

Modern Slavery Reporting in Australia

Modern slavery compliance
and 'health-check' for your
business

September 2022



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Modern Slavery and business

According to the Global Slavery Index 50 million people around the world are living in modern slavery conditions, with up to 15,000 victims living in Australia. Further, stakeholder expectations about the role that business can and should play in embedding a respect for human rights across their entire value chain are increasing. A business that does not integrate a robust Environmental, Social and Governance (ESG) framework to manage both financial and non-financial goals may increase their risk of exposure to litigation, brand and reputational damage, disruption and delays to operations, loss of market share and loss of talent. Businesses must be able to identify, understand and manage their human rights responsibilities and obligations, beyond just legislative compliance.

The Australian Modern Slavery Act

The Modern Slavery Act 2018 (Cth) ("the Act") commenced operation on 1 January 2019. It created reporting obligations for entities with consolidated revenue of at least \$100 million for the relevant reporting period (typically a financial year) and who are Australian entities or undertake business in Australia.

An entity's Modern Slavery Statement must address the seven mandatory criteria in section 16 of the Act, which includes:

- The risks of modern slavery practices in your operations and supply chains
- The actions taken by you during the reporting period to assess and address your modern slavery risks, and what your future actions will be, and
- How you critically assess the effectiveness of those actions

The experience to date

There have been a number of independent reviews conducted on the quality of Modern Slavery Statements that have been submitted to the Australian Border Force online register to date. These reviews, and our own experiences, tell us that the standard and substance of statements varies considerably within and across sectors. A number of recommendations have been made regarding lifting the quality of statements

and advancing the response of businesses to modern slavery risks in their operations and supply chains. The areas most commonly identified as requiring attention for future reporting include basic compliance with the mandatory criteria, identification of obvious modern slavery risks by entities linked to high risk industries and geographies, and ensuring more substantive levels of disclosure.

Behind every modern slavery risk is the potential for exploitation and serious harm to people. Businesses have a responsibility to do what they can to ensure that their activities do not adversely affect the human rights of people.

What businesses should consider

- Under the Act, the Government has the power to publicly name entities that fail to comply in certain circumstances. The Government can also require non-compliant entities to take remedial action to ensure compliance, including requiring an entity to provide or revise a statement. The Act is currently under review and compliance obligations are expected to increase going forward.
- More than 530 voluntary statements have been lodged by businesses that are not required to publish a statement. This demonstrates a commitment to address modern slavery, and can be considered as market leading, or best practice for a responsible business.
- A business that is required to report under both the Australian Modern Slavery Act (2018) and the UK Modern Slavery Act (2015) should be aware that the reporting requirements for each are different. If your business has published a modern slavery statement in compliance with the UK Modern Slavery Act, compliance with the Australian Act is not assured.
- Defining your level of ambition in relation to the legislation will not only ensure compliance, it will also make sure that your response to modern slavery is aligned with your purpose and values, broader ESG strategies and the sector and locations of your operations and supply chains.



50 million people globally are victims of modern slavery



The **Asia Pacific region** has one of the highest number of people in modern slavery



At least **15,000** people are living in modern slavery conditions in Australia



How we can help you

Providing end-to-end support from a team of experts specialising in Assurance, Business Risk, Sustainability, legal and Supply Chain

Experience advising entities of all sizes, structures and industries on modern slavery requirements and identifying areas of risk and strategic response

Assistance with broader risk management in supply chains, including via the use of cloud-based tools, data analytics, benchmarking, educations and prioritised recommendation reports

Assistance with broader human rights risks and due diligence as an entity builds and embeds its capability to respect human rights throughout its operations and supply chains

Access to the full range of PwC capabilities and geographical locations, including local teams for conducting supplier reviews in the Asia Pacific region



Compliance with the Australian Modern Slavery Act reporting requirements

Applying up-to-date guidance from the Department of Home Affairs, we can assist to develop a Modern Slavery Statement and ensure its compliance with the seven criterion under the Act. We can also support your business to develop a forward-looking roadmap report that includes a tailored set of observations and prioritised, detailed recommendations to advance a modern slavery response.



Supply chain mapping & risk assessment

We can support your business to effectively identify, manage, and mitigate modern slavery risks within supply chains through a customised, interactive supply chain dashboard, supplier heatmap and bespoke risk assessment report. This supports to visualise data, identify the most salient insights and look deep into supply chains.



Policies review for human rights compatibility

A policy that impacts one individual is just as important as a policy that impacts many people, including vulnerable people. We can support your business by reviewing existing policies, governance, processes and controls to help ensure that supply chains and operations are being managed in compatibility with human rights. A human rights based approach involves considering policy objectives through the principles of human rights, and any additional processes required to achieve compliance, such as International Labour Organisation frameworks.



Training and development

We can provide tailored educational workshops to Boards, executive teams, key stakeholders and the broader workforce to upskill and raise awareness on topics such as your business's obligations under the Act, what modern slavery is and how it relates to your business, key modern slavery red flags, how to identify modern slavery risks and report concerns, and the role of the board / executive team / functional leaders in managing modern slavery and other human rights risks.



Modern Slavery Statement 'health-check'

We can review your Modern Slavery Statement against the legislative requirements, international standards, best practice guidance, and through benchmarking within industries and selected peers. We can work with you to determine the level of ambition and analyse existing feedback from stakeholders to better understand the 'case for change' and how to implement it in an effective and efficient way.



Human rights maturity index

Key operational elements are used to define the current maturity level of your business through various indicators and outcomes. This process supports improved capacity to prevent and address human rights-related issues, which can lead to positive changes in the workplace and foster a human rights culture.

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