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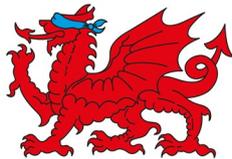
# TACKLING MODERN SLAVERY IN GOVERNMENT SUPPLY CHAINS

A guide for commercial and  
procurement professionals



March 2024

# Supported by:



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# Introduction

## ■ Who should use this guide?

This guide is aimed at procurement and commercial practitioners at all levels who are operating in government but the contents can be applied by any organisation in the public sector. Although this guidance focuses on procurement, the information can also be applied to grants. It may also be relevant and useful to organisations outside the public sector, such as those in the voluntary or charitable sectors, or the private sector.

As the public sector procurement environment is governed by a framework of procurement rules and regulations (the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concession Contracts Regulations 2016), this guide assumes the reader has a sound working knowledge of those rules and of the end-to-end procurement process. Commercial judgement should be applied when using this guide and you should seek legal advice where appropriate.

## ■ What is modern slavery?

Modern slavery is often a hidden crime involving

one person denying another person his or her freedom. It includes slavery, servitude, forced and compulsory labour and human trafficking.

To tackle these crimes, the Modern Slavery Act 2015 ('the Act') was introduced. The Act consolidates and clarifies modern slavery offences; toughens penalties and prosecution; and introduces greater support and protection for victims. Details of the [offences covered by the Modern Slavery Act](#) are available online.

The concept of forced or compulsory labour is most relevant to this guidance. This is because it is the form of modern slavery which suppliers are most likely to come across.

## ■ The UK context

Procurement regulations have been amended to make certain modern slavery offences under the Act as grounds for the mandatory exclusion of bidders from public procurements.

The Modern Slavery Act implemented new measures which are directly related to businesses and their supply chains. Section 54 of the Act

requires companies with an annual turnover above £36m, and carrying out a business, or part of a business, in the UK, to develop a Modern Slavery Statement, also known as a 'Transparency in Supply Chains (TISC) statement', each year. The Home Office has provided [guidance for businesses](#) to help them do this.

## ■ Why does it matter for UK public procurement?

Whilst there are laws in place which punish instances of modern slavery, government has the opportunity to use its extensive buying power to help mitigate the risks of it occurring in its supply chain by adopting new processes and procedures, in both procurement and supplier management.

On 26 March 2020, the UK became the first country to publish a [government modern slavery statement](#) setting out the steps government was taking to identify and prevent modern slavery in its own supply chains. This statement covers ministerial departments, HMRC, non-ministerial public bodies and executive agencies where spend is reported centrally. It does not cover devolved authorities in Wales, Scotland and Northern Ireland.

The government statement set out the actions taken by departments across central government to prevent, identify and manage the risk of modern slavery in their supply chains, and departments should use this guide to put in place appropriate measures to do this effectively.

In November 2021, ministerial departments

published their own annual modern slavery statements, setting out the steps they've taken to address modern slavery risks in their operations and supply chains. These can be found on the [Modern Slavery Statement Registry](#).

## ■ Supporting SMEs and VCSEs

Small and medium-sized enterprises (SMEs) and voluntary, community and social enterprise (VCSE) sector organisations are the lifeblood of the economy, fuelling economic growth and providing employment for 16 million people - [business population estimates for the UK and regions 2021: statistical release](#).

The government is committed to working closely with organisations who uphold the strong social values that are vital to the country's well-being and economy. This remains a priority and we are doing more than ever to make public contracts more accessible to encourage SMEs and VCSEs and ensure supplier diversity in supply chains.

Modern slavery risks can be found in contracts and suppliers of all sizes. However, in applying this guide, commercial teams must consider the impact of its implementation on SMEs and VCSEs; in practice this means:

- being proportionate in the overall approach
- ensuring barriers to participating in new procurements are not created
- ensuring unnecessary burdens are not placed on SMEs and VCSEs when assessing risks in existing contracts

## ■ What action do I need to take?

This guidance sets out **four key areas** of activity:

Activity	Key actions
Identifying and managing risks in new procurements	<ul style="list-style-type: none"> <li>• Review and amend operating procedures, processes and any related documentation in line with this guide</li> <li>• Assess modern slavery risks in new procurements using characteristics to help assess modern slavery risk in procurements (in section 2)</li> <li>• Design new procurements in line with the associated risk level including (if appropriate) application of the Social Value Model</li> <li>• Review and amend contract management processes and any related documentation in line with this guide</li> </ul>
Assess existing contracts	<ul style="list-style-type: none"> <li>• Carry out a risk assessment on your existing contracts</li> <li>• Conduct supply chain mapping exercise(s)</li> <li>• Invite suppliers to complete the Modern Slavery Assessment Tool (if appropriate)</li> <li>• Apply strengthened contract management to manage risks, working with suppliers to progressively improve</li> </ul>
Taking action when victims of modern slavery are identified	<ul style="list-style-type: none"> <li>• Work openly and proactively with your suppliers to resolve issues and change working practices</li> <li>• Consider terminating your contract only as a last resort</li> </ul>
Training	<p>Raise awareness of modern slavery and human rights abuses amongst your staff and deliver/make available appropriate training</p>

# Understanding the risk

This section sets out how you can identify modern slavery risks in your commercial activity and the steps you must follow depending on the designated risk category. You must take a risk-based approach, and focus your efforts on those areas where it will have the greatest impact.

Working in collaboration with suppliers throughout is key, and at all times remembering the risk of insufficient or ineffective action will have both reputational and, most importantly, human impact i.e. the victims of modern slavery.

## ■ Categorising procurements based on risk

The government conducts procurements in sectors identified as being at the high risk of modern slavery. This includes, but is not restricted to, construction, electronics manufacturing, textiles and healthcare, and these risks can occur irrespective of supplier size and contract value.

Although modern slavery can affect virtually any industry and economic sector, there are a number of core characteristics that place

workers at heightened risk of being exploited.

These characteristics are set out below and should be used to help you identify which of your procurements may be at higher risk.

## ■ Characteristics to help assess modern slavery risk in procurements

### 1. Industry type

Industries at high risk of modern slavery occurring include:

- Agriculture
- Mining
- Logging
- Fishing and fisheries
- Construction
- Manufacturing and electronics
- Garment/ textile production, including footwear
- Food processing
- Services, including the hospitality, security services, cleaning and catering
- Logistics, including warehousing, transport
- Healthcare, social care

# Understanding the risk

They are often characterised as labour intensive and/or involving raw materials.

## 2. Nature of workforce

High risk characteristics associated with the nature of the workforce include:

- Reliance upon low-skilled or unskilled labour – typically work that is low-paying and undervalued and often undertaken by vulnerable workers.
- High numbers of temporary, seasonal, or agency workers – worker vulnerability is heightened by employment uncertainty. Women workers and children are particularly vulnerable.
- Dangerous or physically demanding work.
- Isolation of workers – due to working in rural locations, being home-based or in unmonitored and unregulated environments.

## 3. Supplier location

Although modern slavery can occur anywhere in the world, there are some countries where the risk is predicted to be higher.

You should consult the United States' Bureau of International Labor Affairs (ILAB) [List of Goods Produced by Child Labor or Forced Labor](#). The list allows you to search by commodity and provides details of the source countries where there are risks of child or forced labour.

The [Global Slavery Index](#) contains national estimates, calculated by the Walk Free Foundation, on the basis of a predictive model that accounts for individual and country-level risk factors.

Suppliers from these countries can often be part of

supply chains within the UK.

You should consult the index to ascertain if the supplier's location features in the list of high risk countries.

To note, the Global Slavery Index includes countries at risk of any type of modern slavery, whereas this guidance is concerned primarily with forced and compulsory labour.

## 4. Context in which the supplier operates

- Inadequate labour laws and regulations in the country of origin with little or no-enforcement
- Presence of cheap labour and high numbers of vulnerable workers – this may include women, children and young workers, migrants, minorities, groups with a history of discrimination or exclusion of workers with disabilities
- Absence of effective grievance mechanisms and representative workers' organisations/collective agreements. In some situations workers are discouraged or prevented from joining an independent trade union. In others, collective agreements are reached between a 'ghost' union and an employer with no consultation with workers - these are known as protection contracts.
- A lack of business and/or government accountability
- Widespread discrimination against particular groups e.g. women or certain ethnic groups
- Wars/conflicts
- High levels of poverty and unemployment

## 5. Commodity type

The United States' [List of Goods Produced by Child Labor or Forced Labor](#) comprises 158 goods from 77 countries, as of September 28, 2022.

The list provides details of goods and their source countries which it has reason to believe are produced by child labour or forced labour in violation of international standards, for example:

- Polysilicon: China
- Rubber gloves: Malaysia

Additionally, [the Global Slavery Index 2023 - UK Country Study](#) highlights that for the UK, the top 5 most valuable products imported per year that have a risk of forced or compulsory labour are:

- Garments
- Electronics
- Fish
- Textiles
- Timber

For further information on global imports at risk, please consult [the Global Slavery Index 2023 Import Risk Data](#).

## 6. Business / supply chain model

- Sub-contracting and complex supply chains – the larger and more complex the supply chain, the harder it is for organisations to know about conditions for workers in their supply chains
- Complex employment relationships with a reliance on agency, outsourced or subcontracted workers adds another layer of separation between employers and workers,

leaving workers exposed to unethical practices

- Use of labour recruiters in supply chains – recruitment and hiring through labour brokers can increase the risk of trafficking and forced labour due to the prevalence of corrupt practices and recruitment fees
- Purchasing that is predicated only on a profit margin matrix (i.e. rapid turnaround times/high flexibility for production/low margins for large quantities of goods, depending on unreliable trends - can leave workers vulnerable to exploitative practices)

## ■ Getting started

To get started, you should consider whether your procurement falls into categories 1 (Industry type), 3 (Supplier location) and/or 5 (Commodity type). Once you have identified the procurement falls into one or more of these categories, you should then establish whether categories 2 (Nature of workforce), 4 (Context in which the supplier operates) and/or 6 (business/supply chain model) also apply.

For example, a procurement for personal protective equipment, e.g. rubber gloves, with suppliers using labour recruiters could be considered a high risk procurement based on:

- Category 1: The industry type (garment/textile production)
- Category 5: The commodity type (rubber gloves)
- Category 6: The business/supply chain model (use of labour recruiters in supply chain)

You may want to consider conducting these

# Understanding the risk

assessments at a programme or category level when you are regularly procuring similar goods or services.

You should decide what combination of characteristics will be high, medium or low risk and take action accordingly, starting with those suppliers where the risks are highest. You should treat suppliers in comparable situations equally but you must also be proportionate in your approach, to ensure SMEs and VCSEs are not prevented from bidding for public contracts. A blanket approach to tackling all risks in the same way will not be effective and is likely to create unnecessary burdens on suppliers and internal resources.

If procurements have only one characteristic overall they are likely to be low risk. For example, just because a supply chain is complex, it does not necessarily mean there is a risk of modern slavery occurring. Remember that modern slavery occurs in any country or sector, including the UK. If a country or sector is not listed above, it does not mean that modern slavery does not exist in those areas. You should also review the information available in supplier Modern Slavery Statements (i.e their TISC statements) to gain an understanding of where suppliers in that market believe their risks lie.

