

The background of the slide is a photograph of many hands of various skin tones stacked together in a circular pattern, symbolizing unity and teamwork. The image is semi-transparent, allowing the text to be clearly visible.

Bill S-211: An Act to enact the Fighting
Against Forced Labour and Child Labour in Supply
Chains Act and to amend the Customs Tariff
Internal Audit's Role in Human Rights Reporting
IIA Calgary Chapter – November 23rd, 2023

Presenters



Kyla Reid



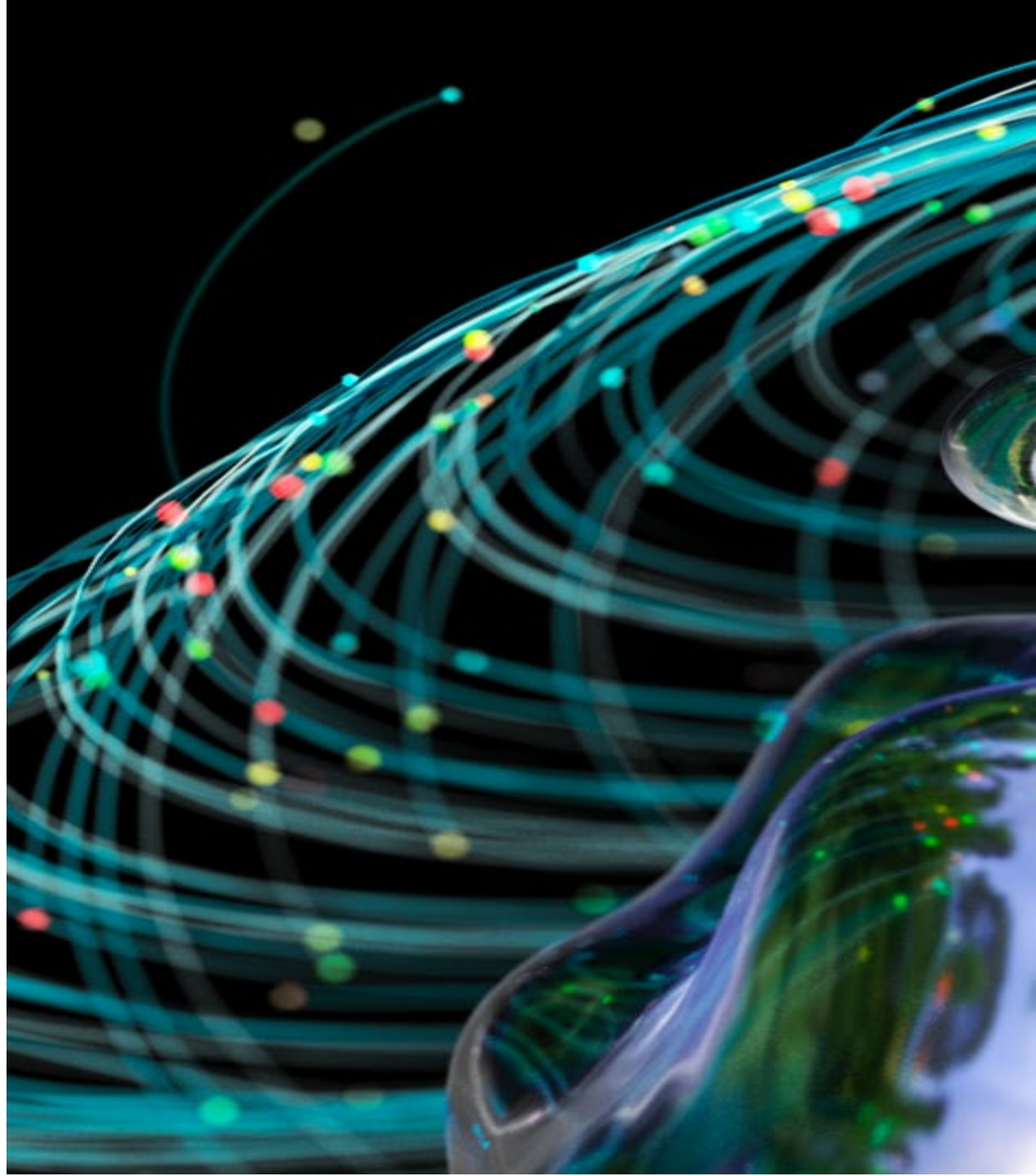
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Kyla is a Senior Manager in Deloitte's Canadian Risk Advisory Practice focused on supporting clients to develop and achieve their sustainability and social impact strategy and goals. Kyla has worked with clients on their responsible supply chain and human rights due diligence efforts, impact evaluation, community impact strategies and data ethics.

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Agenda

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The background features a complex network of glowing blue lines that curve and swirl across the frame. Interspersed among these lines are numerous small, brightly colored dots in shades of red, yellow, green, and cyan. The overall effect is one of dynamic energy and interconnectedness, set against a dark, almost black background.

The intersection of Human Rights and business

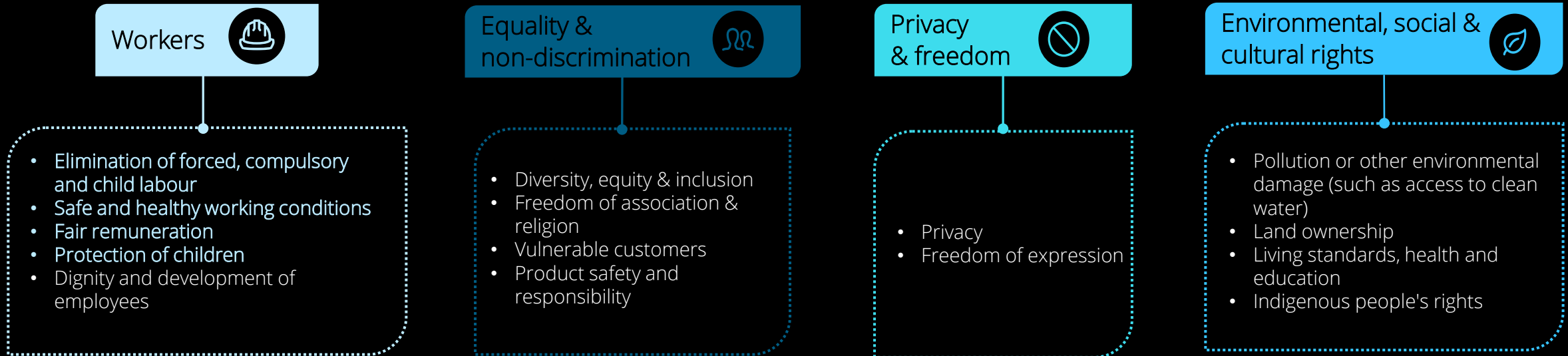
What are Human Rights & why should businesses care?

Human rights bestow dignity, respect and equal rights to all humans, regardless of their personal characteristics. The business case for human rights and addressing issues of social sustainability have never been stronger - affecting all aspects of the business, bring both risk and opportunity

Human rights sit at the heart of social sustainability and are the recognition in the inherent **value of each person as a human**, irrespective of their background or personal characteristics.

