

# Alert

CORPORATE & COMMERCIAL

## COVID-19: Modern Slavery Statement Extension Granted

Entities receive a three-month extension to comply with the *Modern Slavery Act 2018 (Cth)* ('Act')

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Due to the COVID-19 pandemic, the Federal Government announced on 28 April 2020 that the reporting deadline for the submission of annual Modern Slavery Statements, as required under the Act, would be extended by three months. The first submission deadlines were scheduled to be in late 2020. Statements on or before 31 December 2020 will now be due on or before 31 March 2021.

### Modern Slavery Statement

Entities operating in Australia that have an annual consolidated revenue of more than \$100 million must submit an annual Modern Slavery Statement comprising of the mandatory criteria as specified in section 16 of the Act. These entities are obligated to identify and report on the risks of modern slavery in their operations and supply chains. They must also report on the actions taken to address the risks identified. For a more comprehensive analysis of the regime, which came into effect on 1 January 2019, please refer to

our article '[Modern Slavery in the Supply Chain](#)'<sup>1</sup> published on 26 September 2019.

### Reporting period

The submission deadline applicable to an entity is dependent on the reporting period being used by the entity. The Act requires that a statement be given to the Minister within six months after the end of the reporting period. For example, this was to be 31 December 2020 for financial year reporting entities (operating under a reporting period 1 July 2019 – 30 June 2020) or 30 June 2021 for calendar year reporting entities.

The three-month extension applies in relation to statements due to be submitted in 2020.

Therefore, the extension only applies to reporting entities with reporting periods ending on or before 30 June 2020. The extension will not apply to entities with reporting periods ending on

<sup>1</sup> <https://www.dwfoxtucker.com.au/2019/09/modern-slavery-in-the-supply-chain/>

or after 1 July 2020 because those statements will not be due until 2021.

The announced extension recognises that there has been significant disruption brought about by the COVID-19 pandemic to global supply chains.

### COVID-19 risks

The extreme changes in business operations and supply chains brought about by the COVID-19 pandemic has enhanced the risk of vulnerable workers being exposed to various forms of modern slavery. Entities with little or no notice have been forced to shutdown largescale factories and manufacturing facilities, cancel orders, reduce the size of their workforce and deal with sudden changes to supply chain structures. In recognition of these changes and the increased risk, the Australian Border Force ('ABF') has released a [Modern Slavery Act Information Sheet: Coronavirus](#)<sup>2</sup>. This provides

<sup>2</sup> <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-covid-19.pdf>

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detailed information for entities, so they can understand, identify and address issues relating to modern slavery within their operations or the supply chain.

The ABF Information Sheet also outlines how the impact of the COVID-19 pandemic should be addressed within the modern slavery statement with respect to the mandatory criteria as required by section 16 of the Act.

### Strategies to reduce COVID-19 risks

Several strategies can be put in place by entities to reduce risks in the supply chain. These include:

- continuing existing supply due-diligence in light of the changed circumstances;
- engaging with suppliers to ensure the risks brought about by the COVID-19 pandemic are being addressed;
- recognising cashflow issues for suppliers which may be caused by cancelled orders or disruptions in the supply chain and providing strategies to assist where possible;
- recognising workforce issues for suppliers and where demands placed on suppliers may result in workers being required to work overtime;

- engaging with suppliers to ensure that workers are properly protected in the workplace and have appropriate access to personal protective equipment;
- considering any monitoring or enforcement mechanisms which may be compromised due to the pandemic and putting strategies in place to mitigate the risks;
- working with suppliers to try to ensure workers wages and conditions are not compromised in light of the pandemic.

As entities respond and adjust to the changes brought about by the COVID-19 pandemic, the risks to vulnerable workers must be identified, and such risks addressed to reduce the number of vulnerable workers falling into modern slavery arrangements. Good governance now and transparent reporting will ensure entities aren't left exposed to closer scrutiny and consequences once the COVID-19 pandemic is over.

The unprecedented disruptions caused by the COVID-19 pandemic would have made it difficult for entities to assess, address, mitigate and submit a report before the end of 2020.

The three-month extension of time eases the pressure, but it also means there will be little or no leeway given for non-compliance. If you have concerns about your business or seek clarification on any of the above information, please contact one of our experts via the contact details provided below.



[MORE INFO](#)

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