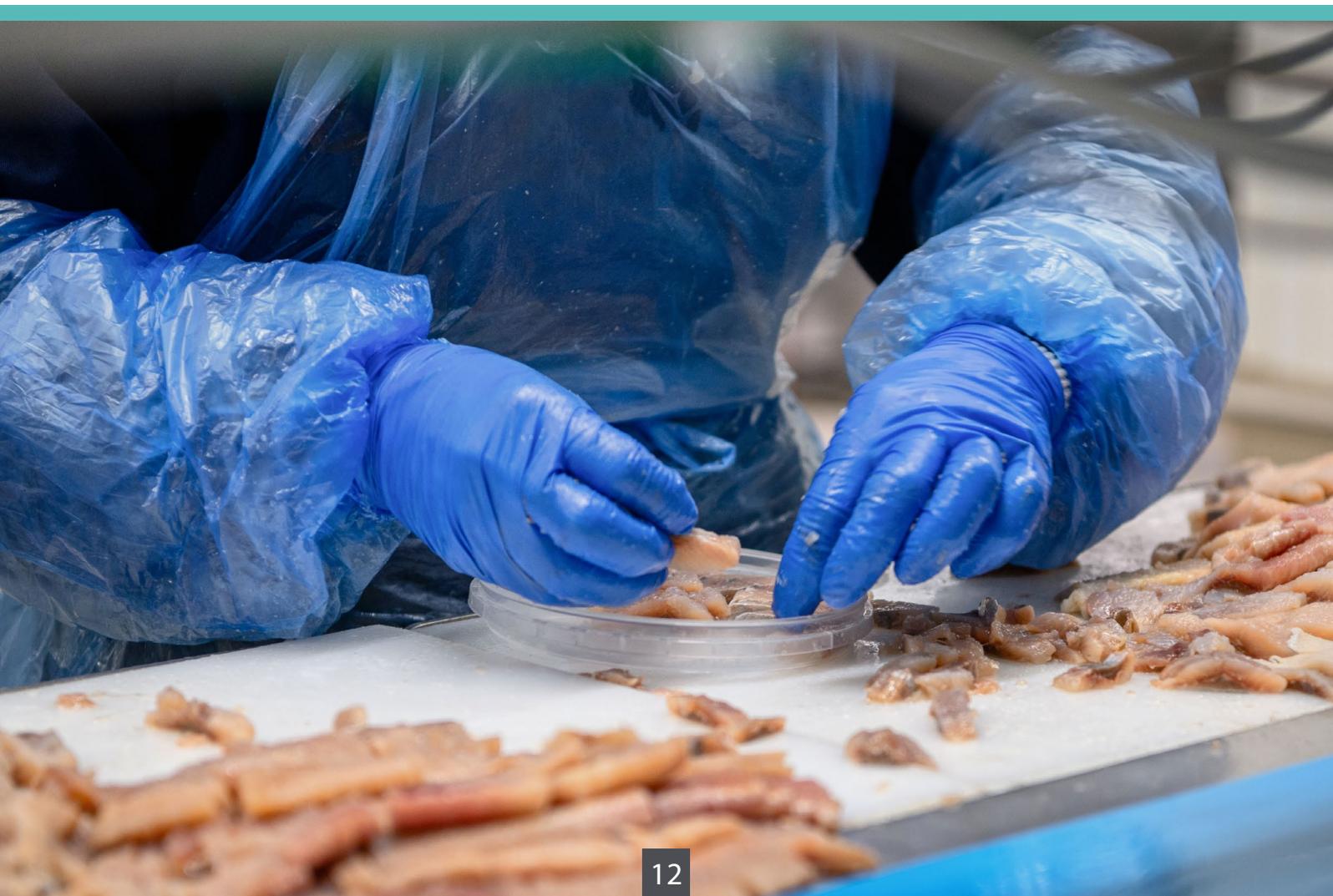


## Tools

- To undertake desk-based research to better understand where your organisation may be at particular risk. [The Responsible Sourcing Tool](#) is a good first step.
- An example of a risk assessment template for the healthcare sector can be found in the [Ethical Procurement for Health \(EPH\) Workbook](#) available on the British Medical Association's website.
- The [ILO Forced Labour Indicators](#) sets out key principles to help identify workers who may be in a forced labour situation.
- The Gangmasters and Labour Abuse Authority has developed [Industry Profiles](#) for a number of sectors across the UK labour market at risk of labour exploitation. They have also produced information on indicators of trafficking and forced labour called [Spot the Signs](#).
- The ITUC's [Global Rights Index](#) provides useful data on labour legislation, and ranks countries as the best and worst places for workers globally.

## Understanding the risk

- The US Department of Labour produces annual reports ([List of Goods Produced by Child or Forced Labour](#)) supported by an app ([Sweat and Toil](#) - available from the App Store and Play Store) which set out, by country and commodity, where forced labour, child labour and forced child labour are known.
- Suppliers' Modern Slavery Statements should set out where their supply chains are located, and the nature of risks in relation to those locations.
- Industry bodies and trade groups may also have specific reports on modern slavery in their sector.



# Identifying and managing risks in new procurements

This section looks at how modern slavery risks can be addressed during the procurement process:

- When identifying the need, approach to be taken and the market - **pre-procurement planning and early market engagement**
- When deciding the requirement – **specification stage**
- When selecting suppliers to invite to tender – **selection stage**
- When awarding the contract – **award stage**
- In the performance of the contract – **contract conditions and contract management**

You must be proportionate in your approach and not impose any unnecessary burdens that would deter a wide diversity of suppliers, including small and medium sized enterprises (SMEs), Voluntary, Community and Social Enterprise (VCSE) suppliers and those owned by under-represented groups, from competing for public contracts. **You should not adopt a blanket approach to managing modern slavery risks - your approach should be proportionate based on the risks identified.**

The mitigation of modern slavery risks should be considered throughout the procurement process.

You should note that certain modern slavery offences committed under the Modern Slavery Act 2015 are mandatory exclusion grounds. Where there is evidence of modern slavery but no conviction for offences, this may be a discretionary exclusion ground. The exclusion grounds should be considered at the start of a procurement process and then checked just before contract award. However, they can also be applied at any point a contracting authority becomes aware of them during the procurement process, as long as this is before contract award. The exclusion grounds apply to all procurements subject to the The Public Contracts Regulations 2015 (the 'PCRs'). For further information on exclusion grounds, refer to the 'Selection Stage' guidance below.

Where it is relevant to the subject matter of the contract and proportionate to do so, modern slavery risks in the delivery of the contract can be considered as part of the assessment of selection criteria to determine the supplier's technical and professional ability. For further information on selection criteria, refer to the 'Selection Stage' guidance below.

## ■ Modern slavery and social value

In 2020, the government set out social value priorities relevant to delivery of its commercial activities. The [Social Value Model](#) is a tool which provides a menu of social value outcomes for commercial teams to review and select with their internal clients and any other stakeholders. Where outcomes are identified, evaluation criteria should be developed and applied to evaluate suppliers' tenders as part of the award stage. The model comprises 5 themes and 8 policy outcomes which flow from these themes, including 'tackling workforce inequality' as part of 'theme 4 - equal opportunities'.

All procurements above the relevant thresholds should be considered for delivering social value outcomes. Where procurements are considered low risk for modern slavery occurring using the risk characteristics tool, it is unlikely that criteria relating to tackling workforce inequality (in the context of modern slavery) would be relevant or proportionate. However, low risk is not the same as no risk, therefore you may still want to consider some award criteria for modern slavery.

For procurements identified as medium risk, the social value model criteria is likely to be relevant and proportionate and should be considered by the contracting authority. Where procurements are designated as high risk of modern slavery occurring, contracting authorities may select social value criteria or alternatively include modern slavery

requirements in the specification. Please refer to the supplementary advice and model questions included in this guidance.

## ■ Pre-procurement planning

A robust approach to pre-procurement activity will ensure that modern slavery risks are appropriately identified and mitigated at the earliest stage. The planning checklist below contains a list of key issues which should be considered prior to launching a procurement.

## Procurement planning checklist

### Pre-procurement / specification

1. Has the risk of modern slavery been established using the risk characteristics in section 2?  
At what level - low, medium or high?
2. Has early market engagement identified SMEs/VCSEs in supply chains? If not, what actions can you take to generate interest from SMEs/VCSEs in bidding?
3. Can modern slavery risks be managed / mitigated within the service or activity?
4. Are the modern slavery risks clear to the market / potential bidders? Are they in agreement with your assessment of the risks?
5. Have the Social Value Model Themes and Outcomes been considered? Have you tested this with the market to ensure it is not burdensome to provide or likely to deter SMEs/VCSEs from bidding?

### Selection stage

1. If your procurement has been assessed as high risk, have you requested part 1 and 2 declarations from all supply chain members for high risk procurements? Have you detailed how far down the supply chain you want this information?
2. Can the Standard Selection Questionnaire (part 3) be supplemented with additional questions for medium / high risk contracts? Can SMEs/VCSEs meet these asks without creating burdens or barriers to their participation?
3. How will you verify that there are no offences or evidence of modern slavery which give rise to grounds for exclusion from the procurement?

### Award stage

1. Has the standard criteria in the Social Value Model been applied? Do the award criteria in the Social Value Model sufficiently take account of the risk of modern slavery and how? Have you considered using supplementary material included from the award stage section of this guidance and Annex A where the risk is high?

# Identifying and managing risks in new procurements

2. What evidence will bidders provide to demonstrate they have addressed any specification requirements in relation to managing modern slavery risks? What evidence will bidders provide to demonstrate that the supply chain will be managed and monitored to mitigate any modern slavery supply chain risks? Is the evidence proportionate to the risk? Have you tested this with SMEs/VCSEs? How will the credibility of the evidence be assessed?
3. Are site visits/audits necessary? If so, who is responsible? Have you considered the guidance at Annex B?

