



28 April 2017
Committee Secretary,
Joint Standing Committee on Foreign Affairs, Defense and Trade
PO Box 6021
Parliament House
Canberra ACT 2600

SUBJECT: GRI's input to the public inquiry into the establishment of a Modern Slavery Act in Australia

On behalf of GRI, I would like to commend the Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade on holding a public inquiry into establishing a Modern Slavery Act in Australia. GRI itself is built upon a multi-stakeholder principle which ensures the participation and expertise of diverse stakeholders in the development of its Sustainability Reporting Standards (GRI Standards), and we therefore understand the value of such an approach. Moreover, GRI strongly supports corporate transparency as a vehicle for the elimination of modern slavery practices in the private sector, as shown by the emphasis placed on this within the GRI Standards.

The exploitation of workers in global value chains is a pressing human rights issue that continues to occur within the private sector. It is estimated that 43,000 people are currently subjected to exploitation akin to modern slavery in Australia alone, with 30 million out of the global total of 45.8 million cases of modern slavery concentrated in the Asia Pacific region¹. Through the introduction of national legislation, Australia can play a vital role in the global elimination of modern slavery due to its globalized economy and the regional impact of its private sector activities.

As the pioneer of global sustainability reporting, with over 20 years of experience, GRI strongly supports corporate transparency as a proven driver for business' ability to detect, respect and remedy human rights abuses in value chains and to mitigate business's negative economic, environmental and social impacts. GRI believes that increasing corporate transparency through disclosure is key in tackling exploitation along value chains, as reporting unveils information on the nature of modern slavery practices and can therefore enable decisions towards its elimination while rendering corporations accountable. In addition to increasing transparency for external stakeholders, communicating on impacts and due diligence also raises companies' awareness of responsible supply chain management with regards to human rights impacts.

The Modern Slavery Act introduced by the United Kingdom in 2015 represents a progressive policy step towards the protection of human rights in the private sector. The Act's section 54 which requires large companies supplying to the U.K. to publish an annual statement on their human rights due diligence policies has been particularly instrumental in the progress towards corporate transparency on exploitative practices. This measure has been successful in raising awareness within the private sector as engagement of CEOs on modern slavery has doubled, communication between companies and suppliers has increased and companies are increasingly seeking advice and expertise on managing their

¹ Global Slavery Index. *The Global Slavery Index 2016*. 2016. Web. 10 Apr. 2017

impacts in relation to the Act². A global dialogue on the importance of value chain due diligence is gaining momentum as regional and national policies requiring disclosure on supply chain due diligence continue to emerge. In this sense, the introduction of an Australian Modern Slavery Act supports the global policy trend towards eliminating gross human rights violations in the activities of the private sector³.

Taking the above points into consideration, GRI strongly supports the introduction of national legislation to tackle Modern Slavery in Australia and, drawing lessons from the Modern Slavery Act in the U.K., makes the following recommendations:

1. Reporting with the globally recognized GRI Sustainability Reporting Standards

In order to ensure quality and comparability of the statements published by companies' subject to the Act, the relevant legislation should mandate the areas to be covered by the statements and require companies to report on their human rights due diligence processes across their whole supply chain. We recommend that this reporting requirement be based on the GRI Sustainability Reporting Standards.

GRI is a widely used sustainability reporting standard in Australia: Australian businesses have a long tradition of using GRI to measure and report on their economic, environmental and social impacts, including those related to human rights. Furthermore, GRI is the most widely used sustainability reporting framework globally, designed to provide a full and balanced picture of an organization's material topics and related impacts, as well as how these impacts are managed. They can also be used to report on specific economic, environmental, and/or social impacts.. The following topic-specific GRI Standards can be used by companies to report on their due diligence processes to address modern slavery practices in their operations and along their supply chain: GRI 408: Child Labor; GRI 409: Forced or Compulsory Labor; GRI 412: Human Rights Assessment; GRI 414: Supplier Social Assessment. Each of these Standards is designed to be used together with are supplemented by the universal standard GRI 103: Management Approach, which is used to report the management approach for each topic.

Encouraging companies to report on a number of specific areas with the use of the GRI Standards would promote higher consistency and quality of reporting. Furthermore, it would allow the performance of companies that report to be compared, which may act as an incentive for companies to communicate the management of their impacts and benefit companies that already do so.

2. Establishment of an independent Anti-Slavery Commission

o An independent Anti-Slavery Commission should be established by the Australian government with a mandate to create a central repository of the companies' Modern Slavery Statements. The Commission should verify that companies required to report do so and tackle the inaction of companies that do not address the issue of modern slavery along their value chains on their annual statement.

² Ethical Trading Initiative. *Corporate Leadership on Modern Slavery How have companies responded to the UK Modern Slavery Act one year on?* 2016. Web. 10 Apr. 2017

³ Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains of 2015; the UK's Modern Slavery Bill of 2015; the French Duty of Care Law of 2016; the upcoming EU Conflict Minerals Regulation; the upcoming Dutch Child Labor Due Diligence Law; the upcoming Australian Modern Slavery Law; and the upcoming Swiss Responsible Business Initiative.

o Additionally, the Commission should be able to monitor the statement's content to ensure that they fulfil the quality requirements by disclosing detailed information on the structure of supply chains and information related to specific risks or instances of modern slavery in the value chain.

o Furthermore, the Commission should monitor the content of the reports in order to collect data to support assessments of the Act's impact as well as gather information on the scope of modern slavery issues and the challenges faced by companies supplying to Australia. This data can further be used by policy makers when reviewing legislation and policy gaps.

3. Establish a list of companies required to report under the Modern Slavery Act

The new legislation should involve the publication of a list of companies required to report under the Modern Slavery Act. This would facilitate the monitoring process which would be undertaken by the independent Anti-Slavery Commission as described above.

GRI remains available for engagement with the Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade and would be glad to explore possibilities for technical support on matters relating to the reporting element of the Modern Slavery Act. My team and I remain available to further discuss the recommendations presented in this letter, either with a follow up call or by e-mail.

Yours Sincerely,

Teresa Fogelberg
Deputy Chief Executive, GRI