



Australian Government

Department of Home Affairs

MODERN SLAVERY ACT 2018

**DRAFT GUIDANCE FOR REPORTING
ENTITIES**

*PAGE OF COMMENTS FROM BUSINESS
LEADERS/INVESTORS/CIVIL SOCIETY PROMOTING
USE OF GUIDE*

MINISTERIAL FOREWORD

Contents

The Commonwealth *Modern Slavery Act 2018* established Australia's national Modern Slavery Reporting Requirement (reporting requirement). The aim of this Guide is to explain in plain language what entities need to do to comply with this reporting requirement.

Under the reporting requirement, certain large entities must publish annual Modern Slavery Statements (statements) describing their actions to assess and address modern slavery risks. The main audience for this Guide is people that need to prepare a statement for their entity. You can also read this Guide if you do not have to report but want to learn more about the reporting requirement or provide a voluntary statement.

Each chapter of this Guide will help you to understand a specific part of the reporting requirement. You can also find extra information about key issues in the appendices at the end of this Guide.

We recommend that you share this Guide with other relevant areas of your entity. For example, this Guide may include helpful information for your entity's procurement, legal, compliance, and finance teams. You may also wish to encourage your business partners, including suppliers, to read this Guide.

This Guide addresses the main issues and concepts that you need to understand to comply with the reporting requirement. You can access additional support and advice by contacting the Modern Slavery Business Engagement Unit in the Department of Home Affairs at slavery.consultations@homeaffairs.gov.au.

This Guide does not include specific information for Commonwealth entities covered by the reporting requirement. Separate guidance will be provided for Commonwealth entities.

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CHAPTER OVERVIEWS

Chapter 1: Introduction

- This chapter explains the context for the reporting requirement. It also outlines how to comply with the reporting requirement and the consequences for noncompliance.

Chapter 2: Do I need to report?

- This chapter explains how to work out if your entity is required to comply with the reporting requirement.

Chapter 3: Can I report voluntarily?

- This chapter explains how to voluntarily comply with the reporting requirement and whether your entity is eligible to do so.

Chapter 4: When do I report?

- This chapter explains how to determine when you will need to report.

Chapter 5: How do I prepare a statement?

- This chapter explains how to draft your statement, including how to respond to each of the mandatory criterion.

Chapter 6: How do I approve and publish a statement?

- This chapter explains how to finalise your statement, including how to have your statement approved within your entity. This chapter also explains how to publish your statement on the central register.

Chapter 7: Can I prepare a joint statement?

- This chapter explains how to draft and finalise a joint statement on behalf of one or more reporting entities.

Chapter 8: How can the Modern Slavery Business Engagement Unit help me?

- This chapter explains the role of the Unit and how it can assist you.

Appendix 1: What is modern slavery?

- This appendix explains the definition of modern slavery and provides examples and indicators of modern slavery.

Appendix 2: How can I work with suppliers?

- This appendix sets out recommendations for working with your entity's suppliers to assess and address modern slavery risks.

Appendix 3: How do I respond to a case of modern slavery?

- This appendix sets out recommendations to help you respond to cases of modern slavery in Australia and overseas.

Appendix 4: How can I collaborate with civil society organisations?

- This appendix explains how collaborating with civil society can strengthen your response to modern slavery.

Appendix 5: Helpful resources

- This appendix includes links to other resources that can help you learn about modern slavery and how you can respond.

1.

Introduction

You can read this chapter to learn:

- What is modern slavery
- How modern slavery can impact your entity
- What is the Modern Slavery Reporting Requirement

1.1 This introductory chapter explains the context for the Modern Slavery Reporting Requirement.

What is modern slavery?

2.1 The term modern slavery is used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom.

3.1 Modern slavery is only used to describe serious exploitation. It does not include practices like substandard working conditions or underpayment of workers. However, these practices are also illegal and harmful and may be present in some situations of modern slavery. The **Learn More** box on page 8 explains the differences between modern slavery, other forms of exploitation, and decent work.

4.1 The Australian *Modern Slavery Act 2018* (the Act) is the first national legislation in the world to define modern slavery.

5.1 The Act defines modern slavery as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services. You can learn more about each of these types of exploitation by reading **Appendix One (page 59)**.

LEARN MORE: WHERE DOES MODERN SLAVERY FIT?

Modern slavery happens at the most extreme end of a spectrum that ranges from decent work to serious criminal exploitation.



MODERN SLAVERY

- Worker cannot refuse or cease work because of coercion, threats or deception.
- Worker may also be deprived of personal freedom.

DANGEROUS OR SUBSTANDARD WORKING CONDITIONS

- Worker can refuse or cease work but doing so may lead to detriment.
- Worker is not paid fairly and does not receive some or all entitlements.
- Worker may be required to work excessive hours.
- Workplace is unsafe.

DECENT WORK

- Workers' rights respected.
- Worker free to refuse or cease work.
- Worker paid fairly (at least the minimum wage).
- Workplace is safe.

How does modern slavery impact your entity?

- 6.1 The nature and extent of modern slavery means there is a high risk that it may be present in your entity's operations and supply chains.
- 7.1 The United Nations (UN) and Walk Free Foundation estimate there are approximately 40 million victims of modern slavery around the world. 17 million of these victims are exploited in the private economy.
- 8.1 Australia is not immune from modern slavery. The Australian Government (the Government) estimates there were 1,567 modern slavery victims in Australia between 2015-16 and 2016-17.
- 9.1 Modern slavery can occur in every industry and sector. It is also often linked to other crimes and activities that adversely impact human rights, such as corruption and environmental damage.
- 10.1 Modern slavery has severe consequences for victims. It involves grave abuses of human rights and serious crimes.
- 11.1 Modern slavery can also significantly impact your entity. It distorts global markets and undercuts responsible business. If not addressed, modern slavery in your operations and supply chains can pose substantial reputational and legal risks for your entity and damage your commercial relationships.

- 12.1 Under the *UN Guiding Principles on Business and Human Rights* your entity has a responsibility to respect human rights. This includes taking action to prevent, mitigate and where appropriate remedy modern slavery in your entity's operations and supply chains. Investors, business peers, civil society and governments expect you to understand and meet this responsibility.
- 13.1 Taking action to address modern slavery in your entity's operations and supply chains is also good business sense. It can protect against possible harm to your business, improve the integrity and quality of your supply chains, increase profitability, improve investor and consumer confidence and financing opportunities, improve your relationship with your workers and local communities, and lead to greater access to business opportunities.
- 14.1 As part of the 17 UN Sustainable Development Goals, the international community has committed to end modern slavery by 2030 (Target 8.7). The chart on this page explains how businesses, governments, civil society, investors and consumers all have a key role to play in this process.
- 15.1 You can learn more about the nature and extent of modern slavery by reviewing the resources listed in **Appendix Five (page 71)**.

Figure 1: How can we all play a role in combating modern slavery?



LEARN MORE: MODERN SLAVERY CASE STUDIES

The purpose of these case studies is to show how modern slavery risks can be present in entities' operations and supply chains. These case studies are hypothetical but draw on facts from real cases in Australia and overseas. The businesses named in these case studies are fictional.

CASE 1: EcoFresh Meats is an Australian company that processes certified organic meat products for retail domestically and overseas. EcoFresh often employs migrant workers in its factories, many of which are located in regional areas. Police begin investigating EcoFresh after a local resident complains that a large number of workers are being housed in a neighbouring property. The investigation reveals that the owners of EcoFresh are exploiting migrant workers through forced labour in several of their factories. EcoFresh charges the workers exorbitant recruitment fees that must be paid back through their wages. EcoFresh also confiscates workers' travel documents for 'safekeeping'. The workers do not speak English, are subjected to regular physical threats and abuse and are not permitted to leave the factories or their accommodation without an escort.

CASE 2: Innovative Infrastructure Inc is a large Australian construction company specialising in road and rail bridges for national infrastructure projects. Innovative Infrastructure's bridge building programs include an emphasis on off-site pre-fabricated elements, which include large steel and concrete components. Innovative Infrastructure's extended materials supply chains for these components include overseas ship-breaking yards in coastal regions. In collaboration with specialist civil society organisations on the ground, Innovative Infrastructure obtains evidence that these ship-breaking yards are using forced labour to generate scrap steel to recycle for steel making. Further investigations reveal that Innovative Infrastructure cannot determine which of its bridge elements contain 'new' or recycled steel and other materials.

CASE 3: Everfree Travel is an Australian wholesale travel company that specialises in arranging overseas volunteering 'adventures' for students and young adults. Everfree's packages are sold by many of the large travel retailers in Australia. The most popular package Everfree offers is a 'volunteering experience' at an overseas orphanage. This involves participants taking part in short-term placements at the orphanage to provide 'social and emotional support' to children. The orphanage operators appear legitimate and claim fees paid by Everfree are directly used to support the children. Everfree has not taken any steps to verify this is the case. After several years, Everfree is approached by an NGO with evidence the orphanage is trafficking children and exploiting them in the orphanage, including for the purpose of orphanage tourism. The orphanage actively recruits children from poor communities, often 'purchasing' children from their families. The children are not permitted to have contact with their families or leave the facility and are regularly abused by staff. The children are forced to lie to volunteers about being orphaned or abandoned. Further investigation revealed that donations from volunteers and fees paid by Everfree were pocketed by the orphanage operators.

CASE 4: Uniforms Galore is an Australian clothing company that supplies uniforms to a large number of Australian schools, hotels, sporting clubs and corporate businesses. Uniforms Galore engages a range of overseas subcontractors to produce its uniforms. To minimise costs, Uniforms Galore regularly changes subcontractors and often uses short-term contracts. A media investigation reveals one of Uniforms Galore's subcontractors is producing uniforms at prison factories in a country where state-imposed forced labour is prevalent. The uniforms are then falsely labelled by the supplier as made in a third country.

What is the Modern Slavery Act?

- 16.1 The Commonwealth *Modern Slavery Act 2018* (the Act) established Australia's national Modern Slavery Reporting Requirement (reporting requirement).
- 17.1 The Act was developed through extensive consultations with the Australian business community and civil society, including investors.
- 18.1 The Australian Parliament passed the Act on 29 November 2018 and the reporting requirement entered into force on 1 January 2019.

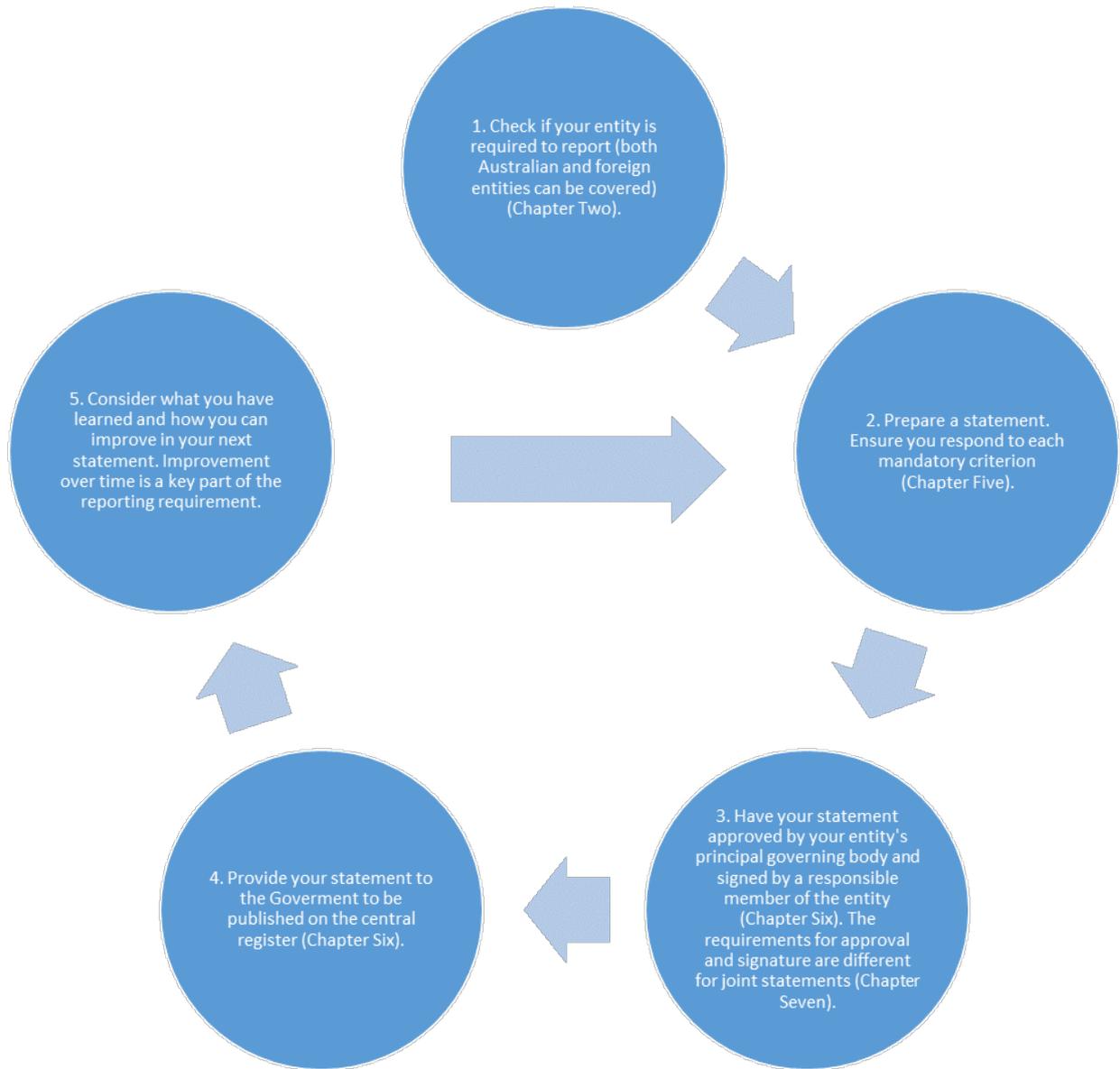
What is the Modern Slavery Reporting Requirement?