It is based on principles of **dignity, equality, fair treatment and mutual respect** and the ability to make genuine choices in our daily lives.

Respect for human rights is the **cornerstone of strong communities and economies**, in which everyone can make a meaningful contribution and feel included.



Human Rights are central to the sustainable transformation of businesses

Human rights are an important framework for companies to understand their adverse impacts on people and to seize the opportunities to do the right thing by them.



It is not because you can that you should.

Decisions, particularly in time of crisis (climate change, pandemic, tech advances), impact people. Making sure you have an ethical decision framework in place that also considers human rights is crucial to make informed decisions.



The social contract is broken. Business models need to be transformed to become inclusive and fair.

There is an increasing expectation that businesses will palliate to the failures of governments and institutions to deliver on a safe and healthy life. Business purpose needs to be aligned to societal needs. This in turn creates a race to the top in terms of innovation, talent attraction and retention, thrive in market with leader positioning.



People come first. A rights-holders-centered approach is essential to effective management of potential and actual human rights impacts - adverse or positive.

Saving the world, but for whom? Whether a business is trying to prevent, mitigate or remediate an adverse human rights impact, the potential victims and the rights holders more broadly should always be at the forefront of the conversation and everything put in place. This also applies to opportunities for positive impact: we strongly believe business should leverage what they are good at to enhance human rights and it should be done through consultation with rights holders.



Human rights issues are complex and systemic. Effective risk management has to include scenarios thinking.

Human rights impacts of businesses are likely to change and evolve over time – think about the three big disruptors (pandemics, technology and climate change) particularly. Scenarios thinking used for climate can be leveraged and applied to human rights to better manage risk and capitalise on opportunities.



Business can't do it alone. Partnerships and collaboration are key.

Violations of human rights occur within enabling systems and institutions rooted in exploitation, racism, discrimination and gender violence. Business actions can only go so far alone.

Where does this come from? (1/3)

It is not 'business as usual' anymore. Businesses are expected to contribute to both social and economic value to its stakeholders while upholding human rights throughout its value chain. Changing regulatory landscape, including the Canadian Modern Slavery Act is a demonstration of that.



Legislation requirements

- Several countries have implemented local regulations following international human rights standards. The exact application and mandatory character differs per country.



Consumer and employee expectations

- Latest market research shows that employees look for purpose in their workplace and tend to move towards companies, who walk the talk.
- In a recent study, it was found that consumers will switch brands to support a cause or boycott irresponsible practices.



Impact of information flows

- In an environment where social media and rapid information flows can immediately amplify one poor decision into a global incident. Companies should take extra care to implement a proactive approach to human rights monitoring within their supply chains.



Supply chain complexity

- Globalization, technological advances and unforeseen social and environmental events continue to increase the complexity of supply chain operations. The fast-paced nature of these changes expose risks and highlight the vulnerability of supply chains. Companies should be able to respond and adapt to supply chain complexities while maintaining human rights standards for labor forces.

Where does this come from? (2/3)

A deeper dive into consumer pressures: The luxury retail industry's shift to meet the growing expectations of customers.

Spotlight: Consumer habits are changing in the luxury sector

- The advent of a new category of luxury goods consumers, the “Social Wearers,” defined by a 2016 BCG study, illustrates the emergence of new customer expectations: luxury must be more ethical, more responsible, more inclusive, more sustainable.
- This consumer pressure is accompanied by a growing awareness among luxury sector players, who have moved over the past 10 to 15 years from implementing CSR actions to integrating sustainable development at the heart of their strategies.

Consumer scrutiny and expectations are growing

- **90%** of consumers will switch brands to support a cause or boycott irresponsible practices
- **30%** of brand value is threatened at any given time by consumer reaction to a company's ethical practices

Influences purchasing behavior



of True-Luxury consumers' purchasing behaviors are influenced by sustainability

Increases 2nd-hand buying



of True-Luxury consumers in the 2nd-hand market purchase pre-owned because it is 'truly sustainable behavior'

Drives shift toward niche brands



of True-Luxury consumers that shifted spending from traditional to niche luxury brands attributed their shift to sustainability

Re-defining luxury values



of True-Luxury consumers consider Sustainability a top 3 value when asked to define luxury (+ 1 pp vs 2017)

Up to 65% (72% for Gen Z) in 2023

65% interested in purchasing pre-owned luxury in 2023

Source:

BCG-Altgamma True-Luxury Global Consumer Insight Survey Dec 18/Jan 19

True-Luxury Global Consumer Insights 9th Edition July 2023

Where does this come from? (3/3)

There are several reasons why businesses should consider their human rights impacts, including moral, commercial, legal and financial. Deloitte can assist with the roadmap to action in several ways.

Why human rights for businesses?

Businesses must respect human rights as per the United Nations Declaration of Human Rights. In addition, businesses should also be aware of the moral, commercial, social and legal aspects of human rights for business. These four aspects can be summarized as follows:



Moral: Companies have the responsibility to avoid infringing on the human rights of others and to address these impacts when they occur. Reflections on the role of business have multiplied throughout the world these last past years.



Social license: Companies that respect human rights earn and secure their 'social license to operate' and avoid potentially costly company-community conflicts. 90% of consumers will switch brands to support a cause or boycott irresponsible practices.



Legal: Companies can avoid potential legal conflicts ahead of time by knowing that norms and legal doctrines on corporate liability and human rights obligations continue to evolve at the national and international levels (e.g. alien tort claims act, modern slavery legislation).



Commercial benefits: Companies that respect human rights may gain commercial benefits associated with respectable human rights practices, e.g. attracting investment, procurement, top-quality recruits, and reputational benefits.

What is the roadmap for action?

In order to adapt to current and upcoming laws, businesses should look to address:



Capacity building: Embedding human rights into the business culture and training employees accordingly ensures innovative solutions and momentum to be developed internally.



Governance and Organization: Ensuring the right instruments and responsibilities are in place facilitates effective management of human rights risks.



Policies: Having a human rights policy underlines your company's commitment and fosters credibility. Firms should continue to update their policies as they gain experience.



Due diligence: Conducting a gap analysis can help mitigate potential negative human rights risks and impacts in your business supply chain.

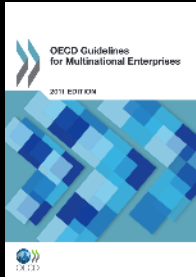


Risk Assessment: Performing a risk assessment allows potential and actual human rights related risks to be measured, prioritized, and managed without forgoing desirable opportunities.

Business and Human Rights

There are a number of different guidance materials that businesses can use to implement and abide by the UN's Protect, Respect, Remedy Framework. Businesses should consider implementing a range of frameworks to satisfy their obligations to respect human rights.

OECD Guidelines for Multinational Enterprises



The OECD guidelines are an ongoing process identify impacts, mitigation strategies, and reporting to external stakeholders.

A key aspect of these guidelines is to embed responsible business conduct (RBC) which is how human rights considerations and impacts are integrated into the business's governance, procedures, and legal structure.

UN Sustainable Development Goals (SDGs)



The SDGs are a collection of 17 interlinked global goals designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future."