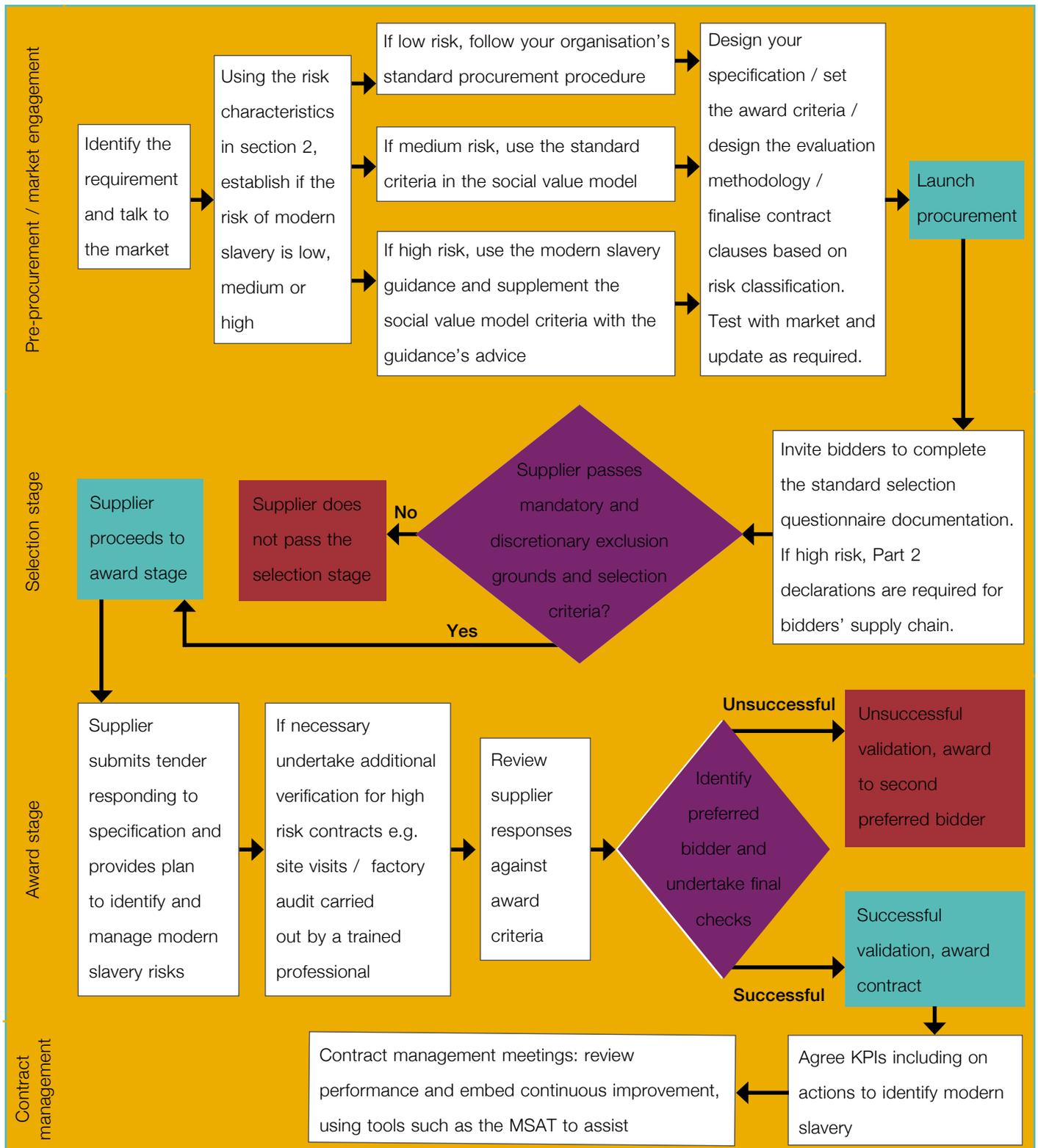
## Contract management

1. Have the terms and conditions of the contract been set out? Do they meet your needs to address risks of modern slavery? E.g. where relevant you should set out your rights to conduct site visits, audits and/or receive management information. Do the terms and conditions pass unnecessary risks to suppliers? Are terms and conditions suitable for SMEs/VCSEs?
2. Are the monitoring/reporting arrangements on modern slavery risks clearly set out? How will supplier performance be managed in this regard? Have you tested for burdens on SMEs/VCSEs? Does the market agree these are proportionate to the risks?
3. Are there proposed KPIs in place to monitor progress against managing modern slavery risks? Are these proportionate?
4. Have you set out how communication and reporting lines will be established with the supplier?
5. Are site visits / audits necessary to monitor modern slavery risks? If so, who is responsible? Have you considered the guidance at Annex B?
6. Have you established a clear and unambiguous process for reporting and responding to suspected incidents of modern slavery?
7. Do you have a contingency plan in place to ensure continued safe service delivery if modern slavery risks are identified or cases of modern slavery have been reported?

## Procurement process flowchart

Additionally, it may be helpful as part of your pre-procurement activity to work through the procurement process flowchart in Diagram 1 below.

**Diagram 1: Procurement process flowchart**



## ■ Early market engagement

Early engagement encourages market interest (including SMEs and new entrants) and can provide valuable information to develop the delivery model approach by testing and piloting approaches, routes to market, and bid evaluation criteria, including social value considerations.

There is no set process or activities for market engagement, it can take many forms. It is about listening to the market and taking their feedback onboard to drive better social, environmental, economic and project outcomes. It is relational, and at its most effective, where suppliers and organisations grow together.

As part of this process, you should engage as widely as possible with the market on modern slavery issues so that these can be considered, in advance of the procurement being formally launched.

Prior to engaging with the market you should have completed a preliminary risk assessment of the procurement using the risk characteristics in section 2. This initial assessment may subsequently be adjusted based on the information gathered during this phase.

Engaging with the market early will help you to ascertain what types of measures and actions suppliers have already put in place to identify issues and manage risks. Reviewing Modern Slavery Statements published by suppliers in the sector will help identify baseline actions and risk mitigation measures across that industry.

It is also possible to seek advice on identifying particular risks from NGOs, trade unions and charities, and to access support from organisations such as those listed on [the Interactive Map for Business of Anti-Human Trafficking Organisations](#).

Early market engagement is an opportunity to understand the drivers of cost, quality and efficiency of the supply market. Where appropriate, include social value in these discussions, highlighting the relevant themes and outcomes from the Social Value Model.

Where you have determined the risk of modern slavery occurring as high risk, you should consider appropriate selection criteria and develop supplementary award criteria in addition to those set out in the Social Value Model. Additional sample evaluation questions are included in the Award Stage below, and in Annex A.

Test all selected criteria with the market to confirm these are relevant to the contract, including selection criteria, Model Evaluation Questions, Model Award Criteria, Reporting Metrics and any relevant Key Performance Indicators (KPIs). You should also ensure that the weighting you intend to apply to any selection criteria and award criteria is relative to the risk level identified and market maturity in managing modern slavery risks. Test this with the market too. Additional guidance on applying weightings to award criteria can be found in the [Guide to using the Social Value Model](#).

Throughout the pre-procurement and early market engagement stage, you must ensure that you have

# Identifying and managing risks in new procurements

taken action to attract a wide diversity of suppliers who may be interested in the opportunity to bid such as SMEs, VCSEs and other under-represented businesses. Ensure your overall approach is proportionate, does not have a discriminatory effect and ensures equal treatment and does not deter bidders, or create unnecessary burdens on them either during the bidding process or during contract delivery.

## ■ Specification stage

Requirements to manage the risk of modern slavery in supply chains can be included in specifications where these issues are relevant to the subject matter of the contract and are proportionate.

It is possible to describe specifications in terms of performance/functional requirements and to specify production processes provided they are relevant to the requirement. Any requirements reflected in the specification should be transparent and should not discriminate against particular types of suppliers, such as SMEs and VCSEs, or those from countries with which the UK has trade agreements with procurement obligations. You should seek to test this with the market during the early market engagement stage to establish a level playing field and ensure your approach is relevant to the risk. If in doubt, seek legal advice.

Use the data and intelligence gathered during early market engagement to confirm whether modern slavery is relevant to the subject matter of the contract and set your specification accordingly. This will help to ensure you are being proportionate in

your approach and ensuring a level playing for all types of bidders.

For example, for a procurement of a construction contract, which involves a reliance on subcontracted workers, you may conclude that modern slavery risks are relevant to the contract as it falls within some of the characteristics which are known to signal a risk of modern slavery (see section 2 on assessing risks):

- i. Industry (construction)
- ii. Nature of the work (dangerous or physically demanding work)
- iii. Business / supply chain model (reliance on subcontracted workers)

As a consequence, you may want to identify any industry-specific labour or employment standards that are applicable to the contract in the specification and consider including compliance with these as a condition of contract (such as adherence to ILO Labour Standards). Case study 2 in Annex E provides an example of how standards can be included in a contract.

Where relevant, you could also specify particular standards such as a technical standards, providing you do not refer to only one particular certification system without allowing for equivalent standards. For example, you cannot specify [Fair Trade](#) or [Solar Stewardship Initiative](#) standards, as a technical specification in tenders without also allowing for other equivalent standards. When allowing for equivalent standards you should be satisfied that these do exist.

## ■ Selection stage

During the selection stage, you should ensure that you do not overburden or deter bidders with unnecessary requests for data and information. This should include consideration of the impact of your approach on SMEs/VCSEs.

You should consider whether any of the mandatory or discretionary exclusion grounds apply and you should also set appropriate selection criteria. These must be considered for the award of framework agreements, as well as for the award of contracts. The exclusion grounds and selection criteria are not usually considered on award of call-off contracts under framework agreements, unless the framework agreement provides for that as part of the further competition process.

The grounds for exclusion of bidders from public procurement procedures are set out in the PCRs: these rules set out the circumstances in which bidders must, or may, be excluded from a public procurement process for a variety of criminal offences and other specific situations. Regulation 57 covers the grounds for mandatory and discretionary exclusion, exceptions to exclusions, duration of exclusion after offences/misconduct has occurred, and self-cleaning. Regulations 58 to 60 cover the methods by which the existence of grounds for exclusion can be verified.

### **Mandatory exclusion**

The PCRs require that if the bidder or certain associated entities/individuals (see Regulation 57(2))

have been convicted of an offence under section 1, 2 or 4 of the Modern Slavery Act (which includes slavery, servitude and forced or compulsory labour and other forms of trafficking in human beings) within the last five years, the supplier must be excluded from participation in the procurement, subject to consideration of self-cleaning (see further below).

The same ground applies to procurements under the Utilities Contracts Regulations 2016 and offences under section 2 or 4 apply under the Concession Contracts Regulations 2016.

### **Discretionary exclusion**

Grounds for discretionary exclusion may apply where there is evidence of modern slavery having occurred in the last three years. In particular:

#### **Regulation 57(8)(a) “Breach of Applicable Obligations”**

A contracting authority has a discretion to exclude a supplier if the contracting authority can demonstrate, by an appropriate means, a violation of “applicable obligations” in the fields of environmental, social and labour law.

This includes violation of specific international laws such as ILO Convention 29 on Forced Labour, ILO Convention 105 on the Abolition of Forced Labour and ILO Convention 182 on Worst Forms of Child Labour. In instances where a supplier or supply chain members is operating from a country outside of the UK, determining if that country has ratified any of the International Labour Organisation’s

# Identifying and managing risks in new procurements

(ILO) conventions can be a helpful starting point to understand whether a supplier has met those obligations.

The ILO is a United Nations agency setting labour standards, developing policies and devising programmes to ensure social and economic justice. By ratifying an ILO Convention, a country applies the Convention in their national law, meaning any company operating in that territory will be subject to the ILO convention's labour laws. ILO Conventions on forced labour include: C029 - Forced Labour Convention 1930, P029 - Protocol of 2014 to the Forced Labour Convention 1930 and C105 - Abolition of Forced Labour Convention 1957. Where the country has ratified the conventions, the discretionary exclusion ground may apply if there is evidence that the supplier has breached obligations under the conventions.

This exclusion ground also includes relevant national laws. For example, in instances where a bidder is subject to the requirement to publish a modern slavery statement under Section 54 of the Modern Slavery Act, failure to publish a statement, failure to comply with the requirements of Section 54 and/or where their published statement demonstrates a breach of applicable obligations in relation to modern slavery, may give rise to this discretionary exclusion ground.

## **Regulation 57(8)(c) "Grave Professional Misconduct"**

A contracting authority has a discretion to exclude a supplier if the contracting authority can

demonstrate, by any appropriate means' that the supplier is guilty of "grave professional misconduct which renders its integrity questionable".

For example, this includes conduct which has an impact on the professional credibility of a supplier. This is likely to include conduct which breaches criminal or civil law, and also includes broader wrongful conduct, which could extend to participation in modern slavery abuses where there is sufficient evidence which meets the test for grave professional misconduct.

As part of the Standard Selection Questionnaire, a Part 1 and Part 2 declaration is required from bidders, groups of economic operators including joint ventures and partnerships, and subcontractors being relied on to deliver the contract, to declare that the exclusion grounds do not apply.

**In new procurements identified as at high risk of modern slavery occurring, bidders should detail their supply chain members and submit self-declarations for each of those supply chain members.** This means that a Part 1 and Part 2 declaration will be required from the bidder's supply chain members for procurements designated as a high risk of modern slavery.

Contracting authorities should determine how far down a supply chain they want to collect this information. This will vary depending on the type of good or service the contracting authority is procuring. For example, in a procurement of uniforms, you may want to require information on where the cotton was sourced. Whereas, in a

# Identifying and managing risks in new procurements

procurement of surveillance equipment, you may only wish to understand the original manufacturer of a CCTV camera, rather than its component sources.

These additional requirements for self-declarations throughout the supply chain are to provide contracting authorities with the information necessary to conduct an appropriate level of due diligence on high risk procurements. Procurement documents should explicitly state what is required from bidders. Failure to provide this supply chain information may in itself give rise to a discretionary exclusion ground (Regulation 57(8)(h)) under the PCRs.

## a) Due diligence

Even if a bidder has self-declared that the exclusion grounds do not apply, contracting authorities should conduct due diligence on the bidder and their supply chain members. If it is established that the bidder has been convicted of certain offences in UK national law (Regulation 57(1) (a)-(n)), the PCRs require contracting authorities to exclude bidders, subject to consideration of self-cleaning (see further below).

