

Commercial Insights

Modern slavery: New guide released for the financial services sector

Combatting modern slavery is a mainstream corporate responsibility, with certain financial services entities like banks, insurers, and superannuation funds being required to report on their efforts under the *Modern Slavery Act 2018* (Cth) (**Act**). To assist such entities, the Australian Human Rights Commission and KPMG Australia have released a good practice guide on how best to address modern slavery risks and meet reporting obligations.

What is modern slavery?

Modern slavery refers to situations where coercion, threats, or deception are used to exploit people and take away their freedom. The financial services sector is particularly at risk to modern slavery due to its lack of focus on base-skill work, its low-visibility over multi-tiered supply chains, and its increased outsourcing of assets and services.

What does the law require?

The Act requires entities with a consolidated revenue of AU\$100 million or more to submit an annual modern slavery statement containing descriptions of the following seven criteria:

1. The reporting entity.
2. The entity's structure, operations and supply chains.
3. The risks of modern slavery practices in operations and supply chains.
4. Actions taken to assess and address those risks, including modern slavery due diligence and remediation processes.
5. How the entity assesses the effectiveness of actions taken.
6. The process of consultation with other entities owned and/or controlled by entity.
7. Any other relevant information.

Best practice tips

How the criteria should be applied to financial services entities is unclear under the Act. This is where the guide provides good practice guidance. It recommends that financial services entities consider the full spectrum of human rights risks and impacts when preparing their modern slavery statements. In practice, this can be done by asking questions like:

- Has the entity performed a detailed modern slavery risk audit?
- Has the entity established accountabilities for modern slavery prevention – for example, allocated responsibility at management levels, and equipped staff for those roles? Is the entity kept aware of changes to the structure and operations of supply chains?
- Does the entity have contractual rights that allow it to terminate a supply contract for a breach of the Act by a supplier? And do suppliers provide indemnities for any loss or damage caused to the entity for a breach of the Act?
- Are there whistle-blower systems in place to enable concerned parties to discretely voice their concerns regarding modern slavery risks?
- Has the entity introduced assurance measures for reporting on modern slavery due diligence?
- Are there systems in place for remediating any modern slavery that the entity causes or to which it contributes?

Using the guide as a tool-kit, we recommend that all financial services entities consider establishing processes that address modern slavery risk, and ultimately prevent harm to people.

The guide in its entirety can be accessed [here](#). Guides for other sectors are currently in development.

This article was written by Principal [Mark Fitzgerald](#) and Solicitor [Yashila de Silva](#). If you have any questions about the *Modern Slavery Act 2018 (Cth)* and best practice, please contact [Mark Fitzgerald](#).



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