



Australian Government

Implementing the *Modern Slavery Act 2018*

The Australian Government's Annual Report
1 January 2022 – 31 December 2022



© Commonwealth of Australia 2023

With the exception of the Coat of Arms and where otherwise stated, all material presented in this publication is provided under a Creative Commons Attribution 4.0 International licence (www.creativecommons.org/licenses).

This means this licence only applies to material as set out in this document.



The details of the relevant licence conditions are available on the Creative Commons website as is the full legal code for the CC BY 4.0 licence (www.creativecommons.org/licenses).

Use of the Coat of Arms

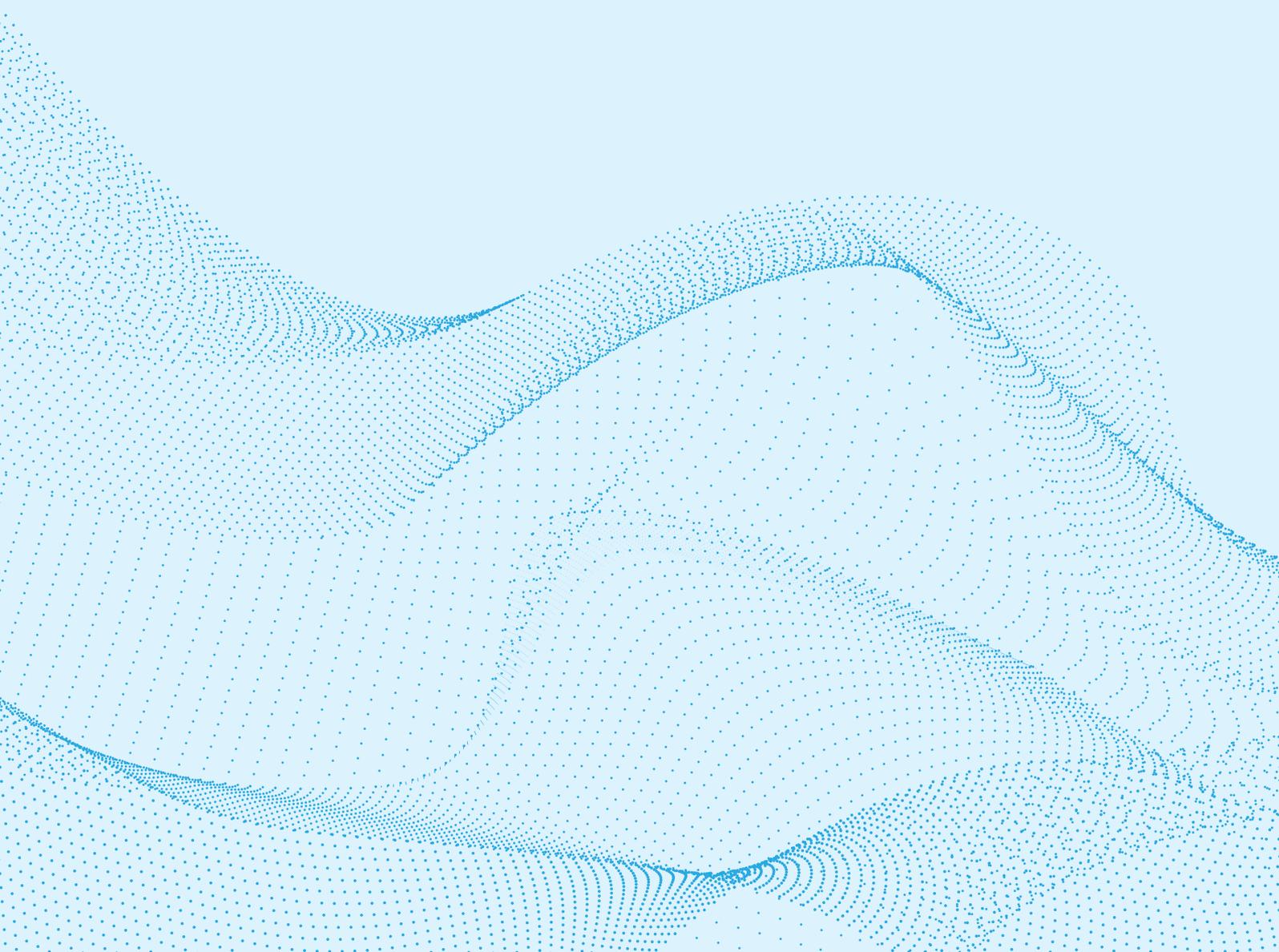
The terms under which the Coat of Arms can be used are detailed on the Department of the Prime Minister and Cabinet website (www.pmc.gov.au/government/commonwealth-coat-arms).

Dedication

The Australian Government's Annual Report on Implementing the *Modern Slavery Act 2018* is dedicated to the people and organisations who work tirelessly to prevent modern slavery, and support victims and survivors of modern slavery seeking to rebuild their lives.

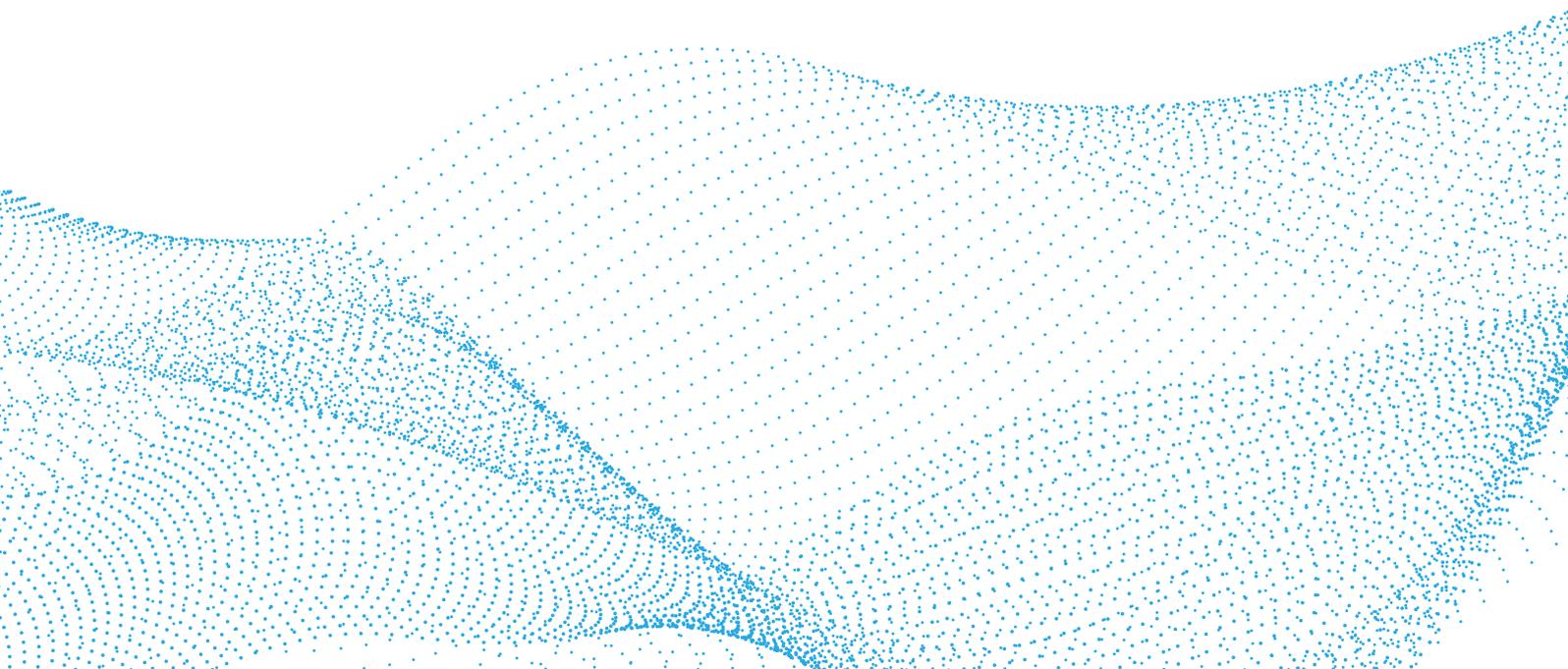
Acknowledgement of Country

We acknowledge Aboriginal and Torres Strait Islander peoples as custodians of Australia and pay our respects to Elders, past and present. We also acknowledge the ongoing connection to land, sea and communities throughout Australia, and the contributions to the lives of all Australians.



Contents

Ministerial Foreword	2
Introduction	4
Overview of key implementation outcomes achieved in 2022 (calendar year)	6
Work Stream One: Supporting entities to understand their compliance obligations under the Act	8
Work Stream Two: Awareness-raising and promoting best-practice responses to modern slavery	24
Work Stream Three: Developing and maintaining an online Modern Slavery Statements Register	28
Work Stream Four: Combating modern slavery in public sector procurement	32
Statutory Review of the Modern Slavery Act	36
Looking ahead	37
Abbreviations	38
Terminology	39



Ministerial Foreword

The Australian Government remains committed to addressing modern slavery and to ensuring these reprehensible crimes have no place in our society.

The Government is further strengthening Australia's response to modern slavery. The first steps are to establish an Anti-Slavery Commissioner and to strengthen the *Modern Slavery Act 2018* (Cth) (the Act). The statutory review of Australia's Modern Slavery Act led by Professor John McMillan AO will contribute to informing the Government's reforms going forward.

The time is right for further reform, as global estimates indicate the problem is getting worse, with millions of victims and survivors around the world. Australia is not immune to modern slavery.

This fourth annual report on implementing the Act sets out the progress made during the 2022 calendar year. The report captures the first two full reporting cycles, which concluded on 30 June 2022. The Government's online Modern Slavery Statements Register also reached a key milestone with over 1.8 million searches being conducted by the end of 2022, demonstrating the increasing public interest in modern slavery statements.

The Act aims to increase transparency of modern slavery risks in the operations and global supply chains of large businesses, and to promote continuous improvement as the business community increases its understanding of modern slavery. The operation of the Act is an important pillar in Australia's response to modern slavery. I commend those who are taking their reporting obligations seriously and working collaboratively to enact meaningful change for those most vulnerable to modern slavery practices.



Positively, we are seeing continued improvements amongst reporting entities, with an increasing number of modern slavery statements lodged, remediation action underway, compliance trends improving, and transparency increasing in Australia's supply chains and operations. While these rates are improving, there is still much more work to be done.

The Australian Government acknowledges the significant contribution of stakeholders through the statutory review of the Act this year including during the public consultation period. Collaboration is key to combating modern slavery.

I look forward to continuing to work with business, civil society and victim and survivor stakeholders to continue our fight against modern slavery, wherever it occurs.

A handwritten signature in blue ink, which appears to read "Mark Dreyfus". The signature is fluid and cursive.

The Hon Mark Dreyfus KC MP
Attorney-General of Australia

Introduction

Australia's *Modern Slavery Act 2018* (Cth) (the Act) commenced on 1 January 2019, marking a new era of transparency in the goods and services we purchase every day in Australia. In 2022, the Act moved beyond its implementation phase to reach the second full reporting cycle on 30 June 2022 and reporting entities commenced work on reporting actions undertaken in their third cycle of modern slavery statements.

