

# **Modern Slavery and Human Trafficking Statement for the year ending 31 March 2019**

March 2019

This statement relates to the financial year ending 31 March 2019. It sets out the steps that we (the Financial Conduct Authority – FCA) have taken as an organisation to ensure that slavery and human trafficking are not taking place in our supply chains or in any part of our own business.

The FCA will not tolerate slavery or human trafficking in its business or supply chains and we are committed to continually improving our policies and practices to play our part in fighting against slavery and human trafficking, and protecting human rights.

## Our business and supply chains

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### About us

The FCA is the conduct regulator of around 58,000 financial services firms and of financial markets in the UK and the prudential regulator of around 18,000 of those firms. We aim to make financial markets work well for individuals, for businesses and for the economy as a whole.

We are an independent public body funded entirely by the fees charged to the firms we regulate. We are accountable to the Treasury, which is responsible for the UK's financial system, and to Parliament.

Our strategic objective is set out in the Financial Services and Markets Act 2000. This strategic objective is to ensure that the markets we regulate function well. Our operational objectives are to:

- protect consumers – to secure an appropriate degree of protection for consumers
- protect the integrity of financial markets – to protect and enhance the integrity of the UK financial system
- promote competition – to promote effective competition in the interests of consumers

For more information about [our mission and approach](#) see our website.

### Group structure

The FCA is a company limited by guarantee. We have one wholly owned subsidiary company, the Payment Systems Regulator Limited (the PSR) which is a company limited by shares. The PSR is the economic regulator for the payment systems industry in the UK.

### Supply chains

We buy a wide range of goods and services and engage approximately 1,000 suppliers. Almost half of our current supplier spending relates to IT contracts. Our Procurement Department is responsible for engaging suppliers of goods and services, and is made up of professional purchasing staff.

We are a 'Contracting Authority' under the Public Contracts Regulations 2015 (PCR2015). This means that, since 1 January 2018, all contracts for relevant services over £217,562 (including VAT) (for supplies and services) and £5,461,696 (including VAT) (for works) are subject to the requirements of the Public Contracts Regulations 2015 and

the EU Procurement Directives. We have published a summary of the above threshold supplier contracts awarded during the last 12 months on our [Contract Finder](#).

## Our policies

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### Our Supplier Environmental, Diversity and Inclusion and Social Policy Statement

We recognise our responsibility to ensure that our suppliers have fair and ethical labour practices. We have published our [Supplier Environmental, Diversity and Inclusion and Social Policy Statement](#) ('the Statement').

This makes clear that we expect all our suppliers to comply with the Statement and to ensure that working conditions in their operations meet (or exceed) international labour standards. In particular, suppliers should ensure that:

- there is no forced labour and employment is freely chosen
- the right of freedom of association is respected and encouraged by the employer
- no child labour is used
- living wages are paid (wages should always be enough to meet basic needs and to provide some discretionary income)
- no harsh treatment is used or discrimination practised
- workers are not pressurised to undertake overtime they do not wish to do
- a safe and hygienic working environment is provided

The Statement sets out that we expect our suppliers to:

- put in place sufficient systems to monitor and take responsibility for compliance with social policies
- conduct regular assessments of their operations to identify any non-compliance cases
- develop remediation plans to resolve non-compliance cases
- regularly monitor the effective implementation of remediation plans
- make sure that their suppliers and sub-contractors ensure that workers' conditions in their operations meet or exceed the above standard

### Internal policies

Good corporate citizenship and corporate responsibility are important parts of our identity, both as an employer and as a regulator. We set out the ethical standards we expect of our staff in our published [Conflicts of Interest Policy](#) and our [Ethical Procurement Policy](#).

We aim to provide a rewarding working environment in which people are valued and respected. We are a Living Wage Employer. We also have a strong commitment to diversity and inclusion and look after the well-being of our people, ensuring that they are safe and well and appropriately cared for.

