon Associates:  
[http://www.ergonassociates.net/images/stories/articles/msa\\_one\\_year\\_on\\_april\\_2017.pdf](http://www.ergonassociates.net/images/stories/articles/msa_one_year_on_april_2017.pdf)



In closing, we support the creation of an Australian Modern Slavery Act that is appropriately targeted at identifying and addressing modern slavery.

ANZ would be happy to provide further information to assist the Committee.

Yours sincerely

**Ben Walker**

Head of Sustainable Development