

Date: 20 June 2018

Item: Responsible Procurement

This paper will be considered in public

1 Summary

- 1.1 We are required to publish a new Modern Slavery statement under the Modern Slavery Act 2015 for the Financial Year 2018/2019, outlining what steps we have taken to investigate and mitigate the risks of modern slavery in our business or supply chains. The Statement is required to be approved by the Board on 25 July 2018. The draft Statement to be noted by the Panel is included as Appendix 1.

2 Recommendation

- 2.1 **The Panel is asked to note the paper.**

3 Modern Slavery Statement

- 3.1 The Independent Anti-Slavery Commissioner estimates there are at least 13,000 modern slaves in the UK, and global estimates suggest more than 40 million people worldwide. TfL is committed to identifying risks of modern slavery and forced labour in its supply chains, and working with its suppliers to proactively address these risks.
- 3.2 We published our most recent Modern Slavery Statement for the Financial Year 2017/18 on TfL's website on 30 September 2017. We are required to produce a new statement for 2018/19 which needs to be published by 30 September 2018, following Board approval. All companies within the TfL Group will make the same statement. The 2017/18 statement will be removed from our webpage and archived internally.

2017/18 Activity

- 3.3 In 2017/18 we focused activities on uniforms due to the well-documented risks of human rights abuses in global garment supply chains. We also included requirements around our cleaning services as part of the tender process for our facilities management contracts.

- 3.4 TfL's uniform contracts include public sector-leading requirements around working conditions and human rights. A key requirement is that the factories in China and Bangladesh which are manufacturing the garments undergo independent, third party audits annually. Non-compliances are captured in audit reports, and followed up through corrective action plans and evidence of resolution.
- 3.5 In alignment with developing ethical sourcing best practice, we have gone beyond the formal audit process to tackle the root causes of these issues. We have required our suppliers to undertake projects to build capacity and understanding, including providing safety training for workers and implementing worker grievance procedures in factories.
- 3.6 Instances of worker exploitation and forced labour often occur through the actions of intermediaries or labour providers, especially in low-paid sectors. In order to address these risks in our cleaning workforce we have included requirements in our recent facilities management contracts for a minimum of 80% of cleaning staff to be directly employed, rising to 95% as the contract progresses. This key performance indicator is monitored quarterly as part of the contract management process.
- 3.7 TfL is the only public sector member of the Ethical Trading Initiative (ETI), to whom we report annually. In 2017 we improved our rating in seven categories (out of 29) in the reporting framework, the largest advancement of our membership to date, and were noted for having made considerable progress. Reporting categories in which we improved included 'Policy', 'Worker Awareness' and 'Worker Complaints'. We have been actively promoting our approach, through speaking engagements and membership of Baroness Young of Hornsey's Advisory Group for the Alliance for Transparency in Supply Chains Reporting programme.

2018/19 Activity

- 3.8 In the coming year we will build on the strong foundations of our approach, to further embed it in existing areas of focus, and roll it out in new spend categories where risks are identified.
- 3.9 We will continue our affiliation with Electronics Watch, the non-profit, collaborative organisation monitoring global electronics supply chains, and will identify relevant contracts in which to include Electronics Watch's supplier due diligence and monitoring clauses. This will give TfL contractual rights to enter into dialogue with suppliers on those issues and collaborate with them to establish due diligence and mitigation strategies to address human rights risks in the supply chain.
- 3.10 We have identified the construction workforce as one at risk of forced labour and exploitation, and we will be creating a contractual approach and toolkit for use when letting and managing construction contracts. We will work in partnership with our construction suppliers and draw upon subject matter expert input to develop a best practice approach to identifying and addressing these risks.

- 3.11 We will complete a risk assessment of our procurements to identify additional contracts and categories of spend where there may be a high risk of forced labour or modern slavery, and we will provide training to our commercial teams on addressing these issues through procurement and contract management.