- 19.1 The reporting requirement aims to support the Australian business community to identify and address their modern slavery risks and maintain responsible and transparent supply chains.
- 20.1 Under the reporting requirement, certain large businesses and other entities must publish annual Modern Slavery Statements (statements) on an online, central register.
- 21.1 These statements must explain what the entity is doing to assess and address the risks that modern slavery practices may be occurring in its global operations and supply chains and the operations and supply chains of any entities it owns or controls.
- 22.1 The reporting requirement is focused on large businesses and other entities that have the capacity to drive change throughout their supply chains.
- 23.1 By improving transparency about modern slavery, the reporting requirement will increase business awareness of modern slavery risks, reduce modern slavery risks in Australian goods and services, and drive a business 'race to the top' to improve workplace practices. The reporting requirement will also increase information available to consumers, investors and business partners.
- 24.1 The **Learn More** box on page 14 explains the key features of the reporting requirement.
- 25.1 The reporting requirement is one part of Australia's broader response to modern slavery domestically and overseas.
- 26.1 It complements Australia's existing criminal justice response to modern slavery, which includes specialist police investigative teams, a dedicated victim support program and a National Action Plan on Human Trafficking and Slavery. The Department of Home Affairs is responsible for implementing Australia's criminal justice response to modern slavery and the reporting requirement.

How do I comply with the Modern Slavery Reporting Requirement?

- 27.1 The flowchart on page 13 explains the main steps you will need to take to comply with the reporting requirement. The following chapters in this guide also explain each of these steps in detail.
- 28.1 You must comply with the reporting requirement if your entity is required to report under the Act. You can learn if your entity is required to report by reading **Chapter Two (page 15)**.
- 29.1 If your entity is not required to report you are still able to provide a voluntary statement. You can learn more about voluntary statements by reading **Chapter Three (page 18)**.
- 30.1 **Chapters Four (page 20), Five (page 22) and Six (page 49)** explain how to determine when your entity will need to report and how to prepare, approve and submit your statement. **Chapter Seven (page 53)** explains how you can prepare a joint statement on behalf of one or more entities that need to report.
- 31.1 If you need additional support and advice to understand how to comply with the reporting requirement, you can seek assistance from the Modern Slavery Business Engagement Unit (the Unit) in the Department of Home Affairs. **Chapter Eight (page 57)** explains how to contact the Unit.
- 32.1 You must ensure you comply with the reporting requirement if you are required to do so. Failure to comply can significantly damage your entity's reputation, undermine your ability to do business with other entities and damage investor confidence.
- 33.1 Under the Act, the Government has the power to publicly name entities that fail to comply in certain circumstances. The Government can also require entities that fail to comply to take remedial action, including requiring an entity to provide a statement.
- 34.1 Modern slavery is a significant issue for the Australian business community. However, modern slavery is only one aspect of responsible business conduct. It is important that you also consider other ways that your entity may adversely impact human rights through its operations and supply chains. You can read **Appendix Five (page 71)** to learn more about resources that will help you understand your entity's responsibility to respect human rights.

Figure 2: Outline of how to comply with the reporting requirement



LEARN MORE: WHAT IS THE MODERN SLAVERY REPORTING REQUIREMENT?

This box will be an infographic that highlights key features of the reporting requirement. This box will be completed after public consultations.

Covers over 3,000 entities.

Applies to the Australian Government.

Requires entities to publish annual statements explaining their actions to assess and address modern slavery risks in their operations and supply chains.

Requires reporting all modern slavery practices, including the worst forms of child labour.

Sets clear mandatory criteria for reporting.

All statements published on a free, online register.

Annual reports to Parliament about implementation.

A three year review of the legislation to consider improvements.

2.

Do I need to report?

You can read this chapter to learn:

- Which entities need to report
- How to calculate the annual consolidated revenue of your entity
- Whether your entity is an Australian entity
- Whether your entity is a foreign entity carrying on business in Australia

- 35.1 This chapter explains how to work out whether or not your entity is required to comply with the reporting requirement by providing a statement. You do not need to read this chapter if you already know that your entity is required to report.
- 36.1 This chapter does not include information about voluntarily providing a statement under the reporting requirement. Voluntarily providing a statement can benefit your entity, including by helping you to respond to questions from your customers and investors. If you want to learn more about how to voluntarily participate, you should read **Chapter Three (page 18)**.

What does the Modern Slavery Act say I need to do?

- 37.1 Your entity is a reporting entity and will need to report under the Act if it:
- has a consolidated revenue of at least AUD\$100 million over its twelve month reporting period
- AND
- is an Australian entity at any time in that reporting period
- OR
- is a foreign entity carrying on business in Australia at any time in that reporting period.
- 38.1 If your entity does not meet these requirements you are not required to report under the Act. However, you are still able to voluntarily participate.

Why is this requirement in the Modern Slavery Act?

- 39.1 Under the Act, the reporting requirement applies to large entities that meet the definition of reporting entity, including the AUD\$100 million consolidated revenue threshold for reporting.
- 40.1 The definition of reporting entity ensures that the reporting requirement covers large entities that have the capacity to meaningfully comply with the reporting requirement and the leverage to influence change in their supply chains.

How do I work out if I need to report?

- 41.1 Entities that are required to report are called reporting entities.
- 42.1 The Act applies to a wide range of entity types, including individuals, partnerships, associations and legal entities such as companies, trusts, superannuation funds and other types of investment organisations. This includes both commercial entities and not-for-profit entities, such as charities.
- 43.1 In order to work out whether or not your entity must report, you will need to check if the consolidated revenue for your entity is at least AUD\$100 million over your reporting period. Your reporting period means the financial year or other annual accounting period of your entity. The **How To** box on page 17 explains what you need to do to calculate your entity's consolidated revenue.
- 44.1 If your entity has at least AUD\$100 million consolidated revenue you will then need to determine if you are an Australian entity or a foreign entity carrying on business in Australia. The **How To** box on page 17 explains what you need to do to confirm if you are an Australian entity or a foreign entity carrying on business in Australia.
- 45.1 In some situations, multiple entities in the same corporate group may be reporting entities. In this case, you can decide to do one joint statement that covers each reporting entity. Alternatively, each reporting entity can prepare a separate statement. **Chapter Seven (page 53)** explains how to prepare a joint statement.

LEARN MORE: WHAT IF MY ENTITY ALREADY NEEDS TO REPORT UNDER ANOTHER LAW?

Similar laws to the Australian *Modern Slavery Act 2018* exist in other countries like the United Kingdom. The State of New South Wales has also introduced a Modern Slavery Act that requires certain businesses to report.

Your entity will need to comply with the Australian Modern Slavery Act even if you already report in another country, like the United Kingdom. You can use the same statement in each country. However, you must still ensure that your statement meets all the requirements in the Australian Modern Slavery Act.

HOW TO: CALCULATE THE CONSOLIDATED REVENUE OF YOUR ENTITY?

This box explains how to calculate your entity's consolidated revenue. You need to calculate your entity's consolidated revenue to determine if you are required to comply with the Act. Your entity will need to comply with the Act if its annual consolidated revenue is at least AUD\$100 million over its twelve month reporting period.

It is important that you calculate your entity's consolidated revenue in accordance with the Australian Accounting Standards. You need to use these standards even if they do not normally apply to your entity. However, in many cases, your entity will already apply the Australian Accounting Standards in preparing financial statements.

Under the Australian Accounting Standards, the concept of consolidated revenue is used to describe the total revenue of your entity and any entities your entity controls. Australian Accounting Standard AASB 10 *Consolidated Financial Statements* explains how to determine if one entity controls another entity.

It is important to understand that consolidated revenue does not include the revenue of entities that own or control your entity. Consolidated revenue also excludes revenue from intercompany transactions between entities that are part of the same consolidated group.

HOW TO: DETERMINE IF YOUR ENTITY IS AN AUSTRALIAN ENTITY OR A FOREIGN ENTITY CARRYING ON BUSINESS IN AUSTRALIA?

This box explains how to determine if your entity is an Australian entity or a foreign entity carrying on business in Australia. The information in this box is not legal advice. You should refer to the text of the Act for further detail.

Is your entity an Australian entity?

Under the Act, your entity is an Australian entity if it is a company, trust, or corporate limited partnership that is resident in Australia for income tax purposes. In most cases, you should already know whether your entity is a resident for tax purposes. You can learn more about whether your entity is a resident for tax purposes by visiting the Australian Taxation Office [website](#).

Your entity will also be an Australian entity under the Act if it is formed or incorporated in Australia or if the central management and control of your entity is in Australia.

Is your entity a foreign entity carrying on business in Australia?

Under the Act, your entity carries on business in Australia if its activities meet the legal threshold for carrying on business set by section 21 of the Commonwealth *Corporations Act 2001* (Corporations Act).

If your entity is a foreign corporation you should already know if your entity is carrying on business in Australia. This is because all foreign corporations carrying on business in Australia must register with the Australian Securities & Investments Commission.

If your entity is not a foreign corporation, you will need to determine if your entity's activities meet the definition of 'carries on business in Australia' within the meaning of section 21 of the Corporations Act. The Corporations Act does not specifically define carrying on business.

3.

Can I report voluntarily?

You can read this chapter to learn:

- **How providing a voluntary statement can benefit your business**
- **Whether you are eligible to provide a voluntary statement**
- **How to provide a voluntary statement**

46.1 This chapter explains how to voluntarily comply with the reporting requirement.

47.1 Any Australian entity or entity carrying on a business in Australia can provide a voluntary statement.

48.1 Providing a voluntary statement may benefit your entity. For example, it can demonstrate your leadership on modern slavery and show you are a responsible business that acts with integrity. This may help you to attract customers, access new business opportunities, provide a competitive advantage and build your reputation.

49.1 Providing a voluntary statement will also help you to respond to questions from customers and investors, including other entities that you do business with. In some cases, your business partners may ask you to provide a voluntary statement.

What does the Modern Slavery Act say I need to do?

50.1 There are three things that you need to do if you want to provide a voluntary statement:

- 1) check if you are eligible to provide a voluntary statement
- 2) notify the Department of Home Affairs that you will provide a voluntary statement, and
- 3) prepare and submit a statement that complies with the requirements for statements set out in the Act.

Why is this option in the Modern Slavery Act?

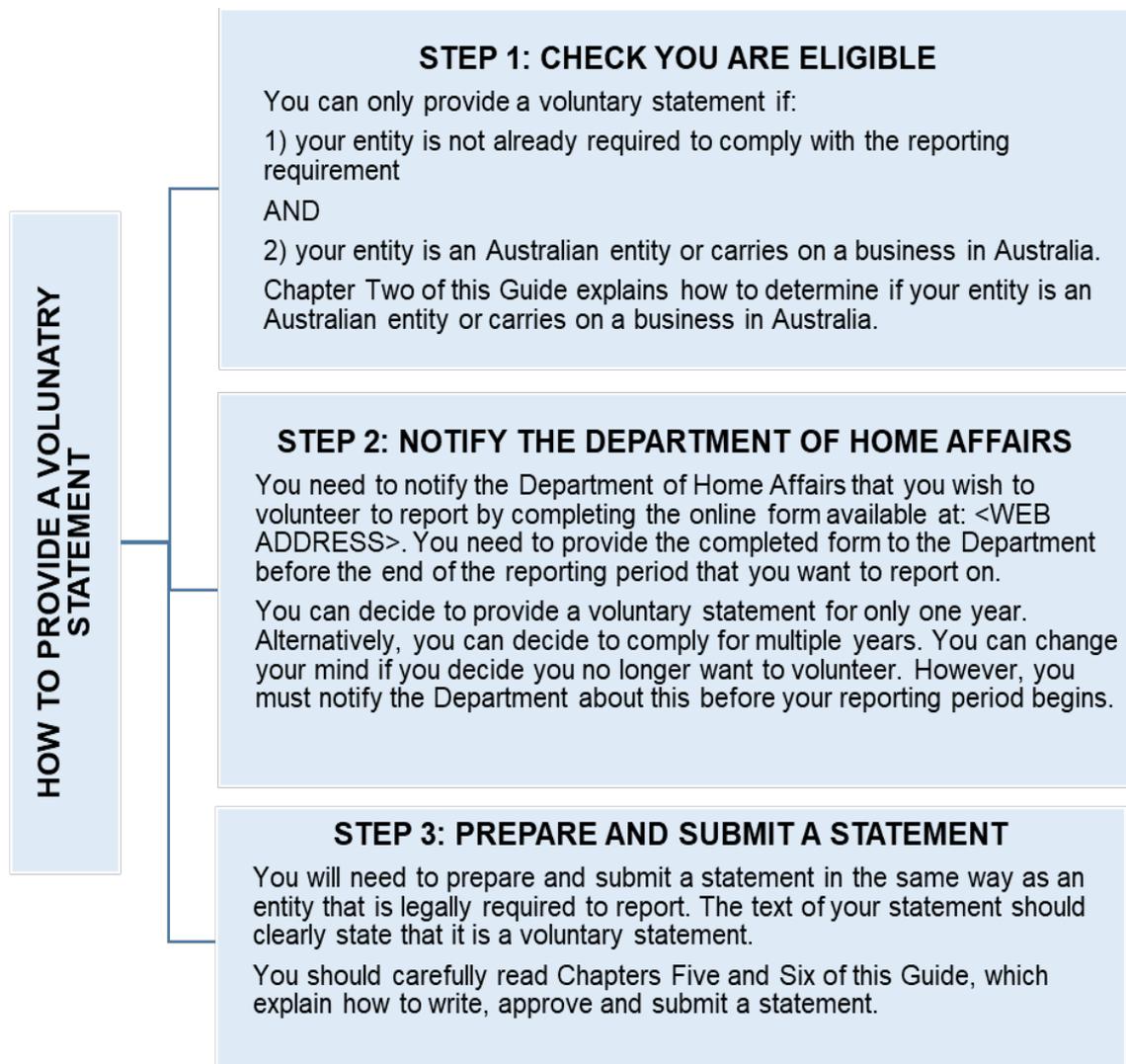
51.1 The Act allows entities to provide voluntary statements to ensure that entities not covered by the reporting requirement are able to participate if they wish to do so.

How do I report voluntarily?

52.1 The flow chart below sets out the three steps you will need to complete if you would like to provide a voluntary statement.

