TACKLING MODERN SLAVERY IN GOVERNMENT SUPPLY CHAINS

A guide for Commercial & Procurement Professionals
Contents

Foreword from the Government Chief Commercial Officer p.2

Section 1: Introduction p.4
  • Who should use this guide?
  • What is modern slavery?
  • The UK context
  • Why does it matter for UK public procurement?
  • What actions do I need to take?

Section 2: Identifying and Managing Risks in New Procurements p.7
  • Planning checklist
  • Early market engagement
  • Pre-procurement dialogue
  • Selection stage
  • Award stage
  • Contract management

Section 3: Understanding the Risk p.18
  • Identifying high and medium risk contracts
  • Mapping the supply chain
  • Applying strengthened contract management to manage risks

Section 4: Taking Action When Victims of Modern Slavery are Identified p.25

Section 5: Training p.27

Section 6: Acknowledgements p.29

Annexes p.30
  • Annex A - Examples of Model Questions for Suppliers in respect of the workers and supply chain that will deliver the contract
  • Annex B - Supplier Audits: Points to Consider
  • Annex C - Modern Slavery Example Contract Clause
  • Annex D - Remedial Action Plan Blueprint: An Example Template
  • Annex E - Case Studies
Foreword from the Government Chief Commercial Officer

The Government is committed to improving the lives and work prospects of citizens and to taking action on many fronts to support this commitment. With the UK public sector having an annual expenditure of £255bn in 2016/17 with external suppliers, public procurement has an important role to play.¹

Modern Slavery has been described as the greatest human rights issue of our time. Modern slavery is an umbrella term that encompasses slavery, servitude, forced or compulsory labour and human trafficking.² The International Labour Organisation (ILO) estimates that there are 25 million people in forced labour across the world.

Government suppliers - including sub-contractors - must comply with all applicable human rights and employment laws in the jurisdictions in which they work. This includes complying with the provisions of the Modern Slavery Act 2015. We are committed to ensuring the suppliers with whom we do business understand the risks of modern slavery in supply chains, and take appropriate action to identify and address those risks, with particular focus on supporting victims of modern slavery.

The Government Commercial Function and Home Office have developed best practice guidance and tools for implementation by commercial teams across government departments in consultation with NGOs and academics. In practice, this means adopting a risk-based approach to tackling modern slavery.

This risk-based approach is important, and we are committed to eliminating modern slavery in our supply chains. This approach needs to be consistent with continuing to ensure that the burdens in public procurement remain as low as possible – both for contracting bodies and for suppliers, especially small businesses and VCSE organisations. We have taken significant steps to make procurement more accessible and less cumbersome, and the application of this new guidance does not change our commitment to that.

When applying this guidance, commercial teams must undertake pre-market engagement to establish the maturity of suppliers in the market, of identifying and managing modern slavery risks in their supply chains. Before pre-market engagement takes place, commercial teams should use a series of key characteristics to identify whether the contract is at high or medium risk of modern slavery occurring. Such characteristics include industry type, supplier location and type of commodity, and the anticipated level of risk should be tested with the market to ensure it is accurate, and to ensure subsequent procurement and contract management activity is proportionate.

¹ ‘Public procurement and contracts’, House of Commons Briefing Paper, September 2018
² As defined in the UK Modern Slavery Act 2015
This is an important initiative, and we hope that this guidance will be an important tool in the Government’s wider programme of work to tackle modern slavery.

Government relies on its suppliers for the delivery of many important public services and we expect the highest standards of business ethics from our suppliers and their agents. Taxpayers expect that government’s suppliers will behave in an ethical manner and we expect the highest standards of business ethics from suppliers and their agents in the supply of goods and services funded by the public purse.

Gareth Rhys Williams
SECTION 1

Introduction

Who should use this guide?
This guide is aimed at procurement and commercial practitioners at all levels who are operating in government. It advocates a risk-based approach to tackling modern slavery in government supply chains and contains guidance that can be applied to any organisation in the public sector. 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, 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.

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 put forward 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.

The Government announced in December 2018 that it will voluntarily publish an annual Modern Slavery Statement starting in 2019, to equal the requirements on business to publish a statement, as required under s54 of the Act.