If there is evidence to suggest any of the discretionary exclusion grounds may apply, the burden is on a contracting authority to be satisfied (for the two grounds listed on page 20 and 21) 'by appropriate means' that the relevant conduct has occurred. A contracting authority can rely on a wide range of evidence, such as the examples listed below, to satisfy this requirement. In all cases, the

evidence must be specific to the relevant bidding entity or supply chain member's behaviour. There is no single type of evidence that would automatically satisfy the evidentiary requirements. However, the more reliable the evidence, the more likely it is that the threshold of 'appropriate means' will be satisfied. Contracting authorities conducting due diligence are encouraged to review a wide range of information on bidders, including from the sources below:

- International debarment lists (e.g. US Customs and Border Protection's Withhold Release Orders or US Department of Commerce's Bureau of Industry and Security Entity List)
- International Policy Institutes (e.g. Australian Strategic Policy Institute)
- Government business registries
- Local government reports
- Company websites
- NGO or Independent Research Organisations
- Peer reviewed academic articles
- Media reports

Where due diligence provides the contracting authority with reliable evidence to demonstrate that a ground for exclusion applies, the contracting authority must consider any self-cleaning evidence before concluding whether it may exclude the bidder on mandatory or discretionary grounds.

## b) Self cleaning

Bidders must be given the opportunity to submit evidence of self-cleaning, namely that measures taken by the bidder are sufficient to demonstrate

# Identifying and managing risks in new procurements

its reliability despite an exclusion ground applying (Regulation 57(13)). This is usually provided with the bidder's responses to the Selection Questionnaire if the bidder declares certain conduct in its response, but could be provided after due diligence has indicated an exclusion ground may apply and the authority has notified the bidder of this. The authority should always notify a bidder if they consider that an exclusion ground may apply where the bidder has not self-declared this.

The self-cleaning process is particularly important in the case of modern slavery as remediation and prevention often results in the best outcomes for the workers affected.

It is for the bidder to demonstrate it has self-cleaned, but this must be to the satisfaction of the contracting authority, taking into account the gravity and particular circumstances giving rise to the ground for exclusion (see Regulation 57(16)). A bidder must prove it has:

- a. paid or undertaken to pay compensation in respect of any damage caused by its actions;
- b. clarified the facts and circumstances in a comprehensive manner by collaborating with investigating authorities;
- c. and taken concrete technical, organisational and personnel measures that are appropriate to prevent further offences or misconduct

If the contracting authority considers the self-cleaning evidence is not satisfactory, the authority must exclude the bidder if a mandatory exclusion

ground applies or should decide whether to exercise its discretion to exclude if a discretionary exclusion ground applies. If the grounds for exclusion are related to a subcontractor or a supply chain member, in accordance with Regulation 71(8), the contracting authority must require (for mandatory exclusion grounds) or may require (for discretionary exclusion grounds) the primary bidder to replace (i.e. substitute) that subcontractor or supply chain member. If the authority considers the self-cleaning evidence satisfactory, it must not exclude the supplier.

## **c) Below threshold**

In the case of below threshold procurements, you must not include a pre-qualification stage but may ask suppliers to answer questions to assess their suitability, capability, legal status, and financial standing, provided that the questions are relevant to the contract and are proportionate. They should not be burdensome to the extent that it would dissuade SMEs/VCSEs from expressing an interest in the procurement.

The risk of modern slavery in a contract is not linked to its value, as even when a contract is below threshold/low value, the modern slavery risk can be high. It may be appropriate to ask questions about modern slavery risks as long as they are relevant to the contract and are proportionate. In these cases, contracting authorities may wish to consider using or adapting the self-declaration, due diligence and self-cleaning processes referred to above.

## d) Selection criteria

Part 3 of the Selection Questionnaire covers self-declaration regarding whether or not the bidder meets the selection criteria in respect of their financial standing and technical and professional ability. Selection criteria beyond those set out in the Selection Questionnaire are bespoke for each procurement and must be limited to those necessary to ensure the bidder has the relevant financial standing and/or technical and professional ability. They must also be relevant to the subject matter of the contract, proportionate and non-discriminatory.

Modern slavery risks can be assessed under technical and professional ability. The Regulations restrict the means of proof that can be considered to demonstrate technical and professional ability. The key relevant permitted means of proof for modern slavery risks is “an indication of the supply chain management and tracking systems that the [bidder] will be able to apply when performing the contract” (Regulation 60(9)(d)).

Where a bidder intends to use a supply chain to deliver the contract, selection criteria can be used to assess whether they have effective systems in place to ensure the reliability of that supply chain. A supply chain in which modern slavery features is unlikely to be reliable.

Within the Selection Questionnaire (section 7.11), contracting authorities may assess the bidder’s compliance with the provisions of Section 54 of the Modern Slavery Act, 2015 where it is relevant

to the subject matter of the contract, proportionate and non-discriminatory. Since 1 October 2015, commercial organisations that carry on a business or part of business in the UK, supply goods or services and have an annual turnover of £36 million or more (“relevant commercial organisations”) have been required under Section 54 of the Act to prepare a slavery and human trafficking statement as defined by Section 54 of the Act. Whilst the contents of the statement are not dictated by the Act, guidance issued under the Act (Transparency in Supply Chains) provides a non-exhaustive list of the information that may be included in a statement.

- a. the organisation’s structure, its business and its supply chains
- b. its policies in relation to slavery and human trafficking
- c. its due diligence processes in relation to slavery and human trafficking in its business and supply chains
- d. the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk
- e. its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate
- f. the training and capacity building about slavery

# Identifying and managing risks in new procurements

and human trafficking available to its staff

The guidance provides information on the type of activity that could be included under each heading and why such information would be useful in a statement. For the purposes of the selection question, this list can be reasonably used to make an assessment of whether the bidder has effective systems in place to ensure the reliability of their supply chain.

The specific questions included in the Selection Questionnaire ask relevant commercial organisations to provide the web address to where an electronic version of their statement can be found (or a copy of the document if the latest statement is not available electronically) and to provide an explanation of where the information relating to a to f above can be found.

As Section 54 of the Modern Slavery Act only applies to “relevant commercial organisations”, in order to ensure equal treatment of bidders, organisations which do not carry on business in the UK but which have a turnover of more than £36m should be requested to provide similar statements or documents. The selection question may be adapted further, for example, depending on the nature of the procurement a contracting authority may also decide to ask this question of organisations who have a turnover of less than £36m, but only where it is proportionate to do so.

In procurements where this selection question is included, the criteria and methodology should be included within the procurement documents so that bidders are aware of the criteria and how it will be applied. An example pass/fail selection criterion has been included below. A bidder should only fail the selection stage if they do not meet the selection criterion having taken into account their modern slavery statement (or equivalent document) and their reasons for non-compliance and assurances as to future compliance, where applicable. It will be for contracting authorities to consider whether an explanation is satisfactory. For example a bidder who is a start-up company, may advise that training is being developed and will be finalised and rolled out within the next 6 months.

## Identifying and managing risks in new procurements

Bidder's performance	Assessment against the selection criteria	Outcome
<p>Bidder is 'a relevant commercial organisation' and is compliant with the requirements contained within Section 54 of the Modern Slavery Act 2015 and associate guidance and their statement includes information relating to:</p> <ul style="list-style-type: none"> <li>a. the organisation's structure, its business and its supply chains</li> <li>b. its policies in relation to slavery and human trafficking</li> <li>c. its due diligence processes in relation to slavery and human trafficking in its business and supply chains</li> <li>d. the parts of its business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to asses and manage that risk</li> <li>e. its effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate</li> <li>f. the training and capacity building about slavery and human trafficking available to its staff</li> </ul> <p><b>Or</b></p> <p>Bidder is not a 'relevant commercial organisation' but has a turnover of more than £36m and has provided a link to an equivalent statement or document which demonstrates information relating to (a) to (f) above.</p>	<p>Bidder meets the required standard</p>	<p>Pass</p>

## Identifying and managing risks in new procurements

Bidder's performance	Assessment against the selection criteria	Outcome
<p>Bidder is 'a relevant commercial organisation' and is non-compliant with the requirements contained within Section 54 of the Modern Slavery Act 2015 and associated guidance and/or its statement does not include information relating to (a) to (f) above.</p> <p>However, a satisfactory explanation has been provided and they have provided assurances that they will be compliant (where applicable) in advance of contract award.</p> <p><b>Or</b></p> <p>Bidder is not 'a relevant commercial organisation' but has a turnover of over £36m and has not provided a link to an equivalent statement or document and/or the statement or document does not include information relating to (a) to (f) above. However, a satisfactory explanation has been provided and they have provided assurances that they will be compliant (where applicable) in advance of contract award.</p>	<p>Bidder meets the required standard</p>	<p>Pass (this is a provisional pass and is subject to verification prior to award of contract)</p>
<p>Bidder is 'a relevant commercial organisation' and is non-compliant with the requirements contained within Section 54 of the Modern Slavery Act 2015 and associated guidance and/or the statement does not include information relating to (a) to (f) above. No satisfactory reason or assurances of future compliance (where applicable) provided.</p> <p><b>Or</b></p> <p>Bidder is a not 'a relevant commercial organisation' but has a turnover of over £36m and has not provided a link to an equivalent statement or document and/or the statement does not include information relating to (a) to (f) above. No satisfactory reason or assurances of future compliance (where applicable) provided.</p>	<p>Bidder does not meet the required standard</p>	<p>Fail (bidder fails the selection stage and is unable to proceed in the procurement)</p>

## ■ Evaluation and award

You should be pragmatic and proportionate in setting your evaluation criteria for the award stage. You will have decided on the tender evaluation questions during the pre-procurement stage and have tested these with the market to ensure they are reasonable and will not deter businesses of all sizes and types from bidding.

If the risk of modern slavery is assessed as medium, or the sector is immature at dealing with modern slavery risks, you may have decided to rely on the modern slavery criteria included in the Social Value Model. This basic level criteria is a good starting point and inevitably there will be a process of continuous improvement that should be embedded into the contract once the award is made - at renewal/review stages, so that suppliers demonstrate progress against some key requirements. These matters can be considered for the award of framework agreements, as well as the award of contracts. More detailed requirements can be evaluated at the point of calling off contracts under framework agreements.

### a) Additional tender evaluation questions

If you have identified modern slavery as high risk, bidders should be asked additional and/or more detailed questions on how they will address the requirements set out in the specification. For example:

- Where subcontractors are used, bidders should be asked how the supply chain will be managed
- Bidders could be required to give details of workforce conditions in factories used to produce goods to be delivered under the contract, including wages, working hours and rest breaks. This would encourage bidders to undertake due diligence on their supply chain in relation to social and workforce conditions in order to achieve a higher score against that particular award criterion.
- Bidders could be asked to provide information on their working/employment practices relating to the staff who will be assigned to perform the contract and to demonstrate their approach to tackling modern slavery and human rights abuses which might arise amongst those staff. This will encourage bidders to show that they take a positive and proactive approach to ensuring that their staff are subject to fair work practices, receive fair pay and have opportunities to develop skills.
- Bidders could be asked who in the company oversees the modern slavery risk and responsibility arising in relation to the goods or services to be delivered under the contract - who monitors it and how frequently and what resources are available to identify, manage and mitigate risks. You should consider how SMEs/VCSEs may be able to answer these questions and ensure they are not disadvantaged due to their size or availability of resources.
- Bidders could be asked to provide evidence of

and monitored for modern slavery supply chain risks and their action plans for tackling cases as they arise.

# Identifying and managing risks in new procurements

the recruitment methods used for staff delivering the contract. This is particularly important for high risk labour-intensive contracts (e.g. cleaning contracts, construction contracts) and would cover subcontracts with employment/recruitment agencies. Evidence of one or more of a number of processes in a tender can show that a supplier is seeking to reduce the likelihood of these instances:

- a. social audits to ask workers about any recruitment fees paid
- b. explicitly prohibiting labour providers from charging fees
- c. checking with migrant workers on arrival that they have not been charged or had their identity documents retained by their employer
- d. providing confidential processes for reporting instances of fee payment in order that they can be remediated

Recruitment is often the stage at which workers in supply chains can be most vulnerable to modern slavery. It is where practices such as charging recruitment fees to workers and confiscating identity documents can take place, compelling workers into debt bondage and forced labour.

The recruitment process could involve different 'middle men' all charging a fee, meaning workers have to take on debt before they even start employment. Workers could also be tied into contracts that force them to continue paying a percentage of their income every month.

Understanding recruitment methods is key to reducing risks.