This year also marked a significant milestone for the Act, as the Government commenced a 12 month statutory review to assess the Act's operation and compliance over the first three years. The review was led by Professor John McMillan AO, with support from the Attorney-General's Department (AGD) and previously the Australian Border Force. The review was informed by an extensive consultation process, involving over 280 government and non-government organisations, including from business, civil society and academia. 136 written submissions were provided to the review from a wide range of domestic and international stakeholders.

This fourth annual report details the Australian Government's actions over the 2022 calendar year to implement the Act. This work was led by the Modern Slavery Business Engagement Unit (MSBEU) in the AGD.

In the 2022 calendar year, over 3,100 statements were assessed by the MSBEU with nearly 2,700 statements published to the online Modern Slavery Statements Register (Register). For the purposes of this report, the analysis of data will compare data from the first two full reporting cycles (1 July 2020 to 30 June 2021 and 1 July 2021 to 30 June 2022) and the first 6 months of the third reporting cycle (1 July 2022 to 31 December 2022) to enable comparative analysis of the three reporting cycles. Noting that as third reporting cycle data does not include data from part of the reporting cycle (1 January 2023 to 30 June 2023), this data is subject to change in future reports. In addition, compliance data may be updated where there are updates or revisions to statements or statement information. Where data references the entire 2022 calendar year (1 January 2022 to 31 December 2022), this will be explicitly stated.

Over the first few reporting cycles, the AGD has focused on working with reporting entities to ensure they understand their obligations under the Act. Where instances of apparent non-compliance were identified, the AGD engaged directly with entities to support them to comply and to implement measures of continuous improvement. The AGD's commitment to working with reporting entities has improved compliance over the three reporting cycles and the Australian Government continues to work closely with key stakeholders.

In December 2022, the Government also released its third Commonwealth Modern Slavery Statement, covering the 2021-22 financial year. The Commonwealth statement details the actions the Commonwealth undertook to assess and address modern slavery risks over this period, focusing on the Government's identified high-risk areas. These five high risk areas are the procurement of textiles, construction, ICT hardware, cleaning and security services, and Commonwealth investments.

The third Commonwealth statement adopted a new reporting framework, featuring information on each Portfolio's modern slavery risks, mitigating actions, and measures of effectiveness. The new reporting framework better reflects the differing risks and level of maturity of responses in different Portfolios, to better outline and shape the direction of future work across the Commonwealth, including targeted action.

The actions taken by the Government in support of these key milestones builds on the actions undertaken in the first three calendar years across four key work streams:

- Supporting entities to understand their compliance obligations under the Act;
- Awareness-raising and promoting best-practice responses to modern slavery;
- Developing and maintaining an online Modern Slavery Statements Register; and
- Combating modern slavery risks in public sector procurement.

The Government continues to take a collaborative and proactive approach to implementing the Act. Drawing on industry and government expertise has helped shape the approach to awareness-raising, developing targeted guidance, and supporting overall compliance with the Act over 2022.

Key work streams



Supporting entities to understand their compliance obligations under the Act, including by developing and maintaining detailed guidance materials.

Objective: To ensure reporting entities are aware of, and comply with, their obligations under the Act.



Awareness-raising and promoting best-practice responses to modern slavery, including through domestic and international engagement activities.

Objective: To assist reporting entities, suppliers, civil society and consumers to understand the purpose of the Act, how modern slavery can manifest in supply chains, and assist entities to take meaningful action to assess and address modern slavery risks in their global operations and supply chains.



Developing and maintaining an online register for modern slavery statements.

Objective: To ensure modern slavery statements are housed in a single location which is accessible to the public and easily searchable.



Combating modern slavery risks in public sector procurement, including through collaboration with international and domestic counterparts.

Objective: To ensure the Australian Government leads by example in assessing and addressing modern slavery risks in its procurement and investment activities, including through the development of the Commonwealth statement.

Overview of key implementation outcomes achieved in 2022 (calendar year)



Supporting entities to understand their obligations under the Act

- Improved compliance under the Act, and more statements being made available on the Register.
- Increased engagement with voluntary entities seeking to understand the requirements under the Act.
- Monitored compliance trends with the Act and supported entities to drive good-practice.
- Responded to nearly 2,500 requests for assistance from businesses, academics and the public.



Awareness-raising and promoting best-practice responses to modern slavery

- Preparations to host a National Modern Slavery Conference in 2023 under the theme 'Taking Action Together'.
- Delivered briefings across government agencies on integrating modern slavery considerations into procurement processes.
- Convened a workshop on addressing modern slavery risks in government supply chains with officials from 20 portfolio agencies.
- Conducted nearly 80 face-to face and virtual awareness raising workshops and presentations to assist businesses.
- Held 4 meetings of the Modern Slavery Expert Advisory Group to provide strategic advice to Government on the implementation of the Act.



Developing an online Modern Slavery Statements Register

- Reviewed and published all publishable modern slavery statements submitted in the second reporting cycle under the Act.
- Assessed over 3,100 statements submitted to the Register.
- Supported the publication of approximately 2,700 modern slavery statements to the Register (2022 calendar period).

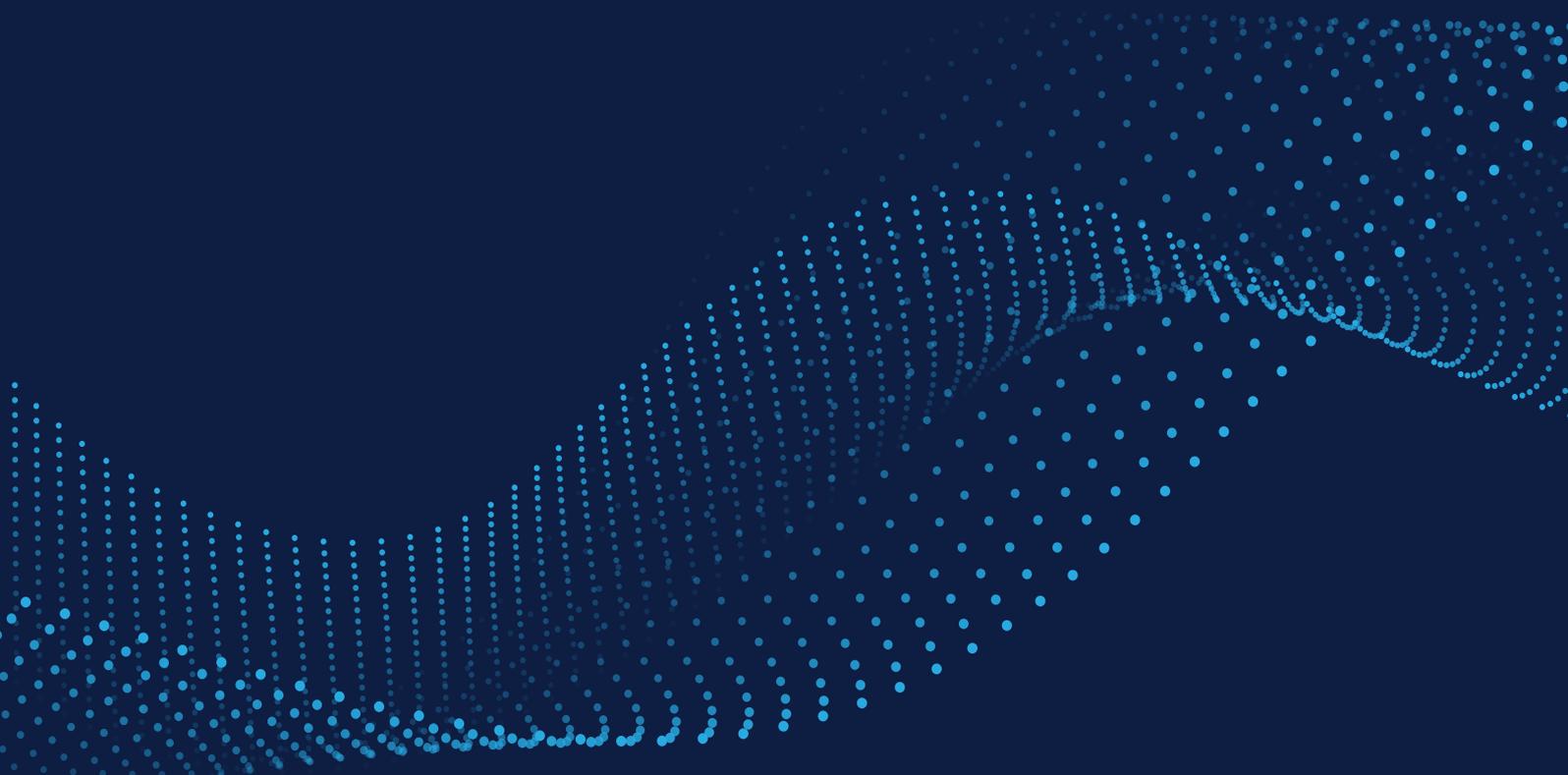


**Combating
modern
slavery risks in
public sector
procurement**

- Published the Government's *Commonwealth Modern Slavery Statement 2021-22*.
- Worked with the Cleaning Accountability Framework to undertake a modern slavery risk assessment of the Government's cleaning services.
- Commenced reviewing the Government's Modern Slavery Response Protocol, including a workshop with the Australian Federal Police and Commonwealth Director of Public Prosecutions to discuss responses.
- Finalised a Performance Review Framework for assessing the effectiveness of actions taken under the Commonwealth statement.
- Finalised modern slavery tender clauses and accompanying guidance to be used in approach to market documents in procurements, and progressed steps to publish these resources.
- Distributed a survey to non-corporate Commonwealth entities to conduct a stocktake of current responses, uptake of resources and identified areas of improvement for future reporting periods. This information allowed the Government to assess its actions against the Government's Performance Review Framework. More information on this survey and results are set out in Case Study 3.

Work Stream One

Supporting entities to
understand their compliance
obligations under the Act



Compliance data from 2022 demonstrates that reporting entities are becoming more familiar with the reporting requirements, with an increase in compliant statements submitted to the Register. The Government continues to work with business, industry and other reporting entities to support their understanding of their obligations under the Act.

At the completion of the 2022 calendar year, the first two full reporting cycles (1 July 2020 to 30 June 2021 and 1 July 2021 to 30 June 2022) and the first 6 months of the third reporting cycle (1 July 2022 to 31 December 2022) were finalised. Figure 1 provides a snapshot of compliance outcomes with the Act.

Figure 1: Snapshot of key compliance data



7,300

Estimated entities covered by published statements at the end of 2022.



40%

Increase in number of statements assessed between reporting cycle 1 and 2.



19%

Percentage point increase in statements considered publishable likely to be compliant between reporting cycle 1 and reporting cycle 3 (first 6 months).



71%

Publishable statements assessed as likely to be compliant in reporting cycle 3 (first 6 months).



88%

Publishable statements in reporting cycle 3 (first 6 months).



1.8 million

Searches on the Modern Slavery Statements Register by the end of 2022.

An entity is required to submit its annual modern slavery statement within 6 months of the end of the 'reporting period' for the entity. Entities can submit statements at any time within the 6 months leading up to the reporting deadline. This means that statements are submitted and published on the Register continuously throughout the year.