The government statement will set out the actions taken by departments across central government to prevent, and to 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.

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3 The Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concession Contracts Regulations 2016.
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.

By 2022, the government’s ambition is that 33% of central government procurement spend should go to SMEs, both directly and through supply chains.

The government is committed to working with organisations who generate social value and is striving to work 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 encourage SMEs and VCSEs to supply government.

Modern slavery risks can be found in contracts and suppliers of all sizes. However, in applying this guide, commercial teams must take action only where it is proportionate to the size of the contract, and on existing contacts, the size of the supplier. You must consider at all times 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:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Key Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying and managing risks in new procurements</td>
<td>• Review and amend general procurement guidance, processes and any related documentation in line with this guide&lt;br&gt;• Design new procurements to take account of modern slavery risks.&lt;br&gt;• Review and amend contract management processes and any related documentation in line with this guide</td>
</tr>
<tr>
<td>Assess existing contracts</td>
<td>• Carry out a high level risk assessment&lt;br&gt;• Conduct supply chain mapping&lt;br&gt;• Invite suppliers to complete the Modern Slavery Assessment Tool if appropriate&lt;br&gt;• Apply strengthened contract management to manage risks, working with suppliers to progressively improve</td>
</tr>
<tr>
<td>Taking action when victims of modern slavery are identified</td>
<td>• Work openly and proactively with your suppliers to resolve issues and change working practices&lt;br&gt;• Consider terminating your contract only as a last resort</td>
</tr>
<tr>
<td>Training</td>
<td>• Raise awareness of modern slavery and human rights abuses amongst your staff and deliver/make available appropriate training</td>
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</tbody>
</table>

¹16 million refers to SMEs (https://www.fsb.org.uk/media-centre/small-business-statistics)
SECTION 2

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*
- 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. **This means 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 which can apply at any point a contracting authority becomes aware during the procurement process, before contract award.

Any measures adopted during the procurement process must be relevant to the subject matter of the contract and be proportionate. Again, the exception to this is the modern slavery offences committed under the Modern Slavery Act 2015 which are mandatory exclusion grounds: these apply to all contracts subject to the public procurement regulations and relevance to the subject matter of the contract does not need to be considered.

1) Planning checklist

The planning checklist on the next page is a useful reminder of the key things to consider before you start.
## Procurement Planning Checklist

### Pre-procurement / Specification

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>Has the risk of modern slavery been established? At what level - low, medium or high?</td>
<td>✔️</td>
</tr>
<tr>
<td>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?</td>
<td></td>
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<tr>
<td>Can modern slavery risks be managed / mitigated within the service or activity?</td>
<td></td>
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<tr>
<td>Are the modern slavery risks clear to the market / potential bidders? Are they in agreement with your assessment of the risks?</td>
<td></td>
</tr>
<tr>
<td>Are the monitoring arrangements clearly set out? Have you tested for burdens on SMEs/VCSEs? Does the market agree these are proportionate to the risks?</td>
<td></td>
</tr>
<tr>
<td>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?</td>
<td></td>
</tr>
<tr>
<td>Do the award criteria take account of the risk of modern slavery? How?</td>
<td></td>
</tr>
<tr>
<td>What evidence will suppliers be asked to provide? Is the evidence required proportionate to the risk? Have you tested this with SMEs/VCSEs? How will the credibility of this evidence be assessed?</td>
<td></td>
</tr>
<tr>
<td>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 carry out site visits and/or receive management information. Do the terms and conditions pass unnecessary risks to suppliers? Are the terms and conditions suitable for SMEs/VCSEs?</td>
<td></td>
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</tbody>
</table>

### Selection Stage

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How will you verify that the mandatory exclusion grounds relating to modern slavery offences do not apply?</td>
<td></td>
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</tbody>
</table>

### Award Stage

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>What evidence will bidders provide to demonstrate they have addressed any specification requirements in relation to managing modern slavery risks? Is the evidence proportionate to the risk?</td>
<td></td>
</tr>
<tr>
<td>What evidence will bidders provide to demonstrate, if subcontractors are used, that the supply chain will be managed and monitored to mitigate any modern slavery supply chain risks? Is the evidence proportionate to the risk?</td>
<td></td>
</tr>
<tr>
<td>Are workforce conditions, working and employment practices and a bidder’s recruitment practices relevant to the subject matter of the contract? Have any minimum requirements or award criteria been clearly set out to bidders, using Annex C example questions and criteria, where relevant? Have you tested this with the market to ensure it is not burdensome to provide or likely to deter SMEs/VCSEs from bidding?</td>
<td></td>
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</tbody>
</table>

