

Date: 29 June 2022

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 2021/22, outlining the 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 before publication; that approval will be sought at the meeting of the Board on 27 July 2022. The draft statement is included as Appendix 1.
- 1.2 The 2021-22 Modern Slavery Statement is our seventh statement presenting our annual progress and plans for continuous improvement, demonstrating leadership in this area.

2 Recommendation

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

3 Modern Slavery Statement

- 3.1 The Centre for Social Justice estimates there are around 100,000 victims of modern slavery in the UK increasing from 13,000 when the Modern Slavery Act 2015 was first published. Global estimates suggest more than 40 million people worldwide are victims of modern slavery. 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 TfL was the first public body to become a member of the Ethical Trading Initiative (ETI), an independent body which monitors member Non Governmental Organisations (NGOs) and companies' supply chains in accordance with an ethical code and is a founding member of Electronics Watch an independent monitoring organisation that assists public sector buyers to meet their responsibility to protect the human rights of electronics workers in their global supply chains.

- 3.3 We published our most recent Modern Slavery statement for the Financial Year 2020/21 on TfL's website in September 2021. We are required to produce a new statement for 2021/22 to be published by 30 September 2022, following Board approval. A list of the companies within the TfL Group that the statement will apply to is included in the statement and the statement will be approved by each of those companies. The 2020/21 TfL statement will be removed from our webpage and archived internally.

4 2021/22 Activity

Procurement and Contract Management

- 4.1 In 2021/22 we continued to manage our high-risk contracts (uniforms, electronics and facilities management), evaluated tenders referenced in last year's statement notably the Surface Technology Contract Retender (STCR) and High Voltage Power and developed standard supplier selection and contract conditions for inclusion in TfL's extensive property development portfolio.
- 4.2 The construction sector is a large part of our risk profile and TfL's vast property development portfolio therefore requires thorough due diligence and mitigation activity.
- 4.3 Using the guide produced by Action Sustainability during 2020/21, standardised tender questions and contractual requirements have been produced and included across the property portfolio.
- 4.4 This year the requirements were included in the suite of developments under the Connected Living London joint venture with Grainger plc and the Bollo Lane development which is delivering approximately 800 units.
- 4.5 Tender questions asked developers how they will set up their construction sites to manage the risk of Modern Slavery, including how they manage recruitment processes with third parties, and points bidders towards best practice material such as the Supply Chain Sustainability School's Awareness Identification Response model. Potential developers are also asked how they will ensure core construction materials such as brick, quarry products, steel and timber are sourced to ensure compliance with the ETI Base Code.
- 4.6 The STCR contract includes the supply of a number of essential assets to Surface Transport, notably CCTV, traffic signals, variable message signs and overhead vehicle detection plus the provision of capital works and maintenance activities across London for these asset categories. Modern slavery risks were identified in the supply of these assets and in the labour provision in London and, therefore, also considering feedback from early market engagement in early summer, we developed a bespoke approach to mitigate these risks.

- 4.7 Bidders were evaluated on their approach to identifying the modern slavery risk in their workforce and how they would establish supply chain transparency, aligning to our affiliation with Electronics Watch – an independent monitoring organisation that assists public sector buyers to meet their responsibility to protect the human rights of electronics workers in their global supply.
- 4.8 The successful bidder(s) on STCR will be required to provide an Ethical Sourcing Plan to be agreed by the contractor and TfL Responsible Procurement Manager and will be updated annually for the duration of the contract.
- 4.9 TfL continues to implement the nine principles of the ETI Base Code as the minimum level of performance for suppliers and their supply chain in sectors with a recognised risk of poor working conditions and labour standards.
- 4.10 We continued work on our frameworks for our ticketing payment solution – Oyster Cards and the procurement of Information Communications Technology (ICT) hardware included Electronics Watch contract conditions. This year our reseller of ICT Hardware disclosed further factory locations of some of their products which have been passed onto Electronics Watch for monitoring.
- 4.11 We have been working closely with our supplier of CCTV cameras on the London Underground to ensure they are registered with Sedex and have completed their self-assessment questionnaire for their sites of production in their supply chain. Once complete, we will gain transparency of these sites and can use the Sedex Radar tool to assess the risk profile and take appropriate action.
- 4.12 Through inclusion of direct employment requirements embedded in our cleaning contract TfL has taken a proactive approach to managing the risks of worker exploitation in the UK cleaning sector. As of March 2022, 95.1 per cent of the circa 2,500 cleaning staff were directly employed by the supplier. All contracted and sub-contracted workers on this contract receive the current London Living Wage rate or above.
- 4.13 Due to the recognised risk and public scrutiny of modern slavery in the supply of Personal Protective Equipment, we have remained informed of global labour issues via industry-level modern slavery groups and have raised issues directly with our Tier 1 supplier. We have considered industry codes such as the Responsible Glove Alliance to inform our due diligence approach and have made labour rights issues a standing agenda item at contract review meetings. We will continue to work with our Tier 1 supplier to improve transparency of these supply chains, as the issues are complex and systemic and will take time and collaboration to fully address.