The flexibility afforded to reporting entities to determine their reporting period is intended to minimise the regulatory impact of the Act and allow entities to align their reporting work with other internal accounting, reporting, business planning and data collection processes. Once a reporting period has been established by a reporting entity, this should not change between reporting periods unless there are extenuating circumstances. If an entity is required to change their reporting period, reporting entities should engage with the MSBEU for guidance on maintaining compliance with the Act and to ensure there is no gap in reporting.

To assist data comparison between the reporting cycles during the 2022 calendar year, this section reports on modern slavery statements assessed during the first three reporting cycles to the end of 2022 (First Reporting Cycle 1 July 2020 to 30 June 2021, Second Reporting Cycle 1 July 2021 to 30 June 2022, and first 6 months of the Third Reporting Cycle 1 July 2022 to 31 December 2022).

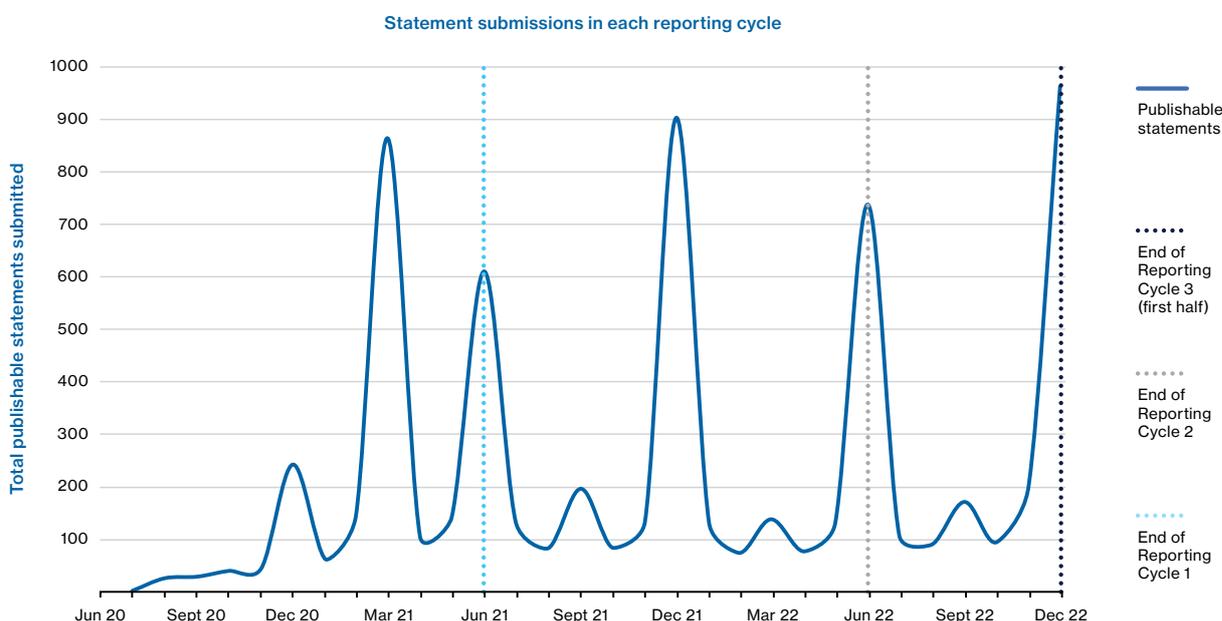
The table below identifies the most common reporting periods entities choose to report on.

Figure 2 demonstrates the trends of submitted statements by month and indicates that the peak periods of submissions are in June and December, which reflects the due dates for the Australian financial year and the calendar year reporting periods.

Table 1: Common reporting periods entities choose to report under

Reporting periods under the Act	Due date for statements
Australian Financial Year (1 July – 30 June)	No later than 31 December
Calendar Year (1 January – 31 December)	No later than 30 June
Foreign Financial Year – including United Kingdom and Japan (1 April – 31 March)	No later than 30 September
US Federal Fiscal Year (1 October – 30 September)	No later than 31 March

Figure 2: Publishable statements submitted by month, demonstrating peak periods around reporting deadlines

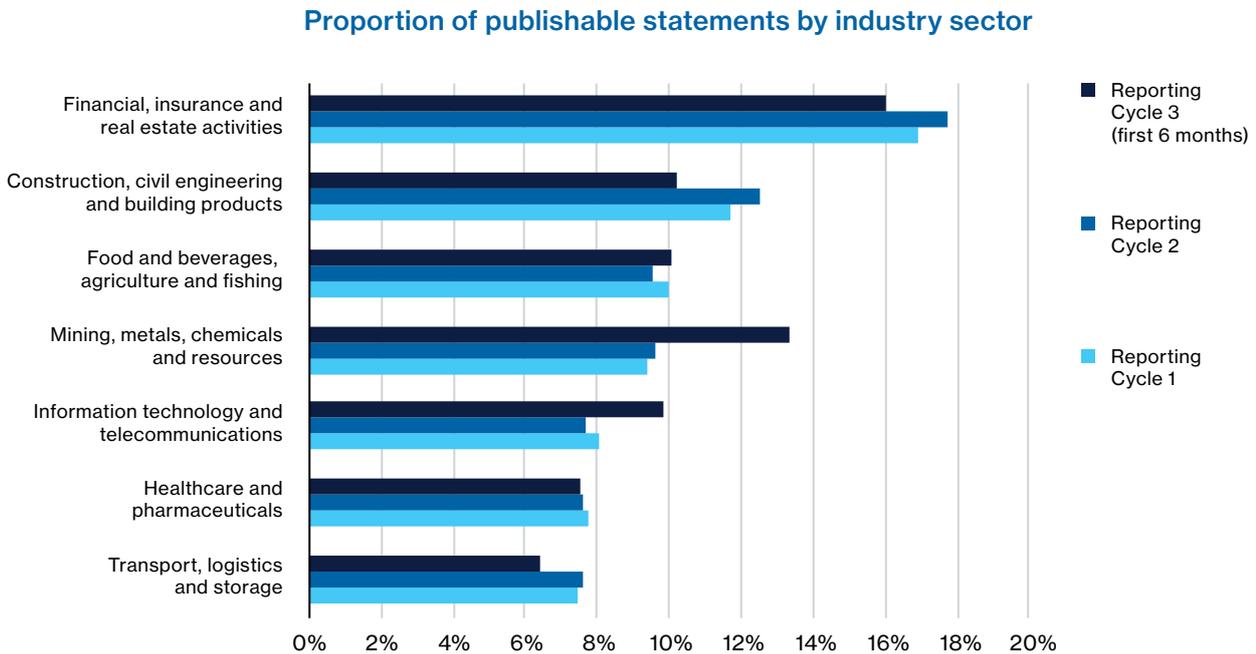


Please note, during the first reporting cycle under the Act, a 3 month COVID-19 reporting extension was provided to entities. Entities reporting under the 2019-2020 Australian financial year, for example, were able to submit their statement no later than 31 March 2021.

Types of entities reporting under the Act

Entities based, or operating, in Australia with annual consolidated revenue of more than \$100 million are required to submit annual modern slavery statements and are considered reporting entities under the Act. When submitting a statement to the Register, entities indicate which industry sectors their operations relate to and are able to select multiple industries where they operate over different sectors. The various industries outlined in Figure 3 highlights the extensive coverage of the Act.

The breakdown of the industry sectors in Figure 3 illustrates that trends have remained consistent between the reporting cycles. However, it highlights that there has been an increase in the proportion of publishable statements that are received by entities who indicate they operate in the mining, metals, chemicals and resources, and the information technology and telecommunication sectors.

Figure 3: Breakdown of the top 7 industry sectors indicated by entities with publishable statements

Annual revenue

The reporting requirements are intended to apply to large entities with the capacity to meaningfully comply and use their leverage to influence positive change in their supply chains. Figure 4 demonstrates the different annual consolidated revenue brackets of entities that the Act captures.

Figure 4 illustrates that the two highest represented revenue brackets for all reporting cycles continues to be the \$100-150M and \$1BN+ cohort.

While the Act imposes mandatory reporting requirements on entities with over \$100M annual consolidated revenue, any Australian entity or entity carrying on a business in Australia, can provide a voluntary statement. When considering the first two full reporting cycles and the first half of the third reporting cycle, revenue figures have demonstrated a consistent increase in the number of published submissions to the Register for entities with an annual consolidated revenue between \$0-99M. As depicted in Figure 5, this gradual and steady growth is a positive indicator of increased engagement and interest in modern slavery reporting in Australia.

The MSBEU has engaged with some voluntary entities to understand their intentions regarding submission of modern slavery statements. Some of the reasons included:

- Entities wish to demonstrate leadership and responsible business practices.
- Entities believe providing a statement may attract customers, increase new business opportunities, and provide a competitive advantage.
- Entities have been requested by a stakeholder to provide a statement as part of contracting processes and arrangements.
- State legislation has imposed additional reporting requirements on certain entities not captured under the Commonwealth Modern Slavery Act.

While it is positive to see increasing interest in the Act, it is important to note that voluntary statements must comply with all of the requirements and the mandatory criteria for statements in the Act and are assessed in the same manner as a mandatory statement. The MSBEU's engagement activities with voluntary entities are expanded on further in this report under Work Stream Two.

Figure 4: Annual consolidated revenue breakdown for publishable statements in each reporting cycle