4 GLA Group Responsible Procurement Policy

- 4.1 The revised GLA Group Responsible Procurement Policy was signed off by the Mayor and published in 2017. The revised Policy includes six themes:

1. Enhancing social value
2. Encouraging equality and diversity
3. Embedding fair employment practices
4. Enabling skills, training and employment opportunities
5. Promoting ethical sourcing practices
6. Improving environmental sustainability

- 4.2 Each Functional Body of the GLA Group is now developing an implementation plan detailing specific activities it will undertake to implement the commitments of the Policy. These will be proposed for approval at the GLA Collaborative Procurement Board in September 2018. The Collaborative Procurement Board oversees the effective procurement of some contracts on behalf of the GLA Group, and determines the strategy for how this process works, and includes representation from TfL's Chief Procurement Officer.

List of appendices:

Appendix 1: Draft Modern Slavery Statement 2018/19

List of Background Papers:

None

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Transport for London Slavery and Human Trafficking Statement 2018

Draft

Introduction

Transport for London (TfL) is the integrated transport authority responsible for delivering Mayor of London's strategy and commitments on transport. We run the day-to-day operation of the Capital's public transport network and manage London's main roads. Every day more than 31 million journeys are made across our network. We do all we can to keep the city moving, working and growing and to make life in our city better.

This Statement is designed to satisfy the requirements of Section 54 of the [Modern Slavery Act 2015](#), by informing our customers, suppliers, staff and the public about TfL's policy with respect to modern slavery, human trafficking, forced and bonded labour and labour rights violations in its supply chains and the steps taken to identify, prevent and mitigate the risks. This is TfL's third annual statement to be published under the Act.

TfL was the first public sector organisation to join the Ethical Trading Initiative (ETI), a leading alliance of companies, trade unions and non-governmental organisations (NGOs) that promotes respect for workers' rights around the globe. TfL was also the first public body to join Sedex, home to one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains and used by companies to manage their performance around labour rights, health & safety, the environment and business ethics. Leading by example, we use both these memberships to maintain awareness of best practice and current developments, benchmark with other organisations and externally verify our approach.

Our organisation

Managing TfL's supply chain is the direct responsibility of the Chief Procurement Officer, who reports to the Director of Finance, who reports to the Commissioner of TfL. During 2017-18, TfL spent in excess of £6bn on goods, services and works.

Our policies in relation to slavery and human trafficking

In June 2017, the Mayor published the [Greater London Authority \(GLA\) Group Responsible Procurement Policy](#).

This document is a high level strategic policy setting out the GLA Group's plans, ambitions and commitments for ensuring continuous improvement in London,

delivered through all the Group’s procurement activities, which supports the delivery of the Mayor’s commitments and strategies. It reflects best practice and demonstrates our procurement activities meet all legislative requirements, including the Modern Slavery Act.

The Mayor’s policy commits us to promote ethical sourcing by:

- Adopting the nine provisions of the ETI Base Code, or equivalent, as the standard we expect of our suppliers to support working conditions that are legal, fair and safe; and
- Adopting a risk and opportunity based approach to identify contracts and areas of spend where there may be a high risk of poor working conditions, human rights abuses or negative impacts on security and crime. We will seek to improve transparency within the supply chain, and work with suppliers to improve any poor performance identified as part of a process of continuous improvement, reflecting existing and emerging legislation and guidance.

To support the business in implementing the Policy, TfL hosts the GLA Group’s central Responsible Procurement team within its Commercial function. The Policy fully supports the implementation of the [UN Guiding Principles on Business and Human Rights](#).

Our spend categories and those that present risks of human rights abuses

The principal categories which TfL considers carry material risks of human rights abuses are uniforms, electronic equipment, cleaning and construction. TfL considers the corresponding source countries to be as follows:

Category	Country
Uniforms	Bangladesh, China
Electronic equipment	East Asia, China, India, Eastern Europe, Mexico
Cleaning services	United Kingdom
Construction	United Kingdom

Our supply chain due diligence and its effectiveness

During 2017, TfL invested in better understanding our higher-risk supply chains, gained first-hand experience in supply chain due diligence and risk mitigation and implemented strategies progressively to address risks of human rights abuses.