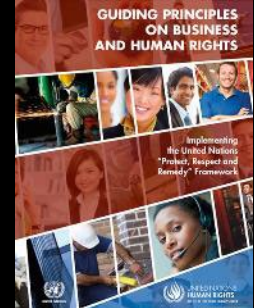
The SDGs are rooted in core human rights standards, and in a similar vein, human rights are essential to achieving the 2030 Agenda for Sustainable Development.



United Nations Guiding Principles on Business and Human Rights (UNGPs)

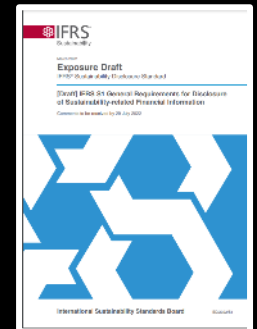
The UNGPs prescribe the relationship between government and business to uplift human rights. The principles are designed around 3 core pillars:


- States' and governments' obligations to protect and fulfil human rights
- The role of businesses enterprises as specialised organs of society to comply with all applicable laws and to respect human rights
- appropriate and effective remediation mechanisms



IFRS Sustainability Disclosure Standards

The International Sustainability Standards Board (ISSB) has been set up by the International Financial Reporting Standards (IFRS) to develop a consistent global baseline for sustainability-related financial disclosures. Organisations will be required to disclose upon future financial positions and company strategy related to sustainability; detailed organisational approach to managing sustainability risk and opportunities.



The background features a complex, abstract pattern of glowing blue lines that curve and swirl across the frame. Interspersed among these lines are numerous small, brightly colored dots in shades of red, yellow, green, and cyan. The overall effect is reminiscent of a digital network or a microscopic view of a complex system. The lighting is soft and ethereal, with the lines appearing to have a slight glow and depth.

A deeper dive into
Canada's Modern
Slavery Act (Bill S-211)

Eradicating Modern Slavery is Everyone's Business

In May 2023, Canada passed Bill S-2-11 an act to *enact the Fighting Against Forced Labour and Child Labour in Supply Chains*, now known as the **Modern Slavery Act**. The Act will come into force in January 2024, and affected companies and entities will be required to submit reports by May 2024.

The Modern Slavery Act

The MSA follows other jurisdictions (Australia, France, UK, Germany) in requiring companies and entities linked to Canada to disclose their forced labour risks, the steps taken to mitigate and address these risks across their operations and supply chains.

Who: Any corporation, trust, partnership or other unincorporated organization whose activities include **producing, selling or distributing goods in Canada or elsewhere, importing goods into Canada, or controlling an entity engaged in these activities.**

The **entity is:**

- listed on a stock exchange in Canada or
- have a place of business in Canada, or
- do business in Canada, or
- have assets in Canada

The entity must also meet **two of the following three criteria** for at least one of its two most recent financial years:

- \$20 million + in assets
- \$40 million + in revenue
- 250 + employees



When: The law comes into force on **January 1st 2024**. Companies will be required to submit their reports on an annual basis for the previous financial year by **May 31st**, commencing in 2024.

What: Affected companies and entities will have to **report to the Minister of Public Safety and Emergency Preparedness** on the steps taken to **prevent and reduce the risk of forced and/or child labour** in the production of goods made by or imported by the company in the previous FY. Additionally, there are requirements to disclose information on supply chain risk and due diligence, risk management and remediation as well as training. **These disclosures must be approved by the governing body and also be made publicly available.**

Penalty: In addition to reputational damage and the requirement to take action, companies that have not complied will be subject to a maximum fine of **\$250,000 per offence**. **Directors and employees could also face fines and prosecution.**

Bill S-211: Compliance Against Canadian Modern Slavery Requirements

Modern slavery includes instances of human exploitation, child and forced labour. It is a complex global challenge, impacting almost 50 million people around the world¹. There is growing expectation across stakeholders that businesses will work to address the business, social and legal risks of modern slavery and uphold human rights. In 2023, Canada joins other countries in introducing legislation aimed to advance this effort.

What are the requirements related to modern slavery in Canada?



- In May 2023, Canada passed **Bill S-211** an act to *enact the Fighting Against Forced Labour and Child Labour in Supply Chains*, now known as the **Modern Slavery Act**.
- The Act will come into force in January 2024, and affected companies and entities will be required to **submit reports by May 31, 2024**.

The Modern Slavery Act has **7 mandatory requirements that must be included in the statement:**

- describe the **structure, operations and supply chains** of the reporting entity
- describe **policies and due diligence processes** in relation to modern slavery
- describe the **risks** of modern slavery practices in the operations and supply chains of the reporting entity
- describe the **actions taken to remediate** modern slavery
- describe any **measures taken to remediate the loss of income** to the most vulnerable families resulting from measures taken to eliminate the use of modern slavery
- describe **training** provided to employees on modern slavery
- describe how the reporting entity assesses the **effectiveness** of such actions.

The report must be approved and signed by the entity's **governing body** and be **publicly disclosed**. Corporations incorporated under the Canada Business Corporations Act must provide the report to shareholders **together with the annual financial statements**.



Bill S-211 Preparedness Self-Assessment:

- We understand our supply chains, the third-parties that support our operations and their policies and controls to mitigate the risk against modern slavery and forced labour
- We have defined protocols (including training), policies and accountabilities to support human rights including anti modern slavery and / or forced labour
- We have a defined supplier due diligence assessment process that includes modern slavery considerations
- We understand which modern slavery risk factors we are exposed to as an organization (e.g., country risk, sector / industry risk)
- We understand which modern slavery risk factors our third-parties may be exposed to (e.g., country risk, sector / industry risk, business model)
- We monitor and / or regularly complete reassessments our third-parties to identify changes that may indicate increased risk or exposure of modern slavery or forced labour conditions

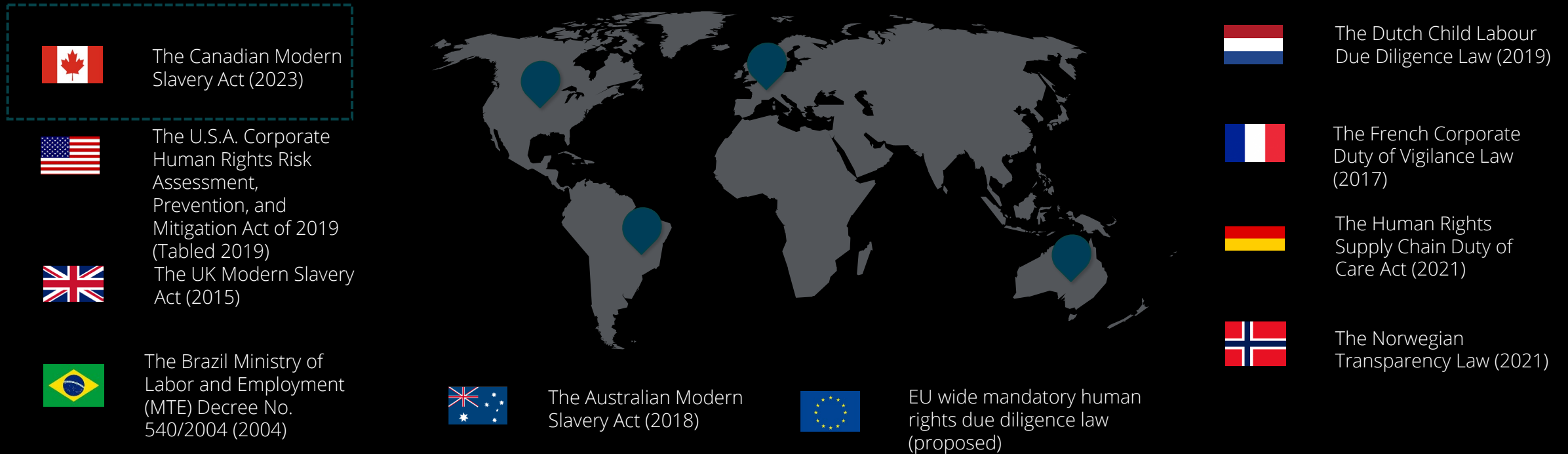
Answering '**No**' to any of the above may indicate your organization is **at risk in compliance** against Bill S-211 and the fight against eradicating modern slavery and forced labour.