### Contract Management

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are there proposed KPIs in place to monitor progress against managing modern slavery risks? Are these proportionate?</td>
<td></td>
</tr>
<tr>
<td>Have you set out how communication and reporting lines will be established with the supplier?</td>
<td></td>
</tr>
<tr>
<td>Had the requirement to regularly report on modern slavery risks been set-out? How will supplier performance be managed in this regard? Are these proportionate to the risk?</td>
<td></td>
</tr>
<tr>
<td>Are site visits / audits necessary to monitor modern slavery risks? If so, who is responsible?</td>
<td></td>
</tr>
<tr>
<td>Have you established a clear and unambiguous process for reporting and responding to suspected incidents of modern slavery?</td>
<td></td>
</tr>
<tr>
<td>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?</td>
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</tbody>
</table>
2) Pre-Procurement: Early Market Engagement

You should engage as widely as possible with the market on modern slavery issues so that these can be factored into the design, planning and risk profile of the contract well before the procurement is formally launched - the risk characteristics set out in Table 1 can help. This allows the possible issues and risks to be better understood, and highlights the extent to which they may be factored into the procurement.

Effective early-market engagement will also help you to ascertain how mature the market is in dealing with modern slavery issues, and what types of measures and actions suppliers have already put in place to identify issues and manage risks. You should also review supplier Modern Slavery Statements published by suppliers in the sector as these will help identify baseline actions and risk mitigation measures across that industry.

You must ensure that you have taken action to attract a wide diversity of suppliers to bid such SMEs, VCSEs and other under-represented businesses. You should test your approach to ensure it will not deter bidders, or create unnecessary burdens on them either during the bidding process or during contract delivery. You must be proportionate in your approach.

At this early stage, is it 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.

3) Specification Stage

Managing the risk of modern slavery, and in particular the impact on workers, in supply chains can be included in specifications where these issues are relevant to the subject matter of the contract and are proportionate. These core requirements may also be specifically reflected in the conditions of the contract.

It is possible to describe specifications in terms of performance/functional requirements and to specify production processes provided they are relevant to the requirement; if in doubt, seek legal advice. 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 to ensure a level playing field and ensure your approach is relevant to the risk.

You should use the data and intelligence gathered during early market engagement to take your own view on 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 3 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)

Therefore 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).

Where relevant, you could also specify particular standards such as a technical standards, providing you do not favour one particular certification system without also allowing for equivalent standards. For example, you cannot specify Fair Trade, as a technical specification in tenders without also allowing for other equivalent standards.

4) Selection Stage

During the selection stage, you should ensure that you do not overburden or deter bidders with unnecessary requests for data and information. When considering the impact of your approach on SMEs/VCSEs you should refer to commercial good practice for example, the Outsourcing Playbook.

You should consider whether any of the mandatory exclusion grounds apply or whether there are grounds for discretionary exclusion linked to modern slavery issues.

- Mandatory Exclusion - if the supplier or certain associated entities/individuals\(^6\) has been convicted of slavery, servitude, forced or compulsory labour child labour or an offence in human trafficking and other forms of trafficking in human beings\(^7\) within the last five years, the supplier must be excluded from participation in the procurement.
- Discretionary Exclusion – grounds for discretionary exclusion may apply in relation to modern slavery issues. For example, you could ask bidders who are subject to the requirement to publish a modern slavery statement under Section 54 of the Act to confirm that they have published such a statement and that it meets the requirements of Section 54 and any guidance issued under Section 54. You could then consider whether the response to these questions gives rise to the discretionary exclusion ground relating to breach of applicable obligations under social and labour laws. Failure to publish a statement or failure to comply with the requirements of Section 54 is likely to give rise to such a discretionary exclusion ground. If you conclude that the discretionary exclusion ground applies, you can exclude the bidder from participation in the procurement, unless they can provide sufficient self-cleaning evidence.

