



Ministry
of Defence

Modern Slavery Statement 2020/21



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Ministerial Foreword

Modern slavery is an abhorrent and barbaric crime where people are treated as commodities and exploited for criminal gain. It is estimated that there are somewhere in the region of 40 million people who are trapped in modern slavery.

The Ministry of Defence (MOD) is committed to playing its part in the eradication of modern slavery and with our commitment to spend over £186 billion on equipment and support over the next decade the possibility of change is huge. Addressing the issues of modern slavery within our supply chains will be an immense challenge, requiring sustained effort over time to eradicate/eliminate and ensure our supply chains are robust in tackling one of society's most horrendous crimes.

This Modern Slavery Statement details the actions we have already implemented and sets out our future plans and our continuous commitment to tackling modern slavery in our supply chains.

On 26 July 1833, the Slavery Abolition Act was passed by the Commons (it became law the following month) however, after almost 200 years we are still discussing slavery. Now is the time to act and tackle this heinous crime.

Leo Docherty MP

Minister for Defence People and Veterans



Executive Summary

The MOD has a responsibility to ensure taxpayers' money does not inadvertently fund criminal activity in our supply chains, exploiting vulnerable workers in the process.

The UK Government published its first Modern Slavery Statement in March 2020. This statement committed all Government Departments to publish their own annual Modern Slavery Statements. The MOD is committed to helping deliver the Government's objectives. We are an integral part of both the cross-Government Anti-Slavery Advocate network and Modern Slavery Procurement Implementation Group – sharing best practice and learning such as our modern slavery podcasts across Government.

This statement will help the public to understand the initial steps we have taken to prevent modern slavery in defence supply chains, and to be transparent about the areas where we need our suppliers to improve. We have set ourselves goals at the end of this statement, and we will report back in 2022 with our progress.

Finding and acting on modern slavery in our supply chains is a huge challenge which requires sustained effort over time. We have in excess of 2,500 direct suppliers, many of whom have complex global supply chains where effective oversight is difficult to achieve, especially in lower tiers of subcontracting.

From the outset we are therefore working with the support of our Strategic Suppliers, building on our existing relationships to improve transparency at all levels in the defence supply chain to help identify and tackle modern slavery. As a first step all of our 19 Strategic Suppliers have completed the Modern Slavery Assessment Tool (MSAT) which helps strengthen suppliers' modern slavery due diligence.

Based on our analysis of the MSAT assessments, we are holding follow-up meetings with our suppliers to agree next steps that we collectively need to take to improve defence's resilience to modern slavery.

MOD as a Procurement Organisation – Our structure and supply chains

Who are we: The MOD is one of the biggest public procurement organisations in Europe, managing some of the most complex and technologically advanced requirements in the world. We support our armed forces and national security agencies, buying everything from military fighting vehicles to education services and all kinds of facilities management services.

Our aim: To ensure that our Armed Forces are provided with the best capabilities to enable them to protect the UK's security and to advance the UK's interests, both now and in the long term; and in doing so, to obtain the best possible value for money for the taxpayer.

What we do: We support our armed forces by providing world class solutions for delivering national defence and security for the UK whilst ensuring the best possible value for the taxpayer. Our procurement activity covers a very wide range of requirements including:

- technology: cloud and digital, network services, software and technology products and services.
- equipment and support: ships, submarines, aircraft, vehicles, weapons, missiles, commodities and support (maintenance and repair).
- infrastructure: construction, hard and soft facilities management, property consultancy.

The UK Government has committed to spending a minimum 2% of GDP on defence over the next decade. This commitment represents spending some £186 billion on defence equipment and support over that period.

MOD Supply Chain Information

In Financial Year 2020/21 MOD paid £26.6Bn directly to some 2,500 UK and overseas suppliers who together held in excess of 7,800 contracts. Of these contracts 91% were bronze contracts (under £20m), around 5% were silver contracts (between £20m and £100m) and around 3.5% were gold contracts (Over £100m).

In addition to these direct suppliers, there are many thousands of suppliers working within our supply chains. In the past, responsibility for managing supply chains has rested firmly with the Prime Contractors but events such as the COVID-19 pandemic has demonstrated the need to have a much greater understanding of our supply chains and the suppliers that fulfil them.