53.1 You can contact the Modern Slavery Business Engagement Unit for advice if you are unsure about what to do.

Figure 3: Process for voluntary reporting



4.

When do I report?

You can read this chapter to learn:

- When you need to report
- How to determine your entity's reporting period

54.1 This chapter explains how to determine when you need to report and what period of time you need to report on.

What does the Modern Slavery Act say I need to do?

55.1 The Act requires you to prepare annual statements covering your entity's reporting period.

56.1 Your reporting period means the financial year or other annual accounting period used by your entity. You will need to prepare a statement for every reporting period for your entity.

57.1 You will also need to submit your statement to the Department of Home Affairs within six months after the end of your reporting period. **Chapter Six (page 49)** explains the process for submitting your statement.

Why is this requirement in the Modern Slavery Act?

58.1 The requirement to report annually under the Act encourages entities to continually assess their modern slavery risks and improve their responses over time.

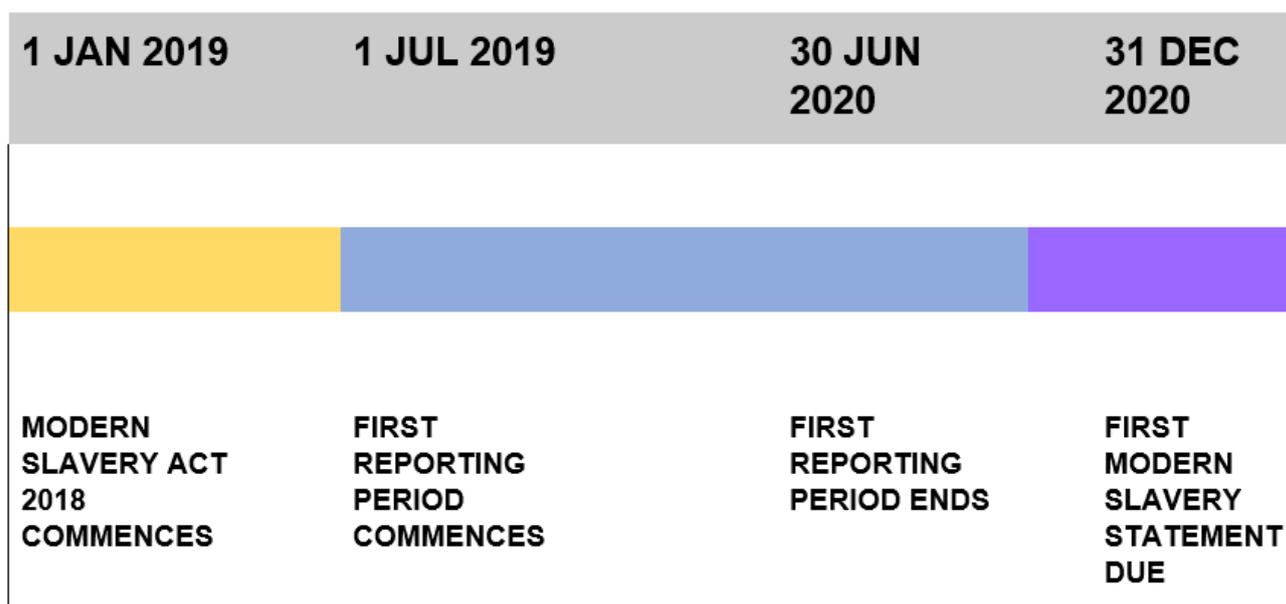
59.1 The timing for reporting is based on entities' financial years or other accounting periods to align the reporting requirement with entities' existing reporting processes, such as annual reports.

How do I work out when I need to report?

60.1 You can work out when you need to report by identifying your entity's reporting period.

- 61.1 Your entity's reporting period means your entity's financial year or other annual twelve month accounting period used by your entity. You must report within six months after the end of your reporting period. You can read **Chapter Six (page-49)** to learn more about the deadlines for reporting.
- 62.1 For example, if your entity operates on an Australian Financial Year, your reporting period will be 1 July to 30 June. If your entity operates on a calendar year, your reporting period will be 1 January to 31 December.
- 63.1 You need to begin reporting on your first full reporting period after 1 January 2019.
- 64.1 For example, if your entity operates on an Australian Financial Year, your first reporting period will be 1 July 2019 to 30 June 2020. You do not need to report on the period from 1 July 2018 to 30 June 2019.
- 65.1 If your entity operates on a calendar year, your first reporting period will be 1 January 2020 to 31 December 2020.
- 66.1 The chart below explains the timing for reporting for an entity using an Australian Financial Year reporting period.

Figure 4: Timeline for reporting



5.

How do I prepare a statement?

You can read this chapter to learn:

- What to include in your statement
- How to understand and respond to each mandatory criterion
- The meaning of key words in the Act, including operations, supply chains, remediation and due diligence

67.1 This chapter explains what you need to do to prepare a statement by addressing each of the seven mandatory criteria for content set out in the Act. This includes:

- what the Act requires you to do
- why each criterion was included in the Act, and
- how you can address each criterion in your statement.

68.1 The seven mandatory criteria require every statement to:

1: identify the reporting entity

2: describe the reporting entity's structure, operations and supply chains

3: describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls

4: describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes

5: describe how the reporting entity assesses the effectiveness of these actions

6: describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)

7: any other relevant information.

- 69.1 To help explain each criterion, this chapter draws on the *UN Guiding Principles on Business and Human Rights* (UN Guiding Principles). The UN Guiding Principles are the recognised global standard for preventing and addressing business-related human rights harm. Australia supports the UN Guiding Principles, which were unanimously endorsed by the UN Human Rights Council in 2011. Investors, business peers, civil society and governments expect you to understand and apply the UN Guiding Principles in your response to modern slavery.
- 70.1 Your statement will be a public document and it must meet specific requirements for approval and publication. You can learn about these requirements by reading **Chapter Six (page 49)** of this Guide.
- 71.1 If you are preparing a joint statement you should also read **Chapter Seven (page 53)**. **Chapter Seven** explains the additional requirements that need to be met for a joint statement.
- 72.1 You can also apply the principles set out in this chapter if you are a supplier who is not required to prepare a statement but you are asked by reporting entities to take action to identify and address your modern slavery risks. For example, this chapter can help you to understand and identify your specific modern slavery risks and decide what action you may need to take.

LEARN MORE: KEY TIPS TO WRITE A MODERN SLAVERY STATEMENT

- 1) Carefully read this Guide to make sure you understand what you need to do.
- 2) Use the statement process as a way to genuinely consider how you can improve your entity's response to modern slavery.
- 3) Engage senior management, executives and board members as early as possible to ensure they understand the statement process.
- 4) Involve relevant areas of your entity and any entities your entity owns or controls in the drafting process (such as Human Resources, Finance, Procurement, Sourcing, Legal, Risk, Sustainability, Major Projects and Senior Leadership). Where possible, you should include your sourcing and/or procurement teams in all your countries of operation, especially any high risk locations.
- 5) Avoid copying generic templates or statements from other entities.
- 6) Be honest about your entity's situation and risks and what you have done to improve.
- 7) Consider what your next steps will be and how you will show improvement in your next statement.
- 8) Avoid aspirational statements that are not supported by action.
- 9) Consider how you can benefit from third-party expertise and partnerships to improve your overall response to modern slavery, including with industry bodies, international organisations and expert NGOs.
- 10) Check you have complied with all the legal requirements set out in the Act, including addressing all of the mandatory reporting criteria.

Mandatory Criteria One and Two: Identify the reporting entity and describe its structure, operations and supply chains

What does the Modern Slavery Act say I need to do?

- 73.1 The first mandatory criterion requires you to clearly identify the reporting entity that is covered by the statement.
- 74.1 The second mandatory criterion requires you to describe the structure, operations and supply chains of the reporting entity.
- 75.1 Your entity may already use the concepts of 'operations' and 'supply chains' when complying with other legislation. However, you need to make sure that you use 'operations' and 'supply chains' in the way these terms are described in this Guide.

KEY TERMS EXPLAINED: WHAT DO ‘STRUCTURE’, ‘OPERATIONS’ AND ‘SUPPLY CHAINS’ MEAN?

As part of your statement, you need to describe the reporting entity’s structure and global operations and supply chains. You will also need to report on modern slavery risks in the operations and supply chains of the reporting entity and any entities that entity owns or controls.

STRUCTURE: the legal and organisational form of the entity, including its legal classification (company, trust, partnership etc), number of employees, whether it is part of a larger corporate group of entities, and whether it owns or controls other entities.

OPERATIONS: any activity or business relationship undertaken by the entity to pursue its business objectives and strategy, including research and development, construction, production, arrangements with suppliers, distribution, purchasing, marketing, sales, provision and delivery of products or services, and financial lending and investments. This includes activities in Australia and overseas.

SUPPLY CHAINS: the products and services (including labour) that contribute to the entity’s own products and services. This includes products and services sourced in Australia or overseas and extends beyond direct suppliers.

HYPOTHETICAL EXAMPLE: Blue Sky Construction is a large Australian building company with over 1,500 employees. Blue Sky Construction is structured as a publicly listed company incorporated in Australia and has its headquarters in Melbourne. Blue Sky Construction owns two subsidiary entities and has also established a charitable foundation that operates as a trust.

Blue Sky Construction’s main operations include its building sites, including the workers it directly employs and the specialist workers it subcontracts. Blue Sky Construction’s operations also include its global sales and marketing program.

Blue Sky Construction’s supply chains include the manufacture and transportation of the products it uses in its construction, such as bricks. In this context, Blue Sky Construction’s supply chains include the overseas factory where the bricks are made, the importation of the bricks into Australia and the subsequent sale and distribution of the bricks to Blue Sky Construction. Blue Sky Construction’s supply chains also include services that contribute to its operations, such as the cleaning and security companies that service Blue Sky Construction’s offices and building sites.

Why are these requirements in the Modern Slavery Act?

- 76.1 It is important that the Government, investors, consumers and business peers can identify which reporting entity is covered by a statement. This is why the Act requires you to identify the reporting entity that is covered by your statement.
- 77.1 It is also important that you provide information about the reporting entity's structure, operations and supply chains in the statement. This information is directly relevant to the reporting entity's modern slavery risks and will provide important context for your statement.
- 78.1 For example, an entity with extensive international operations in high risk sectors or emerging markets will have different modern slavery risks to an entity that only operates in Australia and has shorter and more direct supply chains.

How can I address these criteria in my statement?

- 79.1 You must ensure your statement clearly identifies the reporting entity. For example, you may wish to:
- clearly set out the name of the reporting entity on the front page of the statement and in any introductory text
 - consider including the logo of the reporting entity (if applicable) and the logos of any relevant brands or divisions within the reporting entity in a visible location in the statement, and
 - explain where the reporting entity is incorporated and listed (if applicable).
- 80.1 You can use the suggested information in the table on page 27 to help you describe the structure, operations and supply chains of the reporting entity. The aim of this description is to provide context for your statement by helping readers to understand the reporting entity. If your entity is part of a corporate group, you should make sure you also describe the overall structure of the group.
- 81.1 If you exclude certain parts of the reporting entity's business from the statement you must ensure this is permissible under the Act and note this exclusion in your statement. For example, if you are a mining company you may decide not to report on your non-managed joint ventures because they will be covered in the managing entity's statement.

TABLE ONE: SUGGESTED WAYS TO DESCRIBE AN ENTITY'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS

You may wish to use the suggested information below to help you describe the structure, operations and supply chains of the reporting entity. The aim of this description is to provide context for your statement by helping readers to understand the reporting entity.

Structure	Operations	Supply Chains
<ul style="list-style-type: none"> Explain the general structure of the entity (for example, is the entity a public company, a partnership or a trust). If the entity is part of a larger group, explain the general structure of the overall group (both upstream and downstream from the entity). 	<ul style="list-style-type: none"> Explain the nature and types of activities undertaken by the entity (for example, mining, retail, manufacturing) and any entities it owns or controls. 	<ul style="list-style-type: none"> Identify the countries or regions where the entity's suppliers are located.
<ul style="list-style-type: none"> Explain whether the entity owns or controls other entities. 	<ul style="list-style-type: none"> If the entity's activities involve investments or financial lending, explain the type and nature of the entity's investments or lending. 	<ul style="list-style-type: none"> Explain the main types of goods and services the entity procures.
<ul style="list-style-type: none"> If the entity does own or control other entities, explain what these entities do and where they are located. For example, the entity may own a foreign subsidiary in another country. 	<ul style="list-style-type: none"> Identify the countries or regions where the entity's operations are located or take place. 	<ul style="list-style-type: none"> To the extent possible, identify the source countries for these goods and services.
<ul style="list-style-type: none"> Identify any trading names or brand names associated with the reporting entity and entities it owns or controls. 	<ul style="list-style-type: none"> Provide facts and figures about the entity's operations, such as the total number of employees, factories, and/or stores. 	<ul style="list-style-type: none"> Link to any disclosures by the entity about the identity of their suppliers (such as a public supplier list).
<ul style="list-style-type: none"> Provide the entity's Australian Company Number (if relevant) or other public identifying information 	<ul style="list-style-type: none"> Explain in general terms the type of arrangements the entity has with its suppliers and the way these are structured (are they often short term and changeable or stable longer-term relationships). 	
<ul style="list-style-type: none"> Provide the details of the reporting entity's registered office. 	<ul style="list-style-type: none"> Explain the types of business relationships the entity has in addition to suppliers, such as joint venture partners. 	
<ul style="list-style-type: none"> Indicate the approximate number of workers employed by the entity and any entities it owns or controls. 		

Mandatory Criterion Three: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls

What does the Modern Slavery Act say I need to do?

