



IMPROVING MODERN SLAVERY STATEMENTS IN THE PROPERTY SECTOR

DECEMBER 2021

Advice from independent experts for better Modern Slavery Statements

Executive Summary

The Property Council of Australia's members have taken positive steps towards addressing the issue of modern slavery in their supply chains. Launched in 2019, the Property Council's supplier platform now provides insights across thousands of suppliers and billions of dollars in annual procurement spend.

We continue to work with property leaders to improve reporting outcomes, including the effectiveness of Modern Slavery Statements (statements) issued under the requirements of the *Modern Slavery Act 2018*.

The Property Council and a consortium of its leading members commissioned an independent review of 15 Modern Slavery Statements by three independent, expert academic bodies. The independent review looked at broad trends and areas for improvement. It yielded the following 11 standalone recommendations.

Reporting entities should -

- 1. provide clarity and detail within their Modern Slavery Statements.**
- 2. be relevant and exact about suppliers to deliver more actionable information.**
- 3. be specific about the risks within their supply chains.**
- 4. acknowledge that exploitation exists on a spectrum and should not be considered a binary issue.**
- 5. ensure steps are taken to make grievance mechanisms available and accessible.**
- 6. evaluate the effectiveness of grievance mechanisms and strive for improvement.**
- 7. provide personal case studies about people within their supply chains.**
- 8. ensure training for staff members is appropriate and relevant.**
- 9. be aware and take steps to mitigate the impacts of the Bystander Effect.**
- 10. encourage conversation and be prepared to listen.**
- 11. build relationships with suppliers and diversify supply chains.**

While these findings were directly relevant to the 15 statements that were reviewed, the lessons drawn from them can help deliver more robust reporting for all entities in the property sector, including but not limited to those assessing modern slavery risks.



Introduction

The Property Council recently commissioned a review of 15 of its leading members' Modern Slavery Statements as published at www.modernslaveryregister.gov.au. The reviews were undertaken by three groups of experts with varied and complementary skills across Human Rights, Modern Slavery and Supply Chains.

The focus of the review was to provide feedback on the trends, strengths and weaknesses, opportunities and threats seen across the industry and apply cross sectoral knowledge to improve outcomes in the property sector. The feedback focused on patterns, sectoral issues and emerging risks rather than on particular statements, organisations, suppliers and supply chains.

The experts who provided their independent analysis of the Modern Slavery Statements were:

- **Professor Justine Nolan**, Director at the Australian Human Rights Institute at UNSW
- **Professor Jennifer Burn**, Director at Anti-Slavery Australia at UTS
- **Carolyn Liaw**, Projects and Partnerships Manager at Anti-Slavery Australia at UTS
- **Professor Dayna Simpson**, Professor of Responsible Operations and Supply Chain Management at Monash Business School
- **Associate Professor Marie Segrave**, Head of School - School of Social Sciences at Monash University

Links to additional, relevant resources have been provided to complement the recommendations from the independent experts.

The project was led by Robin Mellon, CEO of [Better Sydney](http://BetterSydney.gov.au) and Project Manager on behalf of the Property Council of Australia.

The following recommendations were compiled for property and construction organisations looking at how they assess, address and report the risks of modern slavery in their operations and supply chains.





1. Reporting entities should provide clarity and detail within their Modern Slavery Statement.

One of the most important pieces of feedback is that Modern Slavery Statements need to be actions-based, clear and relevant. Over the last nine months there have been high-level modern slavery commitments across multiple sectors but there has not yet been commensurate action to underpin those commitments.

Although organisations should be supported to make declarations on addressing modern slavery in their supply chains, subsequent statements should spell out how, and when, they are intending to deliver on this commitment.

Organisations should be encouraged to link the content of their Statements clearly to the seven reporting criteria of the *Modern Slavery Act 2018*.

Resource: The Australian Government has provided a report identifying ‘good practice trends’ and areas for improvement at:

<https://modernslaveryregister.gov.au/resources/>

There is also supplementary guidance to help organisations demonstrate where and how they have met the seven reporting criteria at:

[https://modernslaveryregister.gov.au/resources/Modern Slavery Statement Annex.pdf](https://modernslaveryregister.gov.au/resources/Modern_Slavery_Statement_Annex.pdf)

2. Reporting entities should be relevant and exact about suppliers to deliver more actionable information.

Many of the statements now uploaded provide generic details of modern slavery data, but fewer offer specifics. For example, although mention may be made of the 40.3 million people in conditions of Modern Slavery identified by [the Global Slavery Index](#), organisations should attempt to quantify how many of those 40.3 million people are likely to be in their own operations or supply chains.