5) Award Stage

You should be pragmatic and proportionate at award stage and consider whether your approach can be met by businesses of all sizes and types.

If the sector is immature at dealing with modern slavery risks or there is a wide range of practices, it may be appropriate to begin with some basic criteria at award stage. This is because 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.

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\(^6\) Public Contracts Regulations 2015, Regulation 57(2) ‘The obligation to exclude an economic operator also applies where the person convicted is a member of the administrative, management or supervisory body of that economic operator or has powers of representation, decision or control in the economic operator’.

\(^7\) The mandatory exclusion ground in the Public Contracts Regulations 2015 is 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. 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.
a) Tender Response Questions

You must decide on the tender response questions at an early stage and test these with the market to ensure they are proportionate and will not deter businesses of all sizes and types from bidding. You should set out clearly these questions in the procurement documentation and they must link clearly to the specification and be proportionate to the risk.

If you have identified the risk-level of modern slavery occurring as relevant, bidders should be asked 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 and monitored for modern slavery supply chain risks and their action plans for tackling cases as they arise.
- 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. You should bear in mind that for suppliers with long or complex supply chains, or for SMEs/VCSEs, they may struggle to provide this information so a progressive approach might prove to be more helpful overall.
- 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, 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 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:
  - social audits to ask workers about any recruitment fees paid;
  - explicitly prohibiting labour providers from charging fees;
  - checking with migrant workers on arrival that they have not been charged or had their identity documents retained by their employer;
  - 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. Understanding recruitment methods is key to reducing risks.

Example recruitment questions are 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 and the GLAA construction protocol. 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.

You should carefully consider the construction of the evaluation methodology, including the evaluation criteria, 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.

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. This is essential to get right before the award stage is launched. The Outsourcing Playbook provides further advice in the section ‘Designing evaluation criteria’. 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

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.

The Outsourcing Playbook sets additional controls as part of the section on the ‘low cost bid referrals’ process.

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8 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.

9 Regulation 69 of the Public Contracts Regulations 2015 places a duty on the contracting authority to investigate tenders it considers abnormally low. Contracting Authorities must reject tenders which are abnormally low because they are in breach of social or labour law provisions or one of the international conventions
6) 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 termination clauses linked to ‘environmental, social or labour law’ in the Model Services Contract are good examples of this.

However, in high risk contracts it may be helpful to include specific terms and conditions 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 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 3 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 giving you the right to gather information relating to modern slavery issues from third parties including local NGOs, trade unions, researchers or experts and use that information to exercise your other rights under the contract.

- A termination or suspension clause triggered when charges are brought against your supplier in relation to modern slavery and human rights abuses. (This should only be triggered as a very last resort and where the supplier does not take steps to resolve the situation. Proactive reporting of the discovery and occurrence of modern slavery would not be a disqualifier. See below for more guidance on this).

- 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 you should address those of the factors raised in Annex B as considerations for audit as you think will be needed in your contract.

- A clause to ensure your supplier’s subcontractors are contractually bound by the same terms as your supplier in relation to modern slavery and human rights issues and terms are cascaded throughout the supply chain.

- A clause allowing you to require your supplier to terminate a sub-contract if the sub-contractor is in breach of any of the terms of the sub-contract relating to modern slavery and human rights issues.

- 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.

- A clause which requires suppliers to collaborate with buyers on assessing risks and designing due diligence processes and report regularly on their own due diligence.

**Tool**

Annex C - Examples of modern slavery contract clauses

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**7) 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 (see Section 3 to assist you), 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 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, actions 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 Section 3 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 Chapter 4 of 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’ (page 22), 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).

