

**Board**

**Date: 19 July 2016**

**Item: Modern Slavery Statement**

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## **This paper will be considered in public**

### **1 Summary**

1.1 The Modern Slavery Act 2015 (the Act) is now in force and action is required by affected bodies in summer 2016 and subsequent years. This paper describes the requirements of the Act and the approach that TfL proposes taking and seeks approval of a statement that is required to be made and published (the Statement).

### **2 Recommendation**

2.1 **The Board is asked to note the paper and:**

- (a) **approve draft TfL's Modern Slavery Statement appended to this paper; and**
- (b) **authorise the General Counsel to agree the final form of the Statement including, without limitation, any changes necessary or desirable to reflect the prevailing position on the GLA Group Responsible Procurement Policy.**

### **3 Modern Slavery Act 2015**

3.1 The Act is designed to work towards eliminating slavery, servitude and forced or compulsory labour and human trafficking. It also makes provision for an Independent Anti-slavery Commissioner. A key requirement from TfL's perspective relates to reporting relevant activities undertaken to avoid slavery in the workforce and/or supply chain. It requires every organisation carrying on a business in the UK with a total annual turnover of £36m or more to produce a slavery and human trafficking statement for each financial year of the organisation.

3.1 TfL's approach is to require all of its operating subsidiaries to make a statement approved by the Board, whether or not they have the requisite turnover. The proposed draft statement is included at Appendix 1 and has been approved by all of the subsidiaries, subject to Board approval.

3.2 TfL already has a significant level of activity in this area given the work that has been done in implementation of the GLA Group Responsible Procurement Policy (RP Policy). The RP Policy is under review and approval of a revised policy is due to be sought from the Mayor shortly. Adjustments to the draft Statement may be required depending on the outcome of that approval process.

3.3 A Statement is required to be made annually, within six months of the end of the financial year (i.e. by September) and must be published on the TfL website “with a link in a prominent place on the homepage”.

**List of appendices to this report:**

Appendix 1: Draft Modern Slavery Act Statement

**List of Background Papers:**

None

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## Draft Modern Slavery Statement

Legislation was passed throughout the 19<sup>th</sup> century to abolish the slave trade. But millions of people around the world are subjected to different forms of modern slavery. These people experience dehumanising mental and physical abuse, and are treated as commodities with severe restrictions on their freedom of movement. This statement sets out the steps that we, Transport for London (TfL) and its subsidiary companies, have taken to address the risks of slavery and human trafficking taking place in any of our supply chains.

### Our Organisation and Supply Chains

We are the integrated transport authority for London. Our purpose is to keep London moving, working and growing, and to make life in our city better. We reinvest all of our income to run and improve London's transport services. Our operational responsibilities include London Underground, London Buses, Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. On the roads, we regulate taxis and the private hire trade, run the Congestion Charging scheme, manage the city's 580km red route network, operate all of the Capital's 6,200 traffic signals and work to ensure a safe environment for all road users.

Our commercial activity supports the delivery of all of our operating businesses and covers a range of categories including transport operations and support; works, construction and maintenance; rail signalling and rolling stock; information and communication technology; facilities and property management; marketing and professional services.

In 2014/15, we spent about £6bn on goods, works and services with over 7,000 tier 1 suppliers. Our supply chains include businesses from all regions of the UK and beyond including Europe, Central and Northern America and Asia.

More information about our Commercial activity can be found in our Commercial Strategy: <https://tfl.gov.uk/cdn/static/cms/documents/tfl-commercial-strategy-january-2016.pdf>

### Our Policies

As a major purchaser, we have a responsibility to ensure our buying activities and those of our suppliers are responsible. We adopted the Greater London Authority (GLA) Group Responsible Procurement Policy in June 2006 (updated in 2008 and 2016). The GLA Group Responsible Procurement Policy consists of six themes including 'promoting ethical sourcing practices'.

The GLA Group Responsible Procurement Policy: [\[insert link when published\]](#)

As part of our commitment to ethical sourcing, we published an Ethical Sourcing Policy in April 2008. The policy is guided by five principles:

- a) identify suitable applications of ethical sourcing considerations
- b) improve labour conditions in the supply chain
- c) monitor working conditions

- d) engage with suppliers
- e) deliver benefits within law and best value.