In response, the MOD is in the process of launching a new Supply Chain Resilience Programme which will seek to develop and test an approach to better understand the supply chain within some critical supply chains by Spring 2022. On completion, this approach will be rolled out across other critical supply chains.

It is our intention to include a contract condition in all new contracts from the Autumn of this year which mandates basic supply chain information from our suppliers and subcontractors (anywhere in the supply chain above a threshold). The condition will oblige our suppliers to provide us with the information we need to have greater visibility in our supply chains, which in turn will help us understand and manage modern slavery in defence procurements more effectively.

MOD Policies relevant to modern slavery

How We Procure

As detailed in the [Defence and Security Industrial Strategy \(DSIS\)](#) we will take a strategic approach to industrial capability critical to our strategic and operational needs. While competition remains an important tool to drive value for money in many areas and within supply chains, we need flexibility in our acquisition strategies to deliver and grow the onshore skills, technologies and capabilities we need, and we must ensure consistent consideration of the longer-term implications of the MOD's procurement decisions for military capability and the industry that produces and supports it.

We have therefore replaced the former policy of 'global competition by default' with a more flexible and nuanced approach which demands that we consciously assess the markets concerned, the technology we are seeking, our national security requirements, the opportunities to work with international partners, and the prosperity opportunities, before deciding the correct approach to through-life acquisition of a given capability.

This approach allows us to use competition where appropriate, but also to establish where global competition at the prime level may be ineffective or incompatible with our national security requirements. In those situations, another approach may be needed to secure the capability we need and to deliver long-term value for money, and we may for instance opt instead for long-term strategic partnerships. But in all cases, we will want to ensure that we are as transparent and inclusive as possible about our future plans and priorities.

Legislation

The [Public Contracts Regulations 2015](#) and The [Defence and Security Public Contracts Regulations 2011](#) are the principal UK legal framework for public and Defence procurement and incorporate national and international public procurement obligations

Our Procurement Principles include non-discrimination (on grounds of nationality), equal treatment (of all suppliers), transparency (act in fair and non-discriminatory manner), and mutual recognition (of equivalent documents and standards).

For all procurements, our commercial teams must consider whether a potential supplier is ineligible to be a contractor. We obtain information during the supplier selection stage to decide whether or not to contract with a supplier that has committed a criminal offence, or an act of misconduct related to its business. This approach supports our anti-slavery policy. Over the last year we have worked to increase staff awareness of modern slavery as a whole and introduced new policies, process and procedures to identify and mitigate modern slavery risks throughout the commercial life cycle, as set out later in the statement.

Modern Slavery Policy

Our strategy and policies to tackle modern slavery in our supply chains has been developed in accordance with the guidance provided by the Cabinet Office. The Cabinet Office guidance was developed in consultation with the cross-Government Modern Slavery and Procurement Implementation Group, of which MOD is a member, working collaboratively with Other Government Departments (OGDs) to tackle modern slavery risks in our combined commercial activity.

Implementation of our Commercial Policy and Guidance on anti-slavery

In September 2019, the Government Commercial Office (GCO) published guidance setting out the action that all Central Government Departments must take to identify and mitigate modern slavery risks throughout the commercial life cycle, from defining contract requirements and procuring goods, to managing supplier relationships and remediation where exploitation has been uncovered.

The [Procurement Policy Notice 05/19](#) and the GCO guidance was issued to commercial staff in the Department in May 2020.

Our policy provides staff with clear direction on the mandatory and advisory requirements to be followed, and all relative to value, sector and categorisation. Our policy helps staff to identify and mitigate modern slavery risks throughout the commercial life cycle, from defining contract requirements and procuring goods, to managing supplier relationships and remediation where exploitation has been uncovered.

Our long-term goal is that all our requirements will be subject to a modern slavery risk assessment to establish the level of risk in the procurement. Right now, we are focusing on our most complex supply chains and our highest value requirements.

Our Strategic Suppliers and high value procurements must as a minimum, invite suppliers to complete the Modern Slavery Assessment Tool (MSAT). The results of the MSAT will then be used as a basis for discussions with our suppliers and highlight areas of improvement for us to drive forward.

