



Submission on a legislative response to modern slavery and worker exploitation

~ Introduction

[Mindful Fashion New Zealand](#) is an industry organisation for the clothing and textiles industry in Aotearoa New Zealand. We represent more than 70 member businesses from across the value chain of textiles, manufacturing, brand, retail and service providers. Our members are all committed to creating an industry that is full-circle, innovative, and allows people and nature to thrive.

The global clothing and textiles industry is ranked second most at risk of modern slavery¹. Known occurrences of modern slavery have been found at every stage of the manufacturing process in global supply chains; supply chains which many businesses use to produce garment and textiles products.

In 2013, the Rana Plaza collapse in Dhaka, Bangladesh, killed 1,134 people, including children. After the collapse, it was reported that the workers had been in modern slavery conditions. Many had been forced to work overtime, with evidence of child labour and overcrowding in a building with an obviously compromised structure.²

In 2021, the US administration announced a ban on imports of cotton (and tomatoes) from the Xinjiang area of China, as well as all products made with those materials, citing human rights violations and the widespread use of forced labour in the region.³

To move towards an equitable and regenerative system for clothing and textiles and away from worker exploitation modern slavery must be addressed, due diligence processes need to be in place and effective accountability mechanisms implemented and monitored. This will not only protect workers from exploitation, but help create a level playing field for businesses that choose to operate responsibly with robust due diligence processes for their procurement.

In order for modern slavery legislation to be effective, we feel the following are most important:

- 1. The law needs to be strong in order to be effective. In particular:**
 - a. The Government needs to make sure the law is followed.
 - b. There needs to be clear guidance for entities on how to respond to the legislation.
 - c. There needs to be a Commissioner or a body with oversight function.

- 2. To drive culture change, the following is necessary:**
 - a. Mandatory reports should be made public.
 - b. Companies that are not required to submit reports (or do full due diligence) should be able to opt-in and have their reports on the public register.

- 3. The law needs to be subject to regular review to ensure it remains fit for purpose.**



~ Consultation questions

Question 1. Do you think that enough action is currently taken in New Zealand to address modern slavery and worker exploitation across operations and supply chains?

No, more action is needed. Currently, New Zealand companies have no requirements to address modern slavery and worker exploitation across their supply chains in particular. New Zealand needs to introduce Modern Slavery legislation that requires greater traceability, due diligence and transparency in operations and supply chains, with an accountability and reporting mechanism to ensure robustness.

What are the key policy objectives for addressing modern slavery and worker exploitation?

We believe the key policy objectives are:

- To reduce modern slavery and worker exploitation in New Zealand and globally, helping to build practices based on fairness and respect.
- To level the playing field for entities which act responsibly
- To drive culture and behaviour change
- To support consumers to make more informed choices

Question 2. Should all organisations have to take action if they become aware of worker exploitation or modern slavery in their operations and supply chains?

We strongly agree that New Zealand companies who become aware of modern slavery in their supply chains (and, similarly, worker exploitation in their domestic operations and supply chains) should respond to these cases rather than ignoring them. This could include:

- working with the supplier to address the harm
- changing suppliers, and/or
- helping the employer put in place practices that comply with employment standards.

Question 3. Should SMEs have a responsibility to undertake due diligence in domestic operations and supply chains for New Zealand entities they have significant control or influence over.* (where they are the parent or holding company or have significant contractual control.)

Yes, SMEs should be required to undertake proportionate due diligence in the domestic operations and supply chains for entities they have significant control over. This could include:

- requiring suppliers to provide details on the assurance systems they have in place
- pre-approval assessments of potential supply chain partners,
- putting in place measures that allow workers to raise concerns.

Question 4. Should medium and large-sized organisations be required to annually report on the due diligence they're doing in their operations and supply chains?

Yes, medium and large-sized organisations should be required to annually report on the due diligence they are undertaking in their operations and supply chains. This should include:

- Traceability requirements, and transparent disclosure of supply chains
- Risks identified, and steps taken to identify, mitigate and remediate risks
- What due diligence has been undertaken



- Steps taken to work with suppliers and staff to educate, remediate and build capability
- Process for new suppliers to ensure risks are avoided
- Progress made over time

Question 5. Should large organisations be required to undertake due diligence to prevent and mitigate modern slavery and worker exploitation in their operations and supply chains?

We strongly agree that large organisations be required to undertake due diligence in their operations and supply chains. This should include:

- Identifying and reporting on risks
- Educating suppliers, and workers in their supply chains, about relevant rights and obligations
- Regularly surveying/visiting suppliers to assess competence and understanding
- Commissioning third-party audits of suppliers' compliance
- Establishing mechanisms for workers to report concerns directly to the entity

Question 9. How far across an entity's operations and supply chains should expectations to undertake due diligence apply?

For medium entities, due diligence on first tier suppliers, where said due diligence calls for businesses to understand how Tier 1 supplier works with their own supply chain. For large entities due diligence must include Tier 1 with a roadmap to extend traceability and responsibility to Tier 2 > 4 over a period of time.

Question 17. What types of non-compliance should lead to enforcement action?

- Not reporting on things it is compulsory to report on;
- Not doing adequate due diligence on slavery risks identified (where required for their size);
- Providing false or misleading information in reports.

Question 24. Do you think a central register for disclosure statements should be established?

Yes. This will enable people who are interested (the public, NGOs, academics etc.) to readily find the statements. Entities should also be required to publish reports on their own websites.

Question 25. What support services, products or other guidance do you think are most needed? What would be of greatest benefit to you?

We recommend the Government establish specific due diligence guidance for different size businesses in NZ similar to the EU due diligence requirements, outlining how to identify slavery risks and mitigate them, along with supporting implementation tools and templates such as risk registers, reporting and due diligence templates, process flowcharts and data collection tools. A reporting template that makes it easy to see exactly what steps a business takes would be useful for business and consumers alike.



Question 26. What do you consider is needed to support the adoption of good operational and supply chain practice, and compliance with the proposed responsibilities?

Good guidance and clear understanding of requirements and penalties must be provided in order to enable businesses to respond and enact the legislation effectively.

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1. WalkFree Foundation, (2019). *Global Slavery Index; G20 Leaders in Consumption*. Available at: <<https://www.globalslaveryindex.org/2018/findings/highlights/>>
2. The Guardian, (April 24, 2014). *Supply chains and forced labour after Rana Plaza, Dan Viederman*. Available at: <<https://www.theguardian.com/global-development-professionals-network/2013/may/30/rana-plaza-bangladesh-forced-labour-supply-chains>>
3. New York Times, (Jan 13, 2021). *U.S. Bans All Cotton and Tomatoes From Xinjiang Region of China, A. Swanson*. Available at: <<https://www.nytimes.com/2021/01/13/business/economy/xinjiang-cotton-tomato-ban.html>>