



Department for  
Business, Energy  
& Industrial Strategy

# BEIS Modern Slavery Statement 2020/21

November 2021



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# Ministerial foreword



Modern slavery is a crime and a violation of our fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking.

Across the world vulnerable people are being exploited by modern slavery every day. Forced labour affects around 25 million people, including many right here in the UK. Modern slavery occurs all around us but is usually kept out of sight. That is why we are taking action in BEIS to ensure that UK taxpayers money is not being used to fund this evil activity in our supply chains.

This statement explains the actions that we have taken in this first year to identify where the greatest risks of modern slavery arise and then working collaboratively with our suppliers to understand what processes are in place to mitigate those risks further down the supply chain. This is a substantial task that will require sustained efforts over a prolonged period to ensure processes are in place to identify any potential wrongdoing and to eliminate it from our business dealings in our supply chain.

This statement also sets out the next steps we are taking to eradicate modern slavery together with the measures we will use to demonstrate continuous improvement. We will increase the capability of our staff to identify where there are risks and work proactively with our suppliers to protect people working on BEIS contracts from exploitation. This is our commitment to addressing the scourge of modern slavery.

**The Rt Hon Kwasi Kwarteng MP**

**Secretary of State for Business, Energy and Industrial Strategy**

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# Section 1: Organisation structure and supply chains

## Departmental overview

The Department for Business, Energy and Industrial Strategy (BEIS) was created in July 2016. The department is committed to building a stronger, fairer and greener future in the UK, fostering shared prosperity and growth to build back better across our Union. BEIS aims to help businesses bounce back from the impacts of Covid-19; support a safe return to work; accelerate the development and manufacture of a vaccine; and reduce UK greenhouse gas emissions to Net Zero by 2050. BEIS also works to support increased productivity through unleashing innovation and new knowledge throughout the country and to make the UK the best place in the world to start and grow a business.

Responsibilities of the department include:

- Enterprise
- Net Zero, Energy and Clean Growth
- Science, Research and Innovation

## Departmental reporting period

This modern slavery statement covers the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

## Departmental size and location

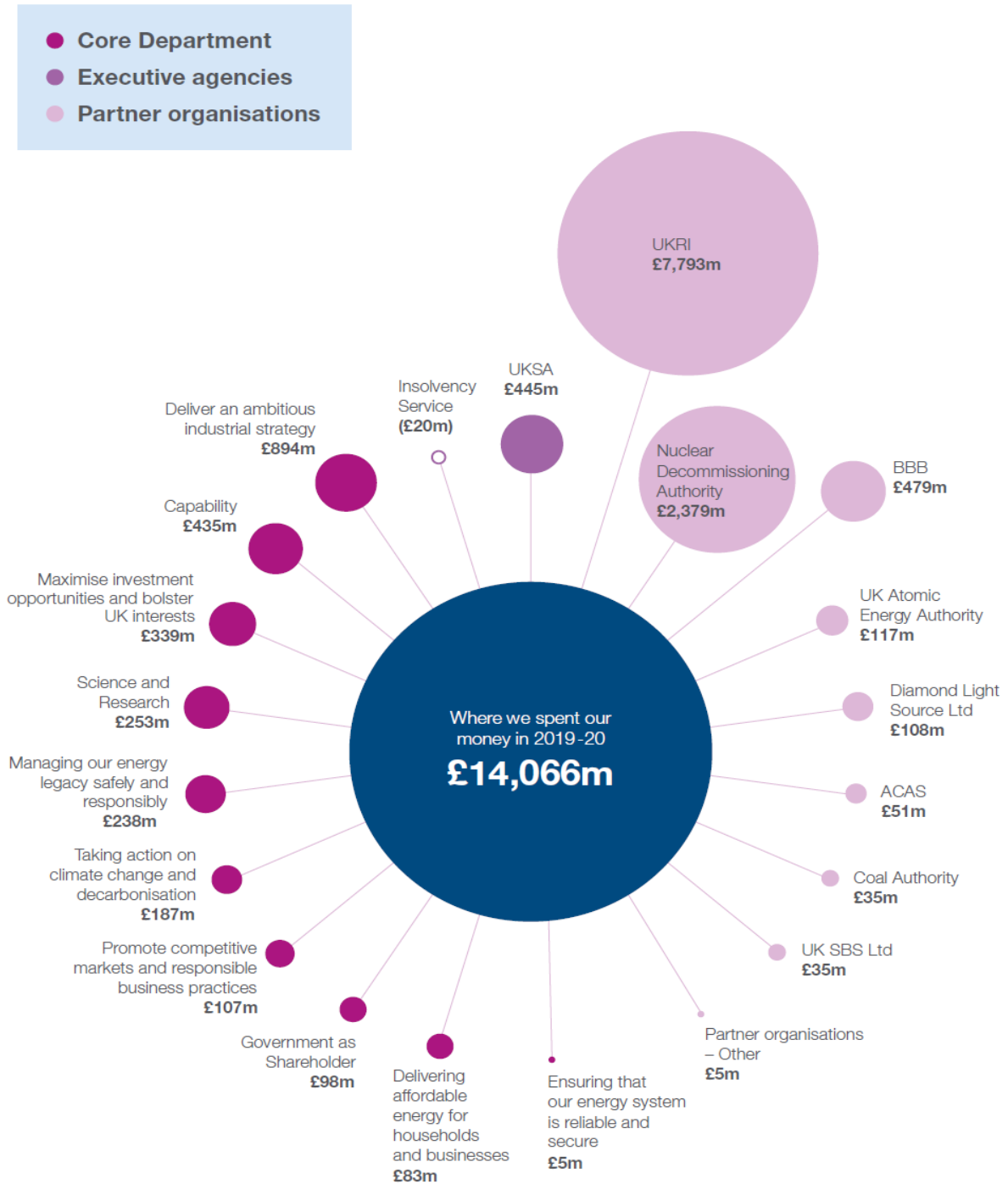
BEIS employs around 5,500 staff based in the UK. Whilst about 5,000 of these are located in our offices in London, we operate in many sites across the UK with larger offices in Birmingham, Aberdeen and Cardiff.