How is the regulatory framework for business and human rights developing?

Several countries have implemented local regulations following international human rights standards. The exact application and mandatory character differs per country. A draft for an EU wide mandatory human rights due diligence law was released in February 2022

Business enterprises have the responsibility to comply with and respect **international human rights**. Companies doing business globally must comply with current/future human rights legislations of their target market. A human rights issue of particular concern is **modern slavery** that includes slavery, forced labour, and child labour.

The map below outlines some of the existing and upcoming modern slavery and human rights legislations:



Increased stakeholder scrutiny

Examples of headlines following CORE investigations launched as a result of forced labour allegations

CBC NEWS **Ethics watchdog investigating Zara Canada over alleged ties to forced labour**
Investigation stems from complaints made by 28 civil society organizations

The Canadian Press · Posted: Nov 06, 2023 4:09 PM EST | Last Updated: November 6
Zara Canada investigated in relation to allegations of Uyghur forced labour in its supply chain
Business & Human Rights Resource Centre

Bloomberg
Zara, Uniqlo and Skechers Investigated Over Alleged Uyghur Forced Labor
▪ French probe targets Uniqlo, Inditex, SMCP and Skechers
▪ Follows complaint filed in April by NGOs, Uyghur Institute



BBC **Canada probes Nike, Dynasty Gold over alleged use of Uyghur forced labour**
11th July 2023, 08:07 EDT
By Chloe Kim
BBC News

Retail & Consumer **REUTERS**
Nike faces shareholder proposal on human rights
By Katherine Masters
March 30, 2023 8:27 PM EDT · Updated 8 months ago

Amazon, DoorDash, Walmart, trapping workers in poverty: UN rights expert

United Nations UN News Global perspective Human stories
Society & Equity | Human Rights **REUTERS**
Canada probing Walmart, Hugo Boss over allegations of forced labor
Reuters
August 25, 2023 11:10 AM EDT · Updated 3 months ago

CTV NEWS
Corporate ethics czar investigating Levi Strauss over alleged links to forced labour

How can companies assess their modern slavery risks?

Risks and sphere of influence is unique for every company.

Scope out sphere of influence & conduct risk assessment

- ✓ Mapping of the operations, geographies and the stakeholder groups affected by business operations such as suppliers, trade unions, local communities, customers, government, society.
- ✓ Identification of type and level of risks with regards to human rights such as modern slavery, child labour, safety and health, bribery for relevant business units/steps.



Geographic risk

- Weak or no enforcement of laws prohibiting forced labour
- Weak and/or inconsistent labour inspection framework
- Government with a history of recruiting compulsory labour
- Operate in and/or procure from weak governance zones



Industry risk

- Use of low-skilled work, temporary or seasonal labour
- Labour intensive, rapid turnover rates and seasonal shifts
- Intense competition between suppliers (pressure on time and costs)
- Multi-tiered supply chains and subcontracting arrangements



Entity risk

- Reports by NGO/media that entity is non-compliant with human rights
- Entity's supply chain is opaque and complex
- Poor management of procurement and weak governance



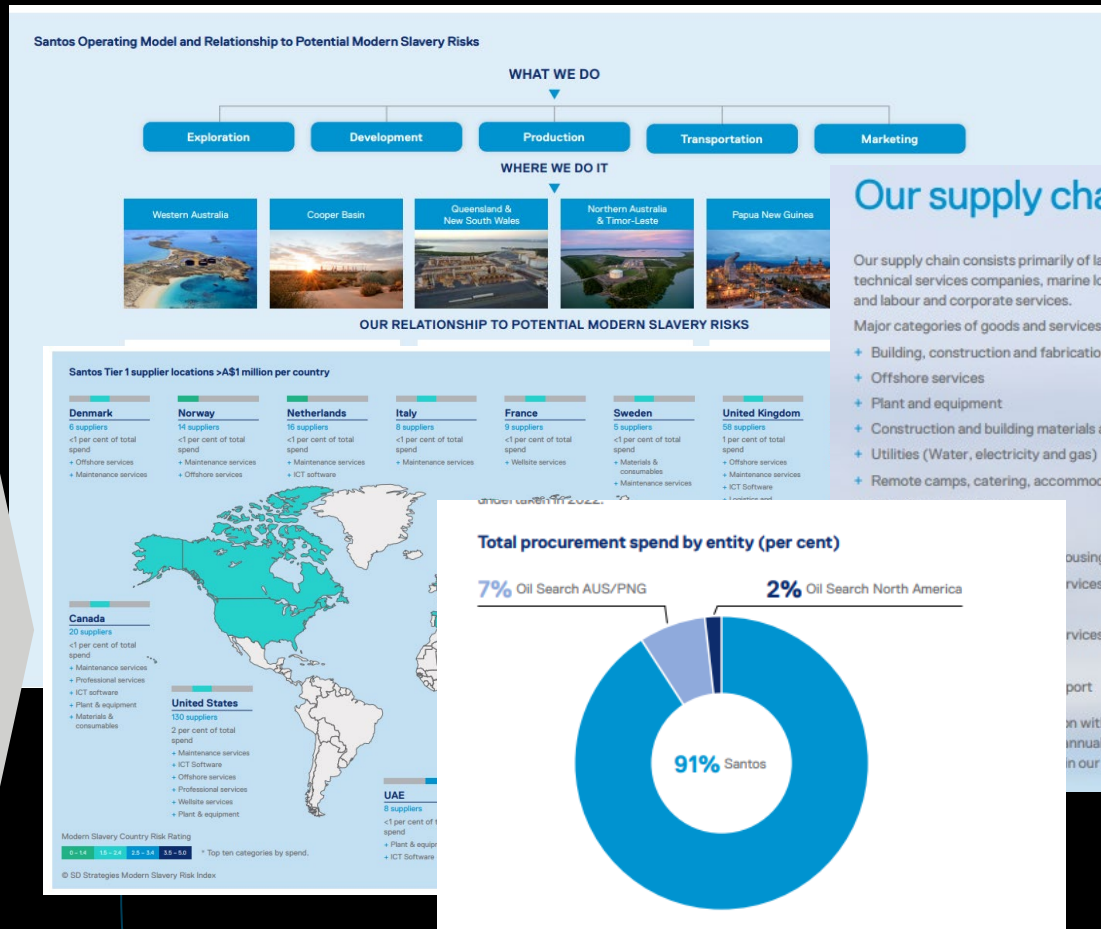
Product/service risk

- The product and/or service has been reported at risk of using slave labour
- The product is made from material reported at high risk of labour exploitation
- Products or services known to be provided by underage workers

Illustrative Examples

Modern Slavery Act Statements in Australia

Santos (oil & gas)



Our supply chain

Our supply chain consists primarily of large oil and gas field engineering, construction and technical services companies, marine logistics and transportation, specialist consultancies and labour and corporate services.