Supplier and Engagement

- 4.14 This year, we commenced our campaign to invite medium and high-risk suppliers to complete the Cabinet Office (Modern Slavery Assessment Tool (MSAT)). As of the end of the financial year, 54 suppliers have been invited with a 50 per cent completion rate. We have set a key performance indicator for all 54 suppliers to score 70 per cent or above, the threshold to achieve a 'Green' status.
- 4.15 In the year ahead, we will be working with those suppliers who have scored below 70 per cent, providing access to training resources and supporting their development actions which are provided by the MSAT following completion. We will also encourage more suppliers to complete their assessments and begin to include contractual mechanisms to require completion in upcoming medium to high-risk tenders.
- 4.16 As part of TfL's arrangement to provide procurement services to the GLA, the TfL team has engaged with solution providers on the Retrofit Accelerator for Homes Innovation Partnership to discuss the issue of Uyghur Muslim forced labour in the supply chains of polysilicon. Following the release of the 'In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains' report from Sheffield Hallam University² a presentation was given to the solution providers providing an overview of the issues highlighted in the report. The solution providers will be encouraged to work on mapping their supply chains and work towards providing transparency and traceability of polysilicon. The Central Responsible Procurement Team (CRPT) will support providers on addressing this challenging and emerging issue, linking in with industry experts and providing training support via the Supply Chain Sustainability School.

Industry Engagement

- 4.17 This year, the CRPT established a pan-GLA Group practitioner learning group to share best practice and collaborate across the Group in relation to modern slavery due diligence. The group meets on a quarterly basis and has assisted with the roll out of the MSAT campaigns and sharing best practice from TfL's representation on both the Rail Safety and Standards Board (RSSB) and the Department for Transport modern slavery groups.
- 4.18 The CRPT continues to utilise its networks to collaborate and share knowledge on socially responsible procurement. In the first half of 2021, the team participated in the Organisation for Economic Co-operation and Development Pilot on Due Diligence in the Public Procurement of Garment & Textiles and the ICLEI (Local Governments for Sustainability)-led International Working Group on Ethics in Public Procurement for IT, with public authorities from a global and European reach respectively. The CRPT are also members of the International Working Group on ethical Public Procurement. Key learnings will be incorporated into future relevant procurements across TfL and the GLA group.

- 4.19 In October 2021, a CRPT member presented at a webinar titled 'How to break the cycle of climate change leading to forced labour', communicating our approach to audience members, sharing and learning from best practice to ensure a just transition to net zero.

Training and Awareness Raising

- 4.20 To ensure that modern slavery and ethical sourcing risks are considered in the early stages of procurement when developing business cases and category management strategies, Responsible Procurement (RP) training is available to the Procurement and Commercial teams. The RP e-learning module has been completed by 616 staff members to date which includes an overview of TfL's approach to ethical sourcing and modern slavery risk management. As of 31 March 2022, 48 Procurement and Commercial staff have completed all modules of the Home Office modern slavery e-learning.
- 4.21 We arranged training courses via the Supply Chain Sustainability School for our remaining colleagues from our Safety, Health and Environment team and the Property Management team. A total of 85 staff attended these sessions.
- 4.22 Upskilling our supply chain to help manage our shared risks is a key priority for us, recognising that some suppliers are further on their journey than others. We delivered a workshop for ten of our supply partners on recognising the signs of modern slavery and raising awareness of the issue. Suppliers from across our supply chain attended, covering track maintenance, IT, rolling stock, construction and uniforms. Feedback was positive and we will build on this engagement as we continue to rollout the MSAT and support suppliers to develop their practices, policies and processes.