- 82.1 The third mandatory criterion requires you to describe the risks of modern slavery practices in the operations and supply chains of the reporting entity.
- 83.1 You also need to describe the risks of modern slavery practices in the operations and supply chains of any entities the reporting entity owns or controls.
- 84.1 The **Key Terms Explained** box on page 30 explains what the 'risks of modern slavery practices' means.
- 85.1 This criterion only requires you to identify how risks of modern slavery practices may be present in the reporting entity's operations and supply chains.
- 86.1 This criterion does not require you to certify that the reporting entity is 'slavery-free'. Every entity has modern slavery risks in its operations and supply chains.
- 87.1 This criterion also does not require you to report on specific individual risks or actual cases of modern slavery. However, you are able to voluntarily include information about specific risks or cases if you wish to do so. For example, you could include an anonymised case study.
- 88.1 The **Learn More** box on page 29 explains how to report on specific cases in a way that is safe for the victim and respects their privacy.

LEARN MORE: REPORTING ON MODERN SLAVERY CASES

You can decide to voluntarily include information about specific modern slavery allegations or cases in your statement. You can read **Appendix Three (page 67)** to learn more about responding to specific modern slavery cases.

Including information about specific allegations or cases can help to show that your entity's actions to identify and address modern slavery risks are effective. You can read **Appendix Three** to learn more about responding to situations of modern slavery.

DO:

- be clear how you responded to the allegation or case
- respect the privacy of the victim and other individuals that may have been involved (such as the victim's family) at all times
- take into account any other potential impacts that reporting may cause to the victim and other individuals that may have been involved (such as the victim's family).

DO NOT:

- report on the allegation or case if doing so could put the victim at risk
- provide the name, age, or other personal information about the victim
- disclose the specific location of the allegation or case (such as city X) if doing so would put the victim at risk
- provide specific details about allegations or cases that are currently being investigated or are before a court.

KEY TERMS EXPLAINED: WHAT ARE 'RISKS OF MODERN SLAVERY PRACTICES'?

The 'risks of modern slavery practices' means the potential for your entity to **cause, contribute to**, or be **directly linked to** modern slavery through its operations and supply chains – in other words the risks that your entity may be involved in modern slavery.

The concept of risk in this context means risk to people rather than risk to your entity (such as reputational or financial damage). However, often these risks to people will intersect with risks to your entity. For example, potential forced labour in a clothing factory poses clear risks to the human rights of the workers (risk to people) but may also lead to reputational damage and legal liability for the clothing company (risk to the entity). This 'outward-facing' and 'people focused' approach to risk may be different from how your entity normally deals with other types of risk.

The concepts of cause, contribution and direct linkage are set out in the UN Guiding Principles and are part of a continuum of conduct. This means that your entity's risks may not always fit neatly into one of these categories.

Risks that you may cause modern slavery practices: This means the risks that your entity's operations may directly result in modern slavery practices.

- For example, your entity may own and run a factory that uses exploited labour.

Risks that you may contribute to modern slavery practices: This means the risks that your entity's operations and/or actions in its supply chains may contribute to modern slavery. This includes acts or omissions that may facilitate or incentivise modern slavery.

- For example, your entity may have specifically asked a construction company to find the cheapest possible labour for a project and turned a blind eye to evidence that the workers were being exploited.
- For example, your entity may knowingly set unrealistic cost targets and delivery timeframes for a supplier that can only be met by using exploited labour.

Risks that you may be directly linked to modern slavery practices: This means the risks that your entity's operations, products or services (including financial products and services) may be connected to modern slavery through the activities of another entity you have a business relationship with. Your business relationships include all of the entities in your supply chain, including entities you do not have a direct contractual relationship with. Your business relationships also include your business partners and customers, including entities you provide with financial products or services.

- For example, your entity may retail electronic goods. These goods may have been manufactured by another entity using minerals sourced from a third entity that were mined using forced labour.
- For example, your entity may fund a client to undertake an overseas infrastructure project. Despite your entity putting appropriate safeguards in place, the client engages subcontractors that use forced labour to complete the project.

Why is this requirement in the Modern Slavery Act?

- 89.1 It is important you consider how your entity may cause, contribute to, or be directly linked to modern slavery. This is why the Act requires you to describe the risks of modern slavery practices for the reporting entity and any entities it owns or controls.
- 90.1 Accurately and honestly describing your modern slavery risks is a key part of your statement. Once you have identified your modern slavery risks, you can then develop an appropriate response.
- 91.1 You will need to describe the actions the reporting entity and any entities it owns or controls have taken to assess and address their modern slavery risks in your response to mandatory criterion four.

How can I address this criterion in my statement?

- 92.1 In order to address this criterion, you need to ensure that your statement includes a description of how risks of modern slavery practices may be present in the operations and supply chains of the reporting entity.
- 93.1 If the reporting entity owns or controls any other entities then you also need to describe how risks of modern slavery practices may be present in the operations and supply chains of each of these entities.
- 94.1 You can do this by identifying how the reporting entity and any entities it owns or controls may cause, contribute to, or be directly linked to modern slavery through its operations and supply chains.
- 95.1 This should include identifying the general types of modern slavery risks that may be present in the operations and supply chains of the reporting entity and any entities it owns or controls.
- 96.1 For example, a fashion company's statement could explain that the entity has identified there is a risk it may contribute to modern slavery practices through its arrangements with third-party supplier factories, which focus on minimising production costs. The statement could also explain that the entity has identified a risk that it may be directly linked to modern slavery practices further down its supply chains, including through the labour practices used by raw material suppliers.
- 97.1 Similarly, a mining company's statement could explain that the entity has identified there is a risk it may cause modern slavery practices because parts of its operations are in countries reported to have a high prevalence of modern slavery by international organisations or NGOs. The statement could also explain that the entity has identified a risk it may contribute to modern slavery through its arrangements with charter vessels that may use exploited labour.

- 98.1 You do not need to exhaustively list specific risks in your description. However, you must include sufficient detail to clearly show the types of products and services in the entity's operations and supply chains that may involve risks of modern slavery.
- 99.1 For example, your statement may explain that the reporting entity has identified risks relating to its sourcing of timber products from countries A, B and C, which may be produced using modern slavery. Your statement does not need to specify the particular factories these risks relate to.
- 100.1 In many cases, you will need to do a basic scoping exercise to help you identify and describe the risks of modern slavery practices for an entity. You may also wish to complete this process for other responsible business conduct risks, such as corruption.
- 101.1 The **How To** box on page 33 explains how to complete a basic scoping process. This process is a first step that will help you to consider the nature and extent of your entity's modern slavery risks. It is not the same as a detailed risk assessment.

HOW TO: SCOPE YOUR ENTITY'S MODERN SLAVERY RISKS

Every entity's modern slavery risks will be different. Completing a basic scoping exercise will help you to understand which parts of your entity's operations and supply chains may involve modern slavery risks. You can then use this information to describe your entity's modern slavery risks.

- **STEP ONE:** Map out the broad operations and overall supply chain structure of your entity. If your entity undertakes investment or financial lending activities, this map should include your investment and lending portfolio. Use this map to identify the general sectors and industries, types of products and services, countries and entities that are involved in your entity's operations (including any investments or financial lending) and supply chains.
- **STEP TWO:** Check which of the sectors, types of products and services, countries and entities that you have identified may involve high modern slavery risks. Consider that your entity's most severe modern slavery risks may not align with the volume or cost of the products and services you procure. **Appendix One (page 59)** includes a list of modern slavery risk indicators to help you evaluate your risks. **Appendix Five (page 71)** includes a list of resources that will help you learn more about modern slavery risks.
 - **Sector and industry risks:** Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. For example, extractives, textiles and fashion, fishing, electronics, cleaning, and agriculture are recognised as high risk industries globally.
 - **Product and services risks:** Certain products and services may have high modern slavery risks because of the way they are produced, provided or used. For example, bricks, cobalt, cotton and rubber are recognised as high risk products globally. Similarly, services such as cleaning that often involve lower wages and manual labour may have high modern slavery risks.
 - **Geographic risks:** Some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
 - **Entity risks:** Some entities may have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.
- **STEP THREE:** Identify the parts of your operations (including any investment or financial lending portfolios) or supply chains that you do not have visibility over and consider if they may involve modern slavery risks. For example, your entity may purchase uniforms for staff from a supplier. Although textiles and clothing is a high risk sector, you may not have any information about where and how the uniforms are made.

****Although scoping exercises are a useful tool, you should remember that modern slavery risks can also occur in areas that may initially seem low risk. You also need to continually review your risks to identify changes over time, such as risks relating to new products or suppliers. ****

SCOPING YOUR ENTITY'S MODERN SLAVERY RISKS: HYPOTHETICAL EXAMPLE:

AlphaBeta Resources is an extractives company that owns and operates mining facilities around the world. AlphaBeta Resources' initial scoping exercise shows that the entity has a range of modern slavery risks.

AlphaBeta Resources operates in a high risk sector (extractives) but its operations and supply chains also involve a range of other high risk sectors and industries. For example, AlphaBeta Resources has identified there is a risk that it may **contribute** to modern slavery by subcontracting cleaning services for its offices around the world to other companies at the lowest possible costs and buying large numbers of uniforms for its workers. AlphaBeta has also discovered that one of the companies that provides cleaning services has been criticised by credible NGOs for underpaying its workers.

AlphaBeta Resources has also identified a number of product risks. One of these risks is that AlphaBeta Resources may be **directly linked** to modern slavery through its supply chain because it regularly purchases complex electronic equipment to help operate its mining sites. Often this electronic equipment includes components made from cobalt (which is a high risk product).

Lastly, AlphaBeta Resources has identified that it operates mining sites in two countries that are considered to have high modern slavery risks because of poor governance and a weak rule of law. AlphaBeta Resources is concerned that it may be at risk of **causing** modern slavery if its workers at these sites are not properly employed.

Mandatory Criterion Four: Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes

What does the Modern Slavery Act say I need to do?

- 102.1 The fourth mandatory criterion requires you to describe what actions are being taken by the reporting entity to assess and address the risks of modern slavery practices occurring in its operations and supply chains.
- 103.1 If the reporting entity owns or controls any other entities then you also need to describe the actions these entities are taking.
- 104.1 Your description should only cover actions taken during the twelve month reporting period for the reporting entity. Actions that are taken after the end of the reporting period should be described in your next statement.
- 105.1 Your description of these actions must include information about due diligence and remediation processes.

LEARN MORE: WHERE DO I START?

Many entities have complex operations and supply chains involving thousands of other entities. This means it may be impossible for you to immediately assess and take action to respond to the modern slavery risks associated with every part of your entity's operations and supply chains.

In this situation, the UN Guiding Principles (Principle 17) suggest that you focus on assessing general areas of your operations and supply chains where modern slavery risks are likely to be most significant. For example, you could decide to focus on areas of your operations and supply chains that involve high risk goods or services, certain geographic locations and high risk sectors.

You may also need to prioritise which risks you respond to first. The UN Guiding Principles (Principle 24) explain that you should focus on the most 'severe' risks (those that would cause the greatest harm to people). This means those risks that have the greatest scope (gravest impact) or scale (number of people affected) or where delayed response would make them irremediable (for example, because delay would cause loss of life or loss of education). These factors are more important than the probability of the risk occurring.

Prioritising which risks you respond to first does not mean you can disregard the risks that you de-prioritise. Once you have addressed your most severe risks, you should ensure you move on to address these other risks.

- 106.1 This means that your statement should explain how the reporting entity and any entities it owns or controls are doing due diligence to identify, prevent, mitigate and account for how it addresses its modern slavery risks.
- 107.1 This also means that your statement should include information about the processes the reporting entity and any entities it owns and controls have in place to remedy situations where you may cause or contribute to modern slavery.
- 108.1 Due diligence and remediation are key concepts in the UN Guiding Principles and are important parts of an effective response to modern slavery. The **Key Terms Explained** box on page 37 explains these concepts in more detail.

KEY TERMS EXPLAINED: WHAT DOES 'REMEDICATION AND DUE DILIGENCE PROCESSES' MEAN?

As part of your statement, you need to describe your entity's actions to address modern slavery risks, including due diligence and remediation processes.

DUE DILIGENCE: Under the UN Guiding Principles (Principles 15 and 17), your entity is expected to undertake human rights due diligence. The term 'due diligence' refers to an ongoing management process to identify, prevent, mitigate and account for how an entity addresses actual and potential adverse human rights impacts in their operations and supply chains, including modern slavery.

There are four key parts to due diligence:

- 1) **Identifying and assessing actual and potential human rights impacts** (for example, screening new suppliers for modern slavery risks).
- 2) **Integrating your findings across your entity and taking appropriate action to address impacts** (for example, introducing internal training on modern slavery and processes for incident reporting).
- 3) **Tracking your entity's performance to check whether impacts are being addressed** (for example, doing an internal audit of your supplier screening).
- 4) **Publicly communicating what you are doing** (for example, by publishing a Modern Slavery Statement or publicly responding to allegations against a supplier).

Due diligence is important because it helps you to understand your entity's modern slavery risks and the actions you need to take to prevent and mitigate them. This helps you to know and show that your entity is respecting human rights. Your due diligence process should be appropriate to your size, sector, operational context, ownership and structure.

REMEDICATION: The UN Guiding Principles make it clear that entities that identify that they have **caused or contributed** to adverse impacts such as modern slavery must provide for, or cooperate in, the remediation of that impact. This means that you should try to 'make good' the adverse impact by restoring the victim to the situation they would be in if the adverse impact had not occurred. Entities that do not cause or contribute to harm but are **directly linked** to adverse impacts like modern slavery by a business relationship are not responsible for remediating the impact. However, they may play a role in doing so and should still use their leverage to work with the entity that caused the impact to prevent or mitigate the harm and its recurrence. If this is unsuccessful, entities should consider ending their business relationship with the entity that caused the impact.

Remediation can take many forms, including steps to ensure the harm cannot recur, formal apologies, compensation, or stopping certain activities. The UN Guiding Principles expect that you develop processes to enable remediation. You do not need to have a remediation process focused just on modern slavery. For example, your entity and your suppliers may already have general remediation processes in place to address a range of adverse human rights impacts, including modern slavery. Often this will take the form of a grievance mechanism (a way for people to safely raise concerns about the impact an entity is having on them).

Why is this requirement in the Modern Slavery Act?

109.1 It is important that your entity takes meaningful steps to identify and respond to modern slavery risks. This is why the Act requires you to report on what your entity and any entities it owns or controls are doing to assess and address modern slavery risks.

