"Business and Human Rights" professional team



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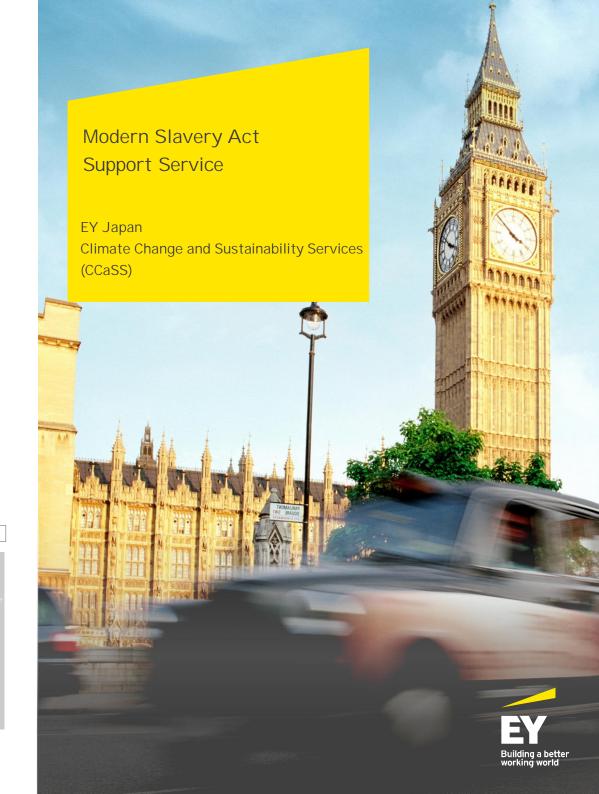
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Modern Slavery Act 2015

Modern slavery today

25mn workers are in modern slavery¹

According to the Global Slavery Index (GSI), 24.9 million people are in forced labour, one of typical forms of modern slavery.

Modern slavery is a global issue

Migrant workers in high income the vulnerable groups to modern slavery risks. Recruitment fees incurred by various intermediary agents are often imposed on workers, which may put them in a debtbondage labour (forced labour), a form of modern slavery.

US\$354 billion worth of imports in G20 at risk of modern slavery ¹

importing US\$354 billion worth

*1: The Global Slavery Index www.globalslaveryindex.org/

Core Resources

UK Modern Slavery Act Transparency in Supply Chains etc. A practical guide https://assets.publishing.service.gov.uk attachment_data/file/649906/Transpar ency_in_Supply_Chains_A_Practical_Gui de 2017.pdf

Modern Slavery Act Australia Commonwealth Modern Slavery Act 2018

Background

Modern slavery is defined as the offences of servitude including human trafficking, forced labour and forced sexual exploitation. According to the Global Slavery Index (GSI), 24.9 million people are in forced labour, one of typical forms of modern slavery. GSI also estimates that G20 countries are collectively importing US\$354 billion worth of products at risk of modern slavery annually.

The Modern Slavery Act 2015 (the Act) contains provisions that require certain businesses to produce a statement setting out what steps have been taken to ensure there is no modern slavery in their own business or in their supply chain.

The Act came into force on 29 October 2015 but there are transitional provisions which give time for businesses to comply with the new rules. Businesses with a year end of 31 March 2016 will be the first businesses required to produce a statement for the 2015/16 financial year.

The Act requires any commercial organisation (wherever incorporated), that carries on a business or part of a business in the UK, supplying goods or services, and has an annual global turnover which exceeds a threshold of £36mn (which includes the turnover of any subsidiaries regardless of where they are based) to produce a slavery and human trafficking statement for each financial year.

Consideration will need to be given as to which entities in a group structure (including both UK and non-UK entities) will potentially need to be included in a group statement or have a standalone statement.

What is required?

A slavery and human trafficking statement is a public facing document which must be made available on the business's website. The statement has to be approved either by the company Board and signed by a Director, or in the case of LLPs, by its members and signed by a designated member.

The legislation is not prescriptive about the layout or specific content of the statement but it must set out all the steps an organisation has taken to ensure there is no modern slavery in its business or supply chains. If no such steps have been taken, this should be stated. The legislation does, however, contain details of items that a commercial organisations may want to include, and NGOs have begun to rank companies' statements against these items.

Failure to comply with the Act

If a qualifying business fails to produce a slavery and human trafficking statement, the UK Secretary of State may seek an injunction through the High Court requiring the business to comply. Failing to comply with the injunction would risk being in contempt of court and is punishable by an unlimited fine. There will undoubtedly be a reputational risk for any business which is reported as having failed in its obligations.

Modern Slavery Act 2018 in Australia

been established in Australia in 2018 and has already been entry into force. Disclosure items are mostly common in both Acts. Australian Modern Slavery also requires companies subject to the Act to not only disclose its annual statements in their website but also submit them to public registry prepared

EY Support

How we can help

The objective of these provisions of the Act is, inter alia, to tackle modern slavery by pushing businesses towards greater transparency and encouraging them to use their leverage to improve conditions further down the supply chain. The Act is one of an increasing number of regulations encouraging or compelling companies to identify risks to people in their business operations and take appropriate measures to address them. Many companies are positioning compliance with the Act as part of their more comprehensive human due diligence in accordance with the UN Guiding Principles on Business and Human Rights ("Guiding Principles").

EY Japan provides a global perspective and practical advice on human rights due diligence for modern slavery and human trafficking as well as support for the preparation of a Slavery and Human Trafficking Statement. Our human rights experts have been directly involved in the establishment of global business and human rights standards such as the Guiding Principles.





Companies are expected to know their global, complex supply chains to identify high-risk countries/industries in which modern slavery or human trafficking may occur.



Companies need to identify existing internal policies and procedures that relate to supply chain transparency and/or human rights risks and undertake a gap analysis against relevant international standards and stakeholder expectations.



Companies are expected to disclose their commitment to improving identified issues.



Companies are expected to develop employees capacity, enhance coordination with NGOs and implement commitments by improving or establishing internal processes to detect and prevent modern slavery



Companies are expected to know if their efforts are effective tracking performance against KPIs and maintaining a dialogue with affected parties.



Effective engagement with various internal and external stakeholders is required ranging from installing a deep understanding of the company's responsibility among the board members and staff of relevant departments to affected parties and NGOs representing their voices.



To meet legal requirements under the Act, companies subject to the Act must produce a "Slavery and Human Trafficking Statement" and disclose information related to their fulfilment of their social responsibility to respect human rights in their operations and supply chains.

We identify the degree of risk of modern slavery and human trafficking by analysing factors such as the nature of the business, regions of operation and previous cases.

Using our FY methodology based on the Guiding Principles, we identify and assess the company's human rights risks, including modern slavery risks, to support prioritising of resources.

Following an analysis of the current state of risk management, we provide advice on realistic and practical commitments that the company can make in the pursuit of

improvement.

We provide support in structuring processes to embed findings into the business for sustainable improvement.

Leveraging our global expertise in due diligence we provide support with KPI tracking and stakeholder engagement.

Following UK Modern Slavery Act 2015, another Modern Slavery Act has by the Australian Government.

Training: To advance internal stakeholders' understanding about human rights responsibilities, EY Japan provides training and seminars containing a smart mix of theory and practical examples illustrating the link between the issues and their day-to-day. Stakeholder dialogue: EY can plan and expertly facilitate constructive, interactive stakeholder dialogue that meets global standards.

Disclosure: Our human rights experts are directly involved in the formulation of global business and human rights standards and can support the preparation of a Slavery and Human Trafficking Statement that best highlights the company's existing and future efforts.