



Code of Practice - Ethical Employment in Supply Chains

Date:

Version: x.x

Introduction

This Code of Practice has been established by the Welsh Government to support the development of more ethical supply chains involved in delivering contracts for the Welsh Public Sector and Third sector organisations in receipt of public funds.

Evidence illustrates that unethical employment practices are taking place in supply chains throughout Wales and beyond.

This Code is designed to ensure that workers in public sector supply chains are employed ethically and in compliance with both the letter and spirit of UK, international and other national laws. The Code covers the following employment issues:

- Modern Slavery;
- Blacklisting;
- False self-employment;
- Unfair use of umbrella schemes and zero hours contracts; and
- Paying the Living Wage

Further information on each of these issues can be found in the Code of Practice Toolkit which can be found at *[insert URL]*.

This Code commits those organisations who sign up to it to a set of actions designed to eliminate modern slavery and unethical employment practices.

The Welsh Government intends that all Welsh public sector organisations should sign up to this Code of Practice. Third sector organisations in receipt of public funds, businesses based in Wales and businesses involved in Welsh public sector supply chains will also be encouraged to adopt the Code.

Action taken in relation to the Commitments contained within the Code should be appropriate and proportionate, in line with the size of your organisation and the level of risk of labour exploitation within your supply chain.

The Code is supported by the following Procurement Advice Notes (PANs).

- Employment Practices on Publicly Funded Projects;
- Blacklisting in the Construction Industry; and
- Revised Code of Practice on Workforce Matters.

The Code is also accompanied by a Toolkit containing practical guidance on each of the subjects covered. These include example text and templates for related documentation.

Code of Practice Commitments - Our organisation will:

1. Produce a written policy on ethical employment within our own organisation and our supply chains. Once produced we will communicate the policy throughout our organisation and we will review it annually and monitor its effectiveness. IN addition we will:
 - a. Appoint an Anti-Slavery and Ethical Employment Champion.
2. Produce a written policy on whistle-blowing to empower staff to raise suspicions of poor employment practices and which places a duty on staff to report criminal activity taking place within our own organisation and our supply chains. Once produced we will communicate the policy throughout our organisation. We will review the policy annually and monitor its effectiveness.
3. Ensure that all staff involved in the recruitment and deployment of workers receive training on fair employment practices. Staff involved in buying / procurement will complete the CIPS 'Ethical Procurement and Supply' on-line training, or equivalent.
4. Assess our expenditure to identify and address issues of poor employment practice. We will:
 - a. Carry out an annual review of expenditure and undertake a risk assessment to identify products & / or services at risk of modern slavery and unethical employment practices within the UK and overseas.
 - b. Review / audit any supplier identified as high risk.
 - c. Work with our suppliers to rectify any issues of poor employment practice.
 - d. Monitor the employment practices of our high risk suppliers, making this a standard agenda item for all contract management meetings / reviews.
5. Work with our suppliers to identify and address issues of poor employment practice through the supply chain. We will:
 - a. Encourage our suppliers to carry out an annual review of their expenditure and undertake a risk assessment to identify products and / or services at risk of modern slavery and unethical employment practices within the UK and overseas.
 - b. Encourage our suppliers to review / audit any suppliers identified as high risk.
 - c. Encourage our suppliers to work with their own suppliers to rectify any employment practice issues found.
 - d. Encourage our suppliers to monitor the employment practices of their own suppliers, making this a standard agenda item for all contract management meetings / reviews.
 - e. Encourage our suppliers to promote this activity further down the supply chain.

6. Ensure that employment practices are considered as part of the tender / supplier selection process. We will:
 - a. Include a copy of our Policy on ethical employment in all tender / selection documentation.
 - b. Include appropriate questions on ethical employment in tenders and carry out due diligence on the responses provided.
 - c. Include a copy of this Code of Practice in all tender / selection documentation, asking suppliers to sign up to Code on a voluntary basis. Where a supplier chooses to sign up, we will make implementation of the Code a condition of contract.

7. Ensure that the way in which we work with our suppliers does not contribute to the use of poor employment practices within the supply chain. We will:
 - a. Ensure that undue cost and timescale pressures are not applied to any supplier.
 - b. Ensure that suppliers are paid on time.
 - c. Ask suppliers to explain the impact that low costs may have on workers each time an abnormally low quote or tender is received. For Public Sector organisations, this action is in line with the UK Public Contracts Regulation (69).

We will encourage our suppliers to promote this stance throughout the supply chain.

8. Employ workers directly where ever possible. Where this is not possible, we will ensure that false self-employment is not undertaken and that umbrella schemes and zero hours contracts are not used unfairly or as a means to:
 - a. Avoid, or facilitate avoidance of, the payment of tax and National Insurance contributions;
 - b. Unduly disadvantage workers in terms of pay and employment rights, job security and career opportunities.
 - c. Avoid Health and Safety responsibilities.

