

MODERN SLAVERY ACT INFORMATION SHEET: CORONAVIRUS

This information sheet provides guidance for entities about **how to reduce the risk of vulnerable workers in their operations and supply chains becoming exposed to modern slavery** as a result of the novel coronavirus (COVID-19) pandemic. This information sheet also explains how reporting entities under the *Modern Slavery Act 2018* (Modern Slavery Act) can **address the impact of COVID-19 in their modern slavery statements**.

Modern slavery refers to a range of serious forms of exploitation, including forced labour, debt bondage, human trafficking, and slavery. Through the Modern Slavery Act, the Australian Government is taking a global leadership role in combating modern slavery.

What can I do to make sure workers in my operations and supply chains are not exposed to modern slavery as a result of COVID-19?

The Australian Border Force (ABF) encourages entities to consider how the impacts of COVID-19 may increase the vulnerability of workers in their global operations and supply chains to modern slavery, including in Australia. Factory shutdowns, order cancellations, workforce reductions and sudden changes to supply chain structures can disproportionately affect some workers and increase their exposure to modern slavery and other forms of exploitation. There are a variety of reasons why some workers may be more vulnerable to modern slavery. These include loss of income or fear of loss of income, low awareness of workplace rights, requirements to work excessive overtime to cover capacity gaps, increased demand due to supply chain shortages or the inability to safely return to home countries.

The ABF encourages entities to take steps to protect vulnerable workers in their global operations and supply chains from the impacts of COVID-19. Entities should also integrate consideration of modern slavery risks into their broader response to the pandemic. This should include providing information about modern slavery risks to the board or executives as part of COVID-19 updates and using internal sustainability, human rights or modern slavery working groups to identify opportunities for action.

Key steps entities can take to protect and support workers in their operations and supply chains may include:

- **Maintaining supplier relationships and fostering open communication with suppliers about COVID-19 risks.** Where practicable, entities should maintain supplier relationships, including honouring current contracts where possible and recognising that purchasing practices such as short production windows and last-minute or short-term orders may increase modern slavery risks for workers. Entities should also engage with suppliers to consider options to support vulnerable workers. These options may include:
 - paying for completed work and extending orders over time to help ensure ongoing cash-flow for suppliers
 - avoiding varying contracts unreasonably or seeking discounts from suppliers
 - asking suppliers for information on steps they have taken to protect their workers from COVID-19, such as providing workers with protective equipment, providing sick leave or carers leave, and increasing cleaning in factories and buildings to minimise risk of infection
 - asking suppliers whether there are ways they can work with the supplier to support affected workers, such as guaranteeing workers' wages or leave conditions for set periods

- asking suppliers whether new or changed orders will require them to take on additional workers or require additional overtime from current workers, and
- continuing existing supplier due diligence and remediation processes and adjusting these processes where necessary to ensure risks linked to evolving supply chains and changing workforce structures are identified and addressed. This should include ensuring workers continue to have access to grievance mechanisms, such as hotlines.
- **Collaborating with suppliers, workers, business peers, investors, civil society and peak bodies** to identify best-practice approaches to protect and support vulnerable workers in global operations and supply chains. This may include:
 - informing and educating workers about modern slavery risks linked to the impacts of COVID-19
 - redeploying workers to mitigate the impact of workforce reductions
 - ensuring workers are protected from illness and related impacts by providing, for example, appropriate protective equipment, leave and pay arrangements during periods of self-isolation and, where appropriate, safe locations to self-isolate, and
 - supporting the safe return of migrant workers.
- **Reviewing key international resources and implementing, where applicable, guidance to support decent work in supply chains, including:**
 - the Business and Human Rights Resource Centre [website](#)
 - the Ethical Trading Initiative [website](#)
 - the Fair Labor Association [website](#)
 - the Global Business Initiative on Human Rights [website](#)
 - the Institute for Human Rights and Business [website](#)
 - the International Labour Organization [website](#)
 - the International Organization for Migration [website](#), and
 - the United Nations Global Compact '[Decent Work Toolkit for Sustainable Procurement](#)'.

How do I address the impact of COVID-19 in my modern slavery statement?