Additional example award questions, including example recruitment questions, can also be found in Annex A. For construction, a high-risk category in the UK, there are also recognised standards for recruiting labourers, the [BRE's Ethical Labour Standard](#) is a useful source of more information. Your specification could require standards to be in place for the workforce delivering the contract.

For any category, questions for bidders should be relevant to the subject matter of the contract and proportionate, i.e. how products are produced and how services are provided, as well as the impact on the workforce through working conditions or materials used.

## **b) Evaluation criteria, methodology, scoring systems and weightings**

When evaluating the responses to your tender questions, evaluators should consider how the bidder will ensure workers are subject to fair work practices, receive fair pay and have opportunities to develop skills.

At the planning and pre-procurement stages you should have carefully considered the construction of the evaluation methodology, including the evaluation criteria, evidence required, scoring systems and weightings. There must be sufficient incentive in the scoring methodology to encourage bidders to offer responsible supply chain management, and this should be clearly costed in their proposals; this can be achieved by allocating an appropriate weighting

to this part of the evaluation criteria.

Where you have decided that site visits/audits are necessary to evidence the bidder has met specific evaluation criteria i.e. working conditions, you should refer to the Supplier Audits: Points to Consider guidance at Annex B and further guidance on audits in Section 4 below.

You should ensure you scenario-test the evaluation methodology and the scoring matrix i.e. whether it would be possible for a bidder to win the bid overall with a low price and low scores on aspects such as responsible supply chain management that would mitigate modern slavery risks. The [Guide to using the Social Value Model](#) provides additional advice on evaluation criteria, methodology, scoring systems, weighting and pre-market engagement. It is essential that your approach is tested and approved before the procurement is launched. An example of how to apply an award question and criteria relating to modern slavery is in Case Study 3 at Annex E.

## c) Abnormally low tenders

Regulation 69 of the Public Contracts Regulations 2015 places a duty on the contracting authority to investigate tenders it considers abnormally low.

You must ask bidders to explain any prices/costs which appear abnormally low. This may be relevant in the context of what you have established are the key modern slavery risks associated with the contract. If the explanation gives rise to concerns on modern slavery, this should be investigated

further with the bidder. You should ask the bidder to demonstrate how they will maintain an acceptable level of supply chain due diligence to reduce the risk of modern slavery.

Contracting authorities can only reject tenders where the evidence supplied does not satisfactorily account for the low price. Contracting authorities must reject tenders which are abnormally low because they are in breach of social or labour law provisions, including one of the international conventions listed in Annex X to the Public Contracts Directive 2014/24/EU or national laws.

## ■ Contract conditions

Government standard contracts contain terms and conditions which help you to manage modern slavery issues. The 'Corporate Social Responsibility' schedule of the Crown Commercial Service [Public Sector Contract](#) (Joint Schedule 5) and the modern slavery clauses in the Core Terms of the [Model Services Contract](#) are good examples of this.

Annex C provides an example of modern slavery contractual clauses, based on the modern slavery clauses in the Model Services Contract. Clauses (a) to (m) provide a good starting point for drafting modern slavery related contract conditions. In high risk contracts, however, it may be helpful to include additional specific terms and conditions to the core terms in Annex C to strengthen contractual protection but you must seek your own legal advice before doing so. This might include:

- A clause which requires your supplier to

# Identifying and managing risks in new procurements

provide you with information to demonstrate its approach to modern slavery and human trafficking, for example, workforce conditions, details of its ongoing supply chain monitoring and updates on any action plans it puts in place with its supply chain, working/employment practices, evidence of risk management and monitoring processes or its recruitment practices. It might also be useful to include here that the supplier should complete the Modern Slavery Assessment Tool, if relevant. The tool asks about the systems, processes and procedures the supplier has in place to identify and address modern slavery risks in their supply chains; see section 4 for further details on the tool.

- A clause giving you the right to require your supplier to submit, agree and deliver an action plan to remedy any modern slavery issues. Failure to agree or implement the action plan

could be supported by liquidated damages or service credits, depending on your contract. To mitigate the procurement law risk, the clause could provide that the contract can be modified in accordance with an action plan. An example form of action plan is set out in Annex D of this guide.

- A clause allowing unannounced inspections of supplier premises by you or a 3rd party auditor with the right to speak directly to supplier's employees. The clause should say which party bears the cost of the audit and factor in any points from Annex B that you think will be needed for the contract.
- A clause to ensure you approve all subcontractors, and any changes to subcontractors, who are to carry out services as part of your contract in the supply chain.



## Tool



Annex C - Examples of modern slavery contract clauses

# Managing risks in existing contracts

This section sets out how you can tackle modern slavery risks in your existing contracts, i.e. in relation to contracts you have already awarded to suppliers including call-offs from framework agreements. You should take a risk-based approach, and focus your efforts on those areas where it will have the greatest impact. Working in collaboration with suppliers even when they are mid-contract is key, and at all times remembering the risk of insufficient or ineffective action is not reputational, it is human i.e. the victims of modern slavery.

Where your suppliers are SMEs or VCSEs, you should carefully consider your approach, to ensure you do not place unnecessary burdens on these types of suppliers. You should also consider whether the actions will place burdens on your own teams, and work within the resources you have available.

## ■ Contract management

Modern slavery is an issue that requires continuous focus and improvement and is reliant on effective supplier relationship management. Positive,

proactive and collaborative engagement with your suppliers will encourage transparency and is critical to incentivise suppliers to flag issues as they arise and for you to work effectively with your suppliers to address them.

You should consider the impact of any contract management approach, in terms of time and resources, on suppliers of all types and sizes; SMEs and VCSEs will have less time and resources to spend on supporting contract management activities so the overall approach should be proportionate and not add burdens.

For contract management activity on existing/ legacy contracts, if measures were not put in place at the time the contract was let and there are risks to address, you should work with your supplier to establish a fair and proportionate approach to keep track of modern slavery risks and issues. In some cases, a contract variation may be required. For new contracts the following practices can be set out in the terms of the contract. In agreeing any contract variations, you should take care not to 'gold-plate' the requirement on suppliers as this

# Managing risks in existing contracts

may add cost. You should ensure a proportionate approach and response to the risk agreed.

## a) Monitoring

### Supplier meetings

For contracts where the risk of modern slavery is high, you can include information relating to modern slavery issues to the management information requirements in your contract. Suppliers should also be asked to provide assurance on the processes in place to identify and address modern slavery risks in their supply chains.

This can be done through regular contract management meetings where the supplier can provide detailed updates on how they are meeting legislative and contractual requirements including, where relevant, assurance of legal compliance with the Modern Slavery Act and production of a high quality Modern Slavery Statement in line with [Home Office guidance](#). At these meetings, action plans should be put in place where there are suspected and confirmed instances of modern slavery to detail how these will be addressed (see below and Annex D for further details).

This level of engagement should continue throughout the life of the contract; the frequency will depend on the level of risk and length of the contract. If your supplier has completed the [Modern Slavery Assessment Tool](#) (see below for further details) the accompanying guidance for the tool will provide suggestions for how to run meetings with suppliers about their results.

### Key Performance Indicators (KPIs)

Close contract management of high risk agreements, combined with use of key performance indicators (KPIs) should reduce the likelihood of modern slavery occurring in supply chains. You should ensure suppliers re-visit their modern slavery policies and practices year on year and are motivated to continue identifying and managing supply chain risks throughout the life of the contract. Example questions and KPIs are at Annex A.

### Audits

Audits are a useful way of verifying a supplier's own assessment of their approach to tackling modern slavery and opportunities to conduct supplier audits should not be overlooked. Details of the types of audits and considerations to take into account when conducting one are at Annex B.

However, as modern slavery is usually hidden and risks in relation to modern slavery can be complex, conducting an audit will not guarantee that issues and risks will surface at the time. It might be useful to combine an audit with intelligence from a variety of sources such as local NGOs, trade unions, researchers or experts that have closer relationships with vulnerable workers.

Therefore audits should be used as one of a number of approaches to monitor suppliers activity on contracts, and they are not a substitute for long-term, open and collaborative relationships with key suppliers.

## b) Working with suppliers to mitigate risks

You should encourage your suppliers to be proactive and open, and report risks of modern slavery as they come to light. Responses to the [Modern Slavery Assessment Tool](#) may also indicate risk areas that need to be addressed.

When a risk has been identified, an action plan setting out the behaviours, standards and actions required of both parties is required to address the issues. It should clearly set out what action will be taken, when and by whom including deadline dates, milestones and targets, and what preventative measures the supplier will put in place to stop recurrence. You should keep in regular contact with the supplier to assess progress against the plan, but also to ensure the supplier is accepting their responsibility. Any actions taken should be **victim-centric**, focused on providing the best outcome for the victims, particularly where children are involved.

Each action should also be considered in terms of any negative impact it may have. For example, asking a supplier to remove any child workers may seem the most ethical approach but this may have a negative impact on the child and their family. See [Walk Free's Tackling Modern Slavery in Supply Chains: A Guide 1.0](#) or the [Ethical Trading Initiative Modern Slavery Guidance](#) or [Base Code Child Labour Guidance](#), for further guidance in this area.

Use your relationship and contract with the supplier to best effect when initiating the action plan. If you are not a significant customer of the supplier,

you could collaborate with others to increase your influence by contacting other departments and/or public bodies. **If the risks identified relate to a [Strategic Supplier](#) on a central government contract, you must report this to the office of the Government Chief Commercial Officer without delay ([cco@cabinetoffice.gov.uk](mailto:cco@cabinetoffice.gov.uk)).**

There are a range of organisations working in different sectors that can help you manage modern slavery risks, such as [Electronics Watch](#) in the ICT sector. Here, public sector affiliate members obtain reliable intelligence about working conditions in factories that assemble or make the components of the goods they purchase.

## c) Terminate your contract

Taking immediate action to terminate a contract can have a drastic effect and risks causing further harm to those involved. Even if a supplier is suspected of being complicit in the crime, the priority should be to work closely with the supplier to help the victims, and ensure it does not happen again. Reactive contract termination can lead to fear and concealment by suppliers, which in turn puts victims at greater risk. Maintaining transparency of the issues and risks is important and working with suppliers offers the best chance of helping victims and preventing re-occurrence.

Other than in extreme cases, terminating a contract for reasons linked to modern slavery should only be considered where the issues continue to occur and the supplier is unwilling to co-operate and change, despite receiving help and support from

you and where you have considered all of your other contractual rights. You must first check that you have a right to terminate the contract and take legal advice. You should also ensure you have considered the potential detrimental effect on workers, particularly if these are overseas and consider:

- Will contract termination stop the abuses occurring or will it result in working conditions worsening?
- What will happen to the workers if the supplier's business closes? Will they be able to find alternative employment?
- Will the workers be paid for the work they have already undertaken?

Where termination does occur, it does not discharge the responsibility to report alleged modern slavery conditions to the appropriate authorities to be investigated.

## d) Impact of your own business decisions

You should consider the impact of your decisions on the supply chain as these may contribute to increasing modern slavery risks. This includes factors such as:

- Short lead times
- Late payments
- Demand for high flexibility, including last minute changes to orders
- Downward cost pressures - if a supplier has agreed to reduce costs, how do they plan to recoup?

## ■ Supply chain mapping

In addition to the supply chain visibility requirements at selection stage, supply chain mapping is an activity that can be used to establish more precisely the risks in relation to suppliers and their supply chain on the particular contract. Supply chain mapping will require resources and in deciding whether to proceed, you should consider the burden on suppliers and your own teams.

Supply chain mapping should only be conducted if your supplier is high or medium risk, and they are not able to assure you of the systems and processes they have in place to manage risks effectively. Categorising suppliers on these contracts by commodity or service type, or country of operation/source will assist you here.

Where you intend to undertake supply chain mapping, you should start with your Tier 1 supplier. Tier 1 suppliers supply goods/services directly to the contracting authority. These suppliers may have a wide range of consultants, sub-consultants, and sub-contractors working for them, creating additional tiers. For example, Tier 2 suppliers are those that sub-contract with the Tier 1 suppliers.

