

## **Board Level Policy**

### **1. Policy Purpose**

NHSBT fully supports the Government objective to eliminate modern slavery and human trafficking. We are committed to ensuring our supply chains and business activities are free from ethical and labour standards abuses as outlined in the Modern Slavery Act <https://www.legislation.gov.uk/ukpga/2015/30/contents>

The purpose of this document is to enable staff engaged in any Commercial activity to identify and manage any risks and instances of modern slavery within our supply chains.

### **2. Who should use this policy**

Everyone working at NHSBT should use this policy, particularly anyone involved in activities related to expenditure with third parties (c.a £327,000,000 per year).

### **3. What is modern slavery?**

Modern slavery is often a hidden crime involving one person denying another person his or her freedom. It includes slavery, servitude, forced and compulsory labour and human trafficking.

NHSBT Modern Slavery policy is grounded in:

- The Modern Slavery Act 2015 (the Act)

The Act combats modern slavery in the UK by consolidating and clarifying modern slavery offences to be used to penalise offenders and provide greater support and protection for victims

- PPN 02/23 Tackling Modern Slavery in Supply Chains

The PPN requires all in scope organisation to manage risks of modern slavery in their supply chains

### **4. Approach**

Our overall approach will be governed by compliance with legislative and regulatory requirements and the maintenance and development of good practice in the fields of contracting and supply chain management. This will be achieved by following best practice guidance developed by Cabinet Office and the Department of Health and Social Care throughout the commercial life-cycle.

#### **4.1 Risk assessment**

An initial risk assessment must be carried out to understand the overall risk of modern slavery related to your procurement. NHSBT Commercial will carry out the risk assessment at category level first, using the established risk assessment tool built into the e-Procurement system (Atamis).

The risk assessment tool provides an overall rating of low, medium or high which is scored based on considering six core characteristics (set out in the PPN), which together indicate where there might be a heightened risk of exploitation. The six characteristics are:

- Industry type
- Nature of workforce

- Supplier location
- Context in which the supplier operates
- Commodity type
- Business/supply chain model

Table 1 provides details on each of these characteristics.

Any procurement carrying a high risk of modern slavery must be and included in the commercial risk register.

The outcome of this assessment must also be included in the business case of each individual procurement, and in the commercial strategy approval document.

**Table 1: Characteristics to help assess modern slavery risk in procurements**

1. Industry type	2. Nature of workforce	3. Supplier location <sup>6</sup>
<p>Industries characterised by the nature of work outlined in this table (often those that involve raw materials), are labour intensive and are considered high risk and include:</p> <ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Mining</li> <li>• Logging</li> <li>• Fishing and fisheries</li> <li>• Construction</li> <li>• Manufacturing and electronics</li> <li>• Garment/ textile production, including footwear</li> <li>• Food processing</li> <li>• Services, including the hospitality, security services, cleaning and catering</li> <li>• Logistics, including warehousing, transport</li> <li>• Healthcare, social care</li> </ul>	<p>High risk characteristics associated with the nature of the workforce include:</p> <ul style="list-style-type: none"> <li>• Reliance upon low-skilled or unskilled labour – typically work that is low-paying and undervalued and often undertaken by vulnerable workers.</li> <li>• High numbers of temporary, seasonal, or agency workers – worker vulnerability is heightened by employment uncertainty. Women workers and children are particularly vulnerable.</li> <li>• Dangerous or physically demanding work.</li> <li>• Isolation of workers – due to working in rural locations, being home-based or in unmonitored and unregulated environments.</li> </ul>	<p>Although modern slavery can occur anywhere in the world, there are some countries where the risk is predicted to be higher.</p> <p>You should consult the United States' Bureau of International Labor Affairs (ILAB) <a href="#">List of Goods Produced by Child Labor or Forced Labor</a>. The list allows you to search by commodity and provides details of the source countries where there are risks of child or forced labour.</p> <p>The <a href="#">Global Slavery Index</a> contains national estimates, calculated by the Walk Free Foundation, on the basis of a predictive model that accounts for individual and country-level risk factors.</p> <p>Suppliers from these countries can often be part of supply chains within the UK.</p> <p>You should consult the Index to ascertain if the supplier's location features in the list of high risk countries.</p>
4. Context in which the supplier operates	5. Commodity Type	6. Business / supply chain model
<ul style="list-style-type: none"> <li>• Inadequate labour laws and regulations in the country of origin with little or no-enforcement</li> <li>• Presence of cheap labour and high numbers of vulnerable workers – this may</li> </ul>	<p>The United States' <a href="#">List of Goods Produced by Child Labor or Forced Labor</a> comprises 158 goods from 77 countries, as of September 28, 2022.</p> <p>The list provides details of goods and their source countries which it has reason to believe are produced</p>	<ul style="list-style-type: none"> <li>• Sub-contracting and complex supply chains – the larger and more complex the supply chain, the harder it is for organisations to know about conditions for workers in their supply</li> </ul>