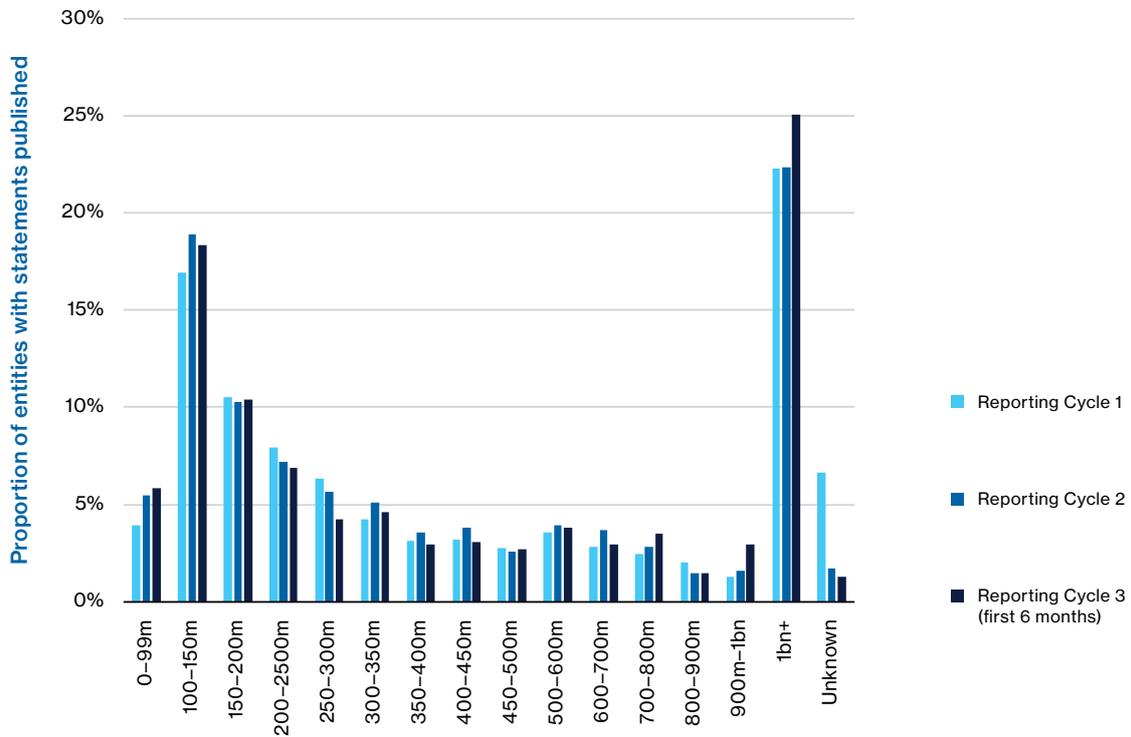
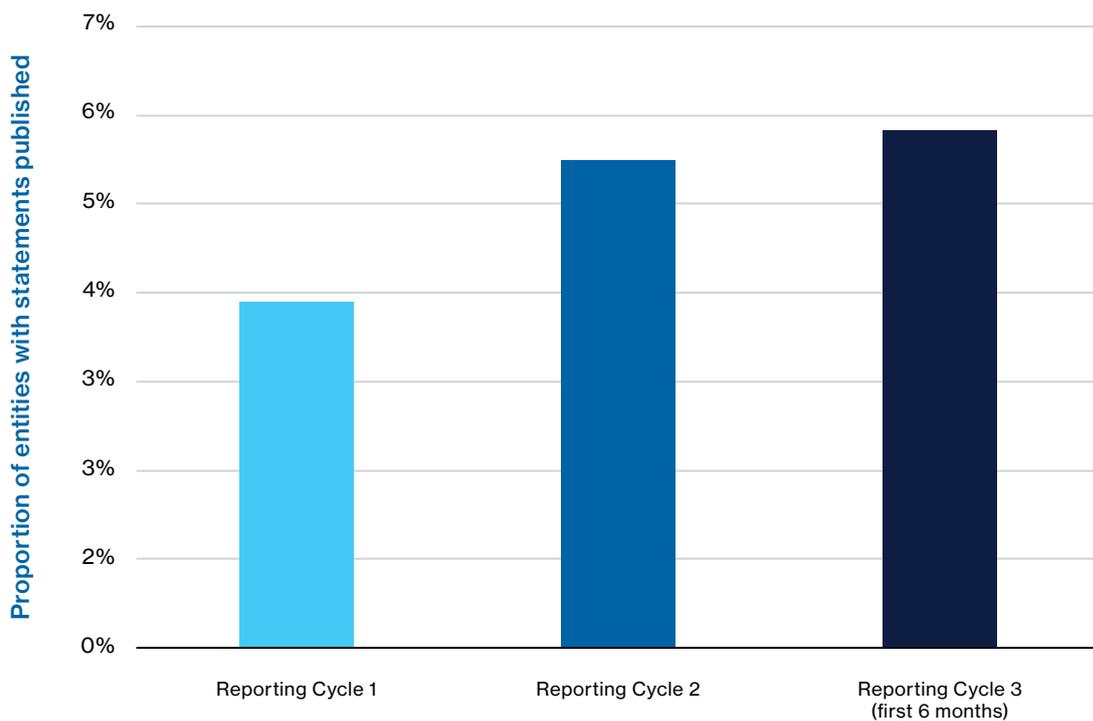


Figure 5: Steady increase in proportion of voluntary statements published in each reporting period

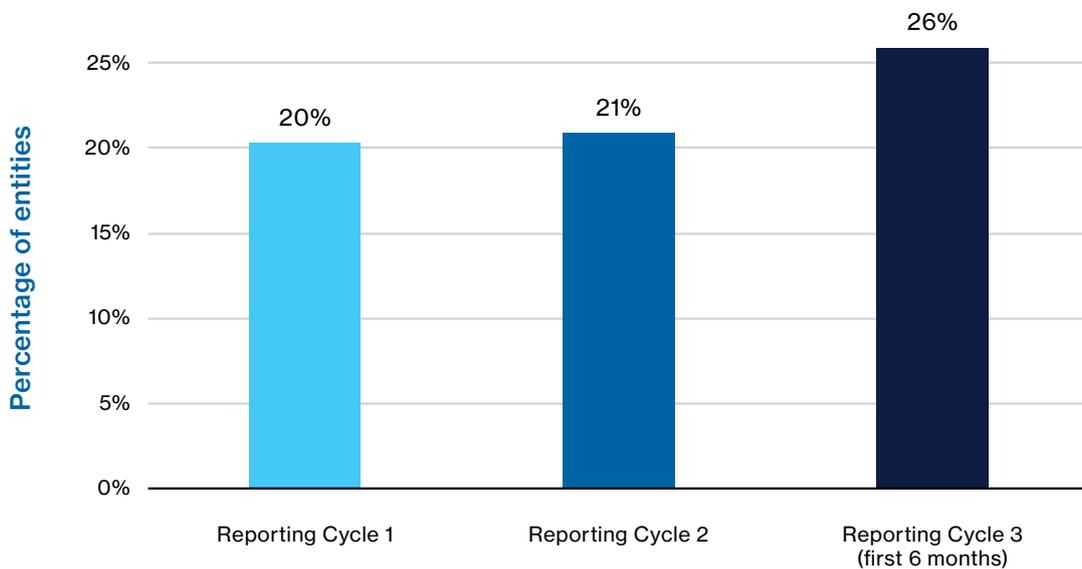


Overseas reporting obligations

Many entities reporting under the Act have similar reporting obligations in one or more other countries. Figure 6 highlights a steady growth in the number of entities who indicate they have obligations under similar overseas legislation. The increase in overseas obligations highlights the transnational, globalised and interconnected

nature of business and supply chains. Globally, a number of other countries have enacted, or are in the process of enacting legislation, to drive responsible business conduct. The Australian Government continues to monitor similar legislation imposed on reporting entities around the globe.

Figure 6: Percentage of entities with overseas reporting obligations



Compliance trends

During the first reporting cycle (1 July 2020 to 30 June 2021), the MSBEU assessed:

- Over 2,300 statements;
- 73% of statements as suitable for publication;
- 59% of publishable statements as likely to be compliant; and
- 41% of publishable statements as likely to be non-compliant.

During the second reporting cycle (1 July 2021 to 30 June 2022), the MSBEU assessed:

- Over 3,200 statements;
- 83% of statements as suitable for publication;
- 71% of publishable statements as likely to be compliant; and
- 29% of publishable statements as likely to be non-compliant.

During the first 6 months of the third reporting cycle (1 July 2022 to 31 December 2022), the MSBEU assessed:

- Over 1,600 statements;
- 88% of statements as suitable for publication;
- 71% of publishable statements as likely to be compliant; and
- 29% of publishable statements as likely to be non-compliant.

For comparative purposes, the compliance trends are also outlined in Table 2.

Table 2 demonstrates that compliance with the Act continues to improve through each reporting cycle and is trending in a positive direction. Positively, there has also been a reduction in the number of statements that are initially assessed as non-publishable. This signifies that entities are continuing to improve their compliance under the Act and that entities are becoming more familiar with the reporting obligations.

In addition, through direct engagements with stakeholders and the assessment of statements, the MSBEU has observed a shift in the way businesses are engaging with one another. The MSBEU has received anecdotal feedback that businesses and investors are reviewing the quality of modern slavery statements and entities' risk management approaches to inform their actions to invest or engage with an entity.

Table 2: Comparison of statements assessed in the first two full reporting cycles and the first 6 months of the third reporting cycle

		Reporting Cycle 1 Over 2,300 statements	Reporting Cycle 2 Over 3,200 statements	Reporting Cycle 3 (first 6 months) Over 1,600 statements
<i>Non-Publishable</i>	Total Non-Publishable	27%	17%	12%
<i>Publishable</i>	Total Publishable	73%	83%	88%
	Compliant	59%	71%	71%
	Non-compliant	41%	29%	29%

Approval requirements

The MSBEU does not generally publish statements that do not meet the Act's requirements for approval and signature. In cases where a modern slavery statement does not have the appropriate approval requirements, the MSBEU will notify the reporting entity, provide targeted guidance material and request that they re-submit their statement with a signature from a responsible member and principal governing body approval. When these statements are re-submitted with the appropriate approvals,

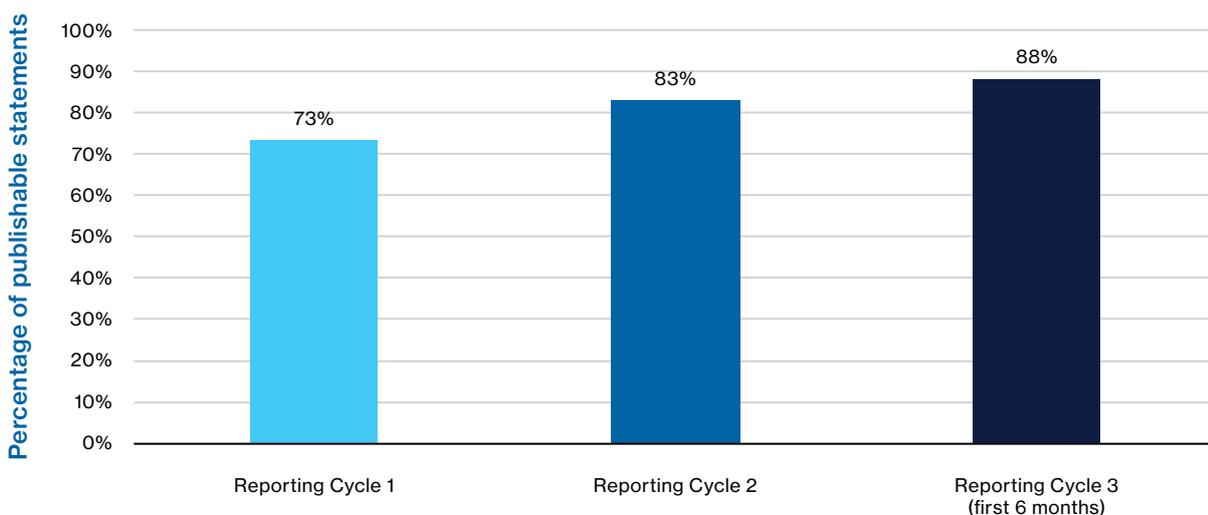
they are re-assessed for compliance against the mandatory reporting criteria as outlined in the Act. These re-submissions are counted as new assessments and will result in a duplication of assessment figures.

Figure 7 highlights the improvement in entities demonstrating the appropriate approvals. Comparing reporting cycle 1 to reporting cycle 3, there has been a 15% percentage point increase in statements assessed as publishable.

'Principal governing body' means the body or group of members of the entity that are responsible for the governance of the entity. For example, the principal governing body of a company is the board.

'Responsible member' means a decision-making member of the entity. Where an entity has a principal governing body, the responsible member will be a member of that body. For example, the responsible member of company is a director on the board.

Figure 7: Increase in the number of statements assessed as publishable by reporting cycle



Amongst non-publishable statements, the primary reason for non-compliance related to the failure to obtain or demonstrate appropriate principal governing body approval. As demonstrated in Figure 8, failure to demonstrate principal governing body approval accounted for 72% (Reporting Cycle 1), 78% (Reporting Cycle 2) and 65% (Reporting Cycle 3) of the non-publishable statements respectively, with an additional 13% (Reporting Cycle 1), 10% (Reporting Cycle 2) and 16% (first 6 months of Reporting Cycle 3) failing both principal governing body approval and signature from a responsible member.