Our policies and procedures aim to ensure that we create a safe and inclusive working environment for our staff. Our Employee Handbook contains policies on 'Equal Opportunities and Respect at Work', 'Corporate Responsibility and Diversity and Inclusion', 'Trans Inclusion', and protecting staff's 'Health and Safety'. In addition, our

Employee Handbook contains several policies aimed at ensuring employee wellbeing, including the provision of support available to staff in relation to incidents of stress and domestic abuse. We also have an internal guide on 'Applying our Public Sector Equality Duty in our Regulatory Work'.

Our Employee Handbook contains a Grievance Procedure, a Bullying and Harassment Policy, an Equality Complaints Procedure and a Whistleblowing Policy, each aimed at giving our staff a platform to raise concerns about any wrongdoing or poor working practices.

In particular, our internal Whistleblowing Policy encourages staff to raise concerns about suspected wrongdoing (such as any criminal offence or failure to comply with a legal obligation) as soon as possible. It also provides contact details for Public Concern at Work for staff who want independent advice about whistleblowing.

In addition to our focus on creating a great place to work, we:

- Encourage our staff to understand the communities we serve through our community engagement programme and by offering staff volunteering opportunities.
- Carry out an annual staff survey which includes a question asking staff if they feel free to speak up.
- Actively encourage staff to join any of the many network groups. Network groups available to staff include:
  - Social mobility – our social mobility network
  - Spectrum – our BAME (black, Asian and minority ethnic) network
  - Embrace – our physical and mental disability network
  - Inside out – our LGBT+ network

## Supplier due diligence

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### Procurement processes

When awarding contracts above the £217,562 threshold to suppliers, we require prospective suppliers to complete a 'Selection Questionnaire'. This questionnaire requires suppliers to confirm whether they are a relevant organisation under section 54 of the Modern Slavery Act 2015 and, if so, whether they are compliant with the annual reporting requirements imposed by section 54.

We also require all prospective suppliers above this threshold to complete our Corporate Responsibility and Diversity Questionnaire ('the Questionnaire') during the competitive supplier selection process. We may also require other prospective suppliers below this threshold to complete the Questionnaire as part of the procurement process. The prospective suppliers' responses to the Questionnaire are one of the factors we use to determine which supplier is engaged.

The aim of the Questionnaire is to ensure that we work with suppliers to build positive partnerships that reflect and support our corporate responsibility aspirations. The Questionnaire states we specifically wish to ensure that our suppliers look after the wellbeing of their people, ensuring that they are safe and well and appropriately cared for and that our suppliers promote an environment in which their employees are valued and respected.

The Questionnaire requires suppliers to describe how they will meet the following requirements:

- to have effective policies and procedures for looking after the wellbeing of their employees and ensuring that they are valued and respected
- to have a positive impact on both their local and wider community and to follow best practice in measuring their impact in their local and wider community and
- to effectively monitor and collect relevant evidence from their supply chains, including any sub-contractors, to ensure that corporate responsibility processes and procedures support best practice and our corporate responsibility aims throughout the supply chain

When suppliers respond to tenders, they are also required to confirm that they comply with the Statement described above and published on the FCA website. In certain circumstances, we may conduct an audit of a supplier's premises or operations as part of our procurement process.

### **Ongoing management of suppliers**

We have a detailed framework to manage our contracts and relationships with our suppliers.

Our Procurement Department carries out an initial risk analysis as part of our supplier categorisation process and keeps a risk management log. Ongoing supplier risks, currently for IT services, are identified by a governance committee and any ongoing risks are recorded and updated in the risk management log. Identified risks are managed in line with our risk process.

This framework also includes guidelines for how and when suppliers may be audited. Under supplier contracts, suppliers may have scheduled audits and/or the right to audit may be triggered by certain events such as a media announcement or the discovery of potentially inappropriate behaviour. While we have not completed any such audits to date this a key mechanism for oversight where any risks are identified. Auditors will usually be appointed in line with contractual terms and by agreement between us and the supplier. Our framework sets out the process by which an auditor's findings and any suggested remedial actions are implemented.

### **Supplier terms and conditions**

We use our own standard terms and conditions wherever possible. Where our standard terms and conditions are not used or are negotiated, our Procurement Department negotiates terms and conditions, with advice from our in-house legal team.