In a similar vein, although it may be useful for an organisation to report that they have a given number of suppliers, additional details should be provided on the split between supply chain tiers, countries, sectors, or employment types.

It is time for organisations to start being more precise as, in the second and third year of reporting, the assumption will be that if organisations don’t clarify and identify their suppliers, they do not have access to this information.

This is important because the likelihood of modern slavery, or the risk of harm to people, can increase depending on the types of employment relationships such as labour hire or sub-contracting.

Reporting entities need to think about what they want to communicate and to whom; is their statement about minimum compliance or enabling a more substantial reduction of risk of harm to people?

Resources: Australian Government Guidance for Reporting Entities at: https://modernslaveryregister.gov.au/resources/modern-slavery-reporting-entities_guidance.pdf

3. Reporting entities should be specific about the risks within their supply chains.

Modern Slavery Statements should provide detail about where the risks of harm to people exist. Are they in the reporting entity's operations, or in their supply chains, or both? In which tiers of their supply chains have the risks been assessed and identified?

In some cases, generic details about risks are included (i.e. "we believe they are in this sector or that area") but there is little information about how the reporting entity has arrived at and verified that knowledge. If the risks are in catering, or cleaning, or offshored services, how have organisations assessed and identified that? Were they identified through internal risk mapping? Were the risks discovered as part of a recent assessment by an independent organisation?

Each organisation's statement should reflect where their specific risks are, how they are assessing and identifying them, and then how they are addressing them, as well as how those risks are changing over time. For example, last year some statements may have identified cleaning services as involving a higher risk of harm to people, however this year the reporting entity may be more concerned about sub-contracted labour.

This goes to the previous point about specific details. If organisations believe the greater risk of harm to people lies in their Tier 2 and 3 suppliers, and they have some evidence of this, that should be stated clearly.

Resource: The Walk Free Foundation's Business and Investor Toolkit has multiple resources to help organisations be more specific about the risks of modern slavery across their operations and supply chains: <https://www.walkfree.org/projects/business-and-investor-toolkit/>





4. Reporting entities should acknowledge that exploitation exists on a spectrum and should not be considered a binary issue.

Some nuance is required in relation to the range of possible exploitation of people. This is not a binary condition. There is a scale of circumstances from safe, decent work through dangerous or sub-standard working conditions all the way to human rights abuses and modern slavery.

With this in mind, it is important for organisations to check for issues such as compliance with minimum wage levels and entitlements and employment documentation and conditions, as these can be warning signs or ‘red flags’ for modern slavery in its different forms.

It is also essential to remember how modern slavery is placed within the broader human rights dialogue. Statements need to demonstrate what else the reporting entity is doing across the greater human rights spectrum rather than focusing solely on modern slavery elements. Organisations must address all adverse human rights impacts with which they are involved.

Resource: Section 2 (The Corporate Responsibility to Protect Human Rights) of ‘Implementing the United Nations “Protect, Respect and Remedy” Framework: https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf

5. Reporting entities should ensure steps are taken to make grievance mechanisms available and accessible.

The review found mentions of grievance mechanisms, whistle-blower hotlines, the ‘worker voice’ and complaints procedures in different forms. It is important that the reporting entity has tested or experienced the mechanisms they operate. The organisation should also state how often are they tested and for whom are they accessible. Mechanisms should be accessible to internal teams, every member of staff, the organisation’s direct suppliers (Tier 1) and their suppliers’ suppliers (Tier 2).

The 31st Principle of the UN Guiding Principles on Business and Human Rights sets out key elements of grievance mechanisms, touching on accessibility, transparency, trust and stakeholder engagement, so organisations should consider how they can ensure proper visibility and accessibility.

Resource: The UN Global Compact Network Australia’s ‘Implementing Effective Modern Slavery Grievance Mechanisms – A Guidance Note for Business’:



https://unglobalcompact.org.au/wp-content/uploads/2021/03/4261-UNGC-Grievance-Mechanisms-GUIDANCE-DOC_28pp-9-FA.pdf

6. Reporting entities should evaluate the effectiveness of grievance mechanisms and strive for improvement.

Reporting entities may have a complaints procedure, whistle-blower hotline, or grievance mechanism, but reports through these mechanisms should be analysed and remedial actions reported. One key question is, was the situation improved as a result?

Organisations should still respect confidentiality of events reported, but in the same way that organisations report on [Lost Time Injury Frequency Rates \(LTIFR\)](#) or [Workplace Health and Safety \(WHS\) incidents](#), reporting entities should aim to be more transparent about the reports coming through. Not receiving any complaints or reports of incidents may not necessarily be an indication that all is well.