Our Ethical Sourcing Policy: <http://content.tfl.gov.uk/tfl-ethical-sourcing-policy.pdf>

We adopted a Sustainable Timber Policy in May 2007. The policy promotes the use of sustainable timber that meets the standards set by the Forestry Stewardship Council (FSC), the Programme for the Endorsement of Forest Certification (PEFC) an or equivalent sustainable timber standard. These standards include respecting the rights of workers, communities and indigenous peoples.

Our Sustainable Timber Policy: <http://content.tfl.gov.uk/tfl-sustainable-timber-policy.pdf>

We signed up to the GLA Group's Sustainable Food Procurement Commitment in December 2010, which requires us to meet eleven best-in-class sustainable food procurement standards. This includes criteria around Fair Trade to promote decent working conditions, prompt payment and fair treatment of food producers at home and abroad.

### **Our Procedures**

A procurement strategy is produced for all tenders above the OJEU threshold. Labour conditions and human rights risks are considered as part of this process, and ethical sourcing tender questions and contract requirements are used if deemed relevant. These provisions require suppliers to detail how they comply, or are working towards complying, with the Ethical Trading Initiative (ETI) Base Code, and to disclose full details of the factories or sites they are using, or intend to use, to provide the goods or services.

All tenders are considered on a case-by-case basis, and additional ethical sourcing requirements are included where appropriate. To date we have focussed on three key categories of spend to promote ethical sourcing practices:

- Uniforms
- Food
- Timber

For 2016/17, we have identified Electronics Hardware as a priority category to promote ethical sourcing and we have commenced action to address this.

### **Due Diligence**

London Underground Limited (LUL) became the first public sector organisation to sign up to the Ethical Trading Initiative (ETI) in December 2006. In June 2007 LUL's uniform contract was the first in the public sector to include ethical sourcing requirements against the ETI Base Code as part contract conditions. The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO), the UN agency responsible for labour standards and is an internationally recognised code of labour practice.

We became a member of Sedex in 2007 to engage with our suppliers on the subject of ethical sourcing, map relevant supply chains, and monitor and report on labour conditions in those supply chains.

Fair Trade standards are incorporated into relevant contracts including clothing. We became the first public sector organisation to source cotton under a new Fairtrade Cotton Sourcing Programme, introduced as part of our new Uniform Contract that was awarded in 2015.

We were one of the first major organisations to become an affiliate member of Electronics Watch in December 2015. Electronics Watch is an independent non-governmental organisation that works with public sector buyers to protect the labour rights of workers in their global electronics supply chains. Through affiliation to Electronics Watch, public sector organisations across the EU collaborate to influence large electronics suppliers to drive real improvements for workers.

### **Monitoring**

In contracts identified as having high ethical sourcing risk, suppliers are required to conduct audits of their factories and sites, using an independent, third party auditor, and make the audit reports and related corrective actions plans available to us.

As part of our continued membership of the ETI, we provide an annual reporting submission which monitors trends, assesses the overall impact of our ethical sourcing activity and identifies good practices. Our annual submission for 2016 will help us identify where we need to take appropriate action in other high risk supply chains.

Internally, TfL maintains a confidential and independent reporting service, available 24 hours a day, seven days a week, for staff to raise concerns.

### **Awareness and Engagement**

As part of our commitment to Ethical Sourcing we have delivered a number of general and contract-specific training and briefing sessions to employees, suppliers and other stakeholders. In February 2016, this included an Electronics Watch briefing to our Commercial Information Communication and Technology Team on the procurement and monitoring model required to embed ethical sourcing into electronics contracts. Continuous improvement and best practice on Ethical Sourcing is shared across our organisation through a TfL 'Knowledge Portal' which employees can use to record, share and search for 'Lessons Learned'.

We have been active in promoting Ethical Sourcing to external stakeholders through chairing the ETI Public Sector ethical Sourcing Working Group. We also attended the European Working Group on Ethical Public Procurement, which took place in Bremen in March 2015. This stakeholder engagement activity enables us to develop our Ethical Sourcing strategy by collaborating and sharing knowledge with other stakeholders who share the same Ethical Sourcing agenda. During 2016/17, we will continue to raise awareness and share knowledge internally and externally around our ethical sourcing practices and our approach to addressing the risk of modern slavery in our supply chains.