We will encourage our suppliers to employ workers directly where possible and to promote this stance throughout the supply chain.

9. Ensure that workers are free to become Trade Union members, undertake Trade Union activity and raise worker concerns without risk of discrimination. We will:
 - a. Not make use of blacklists / prohibited lists.
 - b. Ensure that our suppliers do not make use of blacklists / prohibited lists. Where a supplier is found to make use of such a list we will work with them to end their use.

- c. Not contract with any supplier that has made use of a blacklist / prohibited list and failed to take steps to put matters right (self-cleaning).

We will encourage our suppliers to promote this stance throughout the supply chain.

10. Ensure all those undertaking work on an outsourced contract are treated fairly and equally. We will:

- a. Ensure that public sector staff who are transferred as part of a public service which is outsourced to a third party retain their terms and conditions of employment.
- b. Ensure that other staff working on an outsourced public service are employed on terms and conditions that are equal to the transferred public sector staff.

11. Consider paying all staff the Living Wage as a minimum and encourage your suppliers to do the same.

12. Produce a written statement on an annual basis outlining the steps taken during the financial year to ensure that slavery and human trafficking is not taking place in any part of our organisation and its supply chains. We will:

- a. Ensure that the statement is signed off at Director / Board / Partner level.
- b. Publish the statement on our website. If this is not possible, we will provide a copy to anyone within 30 days of a request being made.

For organisations with a turnover of £36m or more, this in line with requirements of the Section 54 of the Modern Slavery Act 2015.

Implementing the Code of Practice

The 'Code of Practice – Ethical Employment in Supply Chains' has been established to help ensure workers in public sector supply chains in Wales are employed in a fair and ethical way.

Who can sign up to the Code:

Organisation type	
<p>Welsh public bodies whose functions are wholly or mainly Welsh devolved:</p> <ul style="list-style-type: none"> • Welsh Government • National Procurement Service • Welsh Government Sponsored Bodies • NHS Wales • Local Government • Higher & Further Education • Emergency Services (excluding Police) 	Are expected to sign up to the Code
Third sector organisations in receipt of Welsh public funds	Are encouraged to sign up to the Code
Other Public Bodies in Wales	Are able to sign up to the Code
Businesses involved in Welsh public sector supply chains, particularly those in markets with higher risks of labour exploitation	Are encouraged to sign up to the Code
Other businesses based in Wales	Are able to sign up to the Code

How to sign up:

To notify us that you are signing up to the Code, simply send an email to vwpolicy@wales.gsi.gov.uk using the subject line 'Code of Practice' and include the following information:

- Your name
- Your role
- Your email address
- Organisation Name
- Organisation contact details – address & telephone number

How to implement the Code:

In your own organisation:

The commitments within the Code are wide ranging and will take time to implement. Once you have signed up to the Code, we recommend you take the following steps:

- undertake an assessment to identify the commitments which you already undertake
- For the remaining commitments:
 - Prioritise the commitments inline with your own organisation's needs and situation
 - Develop an Action Plan, detailing the activities you will be undertaking to implement each commitment.
 - Assign timescales to each of the actions within your Action Plan.

You should be able to fully implement the Code within 1 year of sign up.

If you are an SME you may need up to 2 years to implement the Code in full. We suggest you begin with those commitments which you feel have most relevance to your organisation and work on others over time. Alternatively you may also wish to take more focussed action against each of the commitments. For example, for commitment 4 'Assess our expenditure to identify and address issues of poor employment practice' – you could begin by only assessing suppliers who supply a particular type of commodity or only those suppliers involved in supplying for your core product or service.

In your Supply Chain(s):

A number of the commitments within the Code relate to ethical practices within your supply chains. A key way to achieve this is to encourage your suppliers to sign up to the Code.

Reporting requirements:

For Welsh public sector bodies only:

Welsh public sector organisations will be asked to report on their status in relation to sign up and implementation of the Code through the Welsh Government's Annual Return for procurement, providing information on:

- Number of staff involved in procurement who have undertaken training on ethical employment practices (as both a number & percentage)
- Number of suppliers who have signed up to the Code of Practice as a result of action taken by the organisation

We will also ask for copies of the following documents to be sent with the Annual Return:

- Code of Practice Action Plan (which should form part of your annual Written Statement)
- Ethical Employment Policy
- Whistleblowing Policy

Issues relating to ethical employment practices on publicly funded projects which are raised through the Supplier Feedback Service will be reported alongside the Annual Return.

For all organisations:

Through commitment 11 of the Code each organisation agrees to produce and publish an annual written statement outlining the steps taken in relation to modern slavery. You will only be able to continue to use the Wales anti-slavery logo if you continue to produce your annual statement and commit to carrying out the actions contained in it.

Supporting information

Practical advice and guidance on implementing the Code is contained within the Code of Practice Toolkit, which can be found at [insert URL].