Supply chain mapping can include:

- Asking the supplier to complete the [Modern Slavery Assessment Tool](#) (see below for further information). Although not a mapping tool in itself, the tool asks about the processes the supplier has in place to identify and address modern slavery risks in their own supply chains.
- Requesting information from the supplier on how they manage their supply chain to address

## Managing risks in existing contracts

modern slavery risks; including details on any systems and processes they have in place to do this (where the Modern Slavery Assessment Tool is not used), remembering to be proportionate so as not to create unnecessary burdens on SME or VCSE suppliers.

- Where applicable, reviewing Modern Slavery Statements to see what risks the supplier has already identified. The Ethical Trading Initiative has produced an [evaluation framework](#) to help assess the quality of published statements and identify any strengths and weaknesses.
- Assessing your relationship with the supplier – are you a key customer to them? Is it a sole supplier? Is their supply critical to your organisation? Can an alternative supply be found at short notice if required?
- Carrying out research to see if there have been any previous reports of issues with the supplier for example through audit reports or the media.
- Gathering more information on the labour force in the supply chain - does it involve a high level of manual labour, low-skilled labour or where there are high levels of poverty?
- Requiring the supplier to carry out their own due diligence and requesting evidence of what information has been included and how risk has been assessed.

It may be necessary to go beyond your Tier 1 supplier to understand the specific risks and this will be dependent on how satisfied you are with the way in which your Tier 1 supplier can demonstrate they are aware of, and are proactively mitigating the risk of modern slavery in the supply chain. Where

the supply chain is likely to contain SMEs or VCSEs you should carefully consider burdens on those suppliers and be proportionate in your approach.

On occasion, supply chain mapping to source may be required, but this will depend on the complexity of the supply chain, the sector, the source country and the number of intermediaries involved. Your Tier 1 supplier should be able to provide the required information for their own Tier 1 suppliers and beyond, where there are multiple tiers.

For a large number of commodities, the risks will exist further down the supply chain where there is less visibility and regulation of working practices. At the top of a supply chain, perhaps several tiers removed from the production of raw materials or ingredients, it will be harder to map all suppliers immediately. To address this you should, where practical, work systematically and progressively with your Tier 1 suppliers over time to build a complete picture of their supply chain, until you are satisfied that all risks have been identified.

You may have the right in your contract to require your supplier to provide management information either specifically relating to their supply chain or more generally. The data should be systematically captured and analysed in collaboration with those suppliers to improve traceability. If you don't have this right you may wish to consider amending your standard contract terms for future contracts, to give yourself these rights going forward, taking your own legal advice when doing so.

Supply chain mapping is already a large part of how private sector businesses tackle modern

slavery and other ethical and sustainability issues. Some UK businesses have gone one step further by producing interactive maps of their supply chains which list the locations of all the companies' suppliers and factories. A good example is the [Interactive Supply Chain Map](#) from Marks and Spencer.



## Modern Slavery Assessment Tool (MSAT)

The Home Office has developed a [Modern Slavery Assessment Tool](#) to support public bodies to assess their own supply base for modern slavery risks. The tool asks suppliers questions about the processes they have in place for managing modern slavery risks and provides automated recommendations on how to improve their anti-modern slavery processes. There is also guidance available for public sector organisations to support them in further discussions with suppliers on their results, which can be accessed once you are logged in.

To use the assessment tool you must first register as a Buyer via the [Supplier Registration Service](#). From here, you will be able to invite suppliers to complete the assessment via the 'Manage category' link on the 'Suppliers' tab of your Buyer dashboard. For any help with the Supplier Registration Service see the [help page](#).

The MSAT is used by a range of public sector organisations and your supplier may have already completed the assessment for one of them. When you invite a supplier to complete the MSAT, they will be able to use your invitation code to share their responses to a previous assessment with you.



## Additional tools

Additional tools which you can use with suppliers to mitigate the risks of modern slavery include:

- The Walkfree Foundation's [Tackling Modern Slavery in Supply Chains guide](#)
- The [Human Rights Due Diligence Framework](#) by Ethical Trading Initiative
- The [UN Guiding Principles on Business and Human Rights](#) has a portfolio of guidance and tools on due diligence, as well as a short video explaining what due diligence is
- The [Managing Risks Associated with Modern Slavery: A Good Practice Guide for the Private Sector](#) commissioned by the International Finance Corporation (IFC), CDC Group Plc, the European Bank for Reconstruction and Development (EBRD) and the UK Department for International Development (DFID)

## ■ Using contract management to manage risks

Where contracts have been categorised as high or medium risk, putting in place risk mitigation plans will enable you to address areas of concern and build these into contract management activity. A remedial or corrective action plan may be required if you have identified significant deficiencies in systems and processes to identify and manage risks throughout the supply chain. This can be achieved in part by adopting new contract management processes as set out in Section 4.

Cooperation and open communication is key to make effective changes. At all times, the primary driver to taking action should not be to manage reputational risks to the organisation, **it must be to address the human risk and the victims of**

**modern slavery in the supply chain.** Reputational risk to organisations is important, but the most effective way to tackle serious and persistent issues in supply chains globally is to acknowledge these practices do exist, to create a culture of cooperation and open communication, and to work together to resolve them.

In high and medium risk contracts you may decide to adopt new contract management procedures to monitor risks or introduce more regular assessment. Before you do this, you should seek legal advice as to the nature and extent of your rights in the contract to support this exercise.

If your contract does not give you the rights you need to ensure that your supplier co-operates, you may be able to achieve the supplier's co-operation without reliance on contractual rights. Alternatively,

you may want to vary your contract. However, in doing so, you should consider the rules in the Public Contracts Regulations 2015 relating to variations to contracts.

Detailed guidance on contract management is provided in section 4.

## ■ Repeat the exercise at appropriate intervals

You should follow-up initial supply chain mapping activities to manage risks through the life of the contract. For contracts you have identified as high risk, you should seek regular assurance that the supplier is managing risks effectively. You should also consider reviewing the risk assessment during the life of the contract. Procurements that may not have been high risk at the beginning of the procurement can change over time. For example, if the primary bidder changes their supply chain during the course of the contract, the new supply chain members may be at a higher risk of modern slavery due to their location or labour practices.

# Taking action when victims of modern slavery are identified

When specific instances of modern slavery and human rights abuses have been uncovered in the supply chain, they must be addressed immediately and in a manner that is proportionate and adapted to the circumstances of the case. In some cases, abuses will be a consequence of the way a specific industry is organised and these may require a longer term approach to address the root cause.

Generally, you should seek to work collaboratively with the supplier and in accordance with the terms of the contract to address instances of modern slavery. A blueprint remediation plan for handling such occurrences should be in place which sets out the process for dealing with such instances, and set out roles and responsibilities. An example blueprint is at Annex D. The core points to consider are:

1. If you suspect workers are being subjected to modern slavery, you should involve law enforcement agencies:
  - a. In the UK, if someone is in immediate danger, report it to the police by dialling 999. A potential victim can then be referred to the [National Referral Mechanism](#) by

the police to be formally identified and offered government-funded support. The National Referral Mechanism (NRM) is a framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support. The NRM is also the mechanism through which the Modern Slavery Human Trafficking Unit (MSHTU) collect data about victims.

- b. If you are concerned about a potential victim, or suspicious about a situation that is potentially exploitative, you can call the [Modern Slavery Helpline](#) on 08000 121 700, or call the Gangmasters and Labour Abuse Authority on 0800 432 0804 or [submit a report online](#). If overseas, then the response should be tailored to the local circumstances. The United Nations High Commissioner for Human Rights has produced a list of agencies, programmes, NGOs and foundations who work to counter slavery in high risk industry sectors and countries. For more information visit [www.ohchr.org](http://www.ohchr.org). In some cases it will be appropriate to contact local government

# Taking action when victims of modern slavery are identified

and law enforcement bodies in-country.

2. In cases of suspected child labour exploitation in the UK, Local Authority Children's Services and the police should be notified immediately. Once Children's Services and the police have assessed indicators of modern slavery and a child has been protected or safeguarded, the next step is to refer the child into the NRM. Referrals into the NRM can only be made by selected agencies known as 'first responders'. If you have identified a victim of child trafficking then you will need to refer the child to a first responder in order for them to be referred into the NRM. [Additional guidance from the Home Office is available here.](#)

Once you have identified an incidence of modern slavery and the victim has been safeguarded, you should consult your own legal teams, who can advise on the specific contractual mechanisms in place to handle instances of modern slavery that have emerged.

As discussed in section 2, often in cases where modern slavery is discovered, terminating a contract immediately can leave the victims even more vulnerable and at risk. Where possible and practical to do so, you should work with the supplier to put in place an action plan specific to the type of incident and to prevent recurrence once investigations have concluded. This action plan should at least set out:

1. How to remediate the workers involved (this may include involving police and judicial system)
2. A review of the suppliers' policies and systems to ensure that these are appropriate to prevent incidents from occurring in the future
3. The introduction of credible, independent grievance mechanisms to mitigate any recoccurrence

Generally, you should seek to work collaboratively with the supplier and in accordance with the terms of the contract to address instances of modern slavery.

# Training

You must ensure commercial and procurement staff involved in letting and managing contracts, including where those staff come into contact with the victims of modern slavery, are given appropriate training. This will help to raise awareness of the issues, how to identify the risks and ensure that suspected instances of modern slavery are handled correctly.

You should make relevant staff and the staff of suppliers aware of the **Modern Slavery Helpline** on 08000 121 700 or online [www.modernslaveryhelpline.org](http://www.modernslaveryhelpline.org)

## ■ Chartered Institute of Procurement and Supply (CIPS) Ethics Test

The Government Commercial Function (GCF) has worked with the Chartered Institute of Procurement and Supply (CIPS) to develop an ethics online learning suite and test.

The CIPS e-learning includes over two hours of learning resources which will help individuals

gain a consistent understanding of the issues surrounding modern slavery and other ethical aspects of modern procurement (such as environmental sustainability and propriety in upholding the CIPS and the Civil Service Code). It is applicable to all levels of personnel working across the profession (both public and private sector). Successful completion of the test is also a mandatory element of gaining Chartered CIPS Status.

## ■ How to access CIPS Ethics e-Learning and test?

### For staff who are CIPS members

To access the CIPS Ethical Procurement and Supply e-Learning, simply log in to [My CIPS](#). This will take you into the CIPS Learning Academy. The CIPS Ethical Procurement and Supply e-Learning Public Sector is located under the 'My Learning' area.

### For public sector staff who are not members of CIPS

You will need to join the [Government Commercial](#)

[Function Knowledge Hub](#) using your official email account. There you will be able to read more about accessing the e-learning and test.

## ■ UK Government Commercial Function Knowledge Hub

If you work in the public sector procurement profession please register on the UK [Government Commercial Function Knowledge Hub](#).

The GCF Network, is an online network platform hosted on the Knowledge Hub. This is a gateway to find shared resources, people and guidance, access the latest commercial news in government, hear about events and engage with commercial communities to share best practice. All public sector commercial and procurement staff are able to access this site by using their official emails. The Hub already has over 400 public bodies represented by its membership.

## ■ E-learning on the Government Commercial College

The Home Office have worked with Impactt, a business and human rights consultancy in the UK, to develop an e-learning course titled [Tackling modern slavery in supply chains: PPE case study](#). It is held on the Government Commercial College. The e-learning is available to public sector commercial staff.

The course consists of five modules on the practical steps that can be taken throughout the commercial lifecycle to identify and mitigate modern slavery

risks. This course will help learners:

- Recognise how modern slavery can manifest in supply chains
- Spot modern slavery risks in procurement and critically interrogate the assurances suppliers provide (such as social audits)
- Drive improvements in modern slavery due diligence to create better outcomes for workers

## ■ Additional training resources

There are a number of additional free and fee-based training resources available including:

- The [International Labour Organisation \(ILO\) handbook](#) for employers and businesses to combat forced labour
- A free eLearning suite on [Protecting Human Rights in the Supply Chain](#), developed especially for public procurement practitioners by London Universities Purchasing Consortium in collaboration with the University of Greenwich and Advanced Procurement for Universities and Colleges
- The Ethical Trading Initiative [Human Rights Essentials](#) course features four modules to equip learners with the fundamentals of human rights in business
- Unseen and the [Modern Slavery Helpline](#) can provide CPD accredited training to public bodies on modern slavery

For additional training materials, the [Home Office has a dedicated modern slavery training webpage](#).