It is important that entities continue to take steps to assess and address modern slavery risks during the COVID-19 pandemic and that they report on these actions through their modern slavery statements. Every modern slavery statement must address all the mandatory criteria set out in the Modern Slavery Act. However, due to the impact of COVID-19, some entities may be unable to provide detailed responses to some criteria in their statements. This may be because entities are unable to undertake planned activities to address modern slavery risks, have limited capacity to prepare statements (including due to staffing changes), or have experienced significant changes to their supply chains. The ABF encourages reporting entities affected by COVID-19 to clearly explain in their modern slavery statements how COVID-19 has impacted their capacity to assess and address modern slavery risks during their reporting periods

Some reporting entities impacted by COVID-19 may also be temporarily delayed in implementing key actions to combat modern slavery, such as face-to-face training and supplier engagement activities. The ABF encourages these entities to also include information in their modern slavery statements about relevant activities implemented or resumed between the end of their reporting periods and the deadline for submitting their statements.

The hypothetical case study below sets out how a reporting entity impacted by COVID-19 may choose to explain these impacts in its modern slavery statement.

Hypothetical case study: Company A is a large, Australian headquartered business and structures its modern slavery statement to address each of the seven mandatory criteria set out in the Modern Slavery Act. Company A begins its statement by **identifying itself as the reporting entity**. Company A also **describes its structure, operations and supply chains** and outlines how these have been impacted by COVID-19. For example, Company A explains how it has restructured its supply chains to ensure ongoing supply of key raw materials and identifies parts of its operations that have been reduced or shutdown due to COVID-19. Company A also notes that it has had to establish new supply chains to source protective equipment for its workers, such as masks and rubber gloves.

Company A also **describes the risks of modern slavery practices in its operations and supply chains and those of its subsidiaries**. Company A identifies multiple key risk areas for modern slavery in its operations and supply chains and those of its subsidiaries, including labour standards in supplier factories and sourcing of key raw materials. Company A also explains that its ability to identify some of these risk areas has been limited due to widespread changes to its suppliers caused by COVID-19. Additionally, Company A notes that the economic and social impacts of COVID-19 may have increased modern slavery risks in some parts of its operations and supply chains and describes these changing risk profiles.

Company A then **describes the action it has taken during the reporting period to assess and address the modern slavery risk areas** it has identified. Company A outlines the steps it took to respond to these risks prior to the impact of COVID-19. This includes engaging with suppliers, updating key policies, joining a multi-stakeholder initiative to combat modern slavery in raw material supply chains, conducting targeted audits, and staff training. Company A explains that it was unable to fully implement some key actions because of COVID-19, such as a planned audit program and face-to-face staff training. Company A notes it intends to resume its audit program and training during the next reporting period. Company A also explains it has made key modern slavery training accessible online and has continued to engage with selected high risk suppliers throughout its reporting period where feasible.

In this section, Company A also reiterates that it recognises COVID-19 may have increased modern slavery risks in parts of its operations and supply chains and outlines work it has undertaken to assess and better understand these risks. This may include reviewing new resources about heightened risks, consulting with business peers, multi-stakeholder groups, investors and workers, and updating risk assessments.

Company A also notes that because the impacts of COVID-19 have limited its capacity to respond to some risks, it is prioritising which risks it addresses, including new risks created by COVID-19. Company A explains that it took a number of actions during the reporting period to mitigate the impact of COVID-19 on its workers, including redeploying factory workers stood down due to workforce reductions. More broadly, Company A also explains how it engaged with key suppliers during the reporting period to consider ways to address increased modern slavery risks linked to COVID-19 for workers in its supply chains. For example, Company A notes that it added a question about COVID-19 to its supplier questionnaire and asked its supplier due diligence team to consider COVID-19 related risks in supplier assessments.

Company A also **outlines the steps it took during its reporting period to assess the effectiveness of its actions to address modern slavery**. Company A explains that it had established a cross-business working group to monitor its response, however the group met less frequently than planned due to the impacts of COVID-19. Company A also notes that it tracked a range of key metrics to assess its effectiveness but it was unable to collect complete data for some metrics due to the impact of COVID-19.

Company A also explains that it **consulted with all of its subsidiaries to develop its modern slavery statement**, including by briefing relevant company secretaries and engaging with relevant directors from key subsidiaries. Company A notes that it will undertake more detailed engagement with the full boards of its subsidiaries in the next reporting period.

Company A also **includes other relevant information** in its statement, such as describing how it participated in industry workshops on modern slavery prior to COVID-19. Company A also outlines several key actions it planned to implement during its reporting period but, due to delays caused by COVID-19, it implemented these actions after the end of its reporting period. Company A also includes information about its engagement with business peers on COVID-19 and modern slavery, including joining a COVID-19 peer group established by an industry body.