## BEIS expenditure

BEIS was responsible for expenditure of around £14.1 billion in Financial Year (FY) 2019/20. Much of this expenditure is managed by the BEIS partner organisations including UK Research and Innovation, the Nuclear Decommissioning Authority, the British Business Bank and the UK Space Agency. The core department itself was responsible for £2.6 billion of this expenditure mainly paid out in the form of grants and funding. The core department undertook procurement spend of about £250 million in 2019/20. BEIS uses its shared service provider – UK Shared Business Services (UKSBS) - to manage common goods and services procurements which are predominantly placed through Crown Commercial Service framework agreements, together

with an in-house commercial team in BEIS to manage the bespoke and more complex procurements.

**BEIS spend breakdown (BEIS Data & MI Team FY 2019/20)**



## Category breakdown

BEIS contracts are primarily focused on the following procurement categories, these categories account for 85% of spend:

- Professional Services - such as grant administration schemes and technical experts to support major programmes;
- Energy and Fuels - developing innovative solutions to decarbonising UK heating and energy schemes;
- ICT - implementing digital control and monitoring systems, providing managed IT services and communications;
- Research – primarily connected to new energy systems;

## Contract tiering

In line with cross-government best practice BEIS segments all contracts based on key factors including: criticality; risk; and value into four tiers: Gold, Silver, Bronze and Transactional.

Gold contracts are deemed vital to the department's operations and are usually high value or high risk. Silver contracts are generally high value and of high importance to the department. These contracts are actively managed by dedicated contract managers within BEIS commercial and trained policy staff.

