



FCO Raises the Bar on Supplier Modern Slavery Obligations

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This time last year, the UK Government released a long-awaited Code of Conduct for use across its network of suppliers.

The problem with this Code, as uncovered by *In-Procurement*, was that it did not respond to any of the demands from Government suppliers themselves for clear and common standards of best practice in the area of countering modern slavery.

This problem with the UK Government's over-arching Supplier Code remains unresolved. However, suppliers to the UK Government's Foreign and Commonwealth Office (FCO) have, in recent weeks, received far more detailed and prescriptive instructions on this Department's expectations around the corporate responsibility to manage human rights and modern slavery risks.

The Foreign and Commonwealth Office Supplier Code of Conduct will now be in use as part of the standard conditions for FCO contracts valued at over £10,000.

It begins by referencing the Government's overarching Supplier Code of Conduct and requesting adherence to its base-line provisions. However, it goes on to set out the

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FCO's additional expectations for suppliers in several areas, such as equality, accessibility, minimum wages, terms and conditions of employment, transparency in disciplinary procedures and working hours.

Unlike the UK Government's generic Supplier Code, the FCO Supplier Code's most comprehensive and detailed requirements are contained in its

section titled 'Modern Slavery, Child Labour and Inhumane Treatment'.

Suppliers to the FCO will be required to warrant that they have not been convicted of any slavery or human trafficking offences and are not currently under investigation, inquiry or enforcement proceedings in relation to allegations of slavery or human trafficking offences anywhere in the world.

They will also have to abide by a range of new responsibilities, including duties to:

- Make reasonable enquires to ensure that subcontractors have not been convicted of slavery or human trafficking offences anywhere around the world.
- Implement due diligence procedures to ensure that there is no slavery or human trafficking in any part of the supply chain performing obligations under the contract.
- Establish and maintain, throughout the term of each contract, their own policies and procedures to ensure compliance with the Modern Slavery Act.
- Include anti-slavery and human trafficking provisions in their contracts with subcontractors.
- Prepare and deliver to the FCO, at the commencement of each contract, a slavery and human trafficking report setting out the steps they have taken to ensure that slavery and human trafficking is not taking place in any of their supply chains or in any part of their business.

Stakeholders with any suspicions or concerns about an FCO supplier, are encouraged to contact the Government's Modern Slavery Helpline directly.

The new provisions will apply to all FCO suppliers, regardless of their size, as long as their contract with the Department exceeds the £10,000 threshold. Thus smaller businesses in the FCO's supply chain will be impacted by the kind of modern slavery requirements hitherto reserved for much larger organisations, such as the duty to prepare a report on the steps they have taken to root out modern slavery from their supply chains.

Similarly, companies of widely varying size within the Department's network of suppliers will be required to establish much closer communications with their subcontractors on the issue of modern slavery, by introducing relevant provisions in their contracts, enquiring about any previous convictions and, most importantly, establishing due diligence procedures to ensure their counter-slavery measures are in line with the FCO's expectations.

What underlies these new obligations is the FCO's desire to ensure that the standards it sets for its own suppliers are being upheld all the way along the supply chain that begins with them.

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In order to report on, and communicate with, their subcontractors in meaningful way, FCO suppliers will need to consider the option of conducting more frequent and in-depth site assessments, using independent means to ensure that the reality on the ground matches up to the standards which they, and the FCO, would expect. With this in mind, they should consider making comprehensive audit rights a standard feature of the subcontracting process.

Doing so will enable affected companies to ensure that their reporting is well-informed, that the policies they develop are relevant, that their due diligence process is comprehensive and, most importantly, that any risks are identified before an issue emerges which could jeopardise their status as an FCO supplier.

With other Government Departments likely to follow suit in raising the bar set by HMG's generic Supplier Code, an increasing number of companies working in the public space are likely to be affected by similar requirements around supply chain transparency.

Indeed, the FCO Supplier Code itself acknowledges that the Foreign Office may soon have 'additional requirements in relation to corporate social responsibility', with which all suppliers and their subcontractors will need to comply.

As state bodies come under increasing pressure to make sure their commercial operations are in line with public expectations, they are likely to pass more and more of this pressure on to their suppliers.

The challenge will then be for these companies, regardless of their size, to establish and maintain effective oversight of the smaller subcontractors on whom their reputation, and their contract with the Government, relies.



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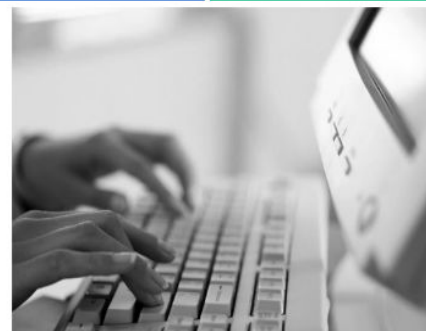


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