For lower value contracts we've produced a bespoke one-page risk assessment tool to help our staff evaluate, in a proportionate manner, the risk of modern slavery within supply chains.

We are committed to supporting our suppliers through this process and will work with them to mitigate risk where possible.

HR Policy

The MOD recognises that it has a duty of care to protect everyone who works for the Department and takes these responsibilities seriously. The Department complies with the Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 legislation and ensures that its staff are aware of the procedures governing the recruitment of Fixed Term Employees. Our policies clearly set out what is expected of those recruiting these individuals and how they should be managed in the workplace.

The Department also has a whistleblowing and raising a concern policy (endorsed by our Permanent Secretary and the Chief of Defence Staff) in place.

Human Security & Logistics in Military Operations

The Department is unique in the sense that not only are we trying to tackle modern slavery through our commercial contracts, but through the work carried out by the UK Armed Forces.

We have a [statement of policy](#) (focussing on Armed Forces operations only) regarding the implementation of United Nations Security Council Resolutions related to the protection of civilians and human trafficking into military activity. This policy provides direction on how the military can support individuals facing vulnerable situations as well as providing traditional collective security.

Furthermore, we understand the implications of providing supplies to areas of current military operations, especially where modern slavery is prevalent.

To help tackle this, MOD has previously provided equipment, by gifting to indigenous security forces as part of an overseas operational or training deployment to achieve capacity building. The decision on what materiel and equipment can be gifted or disposed of in theatre is subject to scrutiny from careful, early consideration and guidance from our Disposal Services Authority.

Risk assessment and due diligence

Our policy will initially focus on our most complex supply chains, including higher value requirements and procurements with our 19 strategic suppliers. These are Airbus, Babcock, BAE Systems, Boeing, Capita, Cobham, DXC, General Dynamics, KBR, Leidos, Leonardo, Lockheed Martin, MBDA, QinetiQ, Raytheon, Rolls-Royce, Serco, Thales, and Ultra-Electronics.

Over half of our annual spend flows through our Strategic Suppliers, and we therefore need to work collaboratively with them to ensure that we tackle the risk of modern slavery in our supply chain effectively.

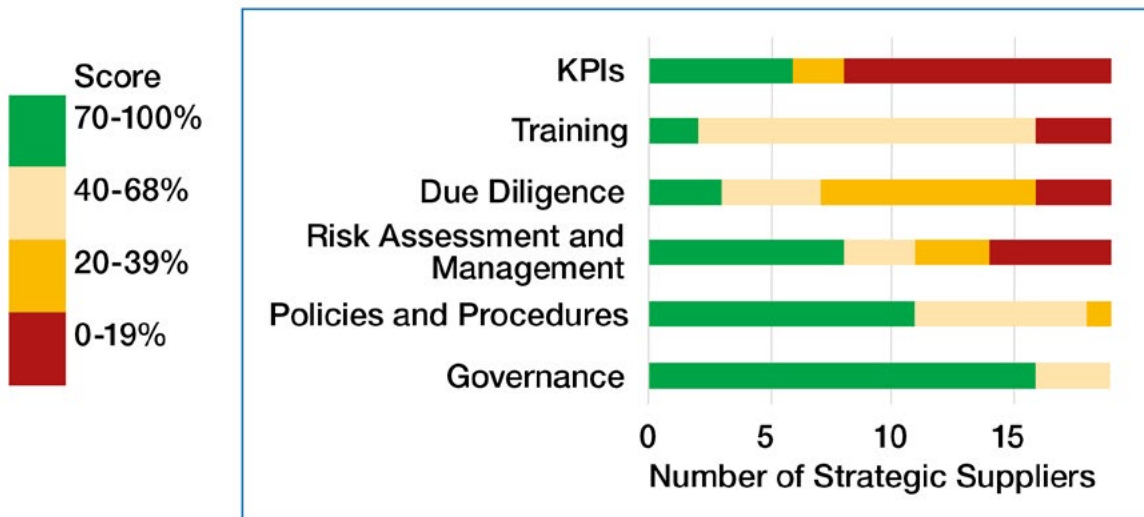
We have taken a proportionate, risk-based approach in applying our policy. Our Strategic Suppliers have large, global and complex supply chains which because of their nature present the highest risk of modern slavery. As a result, our focus, based on initial risk assessments is on our Strategic Suppliers and our most complex supply chains.