# Acknowledgements

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This guide has been produced in collaboration with:

- Home Office Modern Slavery Unit and Commercial Directorate
- Crown Commercial Service
- Procurement policy network in central government and local authorities
- Welsh Government - Code of practice: Ethical employment in supply chains
- The Ethical Trading Initiative
- Unseen



# Annex A

## Example model questions for suppliers in respect of the workers and supply chain that will deliver the contract

Below is a long list of example award questions. You should carefully consider whether the questions are relevant to your procurement before you use them.

### **Award stage - questions to consider might include:**

- Action taken/planned to tackle modern slavery and human rights abuses within its organisation and the supply chains that will deliver the contract
- Evidence of compliance with all applicable labour/employment laws in delivering the contract
- Evidence it is not subject to any ongoing investigations or charges in relation to modern slavery and human rights abuses in respect of the workers and supply chain that will deliver the contract
- Evidence it is not aware of any ongoing investigations or charges within its supply chain for the contract in relation to modern slavery and human rights abuses
- Disclose its human rights due diligence processes in respect of the workers and supply chain that will deliver the contract
- Provision of training on modern slavery and human rights abuses for employees and personnel with responsibility for supply chain management in respect of the workers and supply chain that will deliver the contract
- Identify sourcing geographies where it will deliver services or manufacture goods for the contract where there is a high risk of human rights abuse
- Number of workers employed and on what basis (e.g. direct, agency staff etc.) to deliver the contract
- Workers who will deliver the contract aware of their rights and have employment contracts in place
- Describe how it will commit to fair working practices for workers engaged in the delivery of the contract (including any agency or sub-contracted workers)
- Evidence that all workers delivering the contract are paid a fair rate of pay, (in line with relevant national context) and that this is not undermined by excessive charges for accommodation and transport etc

- Policy clearly stating the minimum age for employment for any workers who will deliver the contract is in line with national law or international minimum standards, whichever is higher
- Zero-tolerance policy on violence, exploitation and abuse of children, including but not limited to sexual exploitation, applicable to any workers or supply chain workers who will deliver the contract
- Whether workers are charged for items which are necessary for them to perform their role e.g. uniforms, Personal Protection Equipment etc. in delivering the contract
- Whether workers who will deliver the contract are free to leave to find work elsewhere
- Evidence that no worker who will deliver the contract has had to pay for employment
- Evidence that passports of the workers' who will deliver the contract are not retained
- Evidence that workers who will deliver the contract are free to join a Trade Union/collective agreement
- If an effective whistleblowing/grievance mechanism is in place for workers and supply chain workers who will deliver the contract
- Evidence of how products are tracked to source

### **Recruitment related questions:**

- Evidence of the recruitment policy used or will be used to recruit the workers who will deliver the contract
- Use of recruitment agencies which were used or will be used to recruit the workers who

will deliver the contract and the due diligence undertaken on them - are they reputable?

- How recruitment policy prohibits the practice of worker-paid recruitment fees e.g. adoption of the **Employer Pays Principle** a policy of no worker-paid recruitment fees in relation to any worker who will deliver the contract

### **Questions and key points to consider at contract management include:**

- Compliance with the Modern Slavery Act
- Review of supplier KPIs and areas to address
- Updates on changes to recruitment practices
- Review of supplier audits
- Discussion on general best practice - the steps suppliers have taken/plan to take to tackle modern slavery in the organisation and their supply chain
- Review evidence of supply chain due diligence
- Awareness of ILO principles - awareness at both organisational and contract level
- If the supplier is an ETI member, review their written outline of good practice including how principles are cascaded to employees / supply chain partners and their approach to risk management - where higher risk sectors are involved, specific standards may also exist, for example the solar sector and the Solar Stewardship Initiative
- Where appropriate, review data held by suppliers on their employees to ensure identity checks are completed and there are no red flags evident such as payments to consecutive bank account numbers (suggesting that a group

of employees may have been signed up to those accounts by a third party and may not be receiving their pay directly)

## **KPIs to consider on contracts might include:**

- Requiring commercial and frontline staff to complete annual training on modern slavery
- Participating in the Modern Slavery Assessment Tool (or equivalent) to monitor supply chains, completing this on an annual basis throughout the life of the contract to measure progress
- Requiring new staff, especially recruiting officers and commercial staff, to be trained on modern slavery within 6 months of joining the organisation
- Reporting any suspected modern slavery violations to an Executive Director immediately upon detection and investigating the reports within 48 hours
- Handling confirmed modern slavery cases successfully within an agreed timeframe and providing assistance to victims immediately upon detection
- Completing a given number of supply chain audits
- Developing and updating due diligence plans and providing data

## **KPI measures:**

The KPI measures below are taken from [‘Managing Risks Associated with Modern Slavery: A Good Practice Note for the Private Sector’](#) commissioned by the International Finance Corporation (IFC), CDC Group Plc, the European

Bank for Reconstruction and Development (EBRD) and the UK Department for International Development (DFID):

- Percentage of business partners (clients, portfolio companies, contractors or suppliers) audited in past year
- Number of workers spoken to confidentially without a manager present during audits in the past year
- Number of identified non-compliances related to forced labour in audits
- Percentage of corrective actions related to forced labour successfully closed/remedied in agreed timeframe
- Number of repeat non-compliances on forced labour from individual business partner in past year
- Number of reports received from business partners related to modern slavery in past month
- Percentage of identified modern slavery risks addressed through collaboration (eg with NGOs, civil society, trade unions and government) in past year
- Number of business partners (eg clients, portfolio companies, contractors and suppliers) trained on modern slavery in past year
- Number of complaints of forced labour received through grievance mechanisms in the past month
- Percentage of complaints resolved in allocated timeframe in the past year
- Number of best practices shared and scaled more widely in the past year

- Percentage of workers who receive information about their employment rights in a language they understand
- Percentage of workers who have paid a fee to secure employment in the past month
- Percentage of workers who receive induction on workplace rights
- Percentage of workers who are members of an independent democratic trade union
- Identification of high-risk geographies and sectors for priority due diligence on modern slavery (yes/no)
- Percentage of business partners that have a policy addressing modern slavery
- Number of business partners that have cascaded requirements on modern slavery with their third parties
- Worker feedback on working conditions in staff surveys
- Victim feedback on outcomes of actions and remedy
- Independent stakeholder feedback on efficacy of strategy to address modern slavery

# Annex B

## Supplier audits: points to consider

Audits can apply assurance and verification of the suppliers' own assessments. Social audits for example can give an insight to working conditions and identify issues in supply chains, particularly when they are un-announced so it is more difficult for perpetrators to cover up any exploitation. Social audits can be conducted internally or by an external body, however if an internal audit is conducted, it must be carried out by competent persons who are in a position to be impartial, objective and free from direct responsibility for the activity being audited. For this reason, they are often members of a different department or location.

Factory audits can help identify how goods are being produced and provide a snapshot in time of the standards and conditions in a particular factory at the time of the audit, and assist in the systematic gathering of information. Although there are drawbacks, it is an important activity to gain knowledge of the process and understand what works well and what is less successful.

Audits can also be carried out on suppliers of services. This can be particularly valuable in service

industries where low-pay is prevalent, such as cleaning or security services.

Suppliers' recruitment practices can be audited, especially those that employ third parties to recruit workers and where workers are paid through a third party. Employee information can also be audited to look for signs of modern slavery – such as large numbers of workers resident at the same address, or with sequential bank account numbers.

There are a number of factors that you should consider before carrying out an assessment yourself, or employing specialist auditors to carry out the process on your behalf. These include:

- The chosen assessor should not have any links with the supplier and whether they will be required to engage with workers directly—especially those that are most vulnerable i.e. young workers, pregnant employees, migrant workers – at supplier companies
- The aspects for the auditor to focus on e.g. recruitment processes, working conditions, working hours, health and safety, conditions for young workers, level of wages being paid,

treatment of workers etc. Ideally these should reflect any issues that you identified through the risk assessment process, including the initial operating context mapping and engagement with expert stakeholders

- Whether a spot check will result in a more accurate audit than a planned check
- The documentation the auditor will be reviewing and the willingness of the supplier to provide it; whether the information can be verified by other stakeholders/third parties
- If the auditor needs to visit the supplier's site(s) or whether a desk-based audit will be sufficient
- If carrying out an on-site visit, to ensure it is the main site and not a 'show site'
- Where the supplier is based abroad, if the auditor aware of the local laws and customs - the ILO maintains a database 'NATLEX' of national labour, social security and related human rights legislation
- If the auditor is able to carry out identity checks on workers, ensuring that the workers on-site are those listed as staff by the supplier (auditors must be able to select the workers to be interviewed rather than be provided with those the employer wants to present)
- If the auditor can communicate with the workers in their own language / if an interpreter is needed. Ideally, the auditor should be based in the country where the audit is taking place, be familiar with cultural norms and able to speak the language as this will help build trust with employees.
- Whether the auditor can speak with workers confidentially, possibly off-site
- Whether the auditor is able to request / receive anonymous reports. It should also be made clear during the engagement with an auditor that any indication of modern slavery must be reported to the appropriate authorities. Failure to do so can allow the perpetrators to continue, the crime to remain hidden and, most importantly, victims to be denied access to the support they need and face continued abuse.
- Internationally recognised standards for factory audits, such as [Sedex Members Ethical Trade Audit \(SMETA\)](#) and the [Social Accountability International Standard SA8000®](#).
- Whether there is a recognised pattern of organisations presenting fraudulent records to auditors in the relevant location or sector

# Annex C

## Modern slavery example contract clause

**The clause below is provided as a guide only. You should take your own legal advice on the use and suitability of these example clauses.**

The supplier:

- a. shall not use, nor allow its subcontractors to use, forced, bonded or involuntary prison labour
- b. shall not require any Supplier employees or the employees of any subcontractors to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice
- c. warrants and represents that it has not been convicted of any slavery or human trafficking offences anywhere around the world
- d. warrants that to the best of its knowledge it is not currently under investigation, inquiry or enforcement proceedings in relation to any allegation of slavery or human trafficking offences anywhere around the world
- e. shall make reasonable enquiries to ensure that its officers, employees and subcontractors have not been convicted of slavery or human trafficking offences anywhere around the world
- f. shall have and maintain throughout the Term its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and include in its contracts with its subcontractors anti-slavery and human trafficking provisions
- g. shall implement due diligence procedures to ensure that there is no slavery or human trafficking in any part of its supply chain performing obligations under the Contract
- h. shall prepare and deliver to the Authority, an annual slavery and human trafficking report setting out the steps it has taken to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its business. **Guidance - a statement under Section 54 of the Modern Slavery Act 2015 would be sufficient for the required annual slavery and human trafficking report required by Clause (h).**
- i. shall not use, or allow its employees or subcontractors to use, physical abuse or discipline,

the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation of its employees or sub-contractors

- j. shall not use, or allow its sub-contractors to use, child or slave labour
- k. shall report the discovery or suspicion of any slavery, trafficking, forced labour, child labour, involuntary prison labour or labour rights abuses by it or its subcontractors to the Authority and Modern Slavery Helpline and relevant national or local law enforcement agencies
- l. if the Supplier is in Default under Clauses (a) to (k) the Authority may by notice:
  - i. require the Supplier to remove from performance of the contract any sub-contractor, Supplier employees or other persons associated with it whose acts or omissions have caused the default or
  - ii. immediately terminate the contract
- m. shall, if the Supplier or the Authority identifies any occurrence of modern slavery connected to this contract, comply with any request of the Authority to follow the Rectification Plan Process to submit a remedial action plan which follows the form set out in Annex D of the Tackling Modern Slavery in Government Supply Chains guidance. **Guidance - Sub-clauses (n) to (u) and are intended for use in medium and high risk (of modern slavery) contracts. For guidance on classifying contracts as medium or high risk, please refer to Section**