110.1 This requirement is consistent with the expectations for business set out in the UN Guiding Principles. The Guiding Principles (Principle 13) make it clear that entities must act to assess and address adverse impacts in their operations and supply chains, including modern slavery.

111.1 Your entity may already be working to assess and address its broader human rights risks. In this situation, you should be able to use the same process to manage your modern slavery risks.

LEARN MORE: HOW CAN I FIND OUT WHAT IS HAPPENING DEEP IN MY SUPPLY CHAINS OR IN MY INVESTMENT PORTFOLIO?

Supply chains are often long and complex. In many cases, your entity will not have direct contractual relationships with most of the entities in your supply chain. Similarly, the complex and changeable structure of investment portfolios means many investors may have limited relationships with their investees. This means your entity may not have visibility of what is happening deep in your supply chain or in your investment portfolios. As a result, it may be difficult to assess and address modern slavery risks. For example, a construction company may not know where and how the bricks it uses are made. Similarly, a superannuation fund may not be aware of how some of its investees are responding to modern slavery risks.

There are several ways that you can assess high risk parts of your supply chain that involve entities you do not have direct contractual relationships with. These include:

- requesting information from your direct suppliers about sub-suppliers, including country of origin
- engaging with investees to understand how they are addressing their modern slavery risks
- working with other entities in your sector to carry out a joint assessment of high risk parts of a supply chain
- using existing traceability processes to improve information about the source of products
- identifying existing credible assessments of entities in your supply chain, such as audit reports or NGO reviews
- developing trusted relationships with civil society stakeholders who can provide information about situations 'on the ground'
- working directly with high risk entities you do not have a direct contractual relationship with to help them assess and address their risks.

You can learn more about engaging with suppliers by reading **Appendix Two (page 65)**.

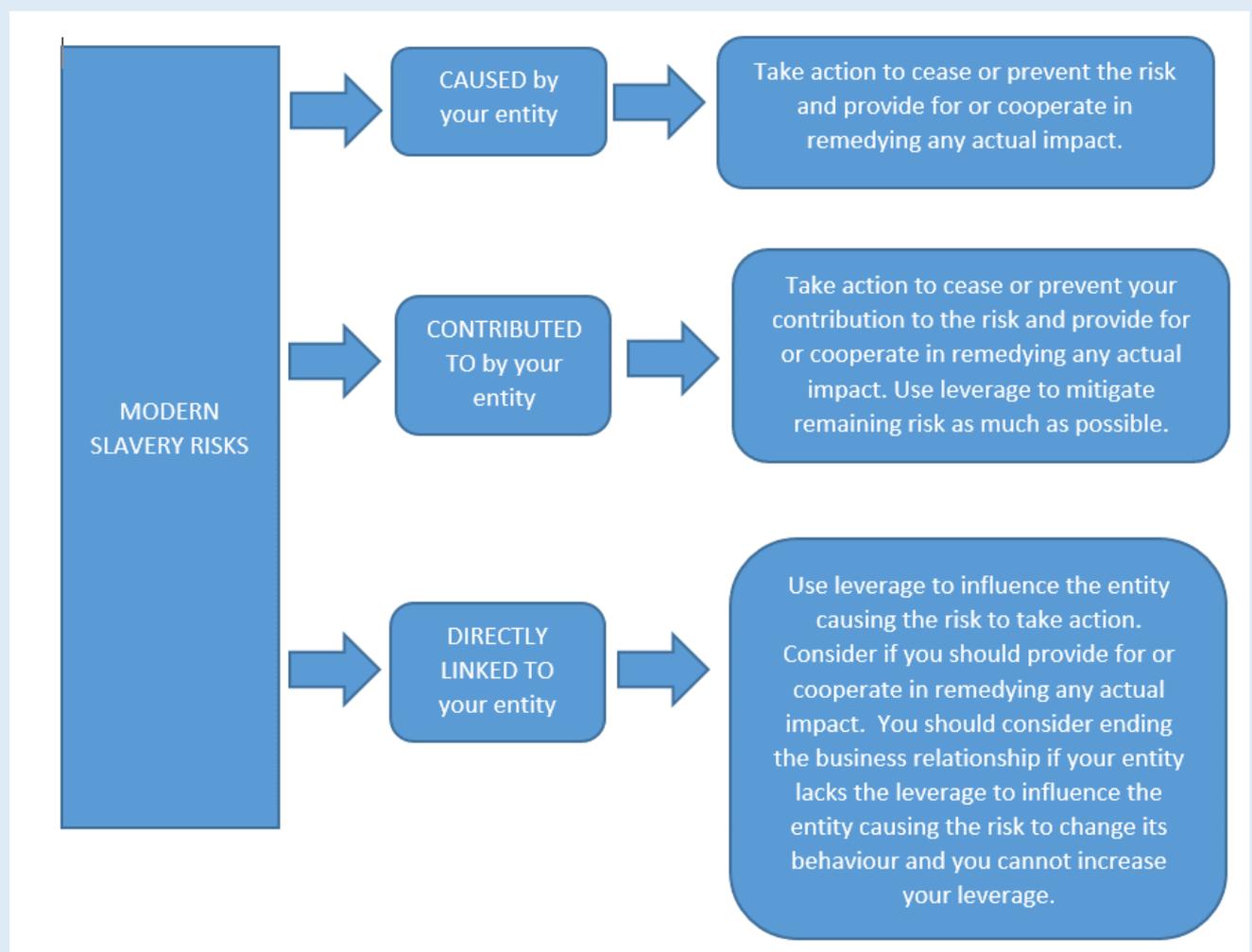
How can I address this criterion in my statement?

- 112.1 In order to address this criterion, you need to ensure that your statement clearly sets out what the reporting entity is doing to assess and address its modern slavery risks.
- 113.1 If the reporting entity owns or controls any other entities then you also need to ensure your statement clearly sets out the actions these entities are taking.
- 114.1 The table on page 40 provides examples of the types of actions you can take to assess and address modern slavery risks.
- 115.1 The actions you take should reflect the relationship between your entity and the risk you are trying to assess and address.
- 116.1 The **Learn More** box on page 40 explains how to determine what actions you should take based on whether you are at risk of causing, contributing to or being directly linked to modern slavery.
- 117.1 You can also read **Appendix Two (page 65)** to learn more about how to work with suppliers to take action.
- 118.1 In many cases, it may take time for your entity to develop an effective response to modern slavery risks.
- 119.1 It is important to be honest about your situation in your statement. This means you should be transparent about what you are doing to develop your response and try to show how you are genuinely working to improve. For example, you could provide information about what you want to achieve and the timeframes you have set to do this.
- 120.1 You should also be honest about issues that may limit your ability to take action, including your ability to use your leverage. For example, a passive investment entity with a large investment portfolio may have limited ability to engage directly with specific investees and no meaningful leverage to change their behaviour.
- 121.1 Initially, you may also need to prioritise which risks you respond to. The **Learn More** box on page 35 explains how to prioritise assessing and responding to modern slavery risks.

LEARN MORE: HOW DOES MY RELATIONSHIP TO THE RISK AFFECT MY RESPONSE?

The **Key Terms Explained** box on page 30 explains that the 'risks of modern slavery practices' means the potential for your entity to **cause, contribute to, or be directly linked to** modern slavery through its operations and supply chains.

The UN Guiding Principles (Principle 19) make it clear that the way that you respond to your modern slavery risks will depend on whether you are causing, contributing to or are directly linked to each risk. If the risk is not caused by your entity then the type of action you take will also depend on your 'leverage' with the other entities involved. Leverage means your ability to influence the other entities to change their behavior. If you lack leverage, you should consider ways to increase your leverage, including by collaborating with other entities. You could also seek to increase your leverage by incentivising the entity to improve its performance, including through offers of capacity building assistance or future business opportunities.



LEARN MORE: POSSIBLE ACTIONS TO ASSESS AND ADDRESS RISKS

This box sets out examples of the types of actions you can take to assess and address modern slavery risks. This box is not a complete list of every possible action. You will need to consider which actions are most appropriate for your entity.

ASSESS RISKS

- **Review existing information** about your entity's operations and supply chains, such as Human Rights Impact Assessments, Environmental and Social Impact Assessments and WH&S inspections.
- **Map your operations and supply chains** to improve your understanding about what is happening in your supply chains. Use this information to **undertake a detailed risk assessment, including a process to assess particular suppliers using enhanced checks where necessary**. Mapping your supply chains can be an extensive process. The **Learn More** box on page 35 explains how to prioritise and respond to key risks.
- **Assess the risks of modern slavery in your investment portfolio.**
- **Develop tools and policies to monitor high risk suppliers and mitigate associated risks.**
- **Bring together key areas of your entity** to help assess and respond to key risks, including Human Resources, Finance, Procurement, Sourcing, Legal, Risk, Sustainability, Major Projects and Senior Leadership.
- **Develop a specific action plan** for how you will improve your response to modern slavery risks and include measurable outcomes and deadlines.
- **Assign responsibility for assessing and addressing modern slavery risks** to a senior manager and brief your board or other principal governing body appropriately.
- **Set up a mechanism to allow people to safely report modern slavery risks** in your entity's operations and supply chains.
- **Build partnerships** with business peers, expert civil society groups, local community groups, and industry bodies to improve your understanding of modern slavery risks.
- **Engage directly with workers and other potentially affected groups in your operations and supply chains, as well as credible experts,** to assess risks.

CHANGES TO POLICIES AND PROCESSES

- **Make your entity's policies on modern slavery publicly available**, including online. Where relevant translate them into local languages.
- **Review and improve existing policies and procedures**, including supplier codes of conduct; and sourcing policies. Ensure you communicate these changes to staff and suppliers and make regular updates as your understanding of modern slavery risks evolves.
- **Improve staff and management awareness of modern slavery risks** through awareness-raising and training, including staff orientation. Ensure training is fit for purpose.

- **Ensure you are prepared to respond if you find modern slavery** occurring in your operations or supply chains, including by developing an agreed procedure for responding to modern slavery cases.
- **Address practices in your operations and supply chains that may lead to modern slavery**, such as charging recruitment fees for workers, tying workers' accommodation to their employment status, sham contracting, unmanageable lead times and purchasing practices, unlawful wage deductions or underpayment.
- **Review and improve policies and process used to screen potential investees** to ensure they appropriately address modern slavery risks.
- **Consider ways to engage with investees** directly or collectively to encourage them to address their modern slavery risks.
- If your operations involve direct engagement with children (such as charities, corporate social responsibility programs or travel and tourism operators), **review and improve your child protection processes and policies**.

SUPPLIER ENGAGEMENT

- **Improve supplier awareness** of modern slavery risks and how they may contribute to modern slavery through awareness-raising and training.
- Take steps to **build supportive, transparent and collaborative relationships with suppliers**, including encouraging suppliers to be honest with you about modern slavery risks.
- Where possible, **ensure workers in your supply chains have access to information** about their rights, obligations and ways to access support.
- **Clearly communicate your expectations to suppliers**, including by ensuring modern slavery issues are specifically addressed in supplier contracts, prequalification and other relevant mechanisms.
- *Appendix Two (page 65) includes recommendations about engaging suppliers*

Mandatory Criterion Five: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks

What does the Modern Slavery Act say I need to do?

- 122.1 The fifth mandatory criterion requires you to describe how the reporting entity assesses the effectiveness of the actions it is taking to assess and address the risks of modern slavery practices in its operations and supply chains.
- 123.1 If the reporting entity owns or controls any other entities then you also need to describe how the reporting entity is assessing the effectiveness of the actions these other entities are taking.
- 124.1 The Act only requires you to explain *how you* assess the effectiveness of an entity's actions. The Act does not ask you to determine whether an entity's actions *are effective*.

Why is this requirement in the Modern Slavery Act?

- 125.1 You cannot improve your entity's response to modern slavery if you do not have a way to check whether your actions to assess and address modern slavery risks are working. This is why the Act requires you to describe how you assess the effectiveness of the actions taken by the reporting entity and any entities it owns or controls to assess and respond to modern slavery risks.
- 126.1 For example, your entity may develop and implement modern slavery training for staff and suppliers. However, this training will not meaningfully address your modern slavery risks unless it is fit for purpose and effective in actually raising awareness amongst staff and suppliers.

How can I address this criterion in my statement?

- 127.1 In order to address this criterion, you need to ensure that your statement clearly sets out how the reporting entity assesses the effectiveness of its actions (and the actions of any entities it owns or controls) to both assess and address modern slavery risks.
- 128.1 This means that you need to explain what the reporting entity is doing to check whether its actions to assess its modern slavery risks are working. How will it know whether it is appropriately identifying and evaluating its modern slavery risks?

129.1 You also need to explain what the reporting entity is doing to check whether its actions to *address* modern slavery risks are working. How will it know if its actions are making a difference?

130.1 Understanding and assessing effectiveness can be difficult. There are a range of ways that you can demonstrate how you assess the effectiveness of your entity's actions, including:

- Establishing a process to regularly review the actions you have taken. For example, you could set up an annual senior management review of your entity's response to modern slavery.
- Regularly checking your risk assessment processes to ensure they remain up to date. For example, if your entity commences operations in a high risk country or region it is important that you identify and assess any new risks that may result.
- Setting up a process to provide for regular engagement and feedback between key areas of your entity (such as Sourcing, Human Resources, and Legal), as well as with any entities you own or control.
- Conducting internal audits or monitoring of specific steps you have taken to assess and address modern slavery risks. For example, you could audit your prequalification checks for suppliers to determine if mitigation measures have been consistently actioned.
- Tracking the actions you have taken and measuring their impact. For example, you could track the number of actions that have been implemented to deadline, the number of high risk suppliers or investees engaged, and levels of awareness among staff.
- Working with suppliers to check how they are progressing any actions they have put in place to address modern slavery risks.
- Considering any trends in cases reported through grievance mechanisms and how these cases were handled.
- Partnering with an industry group, external auditor, or trusted NGO to undertake an independent review of your actions.

LEARN MORE: DO I NEED MODERN SLAVERY KEY PERFORMANCE INDICATORS (KPIs)?

It is important that you assess the effectiveness of your entity's actions in both qualitative and quantitative ways.