The remaining figures account for entities that were able to demonstrate the principal governing body approval requirements, but failed to include a signature from a responsible member.

During 2022, the MSBEU continued to work with reporting entities to further reduce the incidence of entities failing to submit statements with the correct approval and signature requirements. Entities who displayed good practice in this area also demonstrated their entity's and senior leadership's commitment to addressing modern slavery.

Good practice examples often demonstrated that the reporting entity:

- Reviewed the supplementary guidance material available for principal governing body approval and signature from a responsible member (available on the *Resources* page of the Register) to ensure the language used is appropriate for their relevant body.
- Utilised the Modern Slavery Statement Annexure (available on the *Resources* page of the Register), which provides standard wording for approval

and signature requirements.

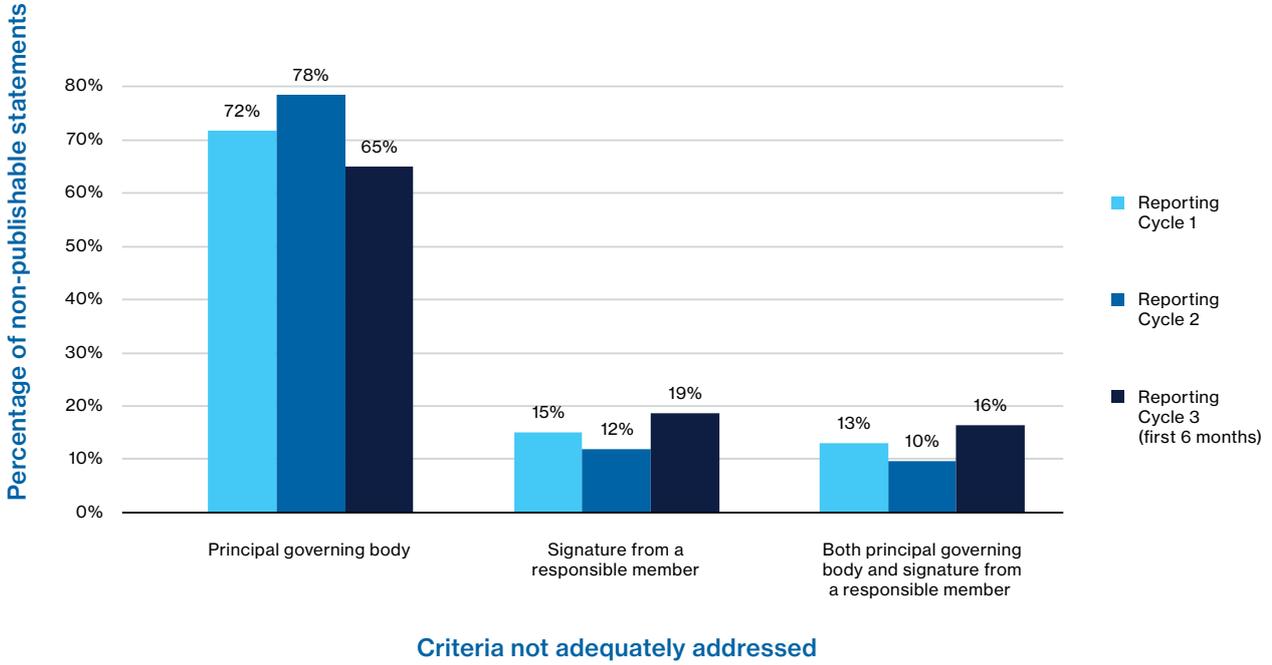
- Included the relevant approval and signature wording within a foreword or message from a senior leader within the organisation, which demonstrates the senior leader's commitment and engagement with the reporting process.
- Allowed enough time before the reporting deadline to obtain approvals at board meetings.

Through the MSBEU's engagements with entities and the assessment of statements towards the end of the year, it was noted that many entities appeared to experience challenges with obtaining or demonstrating the appropriate approvals within their statement. This may be attributed to corporate shutdown periods, the frequency of board meetings towards the end of the Calendar Year, or challenges with obtaining signatures from responsible members.

While some entities attempted to seek extensions to their submission deadline, the Act does not provide a mechanism to provide individual extensions to reporting entities on a case by case basis. The MSBEU will continue to monitor these trends and encourage entities to plan ahead to obtain the relevant approvals prior to their submission deadline.

Entities who fail to meet the approval requirements are notified and provided with targeted supplementary guidance on how to meet the requirements under the Act and are expected to fulfil their obligation by re-submitting their statement.

Figure 8: Breakdown amongst non-publishable statements missing signature and/or principal governing body approval

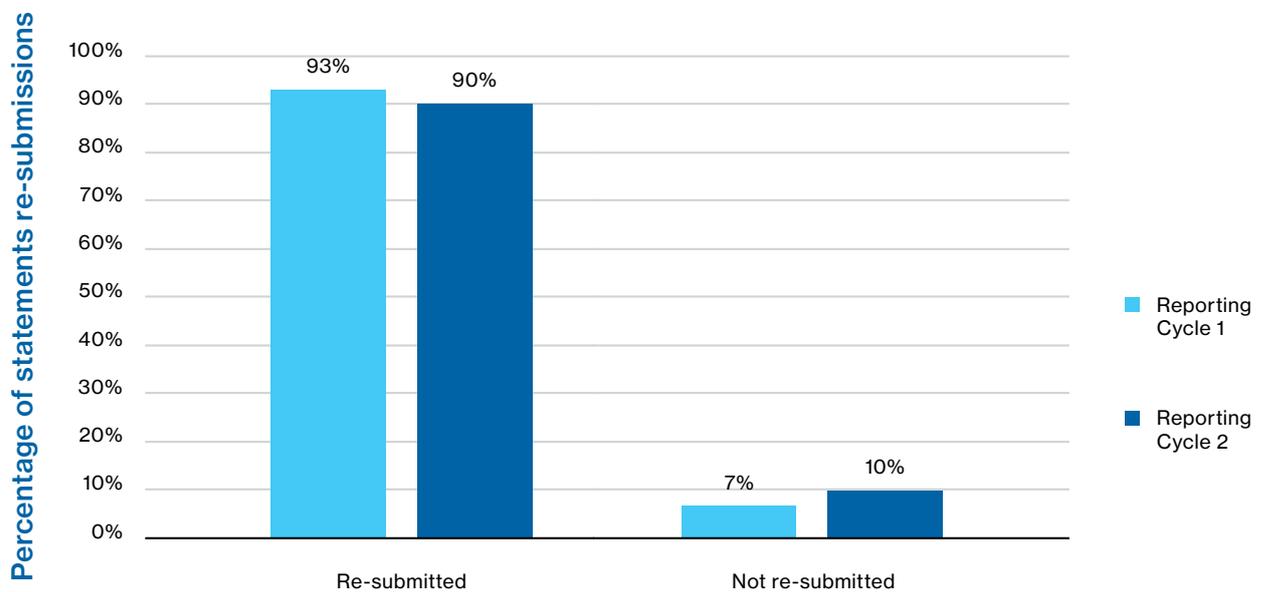


Re-submission of non-publishable statements

In the 2021 Annual Report, it was highlighted that 13% of entities whose modern slavery statements had been assessed as non-publishable during reporting cycle 1 failed to re-submit their modern slavery statement. Following further engagement in 2022, the percentage of entities failing to re-submit their statement has reduced to 7% for reporting cycle 1. Reporting cycle 2 indicates that 10% of non-publishable statements are yet to be re-submitted/published on the register.

The MSBEU will continue to work with entities to meet these requirements.

Figure 9: Re-submission rates of non-publishable statements



Overview of failure to address mandatory criteria

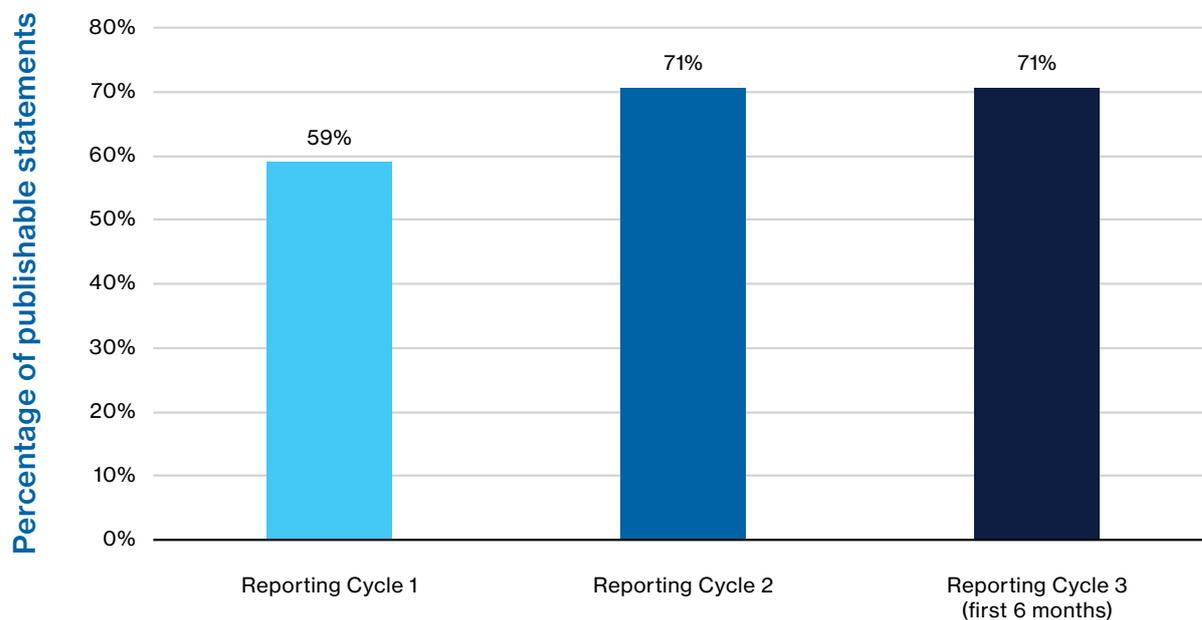
Table 3: Mandatory criteria as set out in section 16 of the Act.

Mandatory Criteria (a)	Identify the reporting entity.
Mandatory Criteria (b)	Describe the structure, operations and supply chains of the reporting entity.
Mandatory Criteria (c)	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls.
Mandatory Criteria (d)	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.
Mandatory Criteria (e)	Describe how the reporting entity assesses the effectiveness of such actions.
Mandatory Criteria (f)	Describe the process of consultation with: <ul style="list-style-type: none"> i) any entities that the reporting entity owns or controls; and ii) in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement.

When a statement is deemed suitable for publication (where they contain the appropriate approvals), statements are assessed for compliance with the mandatory criteria outlined in section 16 of the Act. In accordance with section 19(2) of the Act, MSBEU has generally published statements that were assessed as likely to be non-compliant with the Act where they have met the appropriate requirements for principal governing body approval and signature.