Following this assessment, all 19 Strategic Suppliers subsequently completed the MSAT in the first quarter of 2021. We will be holding follow up discussions with the Strategic Suppliers based on their initial MSAT assessments as part of our ongoing engagement with them.



General trends from MSAT data with our Strategic Suppliers

Findings from the MSAT completions in this first reporting year are set out below, however this is an evolving picture. We will continue to collect and analyse MSAT data in to establish if there are any trends over time.



Top 5 Recommendations from the MSAT Tool on our Strategic Supply Base

Our suppliers should:

*“consider **carrying out due diligence measures** to ensure workers in your organisation and supply chain are not trapped in debt bondage.”*

*“have **processes in place for responding to a report of suspected instances of modern slavery** that follows good practice.”*

*“consider **modern slavery during each stage of its procurement process.**”*

*“**assess its purchasing practices** and how this could potentially put pressure on your suppliers, leading to modern slavery.”*

*“consider **undertaking activity that helps workers in your supply chains** have access to representation.”*

For our lower value contracts, we have continued the risk-based approach and determined that our focus should be on procurements and contracts for the supply of clothing and garments, IT consumables, construction or which are service based.

The one-page risk assessment tool for lower value procurements provides staff with a high, medium or low rating based on a variety of factors. If the result of the assessment is high / medium, teams are required to invite the supplier to complete a modern slavery assessment using the MSAT; and implement measures to ensure that the supplier has appropriate procedures in place to mitigate areas of concern in the supply chain.

Next Steps

Now that all of our Strategic Suppliers have completed the MSAT process, we will undertake risk assessments of contracts in lower categories of spend and contracts in industries with high risk characteristics.

The introduction in April 2021 of our new modern slavery policy mandated that all requirements must consider the potential risk of modern slavery throughout the procurement life cycle for new and existing requirements. All new requirements must include a risk assessment rating and, dependant on the rating, detail any mitigating actions required within their Commercial Strategy. In future years, the Department will work to risk assess all requirements and award a risk rating of high/medium or low to each. Figures relating to these risk assessments will be reported in future statements.

Case Study: Leidos – Buying Commodities

The risk of modern slavery can arise from the procurement of commodities, which for MOD, Leidos Supply Limited (LSL), procures on our behalf. These procurements may include products or raw materials from high risk countries.

As part of their tender process, all suppliers are asked to confirm their adherence to relevant legislation. Their responses are assessed for commitment to environmental management and corporate social responsibility. These assessments seek evidence of certification being in place or that they will be in place by the agreement start date.

Where companies have in house policies and procedures that will be applied to the agreements, they must provide examples and detail of how the in house policies and procedures are applied throughout the supply chain. Once a Framework or Contract has been awarded, the organisation conducts regular Supplier visits in order to ensure on-going compliance and situational awareness.

LSL's standard Terms and Conditions contain clauses to ensure that Bidders and Suppliers are aware of the commitments that are required relating to ethical behaviour and Modern Slavery throughout the supply chain. These include: ensuring that all operations or activities carried out by the Commodity Supplier and any Lower-Tier Subcontractors in connection with an Agreement comply at all times with all Law in force, applicable industry codes of good conduct and practice; and any instructions of any relevant regulatory body or organisation whether or not having the force of Law.

The Commodity Supplier is required to certify to Leidos, annually in writing signed by an officer of the Commodity Supplier, compliance with the conditions of the agreement. Any breach by the Commodity Supplier or any Lower-Tier Subcontractors of any of the provisions under the Conditions are considered a Prohibited Act for which Leidos is entitled to terminate the Agreement.

LSL also publishes its own [Modern Slavery and Human Trafficking Statement](#) annually.

Training and Raising Awareness

This section describes the training we have delivered to our own procurement and commercial staff and suppliers to build their capability to identify and address modern slavery risks. Acquisition is a collaborative effort that requires many cross functional disciplines. All procurement staff need to be aware of the increasing responsibility to prevent modern slavery in Government supply chains.