The following pie chart shows the breakdown of current contracts by number

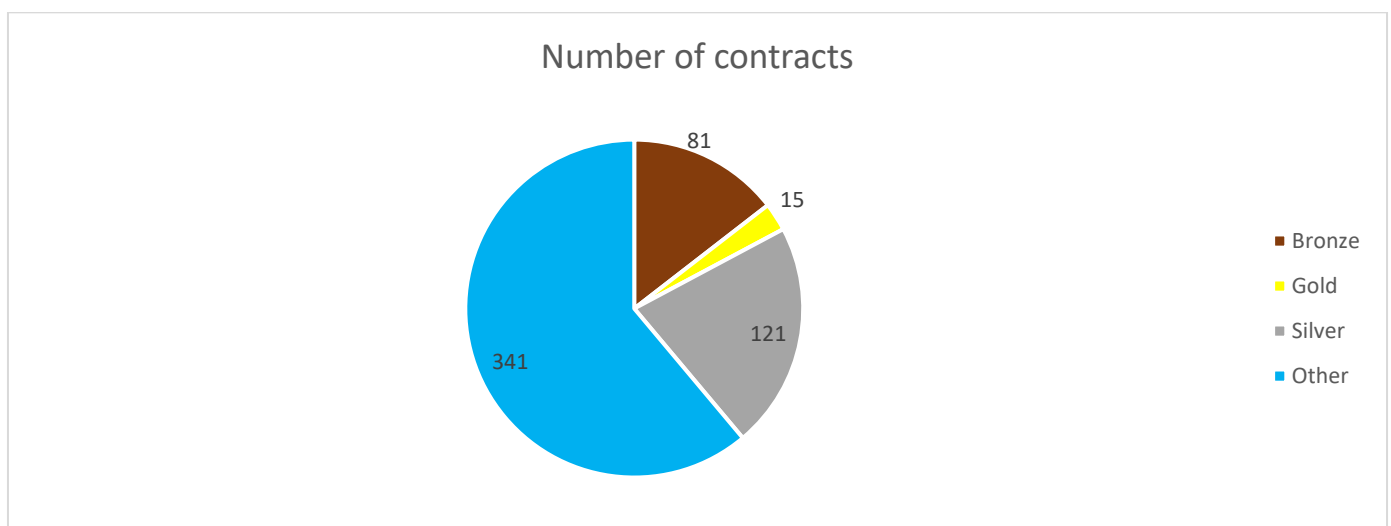


Figure 1. Source: BEIS Data & MI team, FY 2020/21

## Supply chain visibility and risk management

The department knows that modern slavery risks will vary according to both country and the sectors and/or products prevalent in that country. Whilst we understand that the majority of our tier 1 supply chain is based in low risk geographies (99% of BEIS spend is with UK based suppliers with the remainder located in the United States and mainland Europe), we understand it is critical to maintain vigilance for and to mitigate modern slavery risks within high risk sectors and our wider supply chain.

BEIS currently does not routinely hold the details of sub-contractor locations further down the supply chain. We recognise that this additional information will support the management of modern slavery risks. In future, where we identify higher risks of modern slavery in our contracts, we will expect those suppliers to complete the Modern Slavery Assessment Tool (MSAT) self-assessment exercise. We will then work with those suppliers to properly map their supply chains and use this information to ensure targeted measures are in place to address areas of highest risk.

## Internal governance and anti-slavery work

During FY 2020/21, BEIS has strengthened its internal governance by appointing the Commercial Director as its Anti-Slavery Advocate. The BEIS Anti-Slavery Advocate will ensure the department takes a strategic approach to tackling modern slavery risks in the supply chain.

They will do this in the following ways:

- Make it easier to identify and mitigate modern slavery risks – ensuring there are clear escalation mechanisms in place for any issues that concern staff; and through fostering an open dialogue with suppliers to mitigate risks through partnership approaches.
- Build departmental awareness and capacity – highlighting modern slavery actions in the commercial team to other functions and sighting the Permanent Secretary on progress; promoting a culture of understanding of the risks and the steps to take where concerns are raised.
- Support engagement across government and with external stakeholders – communicating expectations to BEIS suppliers; collaborating with other departments and sharing best practice.

In addition, BEIS working level leads have regularly participated in the cross-government Modern Slavery Policy Implementation Group (MSPIG) to develop our understanding of modern slavery risks and share examples of best practice.



## Section 2: Policies in relation to modern slavery

BEIS follows the government commercial policies and standards which are set by the Cabinet Office. BEIS fully supports the wider cross-government activities to address modern slavery risks in government procurement.

Relevant cross-government policies are listed in p7-9 in the [Government modern slavery statement](#).

Within BEIS there are several additional policy areas relevant to the prevention of modern slavery in supply chains.