Major categories of goods and services we consistently procure year on year include:

- + Building, construction and fabrication services
- + Offshore services
- + Plant and equipment
- + Construction and building materials and consumables
- + Utilities (Water, electricity and gas)
- + Remote camps, catering, accommodation and cleaning

Mapping of the structure, operations and supply chains

- ✓ Mapping of the global procurement chain
- ✓ Identification of suppliers

Santos starts by describing its procurement chain's main key statistics (spend amounts by country of origin)

Illustrative Examples

Modern Slavery Act Statements in Australia

Santos (oil & gas)

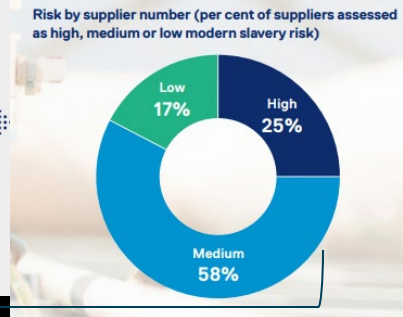
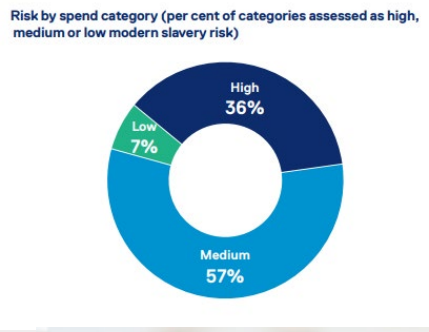
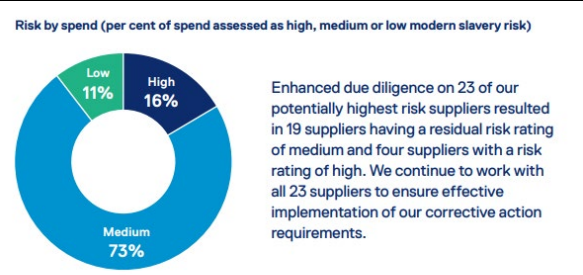
Risk Assessment

✓ Assessing risk by category and geography

Santos

Modern Slavery Statement

Statement for 2021



Santos then discloses its risks by location, spend and supplier

[2021 Santos Modern Slavery Statement.pdf](#)

Illustrative Examples

Modern Slavery Act Statements in Australia

Shell (Oil and Gas)



Shell Australia 2022 Modern Slavery Statement

Approach to human rights



Human rights and the workplace

We respect our employees' and contractors' rights, including freedom from forced labour

Human rights and communities

Our activities can impact the communities where we operate. Through careful project design and responsible management, we aim to avoid human rights impacts. We work in line with the International Labour Organization's Decent Work Agenda. We are guided by the UN Guiding Principles on Business and Human Rights. We work with communities to identify solutions and opportunities.

Human rights and security

Shell aims to keep staff and facilities safe while respecting the human rights and security of local communities. We carefully assess the security threats and risks to our operations and work with governments and partners to provide a secure working environment. Shell only uses armed security in countries where the threats are most severe, or if it is a requirement under local laws.

Human rights and supply chains

The Shell Supplier Principles outline what we expect from contractors and suppliers in areas such as human rights. This includes ensuring no use of forced, prison or compulsory labour or payment of recruitment fees by workers. The principles also ensure a safe, secure and healthy workplace for staff and contractors and payment of wages that meet or exceed national legal standards.

Risk Assessment

- ✓ Assessing risk by category and geography

Risk assessments on our suppliers are a combination of both category and country risk:

Category risk

Supply chain category risk has been determined by analysing typical contract work-scopes to consider where there may be higher risks of unethical labour practices in the recruitment of migrant workers.

Shell Australia has determined the following to be high-risk categories, based on contract value concentration:

1. Engineering, Procurement and Construction Services including Engineering and Project Management Services
2. Rotating and After Market Equipment
3. Engineering and Maintenance Services
4. Logistics – Upstream Land and Custom Clearance Agent Services
5. Onshore Construction

Country risk

Supply chain country risk is derived from external indices provided by Verisk Maplecroft that indicate the potential for modern slavery risks both in country, as well as for migrant workers from these countries.

Shell Australia has determined the following to be high-risk countries, based on contract value concentration:

- China
- Indonesia
- South Korea
- Italy
- Malaysia

Suppliers located in high-risk countries comprise less than one percent of our total contract spend.

[2022 Modern Slavery Statement \(shell.com.au\)](https://www.shell.com.au/2022-modern-slavery-statement)

Illustrative Examples

Modern Slavery Act Statements in Australia


Rio Tinto (Mining)

Risk Assessment

✓ Assessing risk by category and geography

RioTinto

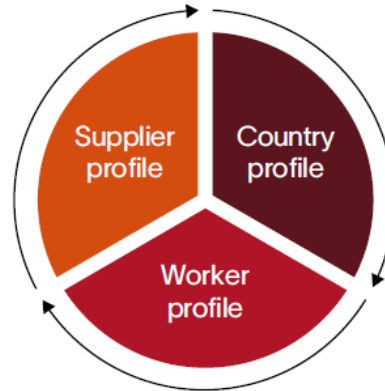
Modern Slavery Statement 2022



To assess the management profile of our supplier, we consider several indicators, such as:

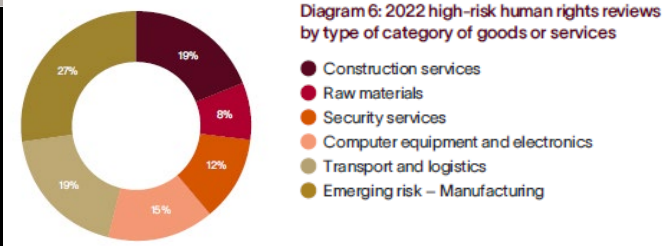
- A commitment to respect human rights aligned with the UNGPs.
- Human rights and responsible sourcing policies and procedures.
- Evidence of implementation and communication of these policies to workers.
- Human rights due diligence undertaken on their own suppliers.
- Training provided to their workforce.
- Functioning and effective grievance mechanism.

New and emerging risks can occur outside our defined high-risk categories, which we respond to on a case-by-case basis. We describe supplier-specific risks identified through our third-party due diligence process in Section 3.