One way that you can assess the quantitative impact of your actions over time is by developing KPIs to help you measure your response to modern slavery.

For example, you could develop KPIs covering the implementation of modern slavery policies or processes, as well as your responses to possible cases. This could include specific KPIs on:

- the number of modern slavery training and awareness-raising programs delivered
- the proportion or number of complaints resolved by a grievance mechanism
- the number of contracts that include modern slavery clauses
- the number of actions taken to work with suppliers to improve their capacity to respond to modern slavery risks.

Using KPIs in this way can be helpful. However, you should make sure you also continue to use a range of other methods to assess the effectiveness of your actions.

You should also review your entity's broader KPIs to ensure they do not inadvertently contribute to modern slavery risks. For example, your entity may use KPIs that promote a focus on securing the lowest possible costs and rapid delivery times from suppliers.

Mandatory Criterion Six: Describe the process of consultation with any entities the reporting entity owns or controls

What does the Modern Slavery Act say I need to do?

- 131.1 The sixth mandatory criterion requires you to describe how the reporting entity consulted on its statement with any entities it owns or controls.
- 132.1 You do not need to respond to this criterion if the reporting entity does not own or control any other entities
- 133.1 If you are preparing a joint statement you will also need to describe how the entity giving the statement consulted with each reporting entity covered by the statement. **Chapter Seven (page 53)** explains how to prepare a joint statement.

Why is this requirement in the Modern Slavery Act?

- 134.1 It is important that entities take a collaborative approach to combating modern slavery. This includes ensuring that all relevant areas of your entity and any entities it owns or controls are aware of what actions they need to take and that modern slavery risks relating to these areas and entities have been identified assessed, and addressed.

How can I address this criterion in my statement?

- 135.1 You only need to address this criterion in your statement if your entity owns or controls other entities.
- 136.1 If your entity owns or controls other entities, it is up to you to decide how best to consult with these entities. You are also able to decide at what level this consultation should occur.
- 137.1 The level of consultation you undertake should reflect your relationship with the other entity and the risk profile of that entity. Your consultation should be sufficient to ensure that the modern slavery risks relating to the other entity have been appropriately identified, assessed and addressed and that other entity is aware of what actions they need to take.
- 138.1 For example, a reporting entity may own several entities that operate in different sectors and so need to respond to modern slavery risks in different ways. In this case, the statement should demonstrate that there is meaningful and ongoing dialogue between each entity. This could include regular meetings between each

entity's sustainability or procurement teams and/or briefings for the boards of the other entities.

- 139.1 In contrast, some large reporting entities may own or control other entities that exist for only financial reasons, follow policies set by the reporting entity and do not have any actual physical operations or assets. For example, a large corporate group may establish a separate entity to perform a group-wide treasury function. In this situation, detailed consultation would not be necessary or useful. For example, it may be sufficient to ensure the company secretary for that entity is aware that you are preparing a statement and has an opportunity to participate in the statement process if required.

Mandatory Criterion Seven: Any other relevant information

What does the Modern Slavery Act say I need to do?

140.1 The seventh mandatory criterion enables you to include information that you think is relevant but that is not covered by the other six mandatory criteria.

141.1 You do not need to include information for this criterion if you consider your responses to the other six criteria are sufficient.

Why is this requirement in the Modern Slavery Act?

142.1 In some circumstances, you may decide that it is appropriate to include additional information in your statement that is not directly relevant to the other six criteria. This criteria has been included in the Act to provide a way for you to include this information.

How can I address this criterion in my statement?

143.1 You only need to address this criterion in your statement if there is additional relevant information that you wish to include.

144.1 You should ensure that any information you include in response to this criterion is relevant. This means the information should be connected in some way to how the reporting entity is responding to modern slavery. You should explain in your statement how the additional information you have included is relevant.

145.1 For example, you could provide information about:

- how the reporting entity has supported the development of legislation on modern slavery in another country
- whether the reporting entity has participated in external forums on modern slavery to help improve awareness about modern slavery in the business community
- how the reporting entity has partnered with a civil society organisation or industry body or participated in international or multilateral fora
- how the reporting entity has contributed to addressing the root causes or structural factors that contribute to modern slavery, such as poverty, forced migration, and education
- if you reported on a situation of modern slavery in a previous statement, any updates on how the situation has been addressed.

6.

How do I approve and publish a statement?

You can read this chapter to learn:

- What approvals you need to finalise your statement
- How to publish your statement
- Where to publish your statement

146.1 This chapter explains the specific approvals that you require to finalise your statement.

147.1 This chapter also explains how to publish your finalised statement.

148.1 If you are preparing a joint statement you should read **Chapter Seven (page 53)** to learn more about the specific requirements for approving a joint statement.

What does the Modern Slavery Act say I need to do?

149.1 The Act requires you to ensure that your statement meets two specific requirements for approval. These requirements are:

- the statement must be approved by the principal governing body of the reporting entity
- the statement must be signed by a responsible member of the reporting entity (in most cases, a responsible member means a member of the reporting entity's principal governing body).

150.1 The Act also requires you to provide your finalised statement to the Department of Home Affairs for publication on an online central register. You must do this within six months from the end of your reporting period.

151.1 The requirements for approving and publishing your statement are mandatory. If your statement does not meet these requirements you will fail to comply with the Act.

152.1 In this situation, the Minister may require you to explain your noncompliance or take remedial action, such as providing a statement that meets the requirements for approval set out in the Act. If your entity does not comply, the Minister may publicly identify your entity as being noncompliant.

153.1 The Act also allows you to revise your statement after it has been published on the online central register in certain circumstances.

Why is this requirement in the Modern Slavery Act?

154.1 It is important that senior management lead their entity's response to modern slavery and are accountable for the actions their entity takes. This is why the Act requires statements to be approved by the principal governing body of the reporting entity and signed by a responsible member.

155.1 The Act also requires statements to be published on an online central register. This ensures that all statements are publicly accessible in a single location and can be easily accessed and compared. The central register also provides a way to identify entities that have reported.

KEY TERMS EXPLAINED: WHAT DOES 'PRINCIPAL GOVERNING BODY' MEAN?

Your statement must be approved by your entity's principal governing body and signed by a responsible member of your entity. In most cases, a responsible member of your entity will be a member of your entity's principal governing body.

Principal governing body: means the body or group of members of the entity that are responsible for the governance of the entity.

Examples:

- If your entity is a company, your principal governing body is the board. A director on the board will need to sign the statement.
- If your entity is a trust, your principal governing body will be the board of trustees. One of the trustees on the board will need to sign the statement.
- If your entity is a University, your principal governing body will be the University Council. One of the members of the Council will need to sign the statement.

** Under the Act, the responsible member of a trust administered by a sole trustee is that sole trustee and the responsible member of a corporation sole is the individual constituting the corporation. If the entity is under administration within the meaning of the Corporations Act 2001, the administrator is the responsible member.*

How do I approve a statement?

- 156.1 You must ensure that your statement is approved by the principal governing body for the reporting entity.
- 157.1 The Act also requires you to ensure your statement clearly states that it has met this requirement for approval. This means that your statement must say that it has been approved by the principal governing body for the reporting entity; name that governing body; and specify the date that governing body approved the statement.
- 158.1 You cannot delegate this approval process to a subcommittee or to another body. The **Key Terms Explained** box on page 50 explains what an entity's principal governing body will be. For most entities, the principal governing body will be the board of the reporting entity.
- 159.1 You should also ensure that your statement is approved by the principal governing body as a stand-alone document and not as part of a larger document, such as a sustainability report.
- 160.1 Once approved by the principal governing body, you must also ensure your statement is signed by a responsible member of the reporting entity. For most entities, this means your statement will need to be signed by a director on the board of the reporting entity. This signature can be done electronically and must be clear and easy to find in your statement. You should also ensure that your statement specifies the name and position of the signatory next to the signature.
- 161.1 You can choose which responsible member signs your statement. You may also wish to have more than one responsible member sign the statement.
- 162.1 It is best practice that the head of the principal governing body signs the statement (for those entities where the responsible member is a member of the principal governing body). For example, if the reporting entity has a board, then the chair of the board or the Chief Executive (if they are a member of the board) should sign your statement.

How do I publish a statement?

- 163.1 Once your statement is approved, you need to provide it to the Department of Home Affairs. The Department will then publish your statement on the online central register. The **How To** box on page X (to be inserted once register established) explains what you need to do to submit your statement.
- 164.1 You must make sure that you provide your statement to the Department of Home Affairs within six months after the end of the reporting entity's reporting period.

- 165.1 For example, if the entity's reporting period is the Australian Financial Year (1 July to 30 June) you will need to provide your statement by 1 January the following year. You can read **Chapter Four (page 20)** to learn more about when you need to report.
- 166.1 The Minister may refuse to publish your statement if it does not meet all the requirements under the Act. In this situation, the Department of Home Affairs will explain what areas of your statement need to be improved.
- 167.1 All statements must be published on the central register. However, you can also choose to publish your statement in other ways, including on your website or in your annual report. This can be a way to demonstrate your entity's leadership on modern slavery. It can also be a way to promote and share best practice between entities.

How do I revise a statement?

- 168.1 In exceptional circumstances, you may need to revise your entity's statement.
- 169.1 Revising a statement will usually only be necessary if it includes false or misleading or market sensitive information that needs to be corrected.
- 170.1 You can revise your entity's statement at any time.
- 171.1 If you think you may need to revise your statement you should advise the Modern Slavery Business Engagement Unit as soon as possible. **Chapter Eight (page 57)** explains how to contact the Unit.
- 172.1 You can revise your statement by providing an updated copy to the Department of Home Affairs and requesting that it be uploaded to the register.
- 173.1 The revised statement needs to clearly indicate the date of the revision and explain what changes have been made. This explanation must provide readers with an understanding of what content has changed and the reasons for this change. For example, you could add a short note to the front page of the statement that explains the reason for the revision.
- 174.1 You also need to ensure that your revised statement has been reapproved by the principal governing body of the reporting entity and signed by a responsible member of the reporting entity.

7.

Can I prepare a joint statement?

You can read this chapter to learn:

- When to do a joint statement
- How to prepare a joint statement
- How to approve a joint statement

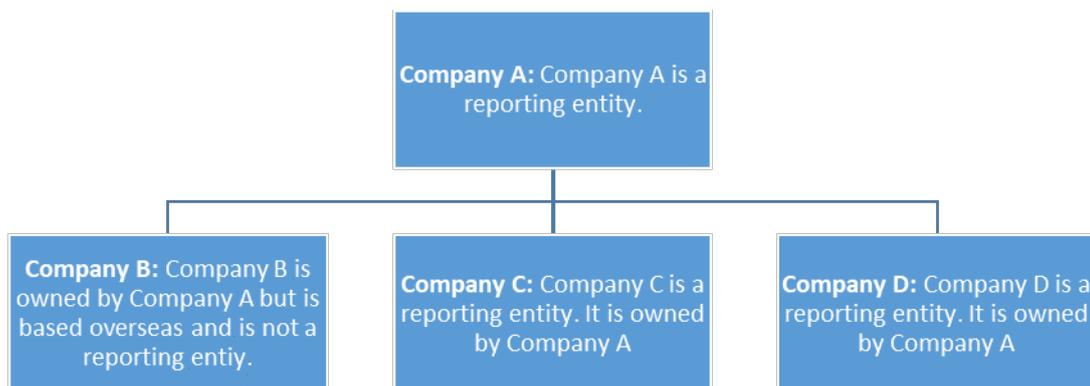
175.1 This chapter explains how to prepare a joint statement.

176.1 A joint statement is a statement that is submitted by an entity on behalf of one or more reporting entities. The entity that submits the statement may or may not be a reporting entity.

177.1 You can use a joint statement as a way to report on behalf of a number of related reporting entities. The diagram below explains how you could use a joint statement.

178.1 In the situation set out in the diagram, Company A could choose to prepare a single joint statement that covers Company A as well as Company C and Company D. Company B is not required to prepare a statement. However, Company A will still need to report on Company B's operations and supply chains and actions to assess and address modern slavery risks as part of its own statement.

Figure 5: How to use a joint statement



What does the Modern Slavery Act say I need to do?

179.1 The Act allows you to provide a joint statement on behalf of one or more reporting entities.

180.1 A joint statement must:

- be prepared in consultation with each reporting entity covered by the statement
- address each of the mandatory reporting criteria for each reporting entity covered by the statement, including describing the process of consultation with any entities owned or controlled by each reporting entity covered by the statement
- meet specific requirements for approval, and
- be provided to the Department of Home Affairs for publication on the central register of statements.

Why is this option in the Modern Slavery Act?

181.1 The Act provides for joint statements to ensure that entities have flexibility to report in the way that is most appropriate for their circumstances. The Act sets out clear requirements for joint statements to ensure that entities are not able to use this process as way to minimise or avoid their reporting obligations.

182.1 For example, in some cases, it may be appropriate for a single statement to cover several reporting entities. This includes situations where a group of entities have some form of legal relationship with each other and use the same policies and systems.

183.1 There may also be cases where it is appropriate for an entity that is not a reporting entity to give a statement that covers one or more reporting entities. This includes situations where a foreign parent entity wishes to report for its subsidiary reporting entities in Australia.

How do I prepare a joint statement?

184.1 It is important that you carefully consider whether a joint statement is appropriate in your situation. For example, investors and consumers may expect that a reporting entity that has a strong public identity and brand provides a separate statement.

- 185.1 If you decide to prepare a joint statement, you must ensure that you address all of the mandatory criteria for each reporting entity.
- 186.1 This does not mean that you need to respond to each criterion separately for each entity. However, your statement should clearly show how your responses to each criterion address each reporting entity.
- 187.1 You must also ensure that you consult with each reporting entity covered by your statement.
- 188.1 The level of consultation you undertake with each reporting entity should reflect your relationship with that entity and the risk profile of that entity. At a minimum, you should ensure that the reporting entity's senior management is aware of the content of your statement.

How do I approve a joint statement?

- 189.1 It is also important that you comply with the requirements set out in the Act for the approval of your statement.
- 190.1 The table below sets out the three ways that you can approve your statement. Further information about the approval process, including the meaning of principal governing body, is set out in **Chapter Six (page 49)**.