Promoting respect for human rights in garment supply chains: TfL Uniforms

While providing uniform fit for a world class transport system, TfL is actively ensuring that workers producing the garments are treated fairly, wherever they may be in the

world. TfL has been including clear requirements safeguarding human rights and working conditions in relevant contracts for many years and with our contracts for the manufacture of our uniforms we have set new levels of excellence for supply chain due diligence in public procurement.

The factories – in Bangladesh and in China - where the garments are being made are subject to an extensive, independent, third party social audit regime, both before production began and on a regular basis throughout the contract term. This means TfL can work with its suppliers to address any issues brought to light by these audits quickly and effectively. In addition and for the first time, TfL is going beyond the formal audit process to address the root causes of these issues. Suppliers are required to undertake projects to build capacity by engaging with local NGOs, providing safety training for workers and implementing worker grievance procedures in the factories. ETI has adjudged TfL to be making solid progress with its ethical sourcing programme with some notable improvements.

TfL also worked closely with the Fairtrade Foundation to ensure that the cotton used in the uniforms is sourced from certified producers, meaning that farmers and workers get a fair deal for their work. This was another first in the UK for a public sector organisation such as TfL.

Helping eradicate abuses in global electronics supply chains: continued support for Electronics Watch

TfL renewed its affiliation to [Electronics Watch](#) in 2017, the non-profit, collaborative organisation monitoring global electronics supply chains and has developed plans to include supplier due diligence and monitoring clauses in the re-tender of its forthcoming desktop solutions contract. This will give TfL contractual rights to enter into dialogue with suppliers on those issues and collaborate with them to establish due diligence and mitigation strategies to address human rights risks in the supply chain.

Minimising the risk of forced labour: Cleaning Services

TfL's contracts for cleaning services have built-in protection to mitigate the risk of workers being subject to forced labour conditions, which can often occur in low-paid sectors through the actions of intermediaries or labour providers. We have required an initial minimum of 80 per cent of cleaning staff to be directly employed, rising to 95 per cent as the contract progresses. We will work with our suppliers to continue to ensure that risks of forced labour in our cleaning workforce are identified and mitigated.

Training and capacity building

TfL's seeks to improve itself and others by facilitating training for TfL staff and staff from the wider GLA Group. In 2017-18, TfL delivered a programme of training in a range of responsible procurement disciplines including ethical sourcing.

TfL has also actively contributed to a series of external conferences and workshops on Responsible Procurement, many aimed specifically at promulgating the message about risks to human rights in public supply chains.

As major practitioners of public procurement, TfL and the GLA Group are represented on the [Steering Committee](#) of [International Learning Lab on Public Procurement and Human Rights](#) an international forum for the advancement of thinking, knowledge-sharing and best practice development in this activity.

Our Goals for 2018-19

TfL reconfirms its commitment to better understanding its supply chains and working towards greater transparency and responsibility towards people working on them.

We will continue to work with our partners and suppliers to undertake supply chain due diligence and mitigate the risks to human rights in our supply chains. As TfL acquires knowledge and develops capability across higher-risk spend categories, the intention is to codify and communicate for wider use in public service those due diligence processes that are found to be the most successful.

In the year ahead, we will pursue [four] **key goals for 2018-19**:

- Develop and deliver a comprehensive programme of improvement to implement the GLA Group Responsible Procurement Policy, including metrics to evidence its effectiveness;
- Incorporate Electronics Watch clauses into forthcoming large-scale IT procurements to enable us to work with suppliers to promote respect for human rights in our electronics supply chains;
- Complete a risk and opportunity assessment to identify other contracts and areas of spend, such as construction, where there may be a high risk of poor working conditions, human rights abuses or negative impacts on security and crime; and
- Provide training and resources to assist commercial staff in TfL and across the GLA Group in addressing modern slavery risks.

This Statement has been approved and published by the TfL Board and will continue to be reviewed at least once annually.

[Name of Signatory]

[Date] 2018

For TfL Board