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?
Diagram 1: Procurement process flowchart

1. **Pre-Procurement/Market Engagement**
   - Identify the requirement & talk to the market
   - Establish if the risk of modern slavery is low, medium or high
   - If low risk, follow your organisation’s standard procurement procedure and government policy guidance
   - If medium or high risk, use the modern slavery procurement guidance for central government
   - Design your specification / set the award criteria / design the evaluation methodology / finalise contract clauses based on risk classification
   - Launch procurement

2. **Selection Stage**
   - Supplier proceeds to award stage
   - Supplier does not pass the selection stage
   - Supplier passes mandatory & discretionary exclusion grounds?
     - No
     - Yes
     - Invite bidders to complete the standard selection questionnaire documentation & provide link to the modern slavery guide so they can see how to manage risks

3. **Award Stage**
   - Supplier submits tender responding to specification and provides plan to identify and manage modern slavery risks
   - If necessary undertake additional verification for high risk contracts e.g. site visits / factory audit carried out by a trained professional
   - Review supplier responses against award criteria
   - Identify preferred bidder and undertake final checks
   - Successful validation, award contract
   - Unsuccessful validation, award to second preferred bidder

4. **Contract Management**
   - Contract management meetings: review performance and embed continuous improvement, using tools such as the MSAT to assist
   - Agree KPIs including on actions to identify modern slavery
SECTION 3

Assessing 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 and take action only where it is proportionate to the risk. You should also consider whether the actions will place burdens on your own teams, and work within the resources you have available.

Key actions in this section:

1. How to determine whether your contracts are at high, medium or low risk of modern slavery occurring
2. How to undertake supply chain mapping and how far this should extend in the supply chain.
3. Contract management processes and procedures to strengthen your approach in managing risks.
4. How often to review contracts.

1) Categorising existing contracts based on risk

Government has contracts in sectors identified as being at the highest risk of modern slavery. This includes 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 in Table 1 to help you to identify which of your contracts may be higher risk.

To get started, you should consider whether any of your contracts fall into categories 1 (Industry Type), 3 (Supplier Location) and/or 5 (Commodity Type) using Table 1. Once you have established those contracts that fall 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 models) also apply.

For example, a construction contract for a new office building with a supplier using subcontractors could be considered a high risk contract:

I. The industry (construction)
II. The type of commodity (bricks).
III. The business/ supply chain model (use of subcontractors)

You should decide what combination of characteristics will be high, medium or low risk and take action accordingly, starting with those suppliers where contract risks are highest. You must always be proportionate in your approach, particularly where those contracts are being delivered by SMEs or VCSEs. A blanket approach to tackling all risks in the same way will not be effective here and is likely to create unnecessary burdens on suppliers and internal resources.

Based on Home Office research
If contracts have only one characteristic overall they are likely to be low risk. For example, just because a contract has a complex supply chain, 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.** Just because a country or sector is not listed in Table 1, 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 believe their risks to lie.

**Table 1: Characteristics to help you assess your contracts**

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<tr>
<td>Industries characterised by the nature of work outlined in this table (often those that involve raw materials and are labour intensive), are considered high risk and include:</td>
<td>High risk characteristics associated with the nature of the workforce include:</td>
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<tr>
<td>- Agriculture</td>
<td>- Reliance upon low-skilled or unskilled labour – typically work that is low-paying and undervalued and often undertaken by vulnerable workers.</td>
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<td>- Mining</td>
<td>- High numbers of temporary, seasonal, or agency workers – worker vulnerability is heightened by employment uncertainty. Women workers and children are particularly vulnerable.</td>
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<td>- Logging</td>
<td>- Dangerous or physically demanding work.</td>
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<td>- Fishing and fisheries</td>
<td>- Isolation of workers – due to working in rural locations, being home-based or in unmonitored and unregulated environments.</td>
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<td>- Construction</td>
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<td>- Manufacturing and electronics</td>
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<td>- Garment/ textile production, including footwear</td>
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<td>- Food processing</td>
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<tr>
<td>- Services, including the hospitality, security services, cleaning and catering</td>
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<td>- Logistics, including warehousing, transport</td>
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<td>- Healthcare, social care</td>
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<td>4. Context in which the supplier operates</td>
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<tr>
<td>- Inadequate labour laws and regulations in the country of origin with little or no-enforcement</td>
<td>The Global Slavery Index highlights that for the UK, the top 5 imported products at risk of forced or compulsory labour are:</td>
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<tr>
<td>- Inadequate labour laws and regulations in the country of origin with little or no-enforcement</td>
<td>- Garments</td>
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<tr>
<td>- Presence of cheap labour and high</td>
<td>- Electronics</td>
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5 Note that the Global Slavery Index includes countries at risk of any type of modern slavery, where as this guidance is concerned primarily with forced and compulsory labour.