TABLE TWO: OPTIONS TO APPROVE A JOINT STATEMENT

OPTION	WHEN SHOULD I DO THIS	EXAMPLE
<p><i>Option One:</i> The principal governing body of each reporting entity covered by the joint statement approves the statement.</p> <p>AND</p> <p>A responsible member of each of those reporting entities signs the statement.</p>	<p>This is the default option for approval of a joint statement.</p> <p>It shows that each reporting entity has meaningfully engaged in the statement process. It also sends a clear signal that the principal governing bodies of these entities are committed to addressing modern slavery.</p>	<p>Company A is a parent entity and owns Company B and Company C. Each company operates in different sectors and has different supply chains.</p> <p>Companies A, B and C decide to prepare a joint statement that is approved and signed by each entity. This sends a strong message to the market that each company is working to respond to their own risks.</p>
<p><i>Option Two:</i> The principal governing body of a higher entity must approve the joint statement on behalf of each of the reporting entities.</p> <p>AND</p> <p>A responsible member of the higher entity must sign the statement.</p> <p><i>[A higher entity is an entity that is able to directly or indirectly influence or control each reporting entity]</i></p>	<p>This option allows you to prepare a statement for multiple reporting entities without needing to have the statement approved by the principal governing bodies of each entity.</p> <p>This may be appropriate in situations where an entity wishes to report on behalf of other entities it owns or controls. This includes situations where this entity sets the policies and processes used by the reporting entities.</p>	<p>Company A and Company B are sibling entities (they are both owned by the same offshore parent company which does not need to report). Both Company A and Company B operate in the same sector and share many suppliers and vendors. They also follow policies and processes set by the parent company.</p> <p>The parent company decides to prepare and approve a joint statement on behalf of Company A and Company B. This is appropriate because the actions of the parent entity govern Company A and Company B's responses to this issue.</p>
<p><i>Option Three:</i> The principal governing body of at least one reporting entity must approve the statement.</p> <p>And</p> <p>A responsible member of each reporting entity whose governing body approved the statement must sign the statement.</p> <p>And</p> <p>The statement must explain why the other reporting entities have not approved the statement at principal governing body level.</p>	<p>This option should only be used if Options One and Two are not practicable. It provides flexibility for reporting entities that have complex or unusual structures or relationships with other reporting entities.</p>	<p>Company X has established two Australian subsidiaries, Company Y and Company Z. Company X is not a reporting entity but Companies Y and Z must report.</p> <p>Company Y prepares and approves a joint statement on behalf of Company Z. This is appropriate because both companies work closely together and Company Z uses many of Company Y's policies and processes.</p>

8.

How can the Modern Slavery Business Engagement Unit help me?

You can read this chapter to learn:

- What the Modern Slavery Business Engagement Unit is
- How the Modern Slavery Business Engagement Unit can support you
- How to contact the Modern Slavery Business Engagement Unit

191.1 This chapter explains the role of the Modern Slavery Business Engagement Unit (Unit).

What is the Modern Slavery Business Engagement Unit?

192.1 The Unit is a dedicated team in the Trade and Customs Division in the Department of Home Affairs and is responsible for implementing the Act. The Unit is led by a senior officer from the Department of Home Affairs.

193.1 The Unit has five main functions:

- providing advice and support to entities about compliance with the reporting requirement
- undertaking awareness-raising and training about modern slavery and the reporting requirement
- promoting best practice and monitoring overall compliance, including by reporting annually to Parliament about implementation of the Act
- administering the online central register for statements
- coordinating the Commonwealth Modern Slavery Statement.

How can the Modern Slavery Business Engagement Unit support me?

194.1 The Unit can support you by providing non-binding advice about the reporting requirement and what you need to do to comply. The Unit can also help you to identify and understand best practice.

195.1 The Unit is not able to provide you with legal advice or detailed advice about developing and implementing specific steps to address your modern slavery risks.

196.1 The table below explains how the Unit can support you.

THE UNIT CAN:	THE UNIT CANNOT:
<ul style="list-style-type: none"> • Help you to understand how the reporting requirement works and what you need to do to comply. • Provide general comments on your draft statement to help you meet the requirements set out in the Act. • Provide general advice about best practice responses to modern slavery. • Help you to collaborate with other organisations. 	<ul style="list-style-type: none"> • Give you legal advice. • Write all or parts of your statement. • Prepare training materials or information specifically for use by your entity. • Provide detailed advice on actions you plan to take to address modern slavery, such as developing a grievance mechanism. • Provide detailed advice about modern slavery risks in specific countries or sectors. • Advise you about how to respond to a specific case of modern slavery.

How can I contact the Modern Slavery Business Engagement Unit?

197.1 Information about the Unit is available on the Department of Home Affairs' website.

198.1 You can contact the Unit by emailing slavery.consultations@homeaffairs.gov.au. This website also includes more detailed information about the role and functions of the Unit.

Appendix 1.

What is modern slavery?

This appendix provides more information about modern slavery, including risk indicators and examples.

The term modern slavery describes situations where coercion, threats or deception are used to exploit victims and undermine their freedom.

Coercion, threats and deception in situations of modern slavery can sometimes involve clear physical indicators, such as physical confinement or confiscation of identity and travel documents. However, often coercion, threats and deception are more subtle and harder to identify.

The Act defines modern slavery as including eight types of serious exploitation. Each of these types of exploitation has a clear legal definition in international or Australian law. The table on page 60 explains each of these types of exploitation with examples.

Importantly, the definition of modern slavery used in the Act includes the worst forms of child labour. The worst forms of child labour means extreme forms of child labour that involve the serious exploitation of children, including through enslavement or exposure to dangerous work. The worst forms of child labour does not mean all child work.

Modern slavery can happen in any industry and any country. Modern slavery victims are often vulnerable to exploitation due to their background, migration status or structural factors like poverty. Both adults and children can be victims of modern slavery. Women and children are often especially vulnerable. The table on page 63 of this appendix sets out key risk indicators for modern slavery.

TABLE THREE: TYPES OF MODERN SLAVERY

Type of exploitation	Definition (Each of these types of modern slavery involve coercion, threats or deception)	Example
Trafficking in persons	Describes the recruitment, harbouring and movement of a person for exploitation through modern slavery.	An orphanage actively recruits children from families and pays parents to place children in their care. They promise children will be well educated and cared for in the orphanage. The children are removed from their parents and housed in substandard conditions. The orphanage makes false claims that the children are orphans to attract donations. The children are exploited in the orphanage, including for sexual exploitation and for the purpose of orphanage tourism. A number of Australian travel companies regularly visit the orphanage with tour groups.
Slavery	Describes situations where the offender exercises powers of ownership over the victim, including the power to make a person an object of purchase and use their labour in an unrestricted way.	A group of migrant men and boys are forcibly detained by a people smuggler and then sold to a fishing company. The men and boys are taken to sea and not allowed to return to shore. They are forced to work 20 hours a day and receive no pay and little food. They are regularly beaten and abused. The fish they catch are used in products sold in major grocery stores overseas.
Servitude	Describes situations where the victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work.	A company provides an expatriate worker and her husband with money to hire a domestic servant. The couple hire a migrant woman. The woman is never paid, physically abused and made to sleep in the garage. The couple also monitor the woman's communication with her family in her home country. When the couple are away they lock all the exits from the home so the woman cannot leave. They also tell the woman that if she escapes the local police will imprison her for working illegally.
Forced labour	Describes situations where the victim is either not free to stop working or not free to leave their place of work.	Local women are employed in a garment factory that makes clothes for a large fashion brand. The factory stops paying them full wages after six months and instead pays them less than half the local minimum

Type of exploitation	Definition (Each of these types of modern slavery involve coercion, threats or deception)	Example
		wage. When they complain, the women are told by their manager that he will harm their families if they do not continue working.
Forced marriage	<p>Describes situations where coercion, threats or deception are used to make a victim marry or where the victim does not understand or is incapable of understanding the nature and effect of the marriage ceremony.</p> <p><i>*You only need to report on forced marriage in situations where <u>your entity's activities</u> or the <u>activities of entities in your supply chain</u> may cause or contribute to forced marriage.</i></p>	A global extractives company builds a camp for its foreign workers near an isolated local village. Some of the workers secretly pay local women to provide sexual services. Several of the workers then force the local women to 'marry' them by threatening to publicly shame the women if they refuse. The women feel they cannot refuse because doing so would expose them and their families to shame and they would no longer be able to remain in the village. After the marriage ceremony the women are repeatedly sexually abused and forced to perform menial household tasks.
Debt bondage	Describes situations where the victim's services are pledged as security for a debt and the debt is manifestly excessive or the victim's services are not applied to liquidate the debt, or the length and nature of the services are not limited and defined.	A man accepts a job as a construction worker overseas. His employer tells him he will need to pay a recruitment fee and repay his flight costs. These expenses will be deducted from his wages. When the man arrives, his employer exaggerates the size of his debt and confiscates his passport for security reasons. After six months of working the man has not received any wages. When he questions his employer he is told his debt has grown even larger because of interest. The man tries to leave but is returned to his employer by local authorities.

Type of exploitation	Definition (Each of these types of modern slavery involve coercion, threats or deception)	Example
The worst forms of child labour	<p>Describes situations where children are:</p> <ul style="list-style-type: none"> • exploited through slavery or similar practices, including for sexual exploitation or • engaged in hazardous work which may harm their health, safety or morals or • used to produce or traffic drugs. <p><i>*The worst forms of child labour can occur in a variety of contexts and industries. This may include orphanage trafficking and slavery in residential care institutions, as well as child labour in factories and manufacturing sites, mining and agriculture.</i></p>	<p>A husband and wife are forced to work at a brick kiln to pay off an inflated debt incurred by the husband's father. They have a young son. Once the son is old enough to carry materials, the owners of the brick kiln make him work in the quarry with his parents to help pay off the debt. There are no breathing masks or other safety equipment in the kiln, which uses dangerous chemicals and the son works 10-12 hours a day. The bricks are used by a foreign company to build their new office in the country's capital.</p>
Deceptive recruiting for labour or services	<p>Describes situations where the victim is deceived about whether they will be exploited through a type of modern slavery.</p>	<p>A young woman is travelling overseas and has a temporary work visa. She does not speak the local language. She answers an advertisement for seasonal farm work posted by a labour hire company. She is told she will be paid in cash for picking a certain amount of produce each day and that she will be provided with free accommodation. The labour hire company takes her to a small private home where 15 other workers are staying. She is driven to a farm each day and driven back to the house in the evening. After two weeks she has not been paid. When she complains, the labour hire company tells her she has breached her visa by working too many hours and she will be detained by immigration authorities if she leaves.</p>

TABLE FOUR: RISK INDICATORS FOR MODERN SLAVERY

This table sets out indicators that you can use to help identify modern slavery risks in your entity's operations and supply chains. This table also sets out direct indicators of modern slavery that may indicate a person is in a situation of modern slavery.

TYPE OF RISK	INDICATORS
<p>Sector and industry risks</p> <p><i>Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes.</i></p>	<ul style="list-style-type: none"> • Use of unskilled, temporary or seasonal labour. • Use of short-term contracts and outsourcing. • Use of foreign workers or temporary or unskilled labour to carry out functions which are not immediately visible because the work is undertaken at night time or in remote locations, such as security or cleaning. • Use of child labour in hazardous conditions, such as underground, with dangerous machinery or tools, in unhealthy environments (including where they are exposed to physical or sexual abuse), or for long hours. • Recruitment strategies by suppliers, their agents or labour hire agencies target specific individuals and groups from marginalised or disadvantaged communities. • The sector involves direct engagement with children, including through orphanage tourism and other forms of 'voluntourism' (including through companies' social investment and corporate social responsibility programs).
<p>Product and services risks</p> <p><i>Certain products and services may have high modern slavery risks because of the way they are produced, provided or used.</i></p>	<ul style="list-style-type: none"> • Cost requirements or delivery timeframes might require suppliers to engage in excessive working hours, make cost savings on labour hire or rapidly increase workforce size. • The development of the product or delivery of the services has been reported as involving labour exploitation by international organisations or NGOs. • Children are often used in the development of the product or delivery of the service, such as carpet weaving. • The product or components of the product are made in countries where there is a high risk of labour exploitation reported by international organisations or NGOs. • The services are provided in countries where there is a high risk of labour exploitation reported by international organisations or NGOs. • The product is made from materials or using services reported to involve a high risk of labour exploitation by international organisations or NGOs.
<p>Geographic risks</p> <p><i>Some countries may have higher risks of modern slavery, including due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.</i></p>	<ul style="list-style-type: none"> • The country has not ratified international conventions relevant to modern slavery, such as: the International Convention to Suppress the Slave Trade and Slavery (1926); ILO Convention (No. 29) concerning Forced or Compulsory Labour (1930); the Supplementary Convention on the Abolition of Slavery, the Slave Trade and Practices similar to Slavery (1956); the Protocol to Suppress, Prevent and Punish Trafficking in Persons, Especially Women and Children (2000); ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (1999). • The country is reported to have a high prevalence of modern slavery or labour rights violations, other human rights violations and/or child labour by international organisations or NGOs. • The country has inadequate protections for workers, including no or weak capacity to effectively monitor workplace standards and enforce compliance with national standards. • Law enforcement agencies are reported to be hostile to workers in at risk industries. • The country forces parts of the population to work for development purposes, for example to assist in construction or agriculture.