This approach maximises public transparency and assists civil society, consumers and other interested stakeholders to see the extent to which entities are responding to their obligations with respect to combating modern slavery in their operations and supply chains. The MSBEU generally notified entities that appeared to have failed to address one or more of the mandatory reporting criteria in their modern slavery statement, and provided additional guidance on how to address the criteria in future reporting periods, or through a revised statement process outlined in section 20 of the Act.

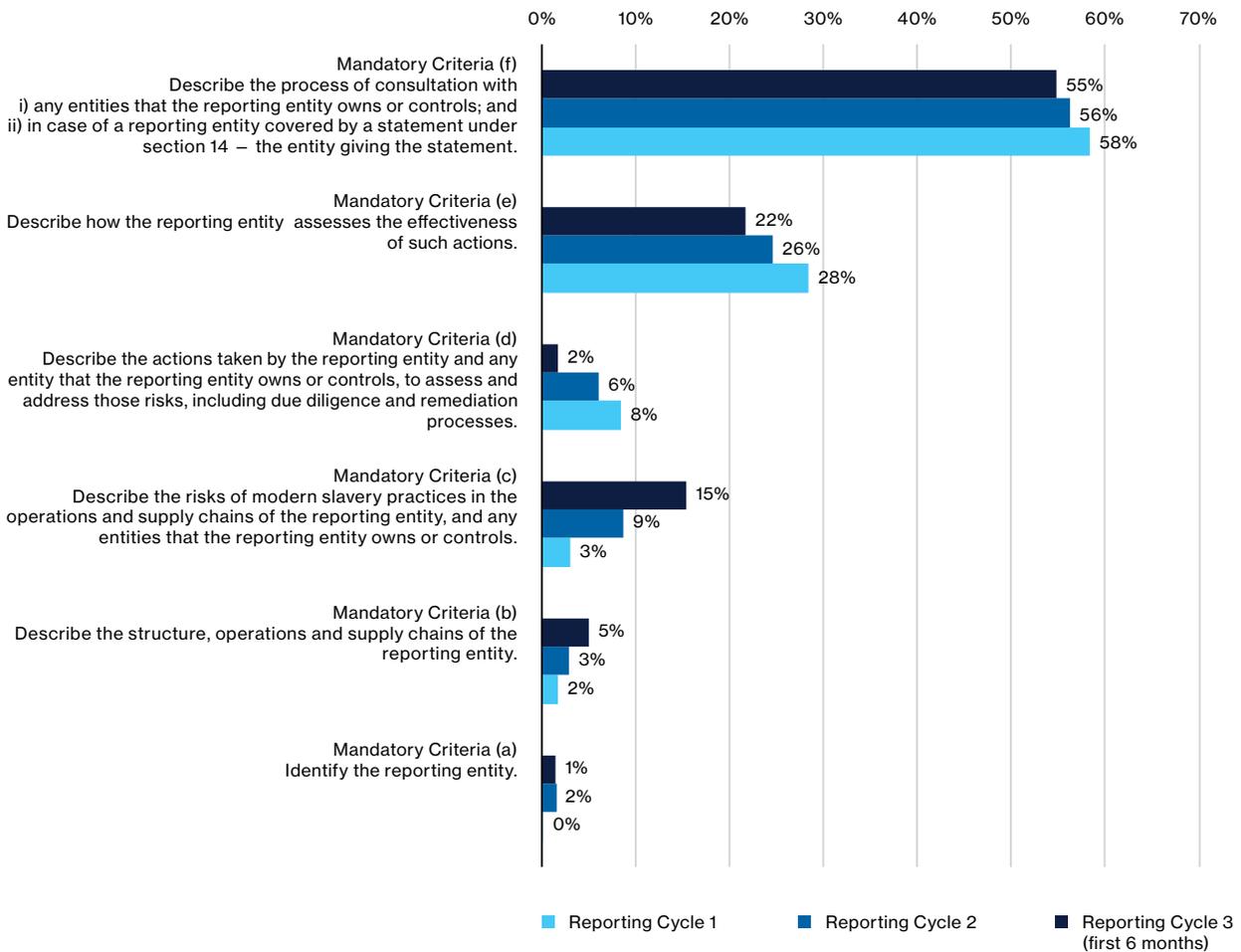
Figure 10: Percentage of publishable statements assessed as likely to be compliant in each reporting cycle



Overall, compliance with mandatory criteria has trended in a positive direction throughout the first few reporting cycles. As outlined in Figure 10, statements assessed as likely to be compliant with the Act accounted for 59% of publishable statements during reporting cycle 1, and has improved to 71% for reporting cycle 2 and the first half of reporting cycle 3. The 12% percentage point increase may be a result of increased clarity or understanding of the reporting requirements as maturity increases in reporting. While rates of compliance have been largely consistent between reporting cycle 2 and the first 6 months of reporting cycle 3, initial analysis of the second half of reporting cycle 3 indicates there has been further improvement when considering the entire reporting cycle.

Despite the increase in statements being assessed as publishable across both reporting cycles, reporting entities continue to have difficulties in adequately addressing certain mandatory criteria. Figure 11 provides an overview of the statements assessed during each reporting cycle and the common reasons for likely non-compliance amongst the mandatory criteria. Across all reporting cycles, many reporting entities appeared to fail to adequately address how the reporting entity assesses the effectiveness of their actions and to describe the process of consultation with any entities they own or control.

Figure 11: Non-compliance breakdown by mandatory criteria



To promote continuous improvement, the MSBEU has written to all entities that appear to have not addressed all the mandatory criteria after their statement has been published to the Register. As outlined in Figure 11, the requirement to describe the process of consultation continues to be the highest criteria for non-compliance. Through engagements with reporting entities, the non-compliance associated with this criterion appeared to be a result of a lack of clarity or understanding of the reporting requirements. In many cases, the reporting entity did not own or control any entities, but failed to explicitly state this within their statement. Entities who are able to demonstrate their entity or consolidated group structure clearly in their statement are often able to describe good-practice examples of how consultation is able to occur throughout the organisation.

The second highest criteria for non-compliance related to the description of effectiveness of the entity's actions to address modern slavery risks. To address this criterion, the entity needs to explain what the entity is doing to check whether its actions to assess its modern slavery risks are working. As reporting matures, entities should further consider how they continue to measure and track the effectiveness of their actions across multiple reporting periods, and include quantitative and qualitative measures.

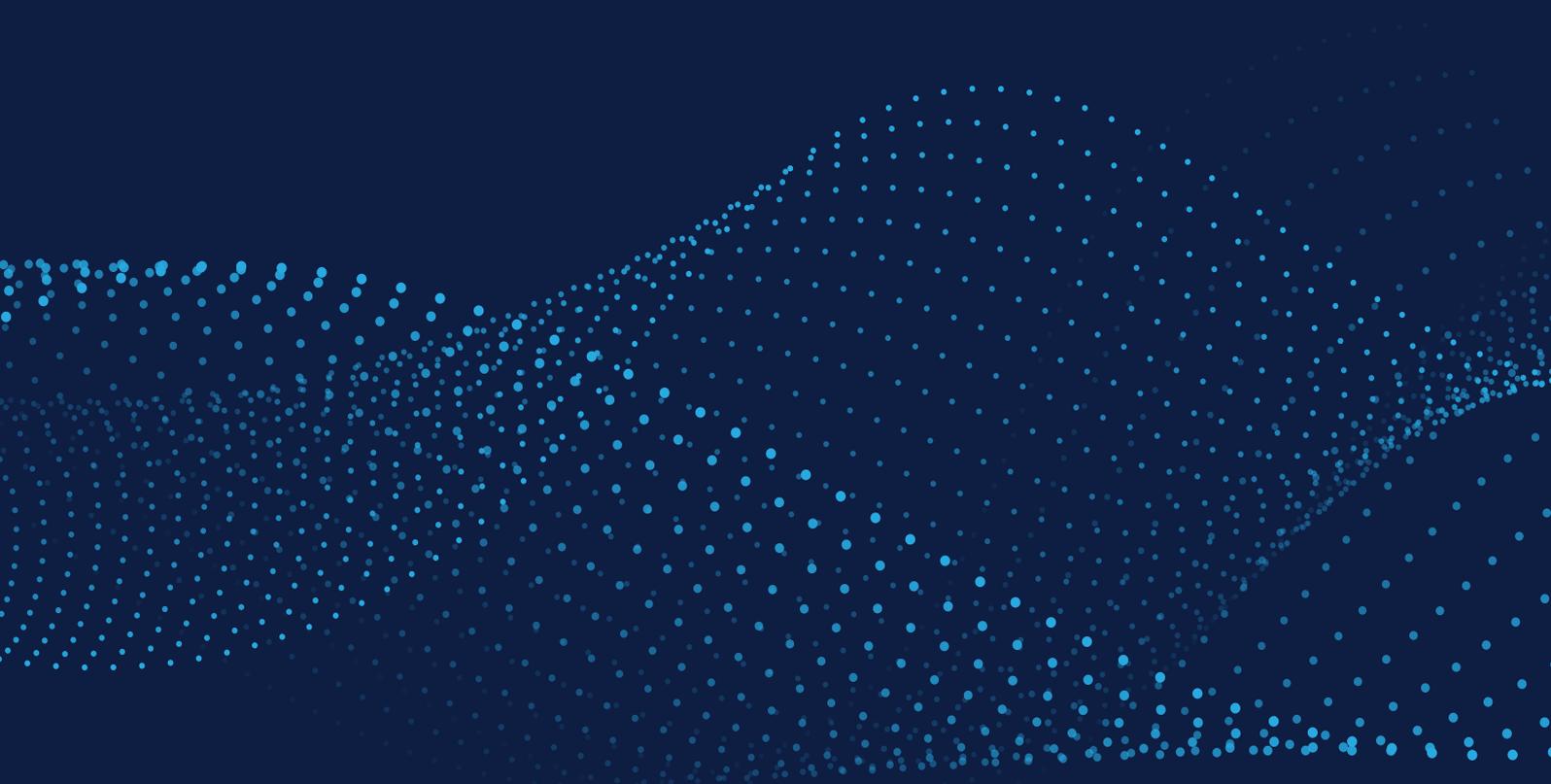
While apparent non-compliance associated with the effectiveness and consultation criteria is trending negatively, compliance data from the first half of reporting cycle 3 has shown an increase in the number of entities who have failed to adequately describe their risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or control. Entities should be identifying the general types of modern slavery risks that may be present in the operations and supply chains of the reporting entity and any entity it owns or controls. Best practice examples demonstrate clear evidence of risk assessment and identification processes, risk mitigation and risk prioritisation.

Positively, only 2% of all instances of non-compliance are due to entities failing to describe actions to assess and address risks. This indicates that entities have been able to implement and embed actions within their organisation through the first few reporting cycles, however, it is important that entities commit to continuous improvement and ongoing review of these actions to ensure they are effective in responding to risks of modern slavery.

Overall, while compliance rates have improved, the MSBEU continued to work with entities who did not fully address each mandatory criterion by providing feedback and offering guidance. This advice facilitated continuous improvement and transparency, while recognising the significant effort and resources some entities commit to their statements.

Work Stream Two

Awareness-raising and
promoting best-practice
responses to modern slavery



During 2022, the Australian Government continued to drive compliance with the Act, including by supporting business and public sector understanding of modern slavery risks through awareness-raising and promotion of best-practice responses to modern slavery.