6 The Global Slavery Index 2018, page 136
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

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<tr>
<th>Fish</th>
<th>Cocoa</th>
<th>Rice</th>
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The Global Slavery Index 2018 has also identified the top 15 products at risk of modern slavery imported into the G20 by source countries. These are:

- Cotton: Kazakhstan, Tajikistan, Turkmenistan, Uzbekistan
- Bricks: Afghanistan, India, Myanmar, Nepal, Pakistan
- Garments – apparel and clothing accessories: Argentina, Brazil, China, India, Malaysia, Thailand, Vietnam
- Cattle: Bolivia, Brazil, Niger, Paraguay
- Sugarcane: Brazil, Dominican Republic
- Gold: Democratic Republic of the Congo, North Korea, Peru
- Carpets: India, Pakistan
- Coal: North Korea, Pakistan
- Fish: Ghana, Indonesia, Thailand, Taiwan, South Korea, China, Japan, Russia
- Rice: India, Myanmar
- Timber: Brazil, North Korea, Peru
- Brazil Nuts:/ Chestnuts: Bolivia
- Cocoa: Cote d’Ivore, Ghana
- Diamonds: Angola
- Electronics – laptops, computers and mobile phones: China, Malaysia

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)

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7 The Global Slavery Index 2018, page 103
## 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 Sustainable Development Unit’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 & Labour Abuse Authority also provides 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.
- The US Department of Labour produces annual reports ([List of goods produced by child or forced labour](#) and a [list of products produced by forced or indentured child labour](#)) supported by an app ([Sweat and Toll](#) - 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.
2) Supply chain mapping

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 and 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. The tool can be accessed [here](#).
- Requesting information from the supplier on how they manage their supply chain to address 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

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* 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.
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.

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**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).
3) 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 2.

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 2.

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.
SECTION 4

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 F. 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 13 by the police to be formally identified and offered Government-funded support.
   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. In some cases it will be appropriate to contact local government 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.14

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

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13 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.

14 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.
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:

I. How to remediate the workers involved (this may include involving police and judicial system);
II. A review of the suppliers’ policies and systems to ensure that these are appropriate to prevent incidents from occurring in the future;
III. The introduction of credible, independent grievance mechanisms to mitigate any rec occurrence.

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.
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

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. Please keep your membership number and password safe, as these will be needed for you to log-in.

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: khub.net/gcf. 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 and are not already registered on the UK Government Commercial Function Knowledge Hub, please click here to register: khub.net/gcf
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 offers courses on Buying Responsibly (including for the public sector) and an advanced course on Human Rights Due Diligence
- 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.
SECTION 6

Acknowledgements

This guide has drawn material from a variety of sources, particularly ‘Protecting Human Rights in the Supply Chain – a guide for public procurement practitioners’ by Professor Olga Martin-Ortega and Andy Davies, published in 2017 by London Universities Purchasing Consortium, the University of Greenwich, Advanced Procurement for Universities and Colleges and CIPS.

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
ANNEXES

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 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 16:

• 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

16 These KPIs are taken from the following guidance: ‘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).
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 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 is aware of the local laws and customs 17

17 The ILO maintains a database ‘NATLEX’ of national labour, social security and related human rights legislation www.ilo.org/dyn/natlex/natlex4home
• 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 18.

• Internationally recognised standards for factory audits, such as Sedex Members Ethical Trade Audit (SMETA) and the Social Accountability Standard SA8000®.

• Whether there is a recognised pattern of organisations presenting fraudulent records to auditors in the relevant location or sector

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18 The ‘Local Resources Network’ is a database of auditors – www.localresourcesnetwork.net
Annex C
Modern Slavery Example Contract Clause

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

Example 1

1. Modern Slavery, Child Labour and Inhumane Treatment

   The "Modern Slavery Helpline" refers to the point of contact for reporting suspicion, seeking help or advice and information on the subject of modern slavery available online at https://www.modernslaveryhelpline.org/report or by telephone on 08000 121 700.