<p>include women, children and young workers, migrants, minorities, groups with a history of discrimination or exclusion of workers with disabilities</p> <ul style="list-style-type: none"> <li>• Absence of effective grievance mechanisms and representative workers' organisations/collective agreements. In some situations workers are discouraged or prevented from joining an independent trade union. In others, collective agreements are reached between a 'ghost' union and an employer with no consultation with workers - these are known as protection contracts.</li> <li>• A lack of business and/or government accountability</li> <li>• Widespread discrimination against particular groups e.g. women or certain ethnic groups</li> <li>• Wars/conflicts</li> <li>• High levels of poverty and unemployment</li> </ul>	<p>by child labour or forced labour in violation of international standards, for example:</p> <ul style="list-style-type: none"> <li>• Polysilicon: China</li> <li>• Rubber gloves: Malaysia</li> </ul> <p>Additionally, the Global Slavery Index <sup>7</sup> highlights that for the UK, the top 5 imported products at risk of forced or compulsory labour are:</p> <ul style="list-style-type: none"> <li>• Garments</li> <li>• Electronics</li> <li>• Fish</li> <li>• Cocoa</li> <li>• Rice</li> </ul> <p>The Global Slavery Index 2018 <sup>8</sup> has also identified the top 15 products at risk of modern slavery imported into the G20 by source countries. Please visit the link in the footnote below to review the full list.</p>	<p>chains</p> <ul style="list-style-type: none"> <li>• Complex employment relationships with a reliance on agency, outsourced or subcontracted workers adds another layer of separation between employers and workers, leaving workers exposed to unethical practices</li> <li>• Use of labour recruiters in supply chains – recruitment and hiring through labour brokers can increase the risk of trafficking and forced labour due to the prevalence of corrupt practices and recruitment fees</li> <li>• Purchasing that is predicated only on a profit margin matrix (i.e. rapid turnaround times/high flexibility for production/low margins for large quantities of goods, depending on unreliable trends - can leave workers vulnerable to exploitative practices)</li> </ul>
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## **4.2 Pre-Procurement**

### **Early market engagement**

Where a medium or high risk of modern slavery has been identified, Commercial will engage the market to understand how market players are dealing with the risk. It might be that the market is aware of the risk and already has put in place measures to address the risk.

Commercial will then use the market intelligence to understand how much information reasonably can or should be obtained by suppliers either at selection stage or as a part of effective contract management (it might be that there is a need to get detailed information about the supply chain and that the supply chain isn't established. In this case, the information should be obtained as a contractual requirement after a specified period).

### **Specification drafting**

Commercial and the business will use the risk assessment and market engagement outputs to design a specification that proportionally accounts for the risk –e.g. Could you include ethical and labour standards in the specification?

## **4.3 Selection stage**

Mandatory exclusion grounds are included in the standard selection questionnaire (SSQ) relating to modern slavery offences. These are applied as per Reg. 57 of the PCR 2015 to all procurement commenced before 24 February 2025.

The Procurement Act 2023 outlines several mandatory exclusion grounds for suppliers, as set out in Schedule 6 of the Act which specifically relates to Modern Slavery.

### **High risk procurements**

Where a procurement is assessed as high risk, additional mandatory exclusion grounds must be considered.

The Procurement Act 2023 introduces several updates to the Standard Selection Questionnaire (SSQ) to enhance the due diligence process which will be used proportionally as a risk mitigation tool:

- a. Mandatory and discretionary Exclusion Grounds: The Act revises the exclusion grounds in Part 2 of the SSQ, providing clearer guidelines on mandatory and discretionary exclusions;
- b. Health and Safety: New questions related to health and safety have been added to ensure suppliers meet necessary standards;
- c. Modern Slavery and Carbon Emissions: Additional requirements for modern slavery compliance and questions related to reducing carbon emissions have been incorporated;
- d. Self-Declarations: The format for responses to exclusion questions has been updated to self-declarations rather than simple yes/no answers.

## **4.4 Award stage**

Where there is high risk of modern slavery, the application of the social value model must be applied to bolster NHSBT risk mitigation efforts.

Modern slavery is set out in theme 4 in the social value model to: “Demonstrate action to identify and manage the risks of modern slavery in the delivery of the contract, including in the supply chain.”

It is to be noted that the social value model (as published in PPN 06/20) asks suppliers to provide additional benefits outside of the core requirement of the contract. The social value model therefore does not replace any of the other activities carried out in relation to modern slavery risks.

Bidders should be asked to explain and provide evidence for appropriate processes to manage and mitigate risk of modern slavery.