5 2021/22 Activity

- 5.1 The Responsible Procurement Programme co-ordinates the TfL and GLA Group approach to promoting ethical sourcing practices and addressing the risks of modern slavery over the Mayoral term including metrics to monitor continuous improvement of internal capacity building and supply chain assurance.
- 5.2 Our priorities for the year 2022/23 will be a combination of quantifiable key performance indicators (KPIs) and ongoing participation in projects, programmes and initiatives:

The KPIs are:

Training: All TfL commercial and procurement staff to complete modern slavery training, such as the Home Office developed e-learning module by April 2023; and

MSAT: All TfL suppliers who have been assessed to be high and medium risk, to complete the tool and achieve an MSAT score of a minimum 70 per cent by March 2024. We will work with lower scoring suppliers to support improvements to their scores and encourage more suppliers to complete the assessment.

The Goals for 2022/23 are:

Raise Awareness: Continue to raise awareness of modern slavery to our supply chain, assisting suppliers by providing workshops, resources and training materials, as well as TfL staff in the Safety, Health and Environment (SHE) directorate; Commercial Development and the Capital Delivery and Projects community, through TfL's membership of the Supply Chain Sustainability School.

Increase capability: We will continue to upskill commercial and procurement staff, as well as contract managers on how to tackle modern slavery in supply chains through the Home Office e-learning package and on supply chain transparency through bespoke learning sessions with Electronics Watch.

On-site awareness: Encourage our suppliers and site managers to display the Gangmaster and Labour Abuse Authority's worker rights checklist on all construction sites.

Peer Learning: Chair the pan-GLA Group practitioner learning group to share best practice and collaborate across the GLA Group in relation to modern slavery due diligence and to continue to learn and share with the transport industry through TfL's representation on the RSSB Modern Slavery Group.

Minerals Supply Chains: Take part in the Electronics Watch Low-Emission Vehicle programme encouraging bus manufacturers and fleet providers to work with us to improve supply chain transparency and working conditions in the mining and manufacturing of minerals used in the production of batteries for electric vehicles.

State-sponsored forced labour: Continue to collaborate with partner organisations such as the ETI and Electronics Watch to progress due diligence issues, such as the treatment of Uyghur Muslims in China, in our supply chains and those of the GLA where TfL provide procurement services.

London Transport Museum: The LTM Retail Team will work with the CRPT and TfL procurement team to support low scoring suppliers from their MSAT campaign and act on the recommendations provided. This will include providing access to workshops and training resources and monitoring engagement.

6 GLA Group Responsible Procurement Policy

6.1 The refreshed and updated GLA Group Responsible Procurement Policy was approved by the Mayor and published in March 2021 and sets the direction for TfL's Responsible Procurement activity. The refreshed Policy includes five themes:

- (a) improving supply chain diversity;
- (b) embedding fair and inclusive employment practices;

- (c) enabling skills, training and employment opportunities;
- (d) promoting ethical sourcing practices; and
- (e) improving environmental sustainability.

6.2 Our key Responsible Procurement achievements in 2021/22 were:

- (a) Delivered a set of virtual events during National Apprenticeship Week in February 2022, featuring 16 suppliers including the London Fire Brigade, GLA and Metropolitan Police Service;
- (b) 499 new apprenticeship starts in our supply chain, of which 60.5 per cent are from a Black Asian or minority ethnic background and 23 per cent are women;
- (c) 55 per cent of TfL's 64 key suppliers who have issued a Modern Slavery Statement scored 3/5 or above from Transparency in the Supply Chain analysis;
- (d) 50 per cent of the 54 suppliers who were invited to complete the MSAT have done so giving us transparency of our medium and high-risk suppliers;
- (e) Consistent approach to managing the risk of modern slavery developed and embedded across TfL's property development portfolio;
- (f) 17 TfL suppliers are accredited to the Mayor's Good Work Standard, the London benchmark for good employment practice, which encourages employers to adopt best practice in areas such as fair pay and conditions, diversity and inclusion, skills and progression and workplace wellbeing;
- (g) TfL paid 90 per cent of the invoices from Small and Medium sized Enterprises within 10 working days;
- (h) TfL increased spend with SMEs from 2.9 per cent in 2020/21 to 3.1 per cent; and
- (i) 10 of TfL's supply partners attended a training session on recognising the signs of modern slavery.

List of appendices:

Appendix 1: Draft Modern Slavery Statement 2021/22

List of Background Papers:

Documents produced in consultation with Action Sustainability: Modern Slavery Assurance Handbook – a detailed guide to assurance in construction in relation to modern slavery and exploitation; and Procurement Guidance – an easy to use guide setting out the key procurement requirements at the planning, selection and management stages and a Risk Assessment Matrix of medium to high risk categories.

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