1.1 The Supplier:

1.1.1 shall not use, or allow its Subcontractors to use, forced, bonded or involuntary prison labour;

1.1.2 shall not require any Supplier staff or Subcontractor staff to lodge deposits or identify papers with the Employer or deny Supplier staff freedom to leave their employer after reasonable notice;

1.1.3 warrants and represents that it has not been convicted of any slavery or human trafficking offences anywhere around the world.

1.1.4 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 offenses anywhere around the world.

1.1.5 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.

1.1.6 shall have and maintain throughout the term of each Contract its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and shall include in its contracts with its subcontractors anti-slavery and human trafficking provisions;

1.1.7 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 a Contract;

1.1.8 shall prepare and deliver to the [insert Department name] at the commencement of each Contract and updated on a frequency defined by the Authority, a 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;
1.1.9 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 Subcontractors;

1.1.10 shall not use, or allow its Subcontractors to use, child or slave labour;

1.1.11 shall report the discovery or suspicion of any slavery or trafficking by it or its Subcontractors to the Authority and Modern Slavery Helpline.

Example 2

3.1 The Supplier shall, and procure that each of its Sub-Contractors shall, comply with:

   I. the Modern Slavery Act 2015 ("Slavery Act"); and
   II. the Authority’s anti-slavery policy as provided to the Supplier from time to time ("Anti-slavery Policy").

3.2 The Supplier shall:

   I. implement due diligence procedures for its Sub-Contractors and other participants in its supply chains, to ensure that there is no slavery or trafficking in its supply chains;
   II. respond promptly to all slavery and trafficking due diligence questionnaires issued to it by the Authority from time to time and shall ensure that its responses to all such questionnaires are complete and accurate;
   III. prepare and deliver to the Authority each year, an annual slavery and trafficking report setting out the steps it has taken to ensure that slavery and trafficking is not taking place in any of its supply chains or in any part of its business;
   IV. maintain a complete set of records to trace the supply chain of all Services provided to the Authority regarding the Contract; and
   V. implement a system of training for its employees to ensure compliance with the Slavery Act.

3.3 The Supplier represents, warrants and undertakes throughout the Term that:

   I. it conducts its business in a manner consistent with all applicable laws, regulations and codes including the Slavery Act and all analogous legislation in place in any part of the world;
   II. its responses to all slavery and trafficking due diligence questionnaires issued to it by the Authority from time to time are complete and accurate; and
   III. neither the Supplier nor any of its Sub-Contractors, nor any other persons associated with it:
      A. has been convicted of any offence involving slavery and trafficking;
      or
      B. has been or is the subject of any investigation, inquiry or enforcement proceedings by any governmental, administrative or regulatory body regarding any offence regarding slavery and trafficking.
3.4 The Supplier shall notify the Authority as soon as it becomes aware of:
   I. any breach, or potential breach, of the Anti-Slavery Policy;
      or
   II. any actual or suspected slavery or trafficking in a supply chain which relates to the Contract.

3.5 If the Supplier notifies the Authority pursuant to paragraph 3.4 of this Schedule X, 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.

3.6 If the Supplier is in Default under paragraphs 3.2 or 3.3 of this Schedule X the Authority may by notice:
   I. require the Supplier to remove from performance of the Contract any Sub-Contractor, Staff or other persons associated with it whose acts or omissions have caused the Default; or
   II. immediately terminate the Contract.
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

We will:

- 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:
  - suspension,
  - termination, and
  - 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:
  - You continue to employ child labour illegally, or in hazardous conditions, and you refuse to improve your practice.
  - 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 that 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

I. 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 ¹⁹, the supplier of catering and food services shall carry out due diligence against ILO Declaration on Fundamental Principles and Rights at Work (1998).

¹⁹ The OECD Guidelines for Multinational Enterprises are recommendations to companies backed by 46 adhering governments and recommend that companies carry out supply chain due diligence to identify, prevent, mitigate and account for all adverse impacts that they cover, including child labour and forced labour.
II. 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.

III. Membership and use of ethical and responsible trading information exchange services e.g. SEDEX, or equivalent.

IV. Dairy products meet the Voluntary Code of Practice on Best Practice on Contractual Relationships.

V. Measures are taken to ensure fair dealing with farmers through, for example, the guidance contained in the Groceries Supply Code of Practice.

VI. 100% of tea and coffee procured is produced in accordance with fair trade standards.

VII. 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.