TYPE OF RISK	INDICATORS
	<ul style="list-style-type: none"> • The country is reported to have weak rule of law by international organisations or NGOs, including due to corruption, conflict and/or political instability. • The country has a high prevalence of people who are vulnerable to exploitation because they are impoverished, displaced or subject to severe discrimination
<p>Entity risks</p> <p><i>Some entities may have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.</i></p>	<ul style="list-style-type: none"> • Entity has previously been reported as noncompliant with human rights or labour standards, including by media or NGO sources. • Entity's procurement and sourcing processes appear poorly managed or inefficient. • Entity has complex or opaque supply chains. • Workers appear to have little information about workplace entitlements and protections and there is a general lack of information about workplace standards. • Audit results for the entity appear unreliable or conflict with other sources of information about the supplier, such as NGO reports. • Staff recruitment costs by labour hire companies or recruiters are not covered by the company, meaning that recruitment expenses such as travel may be improperly imposed on workers. • Entity provides residential care for children overseas.
<p>Indicators of modern slavery</p> <p><i>A combination of these signs may indicate a person is in a situation of modern slavery and that further investigation and assessment is required.</i></p>	<p>The suspected victim or victims are:</p> <ul style="list-style-type: none"> • living at the workplace, or another place owned/controlled by their employer • underpaid or not paid at all • required to work excessive hours • confined or isolated in the workplace or only leave at odd times • guarded at work or in their accommodation • isolated in remote locations that are difficult to access and/or restricted from contacting or interacting with people outside the workplace (for example, their phones are confiscated or they are supervised when in public) • managed by an intermediary or third party who 'holds' or 'invests' their money for them • subject to different or less favourable working conditions than other workers because of their country of origin, gender or other factors • unable to terminate their employment at any time • appear to be servicing a debt to an employer or a third party (such as a recruitment agent) • appear to be subjected to, or threatened with, violence in connection with their employment • appear to have false travel or personal documents and/or are not allowed access to these documents because they are being held by an employer or third party • appear to have been deceived about the conditions of their employment • are not provided with contracts in a language and format that they can easily understand • are not informed of, or do not appear able to understand the terms and conditions of their employment • are not provided with any protective equipment, training or means to refuse to participate in dangerous work practices, or refuse to handle known toxic materials or hazards • do not have permission to work because they are from another country or appear to be working in breach of visa requirements.

Appendix 2.

How can I work with suppliers?

You will need to engage and work closely with your suppliers to assess and address your entity's modern slavery risks. This appendix sets out three principles and key recommendations to help you engage constructively with your suppliers.

PRINCIPLE ONE: BUILD MEANINGFUL PARTNERSHIPS WITH YOUR SUPPLIERS.

- **Provide support for your suppliers to improve their response to modern slavery, including training and awareness-raising:** Your suppliers will have different levels of understanding about modern slavery risks. Building their capacity through awareness-raising and training will help them to address modern slavery risks that may impact your entity.
- **Avoid outsourcing compliance to your suppliers:** You and your suppliers share responsibility for assessing and addressing modern slavery risks in your operations and supply chains.
- **Clearly communicate your expectations to suppliers and encourage honest two-way engagement:** Ensure your suppliers understand what actions you want them to take and how they can engage with you. You should also make sure you include your expectations for suppliers in contracts and codes of conduct. For example, you should make sure your suppliers know how to engage with you if they identify a case of modern slavery and under what conditions you would terminate the supplier relationship.
- **Recognise your suppliers may need to respond to requests from multiple reporting entities:** Where possible, consider options to reduce the compliance burden for your suppliers. For example, you could agree to mutual recognition of audits so that your supplier does not need to undergo multiple modern slavery audits. You could also work with other entities in your sector to develop common approaches to reporting and joint resources.
- **Consider how you can use existing supplier engagement processes:** Your entity may already have processes for engaging suppliers and assessing their compliance with related issues, such as workplace health and safety standards. You may be able to adjust these existing processes to also address modern slavery. For example, you could include modern slavery questions in existing pre-qualification questionnaires for suppliers.
- **Ensure any 'zero tolerance' policies focus on zero tolerance for inaction not cases:** Your suppliers may be reluctant to raise issues with you if they believe this may lead to the immediate termination of the business relationship under a 'zero tolerance' policy.

PRINCIPLE TWO: ENSURE YOUR ENGAGEMENT WITH SUPPLIERS IS RISK-BASED

- **Try to avoid blanket approaches and take a risk-based approach that prioritises high risk suppliers:** You should tailor your responses to the risk profile of your supplier. For example, a lower risk supplier may not need to undergo the same audit processes as a supplier in a high risk sector. Remember that modern slavery risks need to be understood in terms of 'risk to people' rather than risk to your entity or to a supplier.

PRINCIPLE THREE: RECOGNISE THE LEVERAGE THAT YOU AND YOUR SUPPLIERS HAVE TO INFLUENCE CHANGE

- **Consider how your entity may be contributing to suppliers' modern slavery risks:** In some cases, your entity's actions and purchasing practices may be increasing your suppliers' modern slavery risks. For example, your entity may require suppliers to meet unrealistic pricing and deadline requirements.
- **Encourage suppliers to respond to modern slavery risks in a way that is appropriate to their circumstances, including their size, capacity, structure, risk profile and leverage with their sub-suppliers:** The size and capacity and other circumstances of your suppliers does not change their responsibility to assess and address their modern slavery risks but will affect how they do this. For example, smaller suppliers with financial and resource constraints may need to prioritise the order in which they respond to risks.
- **Identify and engage with suppliers that operate at 'control points' in your supply chains:** Some suppliers will have particular leverage and visibility over activities further down the supply chain because they operate at 'control points'. Often control points will be key points of transformation in the supply chain, such as a metals smelter or factory that assembles electronics products using multiple components.

Appendix 3.

How do I respond to a case of modern slavery?

As you work to assess and address your entity's modern slavery risks, you may identify suspected situations of modern slavery in your operations or supply chains. This Appendix sets out key recommendations to help guide your response.

You will be able to respond more effectively if your entity has a pre-agreed process or policy in place to guide your actions. If your entity does not have an existing policy or process setting out how to respond to a situation of modern slavery (or other human rights impacts) you should develop one as part of the process of preparing your statement.

You may also be able to respond more effectively to modern slavery situations if you are able to engage directly with key stakeholders who understand the local operating context, such as NGOs, other civil society groups and workers and their representatives. Building trusted relationships with these stakeholders in advance can help ensure you are able to respond appropriately if modern slavery is identified.

- **Do not attempt to resolve the situation by yourself.** Trying to deal with the situation without support from other areas of your entity, governments or trusted partners may lead to further harm to the victim or victims.
- **Ensure your actions are always in the best interests of the suspected victim or victims.** This means you should take steps to prevent further harm and achieve the best possible outcome for the victim or victims. For example, immediately removing workers from an exploitative situation without appropriate support may lead to unintended negative consequences, including their deportation, re-exploitation, blacklisting by employers and/or violence from creditors.
- **Consider if further action is required to verify if modern slavery is occurring.** For example, if allegations of modern slavery are made through unsubstantiated media reporting you may need to check whether these reports are correct. You should ensure any actions you take do not alert the suspected offenders or result in any unintended consequences for the affected worker or workers.
- **Consider whether and how to involve law enforcement.** Modern slavery involves serious crimes and severe harm to victims. In Australia, you should report any suspected situations of modern slavery to the Australian Federal Police. If someone is at risk of immediate harm call Triple Zero (000). This will ensure the situation is properly investigated, any victims are identified and protected and that the perpetrators are held to account.

- **Respond in a way that is appropriate to the circumstances of the situation.** Every situation of modern slavery will be different and it is important you respond in the way that is most appropriate for each case. For example, your response will vary depending on whether the affected entity was unaware that modern slavery was occurring in part of their operations and supply chains or was instead deliberately engaging in modern slavery.
- **Recognise that you may not be aware of all the victims involved or the extent of the exploitation.** You should be careful that any actions you take do not have unintended consequences for other victims you are not aware of.
- **Address the harm caused.** If you identify that your entity has caused or contributed to the exploitation you should provide for, or cooperate in, the remediation of that harm. If you are directly linked to the exploitation by a business relationship you may play a role in remediation and should use your leverage to work with the entity that caused the harm to prevent or mitigate its recurrence.
- **Carefully consider the consequences of ending your relationship with the affected entity.** If the situation of modern slavery has occurred in the operations of one of your suppliers or other business partners you should usually avoid immediately ending the business relationship. Generally, you should only consider ending the relationship if the affected entity refuses to address the issue and there is no real prospect of change. You should also make sure you consider and address any negative impacts that may result from ending the relationship. For example, ending the relationship could have negative flow on impacts for other workers in the supply chain who may find themselves unable to access any income and at risk of further exploitation.
- **Consider opportunities to collaborate with international and local organisations or civil society groups.** Reputable international and local organisations and civil society groups may be able to assist you by providing an 'on the ground perspective' and providing advice about the most appropriate way to respond in a given location or context.

Appendix 4.

How can I collaborate with civil society organisations?

Collaboration with civil society organisations such as non-government organisations, workers and their representatives can be an important way to strengthen your entity's response to modern slavery. It can help you to:

- **Better understand issues 'on the ground'**, including in parts of your supply chain where you may not have visibility or access.
- **Verify what is happening in your operations and supply chains** by providing access to the views of workers and vulnerable groups.
- **Access expertise on key issues** such as child protection, country or sector specific risks and context specific sensitivities.
- **Check if your response to modern slavery is working** by providing a 'critical friend' who can impartially review and assess your actions.
- **Identify actual, or potential, risks of harm as part of your ongoing due diligence processes** and develop effective and context appropriate ways to address such risks.
- **Provide information about what constitutes appropriate remedy** in a particular context.
- **Raise awareness about the risks of harm and potential pathways to remedy** within your own organisation, your suppliers or other business partners such as recruitment firms and supply chain workforce.

Civil society organisations are often diverse and can vary widely in their skills and expertise. It is important to make sure that any civil society organisations you engage with are reputable and have genuine expertise on modern slavery.

You may wish to consider the list of questions below when deciding whether to engage with a civil society organisation.

- Is the organisation **well established with a track record of engaging productively** with governments, other businesses and/or industry organisations? Is the organisation affiliated with credible international networks or bodies?
- Does the organisation **have genuine expertise on modern slavery**? What experience does the organisation's staff have? Has the organisation published information or articles in well-regarded media and/or participated in key fora?

- Is the organisation **willing to genuinely partner with you to create long-term change** or are they advocating simplistic 'quick fix' solutions or trying to sell you a product or system to 'improve' your response.

Appendix 5.

Helpful resources

The resources listed below can help you to learn more about modern slavery and how to respond. The Government is not responsible for the content of these resources and has not approved their content.

INFORMATION ABOUT MODERN SLAVERY

Title	Overview	Why should I read this?
2017 Global Estimates of Modern Slavery: Forced Labour and Forced Marriage	These estimates provide a detailed breakdown of the extent of modern slavery globally and by region. They were compiled by the International Labour Organization and the Walk Free Foundation, in partnership with the International Organization for Migration.	To learn more about the global prevalence of modern slavery.
2018 Global Slavery Index	The Global Slavery Index is produced by the Walk Free Foundation. It provides a country by country estimate of people living in modern slavery.	To learn more about the country-level prevalence of modern slavery, how modern slavery impacts specific countries, and what governments are doing to respond.
Annual Trafficking in Persons Reports	The US Government produces annual Trafficking in Persons Reports that rank the efforts of countries around the world to respond to trafficking in persons.	To learn more about what specific countries are doing to combat modern slavery.
US Department of Labour List of Goods Produced by Child or Forced Labour	The US Government maintains a list of goods and their source countries, which it has reason to believe are produced by child labour or forced labour	To identify and learn more about goods that may involve a high risk of modern slavery.
'Hidden in Plain Sight': Report of the 2017 Parliamentary Inquiry into establishing a Modern Slavery Act in Australia	The Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade conducted a detailed inquiry into Australia's response to modern slavery in 2017.	To learn more about modern slavery in Australia.

INFORMATION ABOUT HOW TO PREVENT AND RESPOND TO MODERN SLAVERY

Title	Overview	Why should I read this?
<p>UN Guiding Principles on Business and Human Rights</p>	<p>The UN Guiding Principles are the recognised global standard for preventing and addressing business-related human rights harm. The UN Human Rights Council endorsed the Guiding Principles in June 2011.</p>	<p>To learn more about your entity’s responsibility to respect human rights, which includes taking steps to prevent, mitigate and where appropriate remedy modern slavery.</p>
<p>The Corporate Responsibility to Protect Human Rights: An Interpretive Guide</p>	<p>This Guide was prepared by the Office of the UN High Commissioner for Human Rights and provides additional background explanation about the UN Guiding Principles on Business and Human Rights.</p>	<p>To understand the meaning and intent of the UN Guiding Principles and how to apply them to your entity. This Guide includes detailed discussion of key concepts such as leverage, remediation and due diligence.</p>
<p>OECD Due Diligence Guidance for Responsible Business Conduct</p>	<p>This Guide was prepared by the Organisation for Economic Co-operation and Development (OECD) to support entities to implement the OECD Guidelines for Multinational Enterprises. It includes a detailed explanation of the role of due diligence in responsible business conduct.</p> <p>The Australian National Contact Point promotes this guidance in Australia and further advice is available at the National Contact Point website.</p>	<p>To learn more about due diligence and how your entity can implement appropriate due diligence processes.</p>
<p>OECD sector-specific guidance about due diligence in key sectors and industries, including: the extractive sector; mineral supply chains; agricultural supply chains; garment supply chains; and the financial sector</p>	<p>This sectoral guidance has been prepared by the OECD to help entities identify and address risks to people, the environment and society associated with business operations, products or services in particular sectors.</p>	<p>To learn more about how your entity can identify and address risks in specific sectors.</p>

Title	Overview	Why should I read this?
<p>Remediation Guide for Victims of Exploitation in Extended Mineral Supply Chains</p>	<p>This Guide was prepared by the International Organization for Migration. It aims to provide concrete operational guidance for companies and their business partners about remediating adverse human rights impacts in their operations and supply chains,</p>	<p>To learn more about assisting and protecting victims of exploitation in global supply chains.</p>
<p>Guidance from the Australian Fair Work Ombudsman about monitoring and managing contract arrangements</p>	<p>The website for the Australian Fair Work Ombudsman includes a range of resources, including guidance about labour contracting and monitoring your labour contracting.</p>	<p>To learn more about monitoring and managing contracts.</p>
<p>In Our Lifetime: How Donors Can End The Institutionalisation Of Children</p>	<p>This report from Lumos provides donors with information about making informed decisions about investments and funding in relation to the institutionalisation of children.</p>	<p>To learn more about how your donor activities may contribute to the institutionalisation of children.</p>