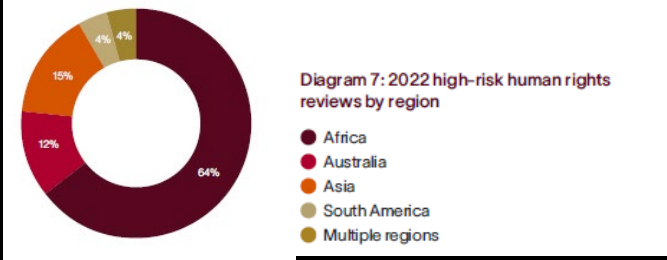


- As modern slavery can occur in any country, the risk indicators we consider include:
- The government's response to modern slavery (for example, if they have effective law enforcement, strong regulation and laws and support to victims).
 - Vulnerability of individuals to modern slavery (for example, high rates of inequality, poverty and/or disenfranchised groups, lack of political rights, low or reduced financial and health protections, no protection in place for those most vulnerable).
 - Conflict or risk of conflict.

Diagram 3: Risk profile indicators

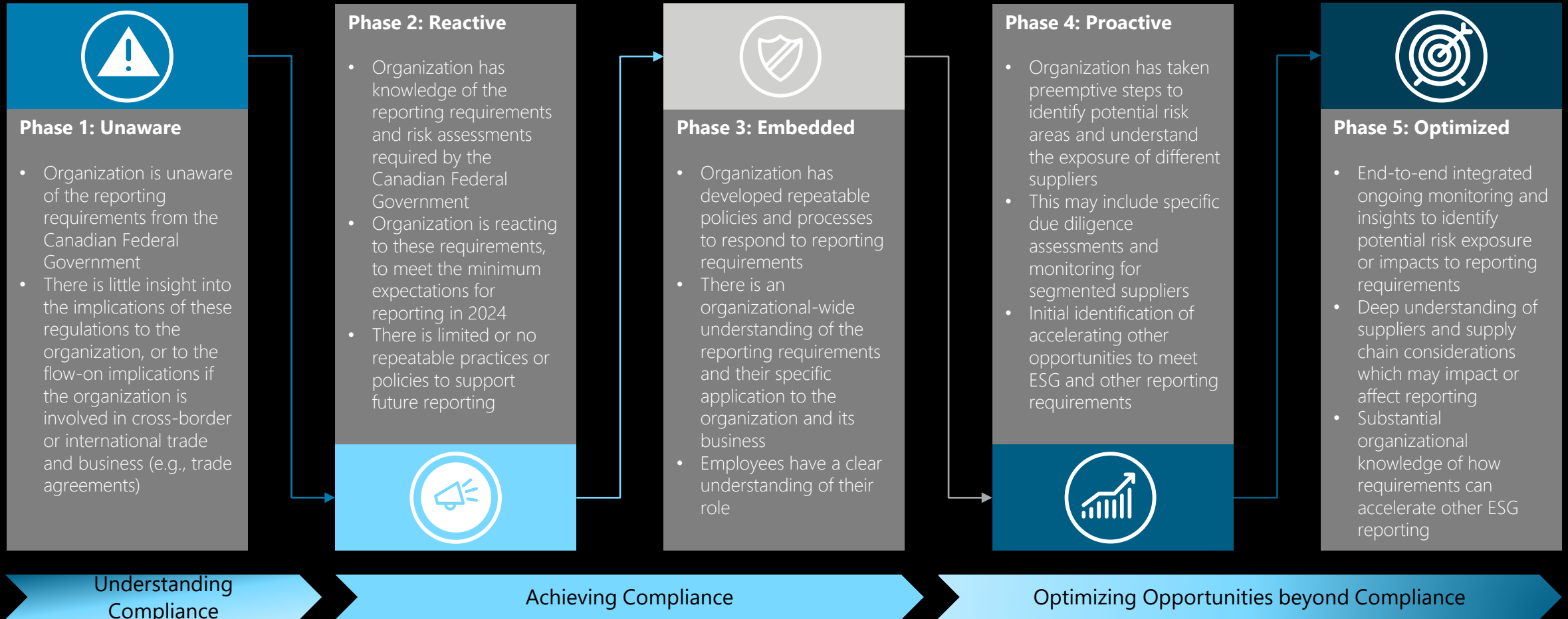


- The work is out of sight or in remote locations.
- The work is temporary, seasonal or contractual in nature.
- The work is gendered, and where women and girls may suffer discrimination.
- The work is frequently performed by migrant workers who may speak a different language or be culturally separate.
- There are low barriers to entry (where minimal skills, education or experience is required).
- The work performed may be considered dangerous, demeaning or degrading.
- Workers are recruited by third-party labour agencies, without clarity on recruitment practices.



Organizations are at different point of their journey

Beyond the mandatory requirements, there are opportunities for organizations to reach and achieve other ESG, reporting, and supplier insight objectives, leveraging the requirements under Bill S-211.







Lessons learned from other jurisdictions

<u>Canadian Standard</u> (Fighting Against Forced Labour and Child Labour in Supply Chains Act, 2023)	<u>Australian Standard</u> (Modern Slavery Act, 2018)	<u>UK Standard</u> (Modern Slavery Act, 2015)	Takeaways
The report must include the entity's structure, activities, and supply chains	Describe the structure, operations, and supply chains of the reporting entity	Company's annual statement may include the organization's structure, its business, and its supply chain	<p> While 75% of statements reported the number of suppliers, less than 50% reported the supply spend, and less than 33% distinguished supply by region or category. ¹</p> <p> 29% of organizations have yet to submit modern slavery statements to the 2022 Government registry. ²</p>
The report must include the entity's policies and due diligence process	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls to assess and address those risks (including due diligence and remediation processes)	Company's annual statement may include its policies and due diligence process in relation to slavery and human trafficking	<p> Engagement and education of suppliers is the key to mitigate risks in the supply chain. Most firms described their due diligence process, however only 68% reported on remediation. ¹</p> <p> 23% of statements from organizations failed to outline any measurable goals and lacked basic information about steps being taken to tackle modern day slavery. ²</p>
The report must include the parts of the business and supply chains that carry a risk of forced labour being used	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity	Company's annual statement may include the parts of its business and supply chains where there is a risk of slavery and human trafficking and the steps it has taken to assess and manage that risk	<p> Best statements provided information of supplier audits done, issues identified, and if they are resolved. Having case studies or examples to help illustrate specific risks and how the company has identified incidences and addressed them is beneficial. ¹</p> <p> UK Companies perceive higher risk of slavery compared to China – with 39% of companies citing migrant labour as the biggest risk. ²</p>

1. [Monash University - Research Brief: Modern Slavery Statement Disclosure Quality](#)
 2. [CIPS: Momentum stalling on tackling modern day slavery as businesses forget transparency rules](#)
 3. [ACSI - Moving from paper to practice: ASX200 reporting under Australia's Modern Slavery Act](#)

