The Global State of Trust

We are facing a catastrophic breakdown in public trust.

Edelman’s 2018 Trust barometer has showed that trust in institutions is declining sharply across all sectors - across business, media, government and NGOs.

- Edelman, 2018
Trust and board accountability

94% of directors agreed or strongly agreed that trust was important to their organisations’ sustainability

49% felt that their board had a proactive approach to building trust with their most important stakeholders

38% believed their board had clear processes for responding to issues that can affect trust

23% received meaningful metrics on trust in their organisations
What is driving the trust conversation?

- Trust contagion effect
- Shifting social expectations
- Regulatory drivers are increasing
Where does social licence come from?
Earning trust through social licence

Organisations need to build better, stronger relationships with their stakeholders.

People and communities play a critical role in accepting, approving or rejecting how companies – or entire industries – conduct their business.

Your business needs to identify, escalate and manage those impacts that present greatest threat to social licence.
Trust, human rights and the risk to business
What is modern slavery?

Modern slavery practices are major violations of human rights and serious crimes. Modern slavery practices include trafficking in persons, slavery, slavery-like practices (including forced labour and forced marriage) and the worst forms of child labour (including using children for prostitution or in hazardous work).

Explanatory Memorandum,
Modern Slavery Bill 2018 (Cth)
Risk factors for modern slavery

- Vulnerable populations
- High risk business models
- High risk categories
- High risk geographies
Global Context

- Some Australian companies have existing obligations under UK’s *Modern Slavery Act 2015*
Modern Slavery Bill 2018 (Cth)

01. Financial threshold of AUD $100 million

02. Annual public modern slavery statement on a central government register

03. Board approval and director signature
Modern Slavery Act 2018 (NSW)

1. Financial threshold of AUD $50 million

2. Penalties of up to $1.1 million apply for non-reporting/misleading reporting

3. First reports under the NSW legislation may be due before the Cth
Mandatory Reporting Criteria

01 Identify the reporting entity
02 Structure, operations and supply chains
03 Risks of modern slavery practices in your operations and the supply chains of the entity and any entities owned or controlled by you
04 Actions taken to assess and address modern slavery risks including due diligence and remediation processes
05 How you assess the effectiveness of the actions taken
06 The process of consultation with entities owned and/or controlled by you
07 Any other information that you consider relevant
What questions do I need to ask?

Do you know if there are people in slavery-like conditions in your supply chain?

What will you do when you find slavery-like practices in your operations or supply chain?

Are you ready to publicly report on your approach to managing modern slavery?
Am I ready to respond?

1. Identify your material human rights risks, particularly modern slavery related risks

2. Diagnose the current gaps in your management systems and practices

3. Progressively address your key gaps with a view to continuous improvement
Richard Boele

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Head of KPMG Global Business and Human Rights Network

Richard is the Lead Partner of KPMG Banarra, KPMG’s first dedicated human rights and social impact advisory team. Through his work with property, financial services, FMCG, retail and mining companies such as Stockland, Lend Lease, Dexus, Macquarie Group, Westpac, Bunnings, Coles, Wesfarmers, Woolworths and BHP Billiton, Richard offers over 20 years of experience in advising on and helping companies manage their human rights and social risks, including in relation to complex operating contexts. His particular strengths are engaging senior corporate leaders on strategic human rights and social risks, and asking the challenging but important questions that lead to many an executive’s career “ah-ha” moment. Richard is a former Director of the UN Global Compact Network Australia. He is a Visiting Fellow on social impact at Macquarie University and Industry Fellow at the Centre for Social Responsibility in Mining at University of Queensland. He is widely published and a regular speaker at conferences.

Dr Meg Brodie

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Meg is a human rights specialist with deep experience across the corporate, government and community sectors. Meg has particular expertise in transformative human rights change processes and complex stakeholder dynamics and specialises in working with corporate clients to translate human rights commitments into practical action plans. Meg is a recognised expert in corporate responses to modern slavery reporting requirements, working with clients in financial services, property, retail and other sectors on leading practical solutions to human rights risk. Meg leads KPMG Banarra’s human rights service line and manages KPMG’s Global Human Rights Network, coordinating human rights and sustainability experts from across KPMG. Prior to joining KPMG, Meg worked on a significant statutory human rights independent review and has extensive field experience, including across Asia and Africa. Meg has a PhD in human rights law and has also published on the corporate responsibility to respect human rights. Meg understands the importance of organisational readiness and works with clients to design and deliver capacity building to effectively navigate the human rights landscape.