Criterion 5 of the Modern Slavery Act 2018 reporting says: “Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks?”. This question should be considered for every one of an organisation’s modern slavery actions, not just the grievance mechanism.

Resource: The UN Global Compact Network Australia’s ‘Effective Modern Slavery Grievance Mechanisms: A Case Study Publication for Business’: <https://unglobalcompact.org.au/wp-content/uploads/2021/03/4261-UNGC-Grievance-Mechanisms-CASE-STUDY-10-FA.pdf>

7. Reporting entities should provide personal case studies about people within their supply chains.

The focus of Modern Slavery Statements should go beyond process-related information. Once an organisation has established a process that is found to be effective and is regularly audited and improved, the focus should turn to the people in their operations and supply chains.

Reporting entities should think about using their next statements to focus on people, giving examples and, if possible, providing case studies about engagement and how changes in processes have impacted, positively or negatively, on people.

Some of the most advanced statements outline what the organisation finds as it assesses and addresses human rights risks and the impacts of their operations and supply chains, subsequent changes made and the consequent effects on people's lives.

Resource: Anti-Slavery Australia has learning materials, resources and case studies of survivors: <https://antislavery.org.au/resources/>

8. Reporting entities should ensure training for staff members is appropriate and relevant.

As well as providing information about learning, development and training, organisations should mention the specifics of training provided.

Team members may need to master different levels of detail in order to make better decisions. Training should be tailored to situational need from Board members through to project and procurement staff.

It is also important to remember that training needs to be updated and evolve as emerging modern slavery risks become apparent. For example, training should adapt to the emergence of risks in the utilisation of cobalt, lithium and polysilicon in the renewable energy industry, just as it responded to the risks in production of PPE, face masks and rubber gloves during the pandemic. Has an organisation's training covered issues like those, or will further training be necessary for particular teams and functions?

Resource: Australia's Supply Chain Sustainability School has a wealth of free learning resources geared for different parts of your organisation and supply chain: <https://www.supplychainschool.org.au/learn/modern-slavery/>

9. Reporting entities should be aware and take steps to mitigate the impacts of the 'Bystander Effect'.

Every organisation should be aware of the 'Bystander Effect' and how it may play out across their operations and supply chains. It is worth noting that in some reporting entities, due to [the Bystander Effect](#), the more people who become aware of a human rights issue, the less likely it is that the leadership of the organisation may be alerted to its existence.

The organisation should aim to compensate for that and actively encourage people to voice concerns, identify areas they think could become a problem, and speak up about 'near misses' or potential incidents.





Reporting entities should encourage everyone to take responsibility and take relevant actions, rather than leave it to someone else.

Resources: The social phenomenon of the Bystander Effect:

<https://www.verywellmind.com/how-to-overcome-the-bystander-effect-2795559>

The Bystander Effect and the mobilisation of modern slavery whistleblowing:

<https://eprints.lancs.ac.uk/id/eprint/151552/>

10. Reporting entities should encourage conversation and be prepared to listen.

If an organisation wants people to speak up, is their leadership ready to listen? Does the organisation have a protocol established, a reporting procedure, people identified as 'responsible', and does it have a timely, outcomes-based, confidential process that is transparent, resourced and measured?

Additionally, the organisation's modern slavery processes, policies and procedures should be connected to other significant policies, initiatives and reporting.

Resource: Organisations such as the Cleaning Accountability Framework (CAF) provide safe ways for workers to speak up and ensure that their voices are heard: <https://www.cleaningaccountability.org.au/modern-slavery/>

11. Reporting entities should build relationships with suppliers and diversify supply chains.

Whether the focus is on assessing and addressing modern slavery risks, or the principles of [Sustainable Procurement and ISO20400](#), the pandemic has demonstrated the risk that supplier concentration poses when situations change suddenly.

Seventy-five per cent of supply chains were disrupted by COVID-19 during 2020, according to [Institute of Supply Management \(ISM\)](#) research, and few organisations had enough alternatives or diversity to withstand the shocks.

Some organisations have been steadily concentrating risk and reducing resilience by placing a majority of their procurement through a small number of suppliers. Rather than simply working with the one or two big suppliers that can

demonstrate their processes well, organisations should consider encouraging more supplier diversity to support a more competitive market.

If reporting entities focus on building broader long-term supplier relationships and making procurement decisions based on more issues like resilience and human rights, Australia's property and construction organisations are likely to see significantly greater long-term benefits.

Resource: More on the ISO:20400 International Standard for Sustainable Procurement and how it can help you build supplier relationships, diversity and resilience: <https://www.iso20400.org/category/tools-guides/>



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