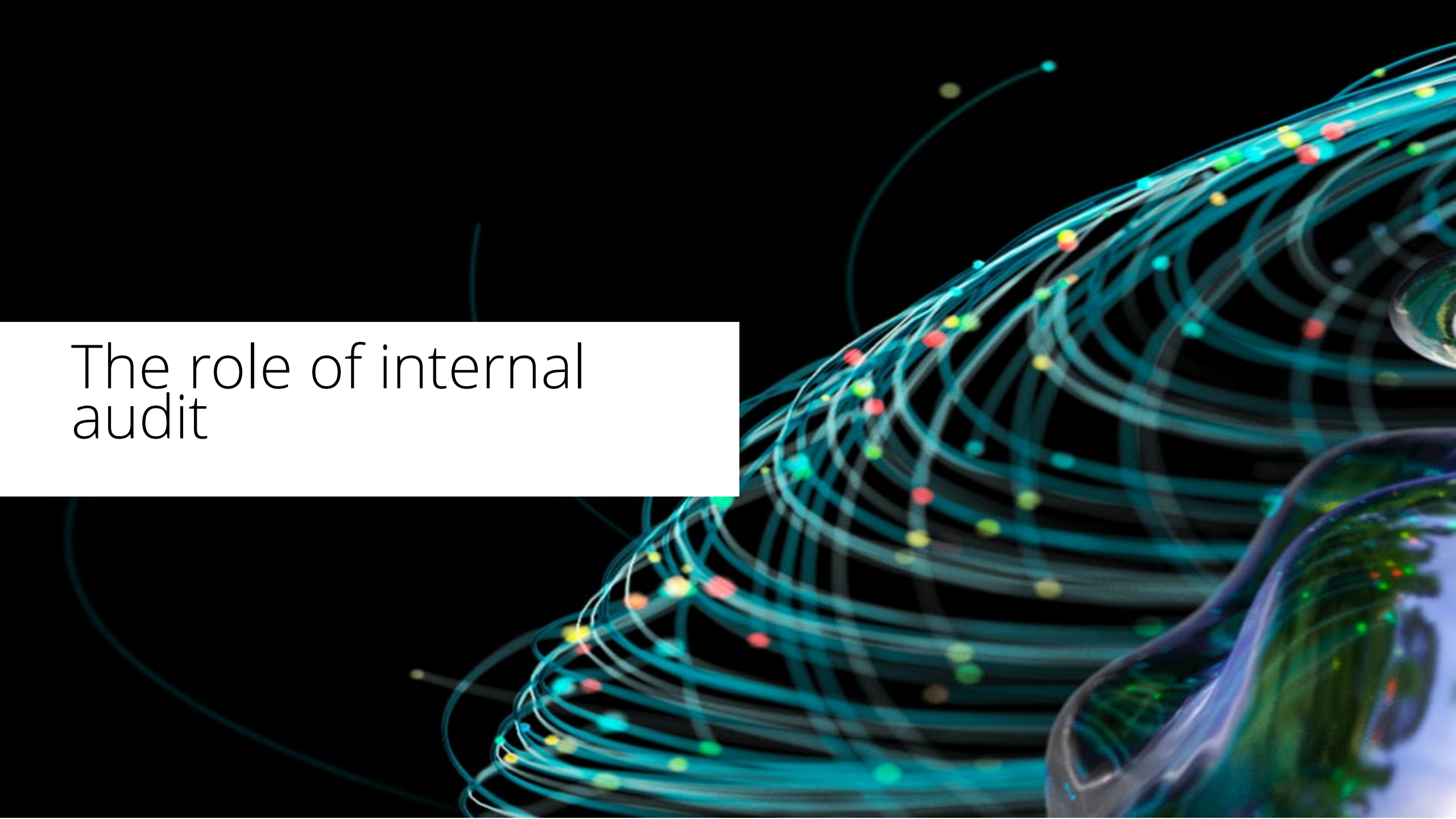
Lessons learned (con't.)

<u>Canadian Standard</u> (Fighting Against Forced Labour and Child Labour in Supply Chains Act, 2023)	<u>Australian Standard</u> (Modern Slavery Act, 2018)	<u>UK Standard</u> (Modern Slavery Act, 2015)	Takeaways
The report must include any measures taken to remediate the loss of income that results from measures taken to eliminate use of forced labour	n/a	n/a	n/a
The report must include any measures taken to remediate any forced labour	The actions taken by the entity to assess and address risk (including due diligence and remediation process)	n/a	 Over 80% of statements identified processes to help companies identify and respond to incidents. However, only 6% of statements explained how the entity identified and responded to allegations. ³
The report must include training provided to employees	n/a	Company's annual statement may include the training about slavery and human trafficking	 In a 2021 study, only 13% of statements actually discussed training provided, the training content, and number of employees in the trainings. ³
The report must include how the entity assesses its effectiveness in ensuring that forced labour is not being used in its business and supply chains	Describe how the reporting entity assesses the effectiveness of such actions	Company's annual statement may include its effectiveness in ensuring that slavery and human trafficking is not taking place in the business	 The reporting entity should describe how it assesses the effectiveness of modern slavery risk management in terms of who is responsible, what to assess, and how often assessments occur. ⁴
			 Effectiveness and accountability go hand in hand. Requiring statements to be signed and approved by a director of the company creates clear accountability by a senior member of the firm and aims to encourage senior-level by-in. ⁵

4. [Journal of Business Ethics - Modern Slavery Disclosure Regulation and Global Supply Chains: Insights from Stakeholder Narratives on the UK Modern Slavery Act](#)

5. [Policy and Evidence Centre: Effectiveness of Section 54 of the Modern Slavery Act](#)

The role of internal audit



Internal Audit's Role in Assessing Bill S211 risk

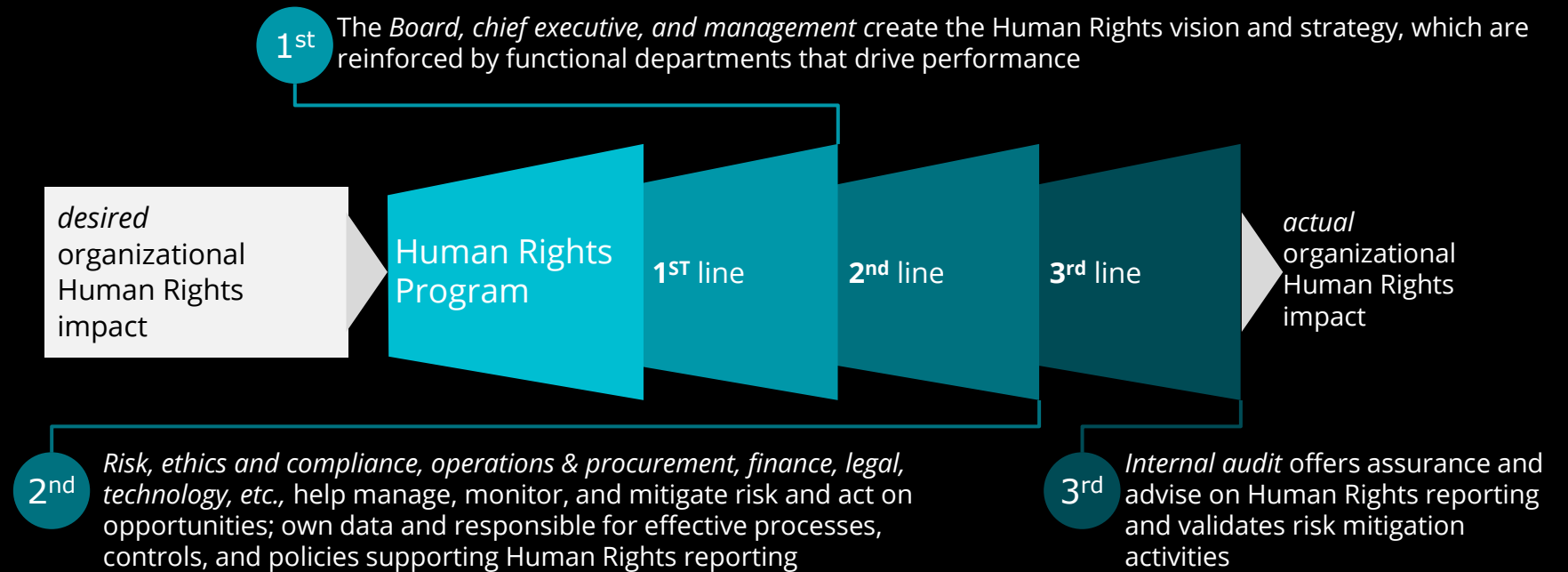
Integrate Human Rights risk and compliance considerations into the internal audit plan to instill discipline and enhance controls related to material Human Rights risks