### Supply chain good practice

#### Social value policy

BEIS has implemented the [Social Value Model](#) into in-scope procurements from January 2021. We now evaluate the social value that can be included in these procurements and use this to help select which supplier we will contract with. Social value assesses the social, economic and environmental benefits that can be gained from each public procurement. For those procurements where we identify a higher risk of modern slavery in the supply chain (see Section 3) - we will now seek evidence directly from each bidder of what actions they are taking to identify, mitigate and manage their modern slavery risks. Where bidders are taking positive action to reduce the risks of modern slavery they will score more highly.

#### Fair payment practices

We recognise that poor payment performance, leading to delays in funds flowing through our supply chains may be one factor that can cause unintended disruption in supply chains and increase worker vulnerability. BEIS is responsible for having introduced the [Prompt Payment Code](#) which supports the creation of a fair payment culture in the private sector, particularly supporting small businesses in the UK. In January 2021 BEIS announced changes to the voluntary code, including the requirement that signatories to the code will now pay 95% of invoices from small businesses within 30 days, whilst invoices from large businesses should continue to be paid within 60 days.

Internally BEIS goes beyond this and aims to settle all valid invoices within 30 days, with 80% of these settled within 5 days of receipt (including 90% of SME invoices). As part of our transparency commitments BEIS publishes our quarterly payment performance regularly [online](#). Furthermore, for all our contracts we require our suppliers to pay their sub-contractors within 30 days and to enforce this right down their supply chain.

## Employment good practice

### Staff reporting of employment concerns

BEIS recognises that everyone in the workplace should be able to raise concerns of abuse or labour exploitation if they come across incidents through their work. There are several different routes for employees to report their concerns - ranging from their line management, to trained independent nominated officers and including an external whistleblowing hotline. If an employee has concerns that someone they come into contact with in the course of their work might be breaking modern slavery legislation, or that BEIS processes or procedures might be doing so, they can raise this as a concern under these procedures and it will be investigated.

We also provide access for all staff with the Employee Assistance Programme. This is an independent, confidential support and advice service which is available 24-7. This is direct support for staff with any concerns about employment to get help.

### Single enforcement body for employment rights

In June 2021 BEIS published the government response to its consultation to create a single labour market enforcement body. This will be more effective at enforcing labour rights for vulnerable workers by combining HMRCs National Minimum Wage Enforcement Unit, the Employment Agency Standards Inspectorate, together with the Gangmasters and Labour Abuse Authority. The objectives are:

- to significantly improve protection for vulnerable workers and ensure they receive their employment rights;
- provide greater support for employers to comply with the law; and
- provide effective enforcement to tackle non-compliance.

Importantly this body will have powers to enforce S54 of the Modern Slavery Act 2015 with penalties imposed for non-compliance. The body will facilitate better joint working and intelligence sharing between the existing bodies and it will be easier for vulnerable workers and law-abiding employers to make complaints and raise concerns safely.

### **BEIS case study – treatment of Uyghur Muslims**

BEIS is committed to [the Principles to Combat Modern Slavery in Global Supply Chains](#), an inter-governmental declaration made in 2018, and in applying them to our own commercial activities.

The government is deeply concerned about the extra-judicial detention of over a million Uyghur Muslims and other minorities in “political re-education camps”, systematic restrictions on Uyghur culture and the practice of Islam, and extensive and invasive surveillance targeting minorities. BEIS is working with the Home Office, and other departments to implement the measures announced by the Foreign Secretary on 12 January 2021 which will help ensure that UK businesses are not complicit in human rights violations in Xinjiang, China. For BEIS, this includes strengthening guidance to UK businesses investing in, or with supply chains in Xinjiang and ministerial engagement with the retail sector council.

We are working with the Home Office to support the further development of the Section 54 (transparency in supply chains provisions) in the Modern Slavery Act 2015, including its monitoring and enforcement. We are also committed to improving the transparency of our Official Development Assistance (ODA) funds in China and have been supporting the Independent Commission for Aid Impact to strengthen assurance of anti-slavery provisions.

