

# A legislative response to modern slavery and worker exploitation

*Towards freedom, fairness and dignity in operations and supply chains*

1

## We want to ensure that people are treated fairly and with dignity...

As New Zealanders, we want to know that our actions are contributing to a fair world where people are treated with respect and dignity.

Modern slavery and worker exploitation have no place here or overseas. Yet, the International Labour Organization estimates there are 40 million victims of modern slavery in the world, while in New Zealand numerous cases of exploitation have been identified in recent years.

2

## Modern slavery and worker exploitation, whether it occurs here or overseas, negatively impacts us all...

Victims and survivors of modern slavery and worker exploitation can face severe physical and emotional harm that can last for the rest of their lives.

The use of modern slavery and worker exploitation in supply chains also creates an environment based on unfair competition, in which exploitative practices can be leveraged to get ahead. While more New Zealanders want to buy from responsible businesses and support responsible entities, it is not always easy to determine which organisations have put effective measures in place. Many are making claims about their practices, but the vast majority of people will not be in a position to verify those claims.

We are seeking your feedback on a set of proposals to respond to modern slavery internationally and in New Zealand, and worker exploitation in New Zealand, across operations and supply chains.

### What would this mean for me?

Our proposed approach is to introduce disclosure and due diligence-based legislation, supported by guidance and tools to help improve practices. The proposals are generally based on the United Nations Guiding Principles on Business and Human Rights, and have been informed by legislation already introduced overseas including by some of our largest trading partners.

We are proposing new responsibilities for all organisations. This would include certain companies, sole traders, partnerships, state sector organisations, local government, charitable entities, trusts, incorporated societies and Māori trusts and incorporations. Individual consumers would not be directly regulated. However, they play an important role in ensuring the overall effectiveness of the legislation and would be encouraged to make informed decisions in relation to modern slavery, as part of their consumption decisions.

Organisations with higher revenue would have more responsibilities, as follows:

RESPONSIBILITY	ENTITY SIZE revenue		
	Small <\$20m	Medium \$20-50m	Large >\$50m
1. Take reasonable and proportionate action if they become aware of: <ul style="list-style-type: none"> <li>modern slavery in their <b>international</b> operations and supply chains, or</li> <li>modern slavery or worker exploitation in their <b>domestic</b> operations and supply chains.</li> </ul>	✓	✓	✓
2. Undertake due diligence to prevent, mitigate and remedy modern slavery and worker exploitation <b>by New Zealand entities where they are the parent or holding company or have significant contractual control.</b>	✓	✓	✓
3. Disclose the steps they are taking to address: <ul style="list-style-type: none"> <li>modern slavery in their <b>international</b> operations and supply chains, and</li> <li>modern slavery and worker exploitation in their <b>domestic</b> operations and supply chains.</li> </ul>		✓	✓
4. Undertake due diligence to prevent, mitigate and remedy modern slavery in their <b>international</b> operations and supply chains, and modern slavery and worker exploitation in their <b>domestic</b> operations and supply chains.			✓

These proposals are designed to have wide-ranging impact, including that:

- Consumers can have confidence that the goods and services they consume are not being produced with exploitation.
- Businesses can operate on a more level playing field, where standards for workers are not compromised to cut costs. The legislation would also strengthen New Zealand's international brand and make it easier for our businesses to continue to trade with the world.
- Victims and survivors of exploitation will be treated fairly, and with dignity and respect.

### What due diligence would I need to do?

There are a wide range of potential measures that could be implemented to prevent and mitigate any identified risks. The appropriate action will depend on the circumstances but could include, for example:

- regularly surveying suppliers to assess competence with protecting human rights and employment standards
- commissioning third-party audits of suppliers' compliance with human rights and employment standards
- establishing mechanisms for people in an entity's operations or supply chains to report concerns directly to the entity
- educating suppliers, and workers in their supply chains, about relevant rights and obligations.

### What are you consulting on?

These proposals will affect everyone in New Zealand. We warmly seek feedback from all stakeholders on:

1. Do you think New Zealand needs to address modern slavery and worker exploitation in supply chains and, if so, how should we do it?
2. How would this affect you?