The Government prepared to host a National Modern Slavery Conference in 2023 under the theme 'Taking Action Together'. The Conference is intended to be an opportunity for stakeholders from government, business, civil society, and academia to bolster cross-sector collaboration and action on responses to modern slavery. The Conference will support the Government's commitment to strengthening modern slavery responses in Australia and abroad, and in recognition that there is great power in partnership.

As entities became more familiar with the reporting requirements, the Australian Government's awareness-raising activities shifted from larger forums to more targeted engagements with reporting entities. The MSBEU presented at and attended nearly 80 workshops, forums and meetings across Australia and overseas. Engagement activities occurred with various industry peak bodies, representative groups, businesses, civil society and government agencies to promote good practice in relation to implementing and complying with the Act.

To raise awareness and help promote best-practice responses to modern slavery, the MSBEU continued to work closely with many entities who intended to submit modern slavery statements or were seeking further clarification on compliance feedback provided by the MSBEU.

As demonstrated in Figure 5, there was an increasing number of entities opting to submit voluntary statements under the Act. While the MSBEU was pleased to see increasing interest in the reporting requirements, the MSBEU encouraged entities to carefully consider whether voluntary reporting was appropriate for the entity. The Act's statement requirements are the same, regardless of whether the entity is a voluntary or mandatory reporter, and the statements must comply with all the requirements, including the mandatory criteria. To assist voluntary reporting entities under the Act, the MSBEU undertook many targeted engagement sessions with voluntary entities to help them understand the obligations under the Act.

It is important to note that the existing reporting requirements are intended to apply to large entities with the capacity to meaningfully comply with the Act and the leverage to influence change in their supply chains. Through the MSBEU's engagements, it was identified that some businesses were requiring entities they engage with to have a modern slavery statement, even in cases where they have no legislative requirement to submit a statement. Guidance is provided to reporting entities on key principles and recommendations to assist entities to engage constructively with suppliers to assess and address modern slavery risks. The MSBEU will continue to monitor if further guidance is required.

CASE STUDY 1***Meaningful engagement to promote best-practice responses to modern slavery***

In 2022, a large multinational entity contacted the MSBEU requesting a presentation on trends in modern slavery reporting and advice on good practice reporting in preparation for the development of their next statement.

The MSBEU presented to the entity's senior executive team and analysed the entity's previous statement with respect to the mandatory reporting requirements of the Act and provided feedback with a focus on best practice beyond compliance.

The meeting provided the executive team comprehensive information about modern slavery, the Act, expectations for future reporting, the importance of identifying and prioritising risks and actions, and having processes in place to monitor and evaluate actions.

The session served as a good opportunity for the MSBEU to promote awareness of modern slavery and reporting requirements, and encourage the senior leadership to lead and engage in continuous improvement.

While the entity's previous statement was assessed as likely to be compliant with the Act, the MSBEU was pleased to see the entity's willingness and buy-in from leadership to move beyond compliance and engage in meaningful action.

Through efforts to promote continuous improvement and encourage entities to meet the requirements under the Act, the MSBEU also contacted entities that had statements that were likely to be found non-compliant with the Act. These engagements were intended to either assist the reporting entity include their relevant approvals and publish their statement on the Register, or to provide targeted feedback on mandatory criteria that were not adequately addressed. This feedback was intended to support reporting entities to improve compliance in future reporting periods.

CASE STUDY 2***Promoting continuous improvement***

In 2022, the MSBEU engaged in more targeted feedback sessions with reporting entities to help raise awareness and promote best-practice responses to modern slavery. Where entities appeared to fail to meet mandatory criteria under the Act but contained the appropriate approvals, the MSBEU generally published the statement to the Register and provided the entity with feedback to improve compliance in future reporting periods.

The feedback included mandatory criteria that did not appear to be addressed, supplementary guidance, and an offer to engage further on the matter. In many instances, reporting entities sought additional clarification with the MSBEU to discuss best-practice reporting. In some cases, entities opted to submit a revised statement to comply with the Act.

Work Stream Three

Developing and maintaining an online Modern Slavery Statements Register



Modern slavery statements are held on a government hosted public repository. The Register was launched in 2020 and is made available to the public, free of charge, on the internet. It provides businesses, researchers, investors, consumers, and government an unprecedented window into the operations and supply chains of large businesses based or operating in Australia.

In the previous report, it was noted that by the end of 2021, there were over 500,000 searches conducted on the Register. As of 31 December 2022, there were more than 1.8 million searches on the Register, demonstrating the success of the Register and the increasing interest amongst the public to review modern slavery statements. It is accessible at <https://modernslaveryregister.gov.au>. The reporting status of the Register on 31 December 2022 is available below.

Image: Register reporting status on 31 December 2022

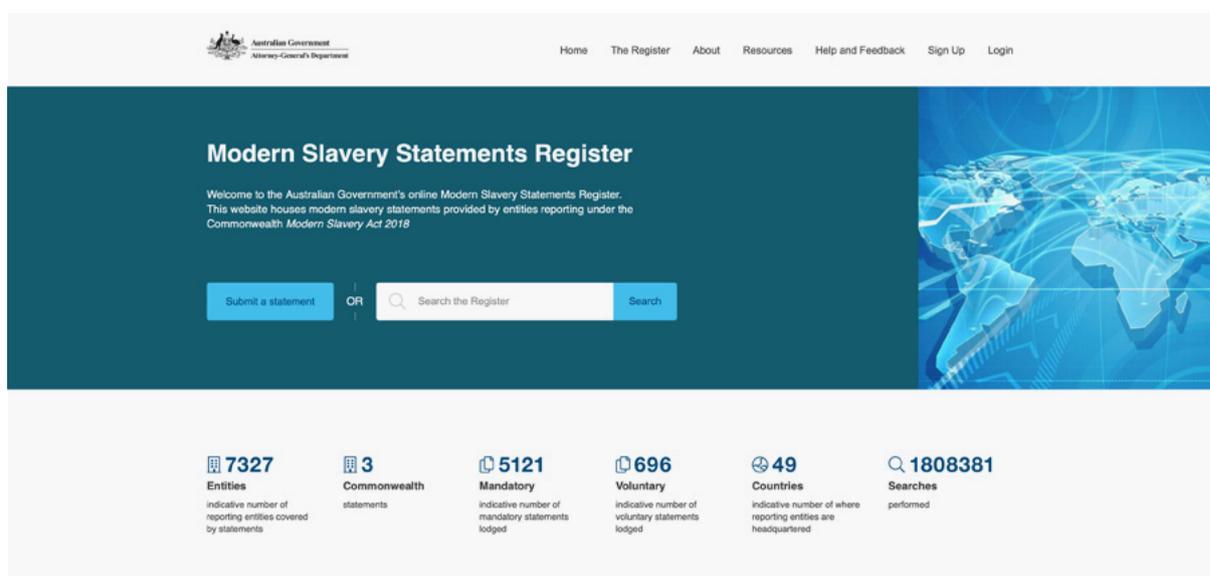


Figure 12: Snapshot of key metrics for 2022 calendar year (1 January 2022 to 31 December 2022)



The MSBEU provided support to reporting entities and assisted nearly **2,500 entities** through the Government's Online Helpdesk.



Over **90%** of publishable statements were published on the Register **within 60 working days**.



Over **2,600 statements** were published on the Register.



The MSBEU assessed over **3,100 statements** submitted to the Register.



Statements covered entities headquartered in nearly **50 countries** (inclusive of all statements on the Register).

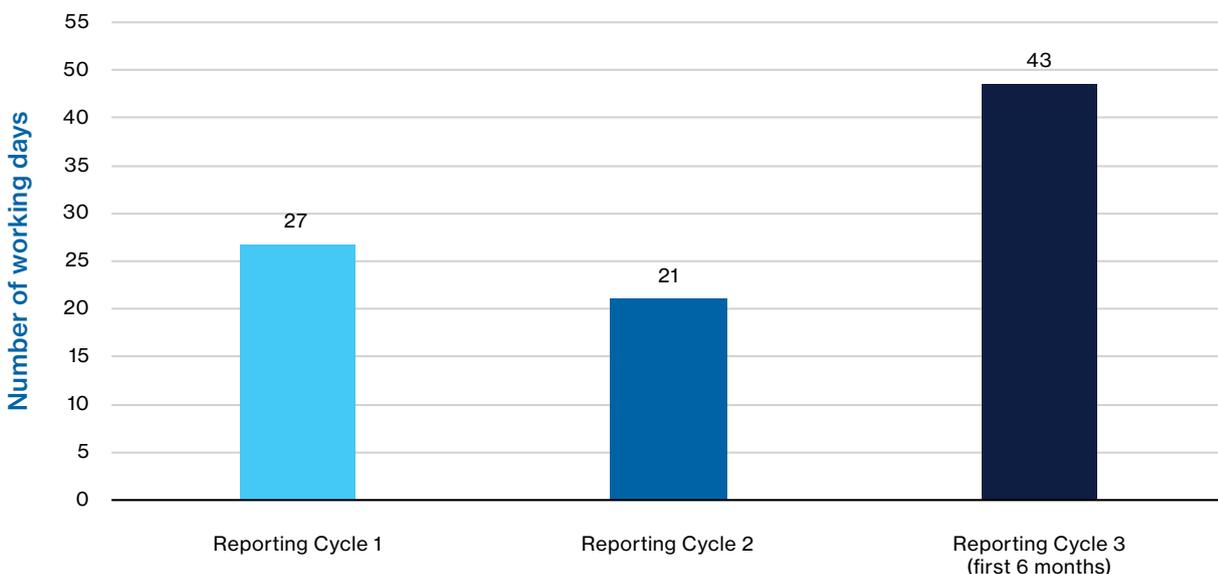
The reporting requirement aims to support the Australian business community to identify and address their modern slavery risks and maintain responsible and transparent supply chains. By improving transparency about modern slavery, the reporting requirements aim to increase business awareness of modern slavery risks, reduce modern slavery risks in the production and supply chains of Australian goods and services, and drive a business ‘race to the top’ to improve workplace practices. The reporting requirement is also intended to increase information available to consumers, investors and business partners.

The MSBEU generally publishes statements submitted to the Register that meet the principal governing body approval and signature requirements of the Act. While a statement may be published on the Register, it does not mean that the statement has addressed the mandatory criteria set out in the Act. This approach maximises public transparency and allows civil society, consumers, investors and other interested stakeholders to review how reporting entities are addressing the mandatory criteria with regards to modern slavery risks in their operations and supply chains.

A key component of transparency is ensuring that statements that have the appropriate approvals, are reviewed and published by the MSBEU in a timely manner. As per Measure 4.4, in the AGD’s Corporate Plan 2022/26, the AGD committed to performance metrics to meet the target of 80% or more of publishable statements being published within 60 working days. This means that the goal is to have more than 80% of statements published within 60 working days if the statement included the appropriate approvals (principal governing body approval and signature from a responsible member). For the 2022 Calendar Year, the MSBEU met this target by having more than 90% of publishable statements being published within 60 working days.

Figure 13 provides the average number of working days for a publishable statement to be published to the Register. The performance target was met for all reporting cycles to 31 December 2022. The average number of working days increased in the first 6 months of the third reporting cycle in line with heightened volumes of statements received for the Australian Financial Year reporting period. The first 6 months of a reporting cycle is the peak submission period for statements (refer to Figure 2 for submission trends). This period also coincided with an ICT transition in the second half of 2022 in which the Act and the Register transferred to AGD from the Department of Home Affairs (Australian Border Force).