## Section 3: Risk assessment and due diligence

### Approach to prioritising anti-slavery activity

Based on government best practice BEIS risk assessed all contracts against the following 6 areas:

- Industry type – for example those that involve raw materials and are labour intensive
- Nature of workforce - for example reliance on temporary or low skilled labour
- Supplier location – some countries have a higher predicted risk of modern slavery
- Context in which supplier operates – for example high levels of poverty and unemployment
- Commodity type – for example imported products as identified in the [Global Slavery Index](#)
- Business/supply chain model – for example sub-contracting and complex supply chains

BEIS assessed our entire contracts register to identify contracts with a higher risk of modern slavery. 12 contracts were identified as at risk, which fell predominantly into the following category areas:

- Logistics in particular transport and warehousing
- Manufacturing and electronics
- Services including cleaning and catering

Where a contract was deemed to be at greater risk of modern slavery impacts upon considering these factors, we approached the suppliers to complete a self-assessment of their business using the [Modern Slavery Assessment Tool \(MSAT\)](#). The MSAT is a free, risk identification and management tool that the government has developed for public bodies to use with their suppliers. The tool gives suppliers tailored, good-practice recommendations to improve their management of modern slavery risks.

### Supplier assessment completions

Over 90% of our higher risk contracts (11 of 12) have already completed the MSAT review and we are working with them to progress this exercise constructively. BEIS are regularly engaging with the additional supplier to ensure effective completion of the MSAT.

BEIS also has several commercial agreements in place with other government departments (known as MOUs). These are also being evaluated for their modern slavery risks, and we are

working collaboratively with the lead department in each case to ensure they have taken appropriate measures to reduce the risks of modern slavery in their supply chains.

## Consideration of supplier assessment results FY 2020/21

Following the assessment all suppliers have a tailored development plan put in place, which will be regularly reviewed with BEIS. This has already resulted in several actionable improvements particularly in the following areas:

- Strengthening of commercial processes – suppliers have put in place clear modern slavery prevention processes. Engagement with BEIS has directly improved the MSAT score of several organisations within our supply chain.
- Worker support enhancements – suppliers have followed BEIS advice in both providing staff training and encouraging worker representation internally and within their supply chain.

### Case study - BEIS partner organisations

Following our engagement promoting anti-slavery work with BEIS partner organisations, some have reported their own actions contributing to the reduction of modern slavery risks in supply chains. For example:

- [The UK Atomic Energy Authority \(UKAEA\)](#) has undertaken a series of activities including publication of their own modern slavery statement, identification of high-risk areas within supply chains and a future ambition to require completion of the MSAT by all suppliers working with the UKAEA.

- The [Financial Reporting Council](#) has published a modern slavery statement on their website illustrating how they are being proactive in the prevention of modern slavery in their supply chains including through their procurement and recruitment policies.

Future BEIS modern slavery statements will seek to formally scope partner organisations into the BEIS modern slavery statement to better illustrate processes that they have implemented.

## Next steps-strengthening risk assessment and monitoring modern slavery risk

### Risk assessment processes

BEIS are developing our approach to improve how the risk assessment process is applied over the period FY 2021/22. Going forward we will actively assess contracts at an earlier stage in the commercial lifecycle to reduce modern slavery risks.

Thus far BEIS has been considering risks within our existing contract portfolio. Building on lessons learned, we are developing our approach to identify higher risk areas in new procurements. This will facilitate more robust measures being applied to the supplier selection stage of new procurements where we consider this is justified.

Procurement managers are already being informed about areas of industry that are at increased risk of modern slavery in their supply chains to highlight potential problems and to enable the introduction of proportionate measures at the start of the procurement process. For example, we will use the provisions in the Social Value Model to seek evidence of due diligence from potential suppliers and hold the winning bidder to account in delivering on their commitments. This will also include the requirement that suppliers will complete an MSAT self-assessment and to provide a supply chain map. This may lead to the request for a supply chain plan which provides information on what processes a supplier has in place to ensure worker conditions meet applicable government standards.

For those identified as at risk we will require completion of the MSAT within 60 days of contract award.

### Reporting and engagement

BEIS is in the process of implementing a new IT system which will capture evidence where a modern slavery risk assessment has been undertaken and the mitigations that have been introduced as a consequence where higher risks have been identified. This will ensure accurate reporting of processes and allow more sophisticated data collation which will be illustrated in future statements.