How do we train procurement and commercial professionals in MOD to prevent modern slavery in the commercial life cycle?

We have engaged with our commercial staff (approx. 2500) to raise their awareness of modern slavery, building their capability to prevent it at each stage of the commercial life cycle. The Chartered Institute of Procurement & Supply (CIPS) is the leading independent global body representing the procurement and supply profession.

MOD encourages all staff (CIPS members and non-members) to undertake the e-learning and test. All MOD employees who are CIPS Members or Fellows (MCIPS and FCIPS) were required to upgrade their membership to Chartered Status. At present we have in excess of 540 Chartered Professionals in MOD that have completed the ethical CIPS module.

Hearts and Minds Campaign

A hearts and mind campaign began in spring 2021. The hearts and mind campaign aims to communicate and reiterate the message, to the right people, by appealing to the rational and emotional senses. The campaign highlights the overarching issues plus provides our own Department's requirements and considerations that we must look to address.

The campaign began with a podcast (featuring contributions from Anti-Slavery International) to build internal awareness of the potential risk of modern slavery within our supply chains. The podcast was developed to put modern slavery at the forefront of people's minds. It was released to all commercial staff with encouragement to pass on to as many colleagues as possible, reaching a large internal audience. It has since been shared more widely with OGDs.

We will be launching a Modern Slavery web page on our MODNet intranet, which will provide all procurement staff with access to the materials from our 'Hearts and Mind' campaign, as well as access to our policies and training.

Future plans

A specific “[Tackling Modern Slavery](#)” online e-training module has been developed by Government. Moving forward all commercial staff will be required to undertake either the new Government training or the CIPS ethical training module. Commercial Staff working on requirements with potential characteristics of modern slavery are recommended to undertake the Government course regardless of their CIPS training status. We will pro-actively work with other functions to ensure awareness of this course is high.

We will be working with our Strategic Suppliers to develop a focused plan of action using the Modern Slavery Assessment Tool data and follow-up meetings. The tool will provide the suppliers with guidance and areas of focus on how to improve their due diligence and we will monitor implementation through future assessments and follow-up meetings.

Goals and Key Performance Indicators (KPIs)

This section provides an overview of our performance against the goals set out in the Government’s Modern Slavery Statement. It also sets out our KPIs for the next financial year as part of our efforts to continuously improve how we tackle modern slavery in our supply chains.

An overview of our performance against the goals set out in the Government’s Modern Slavery Statement.

Appoint anti-slavery advocates at director level to help oversee their activity and increase awareness of action their Department should take.



Invite major suppliers in high risk areas to complete the Modern Slavery Assessment Tool



Review, and where relevant amend, their procurement policies following publication of Procurement Policy Note 05/19.



Begin or continue contract risk assessments to ensure their action plans are targeted.



Develop their own KPIs to help us understand whether the action we are taking is working well and where we need to improve,



Departments begin mapping tier 2 suppliers for high risk supply chains.



Participate in training (to build capacity internally) and cross Government working groups to collaborate on common interests.



All of the above goals have been achieved.

How will we embed and strengthen our risk identification and due diligence measures?

Below are our KPIs which we will use to monitor the effectiveness of the work we will undertake to tackle modern slavery. In 2021/22 we will:

Achieve 60% uptake for commercial staff undertaking either the new **'Tackling Modern Slavery' e-module** or the **CIPS ethical training module**

Roll out **Supply Chain Resilience** programme by **Spring 2022** to help support our **most critical supply chains**

Increase our MSAT usage and analysis by 25%

Conduct MSAT follow-ups conversations with 100% of our Strategic Suppliers by Spring 2022

Support cross-Government working groups and initiatives to support collaboration on high risk sectors

Continue and develop our **'hearts and minds'** campaign with **more podcasts (and other media)** on a quarterly basis, including delivery to staff outside the Commercial Function through **MOD Sustainability Working Groups**

Expanding the reach of our message, by creating a **Modern Slavery landing (page)** to increase access to our Tackling Modern Slavery content for **all MOD staff**.

STATEMENT APPROVALS

Approved by Perm Sec on 27 Aug 2021
Approved by ExCO on 17 Sep 2021
Approved by Minster on 05 Oct 2021