Our General Terms and Conditions include a warranty that the relevant supplier's goods or services will comply with all statutory or similar requirements.

For our larger IT procurements, we use terms and conditions based on the Crown Commercial Services Model Service Contract. This contract requires suppliers to comply with all applicable laws when providing their goods or services. The contract also requires suppliers to ensure that all sub-contracts contain provisions allowing the relevant supplier the right to terminate the sub-contract if the sub-contractor fails to comply with legal obligations in the fields of environmental, social or labour law.

The standard terms and conditions we use for the supply of non-IT related goods and services include a provision requiring suppliers to comply with all applicable laws, statutes, regulations and codes in force relating to slavery and human trafficking including, but not limited to, the Modern Slavery Act 2015.

The provisions described above ensure that if a supplier is found to be in breach of applicable laws, we can choose to terminate our arrangement with that supplier.

## **Areas of risk and the effectiveness of our practices and processes**

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Due to the nature of our business, we consider the inherent risk of modern slavery and human trafficking occurring in our business to be low. Nonetheless we take our responsibility to identify and effectively respond to any incidents of modern slavery and human trafficking very seriously.

Our progress over the course of the next financial year will be assessed based on improvements to our existing policies and practices. We will also use additional key performance indicators we consider necessary to ensure that modern slavery and human trafficking is not taking place within our business or supply chains.

## **Training**

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It is important that those responsible for our procurement process and managing our suppliers are trained to understand how to identify and respond to suspected incidents of modern slavery and human trafficking.

Key members of our Procurement Department have undertaken ethical procurement training offered by the Chartered Institute of Procurement and Supply. One of the issues covered by this training was awareness and understanding of the risks of modern slavery and human trafficking in supply chains.

## **Changes and improvements during financial year 2018/19**

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During the past year we have made the following changes and improvements:

- Our Employee Handbook has been re-written and re-published to include obligations on our third parties (including, consultants, contractors, agency workers and interns), for the following policies:
  - Information and Systems Acceptable Use Policy
  - Security and Vetting Policy
  - Whistleblowing Policy
- Equal Opportunities and Respect at Work Policy
- Trans Inclusion Policy
- Domestic Abuse Policy
- Health and Safety Policy

- During the last year we have moved to new offices in 12 Endeavour Square. As part of moving to these new premises we have:
  - Worked with our catering supplier to ensure we use fair trade products in our coffee shop and staff restaurant.
  - Encouraged our Landlord and Developer to actively comply with the Modern Slavery Act and adopt the London Living Wage.
  - Liaised with International Quarter London (IQL) on the need for their estate cleaners and security teams to be paid the London Living Wage. IQL is the vibrant new neighbourhood built on the site of the 2012 Olympics and the location of our new office.
- We have improved the Diversity & Inclusion Questionnaire to make it more Small-Medium Enterprise friendly.
- We have published an internal guide on 'Applying our Public Sector Equality Duty in our Regulatory Work'. This includes statements on diversity and inclusion (D&I) and our internal D&I objectives and action plan as well as guidance on how our D&I and PSED objectives can be applied externally.
- We have begun a comprehensive change programme across procurement and supplier relationship management. Over the coming year this programme will deliver:
  - Improved supplier management, ensuring we drive the correct behaviours and conduct from our third-party suppliers through robust and effective challenge and the timely use of contractual and commercial levers. This will include a new, uncomplicated supplier management handbook as well as new processes, tools, materials and training for procurement and the wider FCA.
  - A pragmatic procurement handbook that complies with PCR2015, including processes, tools, materials and training collateral for procurement and the wider FCA.
  - Ethical procurement training for Procurement.

## Our ongoing commitment

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We will continue to review the steps we are taking to combat modern slavery and human trafficking in our business and supply chains. We will make improvements to our policies and practices necessary to eradicate modern slavery and human trafficking from our business and our supply chains.

We are making this statement on a voluntary basis in the form set out in section 54 of the Modern Slavery Act 2015. This statement was approved by the Board of Directors of the FCA on 26 June 2019 and has been signed by Andrew Bailey on behalf of the Board of Directors.



Andrew Bailey  
Chief Executive, the FCA