Example areas for action:

- Drive accountability and visibility while monitoring risks to the entity raised by Human Rights issues alongside ERM
- Enhance governance processes, controls, and policies.
- Leadership reporting to proactively identify risks, inform action plans, and promote Human Rights integration as a consultative resource to the ESG Committee
- Provide a layer of verification to the statements being provided in the report
- Training and guidance to operational teams and business units

Three Line Model

Roles across the organization have a responsibility to manage Human Rights risk and drive organizational alignment.



Internal Audit approach to Human Rights reporting

A strong control environment as part of an effective governance structure is imperative as Human Rights considerations become prominent for stakeholders. With the increased attention on Human Rights comes an increased focus on data quality. Internal Audit plays a key role in bringing structure, rigor and internal controls around Human Rights risk.



Scope, assess and define



Identify and document data and controls



Perform testing



Execute remediation process



Monitor

Applying an IA approach to Human Rights reporting

Disclosure

- What disclosure exists?
- Who is responsible?
- Who is involved?
- What are the significant risks?

Frameworks and standards

- Are frameworks and standards used in current disclosure or internally (if so, which(i.e. OECD Guidelines for Multinational Enterprises; UN Guiding Principles on Business and Human Rights (UNGPs); other)?
- How can frameworks and standards enable internal audit's review?

Process and controls

- Are process and controls formal or informal?
- Are process and controls documented?
- How can lessons from other areas of internal controls (finance and accounting, risk management) be applied to Human Rights?
- What analytical procedures are currently being performed which can serve the reporting process?

Remediate/monitor

- What training exist?
- Can existing monitoring processes be leveraged for the implementation of audit findings on Human Rights reporting?

Leveraging the COSO Framework for ESG Reporting

Control environment



Risk assessment



Control activities

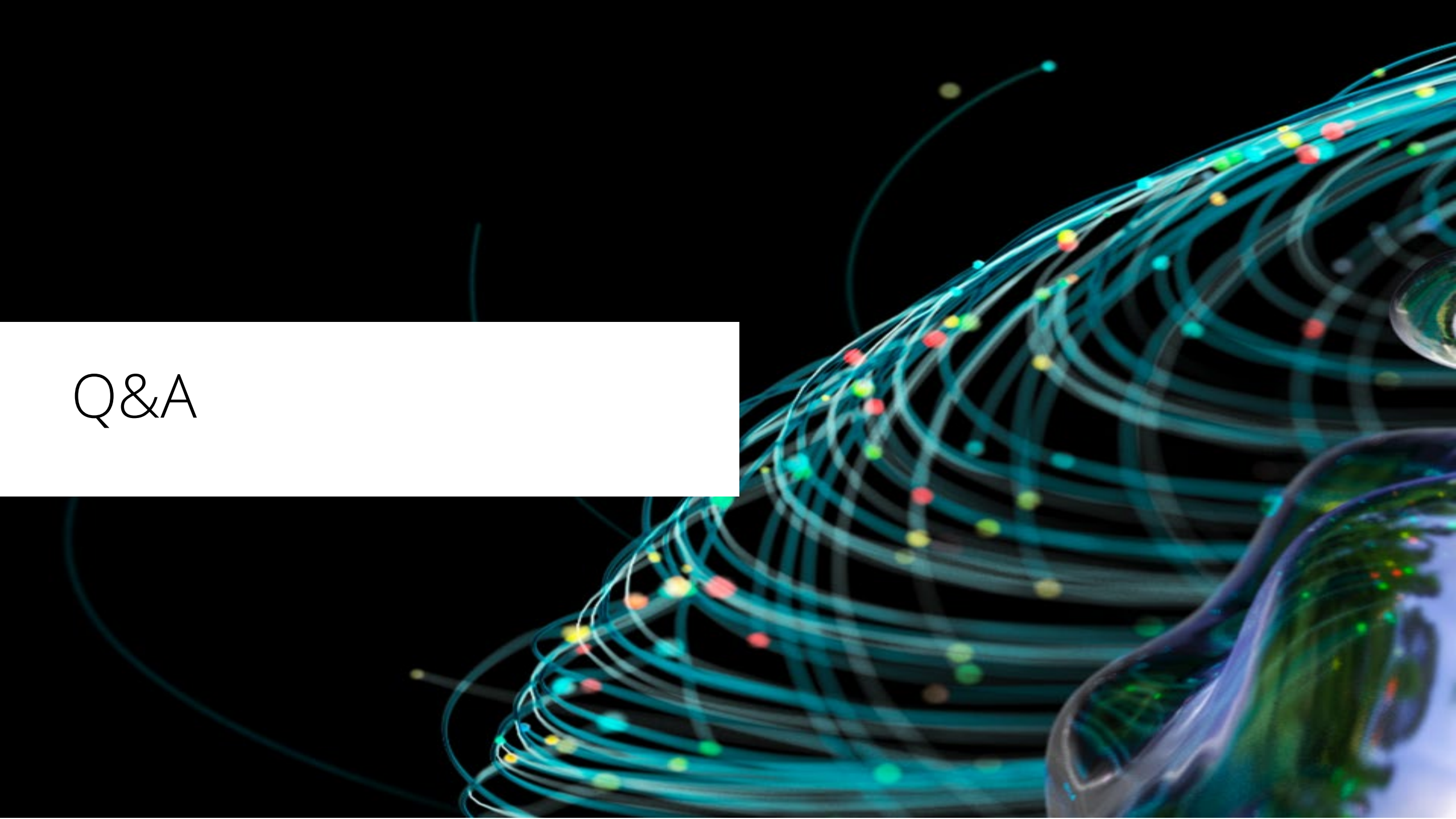


Information and communication



Monitoring

Q&A



Thank you!

The background features a complex, abstract pattern of glowing blue lines that curve and swirl across the frame. Interspersed among these lines are numerous small, brightly colored dots in shades of red, yellow, green, and cyan. The overall effect is reminiscent of a data visualization or a network diagram, set against a dark, almost black background.