Additionally, NHSBT will ask all suppliers to adhere to NHS standard T&Cs which include a clause on modern slavery (clause 19).

#### **4.5 Contract Management**

Considerations of modern slavery risks are imbedded into contract management processes and must be followed for all new contracts awarded on or after **4 August 2025**.

Modern slavery risks must be continually managed in the same way as any other risk:

- Commercial must log the risk in the commercial risk register, monitor developments and mitigate against materialisation of the risk.
- The risk must be included as standard agenda item when engaging with suppliers both as part of regular contract reviews as well as Supplier Relationship Management reviews
- In exceptional circumstances NHSBT might consider terminating the contract, according to the terms and conditions set out in the contract.

The risk assessment tool outcome (1.2.1) must be reviewed annually to ensure the contract is categorised correctly as part of regular contract management reviews.

#### **4.6 How to manage instances of modern slavery**

If an instance of modern slavery occurs post contract award, NHSBT will take the following course of action:

a. Investigate and Assess the Situation

- Immediate risk assessment: Understand the nature and severity of the incident.
- Engage with the supplier: Seek clarity, evidence, and explanation.
- Audit or third-party investigation: May bring in specialists to conduct an ethical audit or interviews with affected workers.
- An emergency committee chaired by the Assistant Director of Contracts and Supplier relationship Management will be set up to ensure the incident is managed appropriately.

b. Remediate the Issue

Corrective action plan: Develop clear steps with the supplier to fix the problem and regularly monitor the action plan to ensure the remedial actions are delivered in a timely manner

c. NHSBT may decide to terminate the contract and re-procure the goods or services from a different supplier

### **5. Compliance with the Policy**

NHSBT will demonstrate compliance with this policy by achieving the following KPIs:

- All high risks of modern slavery are reported in the commercial risk register
- All high risks of modern slavery in the risk register are updated every 6 months
- All staff will be trained on the policy annually



The above KPIs will be monitored by the Commercial Senior Management Team every quarter and by the Finance Senior Management Team bi-yearly.

Any instance of modern slavery will be reported immediately to the Commercial Senior Management Team.

## **6. Embedding behaviour**

NHSBT should review and ensure that all other relevant / potentially impacted areas should have policy reviews, including but not limited to:

- Supplier Code of Conduct
- Supplier sub-contracting processes / supply chain management processes
- Safeguarding
- Recruitment
- Whistle blowing
- Counter Fraud

## **7. Endorsement**

This Policy is supported, endorsed and approved by the NHSBT Audit, Risk and Governance Committee and NHSBT Executive Team.

## **8. Definitions**

**PPN** = Procurement Policy Notice

## **9. Related Documents / References**

1. 2015-2025 NHSBT Sustainability Strategy
2. POL1739 – Sourcing & Procurement
3. POL372 – Supplier & Contract Management
4. MPD1715 – Supplier & Contract Management

## **10. Policy Review and Compliance Monitoring**

<b>Element/Activity being monitored</b>	<b>Lead/roles</b>	<b>Reporting arrangements and frequency</b>	<b>Recommendations/actions</b>
Policy review	Company Secretary	Audit, Risk and Governance Committee  Annually	The policy will be reviewed subject to new or amended pertinent legislation/ guidance published and/or evolution in best practice.
Assurance on Compliance	Company Secretary	Audit, Risk and Governance Committee  Annually	The reporting requirements will be reviewed subject to new or amended pertinent legislation/ guidance published and/or evolution in best practice.
Policy/process effectiveness	Company Secretary	Audit, Risk and Governance Committee  Annually	Annual report on effectiveness of policy/processes

Breaches	Company Secretary	Audit, Risk and Governance Committee As and when they arise	Appropriate action will be taken
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# **11. Version Control and RACI view**

Version	Owner	Approved by and basis of changes	Approved Date	Effective Date	Date of Next Review
1	Assistant Commercial Director	Initial version of Policy: Commercial Director Chief Finance Officer ARGC Board	TBC	01/08/2023	01/08/2024
2	Assistant Commercial Director	Initial version of Policy: Commercial Director Chief Finance Officer ARGC Board	TBC	01/08/2024	01/08/2025
3	Head of Commercial Operations	Initial version of Policy: Commercial Director Chief Finance Officer ARGC Board  Changes in this version: - Commercial life-cycle approach - Risk assessment at Category level - Compliance with Procurement Act 2023 and PPN 02/23 - Risk management via commercial risk register, Business Case and commercial strategy - Introduction of KPIs - Course of action in case of modern slavery instances	22/07/2025	04/08/2025	01/08/2026
(R) Responsible		Head of Commercial Operations			
(A) Accountable		Chief Finance Officer			
(C) Consultees		All Board members and Staff			
(I) Informed		All Board members and Staff			