Figure 13: Average number of working days to publish a publishable statement



To further support the transparency objective of the Act, the MSBEU continued work to improve the Register's functionality and welcomed feedback from business, civil society and other stakeholders. It is noted that many academics and civil society organisations utilised the Register in 2022 to analyse modern slavery statements.

This is a key aim of the Act's transparency framework, where public scrutiny and reputational risks will help drive companies in a 'race to the top' in reporting and dealing with modern slavery risks.

In 2022, the MSBEU continued to collect feedback on the Register, including through direct feedback, and from the submissions and consultations made through the Review of the Act. During 2022, a series of enhancements were made to the Register, including improvements to search functionality and the user experience, and improvements to data exports and subscriber emails to support public scrutiny of modern slavery statements, research activities, and analysis.

A series of enhancements to data activities has also enabled the MSBEU to better utilise the Register as a key data source for analysing compliance and reporting under the Act.

The MSBEU will continue to make staged enhancements based on consultation, user feedback and system requirements, to promote the transparency objective of the Act and to support compliance analysis and reporting.

Work Stream Four

Combating modern slavery in public sector procurement



The Australian Government has continued its program of work with non-corporate Commonwealth entities (NCCEs) during the Discovery Phase to promote continuous improvement in the identification, assessment, and action on modern slavery risks in Commonwealth supply chains and operations. This has included collaborating across the NCCEs on responses, uptake of resources, and modern slavery considerations in procurement

processes. The Government has further convened capacity building sessions with agencies, as well as suppliers, to improve modern slavery risk considerations across Government.

The below table sets out key work undertaken by the Government during the reporting period to address modern slavery risks across Commonwealth procurement.

Table 4: Key work undertaken by Government in regards to combating modern slavery in public sector procurement

Overarching actions
Published the Government's third <i>Commonwealth Modern Slavery Statement</i> , for the 2021–22 financial year, on behalf of 98 NCCEs.
Finalised the development of a Performance Review Framework for assessing the effectiveness of actions taken under the Commonwealth statement.
Distributed a survey to non-corporate Commonwealth entities to conduct a stocktake of current responses, uptake of resources and identify areas of improvement for future reporting periods. This information allowed the Government to assess its actions against the Government's Performance Review Framework.
Training and awareness
Convened a workshop on addressing modern slavery risks in government supply chains to government agencies.
Raised awareness of two additional published online modern slavery training modules for government procurement officials.
Delivered briefings across government agencies on integrating modern slavery considerations into procurement processes.
Engagement
Convened meetings of the Intergovernmental Network on Modern Slavery in Public Procurement to drive action to address modern slavery at all levels of government.
Convened meetings of the Interdepartmental Committee on Modern Slavery in Public Procurement to drive the development of the Commonwealth statement and the Government's broader strategic response to modern slavery risks in Commonwealth supply chains.

Procurement and contract management processes

Worked with the Cleaning Accountability Framework to undertake a modern slavery risk assessment of the Government's cleaning services.

Commenced review of the Government's Modern Slavery Response Protocol, including a workshop with the Australian Federal Police and Commonwealth Director of Public Prosecutions to discuss responses.

Began reviewing and progressing recommendations made by Sedex in respect of a targeted risk assessment of key textile supplier across the Government, provided to the Government in the previous reporting period.

Began reviewing and progressing recommendations made by Electronics Watch in respect of risks in the Government's ICT hardware supply chains, provided to the Government in the previous reporting period.

Finalised modern slavery tender clauses and accompanying guidance to be used in approach to market documents in procurements, and progressed steps to publish these resources.

Supplier activities

Collaborated with the Digital Transformation Agency to convene a session with ICT suppliers, to provide an overview of the Modern Slavery Act and the Government's expectations on ICT goods procured by Government.

Hosted a capacity building workshop with Property Service Providers.

CASE STUDY 3***Survey of non-corporate Commonwealth entities***

During the reporting period, the Government conducted a survey of NCCEs. The survey sought to establish a baseline set of data which to measure whole-of-government progress against the Government's Performance Review Framework, developed by the Australian Institute of Criminology during the previous reporting period. The survey also intended to determine areas of improvement to focus on in the future. The survey questions were based on performance indicators outlined in the Government's Performance Review Framework. The survey questions aimed to measure the uptake and effectiveness of resources, confidence to identify risks, and maturity in responses.

Survey results were received from the majority of portfolio agencies on the Government's Interdepartmental Committee on Modern Slavery in Public Procurement. The results demonstrated that since the introduction of the Modern Slavery Act, most NCCEs have revised their processes to improve their abilities to identify modern slavery risks. In addition, the majority of NCCEs utilise modern slavery clauses in their procurement. However, there was recognition that communication on modern slavery risks and awareness of resources could be improved within NCCEs. The results also found that there is a separation of duties between procurement and contract management officials, which suggests that further work could improve capacity amongst contract management officials.

CASE STUDY 4***ICT supplier session***

The procurement of ICT hardware has been identified by the Government as a high risk area, in part due to the complexity, interconnectedness, and length of ICT supply chains. Engaging with suppliers is a key component of assessing and addressing modern slavery risks throughout the supply chain. Accordingly, during the reporting period, the AGD and the Digital Transformation Agency collaborated to deliver a capacity-building session for suppliers of ICT hardware to Government.

The session provided an overview of modern slavery and the Act, Government expectations on ICT suppliers, and future priority areas for the Government. The Government polled participants following that session to seek feedback on content suppliers would like covered in future sessions. Those poll results indicated that suppliers sought practical guidance on managing modern slavery risks. Accordingly, the Government will deliver a second supplier session to ICT suppliers in the next reporting period capturing this content.

Statutory review of the Modern Slavery Act

The Government commenced a 12 month statutory review of the Modern Slavery Act's operation and compliance over its first three years, in accordance with section 24 of the Act. The independent review was led by Professor John McMillan AO, with support from the AGD.

The review commenced on 31 March 2022, with the release of the review's Terms of Reference. An Issues Paper was released in August 2022, inviting written submissions to the review and initiating a 3 month public consultation period from 22 August – 22 November 2022.

There were five consultation avenues as part of the review:

1. Written submissions in response to the Issues Paper.
2. Online questionnaire containing 27 consultation questions featured in the Issues Paper.
3. Online survey to reporting entities.
4. Targeted consultations online and in-person.
5. Meetings with selected individuals and committees.

The review was informed by an extensive public consultation period, involving 38 targeted consultations with 285 government and non-government organisations, including from business, civil society and academia. These consultations took place online and in-person in Melbourne, Sydney, Brisbane, Perth and Adelaide. Table 5 outlines the number of organisations consulted.

In addition to the formal public consultation program, the review engaged in several meetings with individuals and committees that have a strong practical connection to Australian Government modern slavery policy and practice. This included meeting with the Government's National Roundtable on Human Trafficking and Slavery, the Modern Slavery Expert Advisory Group, the Interdepartmental Committee on Human Trafficking and Slavery, the Interdepartmental

Committee on Modern Slavery in Public Procurement, and the Intergovernmental Network on Modern Slavery in Public Procurement, comprising representatives from state and territory governments.

Professor McMillan AO also participated in several presentations to groups from business, civil society, and peak bodies. Over the course of the review, 65 engagements were undertaken, including consultations, meetings, presentations and events.

The review also arranged to consult with members of the Survivor Advisory Council, established by the Salvation Army as part of the Government's 'National Action Plan to Combat Modern Slavery Grant Program'.

The review received: 136 written submissions from a range of domestic and international stakeholders; 30 responses to the online questionnaire; and 496 responses from reporting entities to the online survey. It is likely that over 1,000 people directly contributed views that are captured in the submissions and responses to the review.

Table 5: Number of organisations consulted during the public consultation period

Type of organisation	Number consulted
Business	193
Australian Government	32
Civil society	30
Academia	12
Peak bodies	14
Foreign Government	4
Total number	285

Looking ahead

The AGD will continue its work to implement the Act and support business compliance in future reporting periods. The below table highlights some of the specific actions the Government will focus on during the 2023 calendar year.

	<p>Supporting entities to understand their obligations under the Act</p> <ul style="list-style-type: none"> • Finalise the statutory review of the Act and consider the feedback from stakeholders. • Consider feedback and compliance trends to prioritise the development of guidance material to support entities understand their obligations under the Act.
	<p>Awareness-raising and promoting best-practice responses to modern slavery</p> <ul style="list-style-type: none"> • Host a National Modern Slavery Conference in 2023. • Monitor, assess and publish information on compliance trends with the Act to drive good-practice. • Deliver presentations and engage with stakeholders on the Act. • Finalise scoping work to establish a federal Anti-Slavery Commissioner.
	<p>Developing and maintaining an online register for modern slavery statements</p> <ul style="list-style-type: none"> • Review and publish modern slavery statements submitted in the third full reporting cycle under the Act. • Publish 80% or more publishable statements within 60 working days. • Commence updating the suite of detailed, practical guidance notes in response to emerging compliance trends. • In stages, enhance the Register based on consultation, user feedback and AGD requirements to improve usability, research and reporting.
	<p>Combating modern slavery risks in public sector procurement</p> <ul style="list-style-type: none"> • Engage across Commonwealth agencies on modern slavery risks in Commonwealth supply chains, including through individual workshops with agencies as well as through the broader Interdepartmental Committee on Modern Slavery in Public Procurement. • Progress scoping a review of the Government's procurement procedures and supply chains. • Integrate modern slavery training modules into training platforms of NCCEs. • Increase focus on supplier engagement, including through commencing the development of guidance in relation to supplier engagement. • Further work on the Government's Modern Slavery Response Protocol. • Publish the Government's Commonwealth Modern Slavery Statement 2022-23.

Abbreviations

Attorney-General's Department	AGD
Commonwealth Modern Slavery Statement	Commonwealth statement
<i>Modern Slavery Act 2018</i>	The Act
Modern Slavery Business Engagement Unit	MSBEU
Modern Slavery Expert Advisory Group	Expert Advisory Group
Modern Slavery Statements Register	Register
Modern slavery statement	Statement

Terminology

Terminology	Definition
Calendar Year	1 January to 31 December
Non-publishable statement	Statement does not contain the appropriate approvals (statement does not clearly demonstrate approval from the entity's principal governing body and/or a signature from a responsible member)
Publishable statement	Statement contains the appropriate approvals, though could be considered either compliant or non-compliant with the mandatory criteria under the Act
Reporting Cycle 1	1 July 2020 to 30 June 2021
Reporting Cycle 2	1 July 2021 to 30 June 2022
Reporting Cycle 3	1 July 2022 to 30 June 2023
Reporting entity	Refer to section 5 of the Act
Reporting Period	A financial year, or another annual accounting period applicable to the entity
Voluntary entity	An entity may volunteer to comply with the requirements of the Act if the entity, at any time in the reporting period is an Australian entity; or carries on business in Australia. Refer to section 6 of the Act
Victim and Survivor	This report uses the terms 'victim' and 'survivor' to describe an individual who has experienced human trafficking and slavery. We acknowledge that individuals who have experienced these crimes may not identify with the term 'victim' or 'survivor'