**1 of this document. Authorities should consider which requirements, including any additional requirements, are appropriate for their contract.**

- n. [Optional] shall comply with any request by the Authority to complete the Modern Slavery Assessment Tool within sixty (60) days of such request
- o. [Optional] shall comply with any request by the Authority to provide a Supply Chain Map within fourteen (14) days of such request
- p. [Optional] shall comply with any request by the Authority to provide a copy of any reports of any sub-contractor regarding any or all of workplace conditions, working or employment practices and recruitment practices within fourteen (14) days of such request
- q. [Optional] shall carry out due diligence to ensure workers in its business and its supply chains are not paying illegal or exploitative recruitment fees to secure employment, and where these fees are uncovered shall ensure that workers are remedied
- r. [Optional] shall allow the Authority or independent third party to carry out an unannounced or semi-announced inspection of any Site and speak directly to any Supplier employee in a confidential manner and in the native language of such Supplier employee in respect of workforce conditions, working or employment practices

- s. [Optional] for the purposes of an audit carried out pursuant to limb (u), the Authority may instruct the Supplier to carry out such an audit of any subcontractor by an independent third party and, if so instructed, the Supplier shall deliver a report to the Authority within ninety (90) days of such instruction
- t. [Optional] If the Supplier notifies the Authority pursuant to Clause (k), it shall respond promptly to the Authority's enquiries, co-operate with any investigation, and allow the Authority to audit any books, records and/or any other relevant documentation in accordance with the Contract
- u. [Optional] If the Supplier is in Default under Clauses (m) to (u) the Authority may by notice:
  - i. require the Supplier to remove from performance of the Contract any sub-contractor, Supplier employees or other persons associated with it whose acts or omissions have caused the Default or
  - ii. immediately terminate the Contract

## ■ Definitions

### Modern Slavery Helpline

The modern slavery helpline phone number is 08000 121 700. The [online reporting tool](#) can be found on their website.

### Modern Slavery Assessment Tool

The [modern slavery risk identification and management tool](#) which can be found online.

### Supply Chain Map

Details of (i) the Supplier, (ii) all sub-contractors and (iii) any other entity that the Supplier is aware is in its supply chain that is not a sub-contractor, setting out at least:

- a. the name, registered office and company registration number of each entity in the supply chain
- b. the function of each entity in the supply chain and
- c. the location of any premises at which an entity in the supply chain carries out a function in the supply chain

# Annex D

## Remedial action plan blueprint: an example template

This agreement sets out the remedial actions to be taken, within the terms and conditions of the contract, **when an occurrence of modern slavery has been identified in a government contract.**

The action plan sets out the responsibilities of the supplier ('you') and the contracting authority ('we').

### **When evidence of modern slavery in the supply chain occurs:**

- You will take immediate, decisive action on any evidence which shows modern slavery is taking place in your supply chain
- You will investigate fully any evidence of modern slavery and promptly and regularly report to us those details in full, confirming the facts and being transparent and accountable in reporting progress
- Work in good faith with the Contracting Authority, and with the statutory processes and authorities in the country concerned. In the case of UK reports, the National Referral Mechanism (NRM) and the Gangmasters and Labour Abuse Authority (GLAA) or police as appropriate
- Reciprocally share information with the Contracting Authority that will help stop, or

prevent, the abuse or exploitation of workers, including where either party has been made aware of risks specific to the supply chain

- Treat all information sensitively and appropriately and not disseminate it without prior agreement of the Contracting Authority
- Subject to any ongoing or criminal proceedings, all relevant parties including the Contracting Authority shall be informed of the findings of any investigation
- You will establish a **dedicated lead** to implement the remedial action plan, to coordinate the response and liaise with all necessary agencies including the Contracting Authority and law enforcement agencies in the UK and overseas if required. The lead must have sufficient seniority to be responsible for the exchange of information and an understanding of how sensitive information should be handled

**When modern slavery is proven to have taken place** you will set out a plan to the Contracting Authority detailing how you will:

- Work with victims, victim's representatives and, where relevant, statutory authorities to tackle

root causes and support identified victims

- Agree timescales for remedial measures to be put in place
- Monitor delivery of the plan, in conjunction with the contracting authority
- Take further action where plans are not delivered, or where delivery is not effective or timely

**Where appropriate remedial measures require it, the dedicated lead will:**

- Create partnerships with other organisations in the supply chain, and victims, and consult locally on any remedial measures
- Share responsibility and costs for investigation and remedial action appropriately across the supply chain
- Allow some flexibility for smaller businesses (i.e. longer time frames)

**All remedial measures shall put the victims welfare first, specifically the dedicated lead shall:**

- Prioritise the safety and security of the victims of slavery, particularly children
- Work and consult with victims to identify remedial solutions that work for them and improves their situation
- Address child labour and modern slavery as part of a wider approach to improve working conditions, aiming for continuous improvement
- Phase out child labour in a responsible fashion

**Enforcement of the action plan**

If you:

- Do not cooperate with investigations, including concealing information or unreasonably delay sharing information
- Do not put the victims first
- Continue to employ child labour illegally, or in hazardous conditions
- Are irresponsible in phasing out child labour
- Continue to employ people in modern slavery
- Do not implement remedial measures or refuse to improve your practice

We will:

- Review the actions available to us under the terms of the contract, in light of the best outcome for victims, including:
  - a. suspension,
  - b. termination, and
  - c. sharing past performance information with other public sector contracting authorities
- Where it does not provide a perverse outcome for victims we may exercise any termination right if:
  - a. You continue to employ child labour illegally, or in hazardous conditions, and you refuse to improve your practice
  - b. You are found to have committed criminal offences under the Modern Slavery Act

If you:

- Did not commit a criminal offence under the Modern Slavery Act and
- Act in accordance with the principles set out in this plan

We will:

- Seek to avoid termination even where your supply chain is found to have committed criminal offences under the Modern Slavery Act
- Work with you to remedy any identified instances of Modern Slavery or child labour abuses
- Where appropriate work with you and our other suppliers to share lessons learnt, raise awareness within the supply chain and protect workers from exploitation and abuse



# Annex E

## Case studies

### ■ 1) Case study: modern slavery in UK supply chains

In 2015 and 2016, across two separate criminal trials, three men were convicted of modern slavery offences for their role in trafficking workers and forcing them to work in a mattress factory in Dewsbury, West Yorkshire.

The mattress factory manager was convicted, as well as two Hungarian nationals who had recruited victims in Hungary on the promise of good work in the factory, food and accommodation in the UK.

They had trafficked up to 50 men from Hungary to West Yorkshire.

On arrival, the victims were forced to work in the mattress factory for as little as £10 per day, for 10-16 hours a day for up to 7 days per week. Some of the victims had their passports confiscated and survived on scraps of food, with up to 42 men forced to live in squalid, cramped conditions in a two-bedroom house.

The exploitation was uncovered when one of the victims reported to an NGO and subsequently there

was a large and complex police investigation.

The mattress factory supplied beds to major UK high street retailers who were reported to have previously audited the factory but not uncovered the slavery happening there.

### ■ 2) Case study: addressing the risk of modern slavery on construction sites

Hundreds of agencies and sub-agencies supply labour to large projects. Corruption, lack of documentation, intimidation and secrecy ensure that the intricate web of relationships is difficult to unravel.

Whilst migrant workers are visible on construction sites and infrastructure projects, those that are producing goods and materials from aggregates, timber, natural stone and metals, to manufactured goods such as heating parts or personal protective equipment – are arguably even more hidden in the supply chain.

As part of the 'Discovery' phase to design CCS'

Estates Professional Services offer (framework reference RM3816), CCS worked with the market and customers to identify and agree the risks of modern slavery, how mature the market was in its approach to addressing the risks, and how this could be addressed effectively in the procurement.

The Discovery phase identified that the sector was well aware of the risk of modern slavery, but the practice in addressing it across the sector as a whole was variable. The first step would be to get universal acknowledgement of the risk, and set an expectation to manage that risk in the Framework.

CCS reviewed industry practice and identified the [Chartered Institute of Building: Building a Fairer System Tackling Modern Slavery in Construction Supply Chains](#) as a commonly accepted set of principles and approaches to tackling modern slavery in the construction industry.

The strategy set out CCS' expectations that suppliers would be required to work with CCS, to continuously improve performance post-award and deliver improvements across the sector.

**The excerpt from the final specification was as follows:**

“The Supplier shall work with the Customer to deliver measurable benefits, as set out in their tender / continuous improvement plan in respect of the Social Value priorities identified by the Customer and, at least, the following:... Addressing the risk of Modern Slavery and exploitation in construction supply chains associated with the Service, in line with the principles set out in the [Chartered Institute](#)

[of Building: Building a Fairer System Tackling Modern Slavery in Construction Supply Chains](#).

All employers involved in the construction industry should make proper background checks on the agencies who supply them with labour, including where the agency is operating in a supervisory role.”

### ■ 3) Example of a modern slavery award question and criteria - case study

The [Government Buying Standard for Food and Catering](#) requires, as a mandatory specification, that at least 50% of tea and coffee is fairly traded. At best practice level it requires that all tea, coffee, cocoa and bananas are certified as fairly traded. This is supported by an award question in the [Balanced Score-Card for Food](#).

#### **Award question**

Please describe how your organisation is working to improve labour conditions and other ethical aspects of its direct and indirect (supply chain) operations which will supply food for this contract.

Relevant factors:

- Where food is sourced from states that have not ratified the [International Labour Organization Declaration on Fundamental Principles and Rights at Work \(1998\)](#), or are not covered by the [OECD Guidelines for Multinational Enterprises](#), the supplier of catering and food services shall carry out due diligence against ILO Declaration on

Fundamental Principles and Rights at Work (1998)

- Risk based audits have been conducted against social / ethical supply chain standards e.g. SA8000 compliance, audit evidence for Ethical Trade Initiative (ETI) Base Code compliance, or equivalent. Working with suppliers to improve conditions through pro-active, direct engagement programmes
- Membership and use of ethical and responsible trading information exchange services e.g. SEDEX, or equivalent
- Dairy products meet the [Voluntary Code of Practice on Best Practice on Contractual Relationships](#)
- Measures are taken to ensure fair dealing with farmers through, for example, the guidance contained in the [Groceries Supply Code of Practice](#)
- 100% of tea and coffee procured is produced in accordance with fair trade standards.
- Procurement of produce other than tea and coffee e.g. bananas, cocoa is in accordance with fair trade standards

## Award Criteria

- **[Excellent]/[100]:** The applicant's approach to improving labour conditions and other ethical aspects of its direct and indirect (supply chain) operations which will supply food for this contract includes all of the suggested best practice measures that are applicable to its operations.
- **[Very Good]/[75]:** The applicant's approach to

improving labour conditions and other ethical aspects of its direct and indirect (supply chain) operations which will supply food for this contract includes at least 2/3 of the suggested best practice measures that are applicable to its operations.

- **[Good]/[50]:** The applicant's approach to improving labour conditions and other ethical aspects of its direct and indirect (supply chain) operations which will supply food for this contract includes at least 1/3 of the suggested best practice measures that are applicable to its operations.
- **[Satisfactory]/[25]:** The applicant's approach to improving labour conditions and other ethical aspects of its direct and indirect (supply chain) operations which will supply food for this contract includes less than 1/3 but more than [•] of the suggested best practice measures that are applicable to its operations.
- **[Unsatisfactory]/[0]:** The applicant's approach to improving labour conditions and other ethical aspects of its direct and indirect (supply chain) operations which will supply food for this contract includes less than [•] of the suggested best practice measures that are applicable to its operations.

## Contract Management

Periodical review with contracting authority in accordance with contractual rights and remedial action, if necessary, in accordance with the contract. The contract may provide for termination of the contract if all other remedial steps fail.