Further steps are being embedded into the commercial lifecycle which will assist in identifying procurements at risk of modern slavery and strategies to reduce this risk including information guides and discussion at supplier engagement events. We will continue to promote good practice internally across a wider audience outside of the commercial team to raise awareness amongst all those who engage with suppliers.

## Peer learning groups and wider programmes

BEIS's modern slavery leads have engaged with the cross-government policy and implementation group on modern slavery to share information and learn from other departments on best practice processes.

BEIS has sought to work with its partner organisations to promote understanding and awareness and allow them to share information on progress they have made to reduce the risk of modern slavery in their supply chains. This has included presentations and open discussion groups to learn about successful interventions.

## Section 4: Training

Over the course of FY 2020/21 BEIS has hosted a range of modern slavery training for staff in the department and across our partner organisations to increase their awareness of modern slavery risks in our own supply chains and gain a better understanding of how to mitigate those risks. BEIS commercial will continue to promote appropriate government developed training courses to our commercial staff.

Internal training has been developed to illustrate how the core areas of the [central guidance](#) policy on managing risks of modern slavery should be implemented in BEIS, something that will continue as our processes develop and are embedded into the new commercial system. This has been delivered to BEIS commercial and partner organisations setting out our policies, offering the opportunity to ask questions, share ideas and promote evolving best practice. Participants in this training have reported to us that they have a better understanding of what modern slavery is and what the primary risk factors are.

In addition we have encouraged all our commercial staff to take the Chartered Institute of Procurement and Supply (CIPS) modern slavery course which forms part of the [Ethical Procurement module](#). This course explains how and where modern slavery manifests itself in the sorts of contracts that BEIS establishes. It also highlights practical steps that can be taken in our dealings with those suppliers to minimise these risks. This course is a mandatory requirement for professional CIPS members. We have also obtained privileged access for non-CIPS commercial staff and regularly encourage all members of the team to take this course to increase their awareness of modern slavery risks.

Going forward we want to extend awareness of the issues across the department and not confine it to the commercial team. Any staff that have dealings with suppliers should be alert to the risks and know how to raise any concerns they have. For FY 2021/22 we have a clear communications plan to showcase the work of the department so far on reducing modern slavery and provide the opportunity for teams across BEIS to engage to find out more information about this.



## Section 5: Goals and key performance indicators (KPIs)

BEIS is committed toward building on the progress made in this statement. To do this we have selected goals to focus upon in the next financial year. To understand and measure our progress toward our goals we have selected relevant key performance indicators. As BEIS builds on its work related to this area the goals and KPIs will develop to reflect this.

**Goal: Build on our understanding of risk within procurement and contract management through completion of the Modern Slavery Assessment Tool (MSAT) where suitable.**

KPI 1 Perform modern slavery risk assessments on existing gold and silver contracts with a value over £1 million and remaining term over 6 months;

KPI 2 Introduce a modern slavery risk assessment to be carried out on 100% of all new procurements over £1 million;

KPI 3 For all gold and silver contracts that have been assessed as at medium or high risk the suppliers will be requested to complete the MSAT within 60 days;

KPI 4 For all new procurements that have been assessed as at medium or high risk the winning supplier will be required to complete the MSAT within 60 days of contract award;

**Goal: Increase formal training to commercial colleagues and wider BEIS to raise awareness of the risk of modern slavery in supply chains and processes that are available to reduce this.**

KPI 5 To increase the number of completions by commercial staff of the Government Commercial College: Tackling Modern Slavery in Supply Chains course (or equivalent) by 80%;

KPI 6 Seek 80% of new staff in commercial to complete the Government Commercial College: Tackling Modern Slavery in Supply Chains course (or equivalent) within 90 days of commencing work in the role;

**Goal: Development of a procurement policy that considers the risk of modern slavery and the implementation of processes to reduce this.**

KPI 7 Review and refresh the BEIS procurement policies to reflect the PPN05/19 policy on Modern Slavery.

This modern slavery statement has been approved for publication by:

Approved by BEIS Executive Committee for Publication

Date: 10.09.2021

Approved by BEIS Permanent Secretary for Publication

Date: 31.08.2021

Approved by BEIS Minister for Publication

Date: 6.09.2021

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