

Ethical Sourcing Policy

Index

1.0	Policy Statement.....	2
2.0	Organisational Scope and Compliance	2
3.0	Policy Purpose.....	3
4.0	The ETI Base Code	3
5.0	Guiding Principles.....	4
6.0	Identify suitable applications of ethical sourcing considerations	5
7.0	Improve labour conditions in the supply chain	5
8.0	Monitor Working Conditions	6
9.0	Engage with Suppliers	6
10.0	Deliver Benefits within Law and Best Value.....	7
11.0	Monitoring and Reporting Progress	8
12.0	Related Policies and Documentation.....	8
13.0	Approval and Amendments	9
14.0	Policy Owner and Contact Details	9
	Appendix 1: The ETI Base Code	10
	Appendix 2: Sedex	12

1.0 Policy Statement

- 1.1 **Transport for London (TfL)**, pursuant to the Mayor's direction and delegation and the GLA Group Responsible Procurement Policy, will proactively work to ensure that all Goods, Works and Services it procures are sourced ethically. Within its obligations as a Best Value Authority, and in compliance with EU and UK legislation, **TfL** will conduct its procurement process in line with the Ethical Trading Initiative (ETI) Base Code.

2.0 Organisational Scope and Compliance

- 2.1 The terms highlighted in **bold** shall have the same meaning as in the **TfL Group Procurement Policy**.
- 2.2 This Policy applies to all **Employees**, agents and consultants working for **TfL**.
- 2.3 **Employees** who are engaged in **Procurement Activities** are required to familiarise themselves with the content of this Policy and the other related documents, (such as The **TfL Procurement Policy**, **The Procurement Procedures** and Instructions) and comply with it.
- 2.4 **TfL** requires that agencies and consultancies make their **Employees** aware of this Policy and ensure that their **Employees** observe it when engaged in **TfL** contracts. It is essential that relevant **Employees** ensure that agencies and consultancies are made aware of this requirement.

3.0 Policy Purpose

The Policy is designed to:

- 3.1 Establish a common understanding of Ethical Sourcing within **TfL** as a term referring to the responsibility **TfL** accepts for the labour and human rights practices within its supply chain.
- 3.2 Introduce the Ethical Trading Initiative (ETI) Base Code as a means of describing the operational standards **Suppliers** will be required to meet. **TfL** will be using these provisions as a basis for contract conditions in upcoming tenders where ethical sourcing is a relevant consideration.
- 3.3 Illustrate the importance of mapping supply chains and engaging with **Suppliers** on the subject of ethical sourcing.
- 3.4 Introduce Sedex (The Suppliers Ethical Data Exchange) as a means by which TfL aims to engage with **Suppliers** on the subject of ethical sourcing, map relevant supply chains, and monitor and report on labour conditions in those supply chains. Further information about Sedex can be found in Appendix 2.
- 3.5 Encourage and assist **TfL** procurement agents to examine their spend categories and upcoming contracts for products and/or services suitable for the application of ethical sourcing requirements.

4.0 The ETI Base Code

- 4.1 TfL will base its Ethical Sourcing Policy on the ETI Base Code.
- 4.2 The ETI Base Code is based on the internationally recognised standards of the International Labour Organisation (ILO), the UN agency responsible for labour standards, which the UK has signed up to.
- 4.3 The ETI Base Code can be found in Appendix 1.

5.0 Guiding Principles

TfL's Ethical Sourcing Policy will be guided by five principles:

5.1 Identify suitable applications of ethical sourcing considerations

Identify product categories and specific products and/or services where ethical sourcing considerations are relevant. Identify suitable contracts as they come up for letting or renewal.

5.2 Improve labour conditions in the supply chain

Promote and improve the implementation of codes of practice which cover working conditions within the supply chain.

5.3 Monitor working conditions

Ensure that, where contracts are to contain ethical sourcing provisions, **TfL Suppliers** register with Sedex (or an equivalent) and, at TfL's request, conduct audits of their factories and sites, using a reputable auditor, and that the results are made available to TfL.

5.4 Engage with Suppliers

Initiate any remedial action required in a collaborative and non-punitive manner.

5.5 Deliver Benefits within Law and Best Value

Undertake all **Procurement Activity** in accordance with all applicable law including European Union (EU) law, and **TfL's** obligations as a Best Value Authority.

An explanation of each of these guiding principles is outlined in sections 6.0 – 10.0.

6.0 Identify suitable applications of ethical sourcing considerations

TfL will:

- 6.1 Use a risk-based approach, based on country, public exposure (reputational risk) and proportionality to identify relevant products and specific contracts suitable for ethical sourcing considerations.

TfL will aspire to:

- 6.2 Map its supply chains to identify the countries in which products originate and services are carried out. Where possible, the supply chain will be mapped, and ethical sourcing considerations applied, down to the raw material sourcing stage.

7.0 Improve labour conditions in the supply chain

TfL will:

- 7.1 Work with **Suppliers** to place contract conditions, based on the ETI Base Code, into relevant new contracts.
- 7.2 Work with existing **Suppliers** as part of contract review meetings to investigate and make any necessary changes, where possible and appropriate, in existing contracts that are deemed to be high-risk. In particular, existing **Suppliers** should be encouraged to join Sedex (or an equivalent) on the basis of relevant supply chains.

8.0 Monitor Working Conditions

TfL will:

- 8.1 Monitor labour conditions via Sedex membership and audit reports.

TfL aspires to:

- 8.2 Make and maintain contact with local, regional and global NGOs (non-governmental organisations) and trade union organisations. Use these contacts to both monitor working conditions and to ensure that any remedial action undertaken is effective and sustainable.
- 8.3 Review general information about working conditions, labour issues and employment law in countries from which TfL sources goods or services.

9.0 Engage with Suppliers

TfL will:

- 9.1 Enter into discussion of ethical sourcing practices with new **Suppliers** where relevant. Engage with existing **Suppliers** through this policy and other information on the TfL website.
- 9.2 Keep in regular contact with **Suppliers** to monitor any specific remedial action undertaken in accordance with the contract conditions, and maintain awareness of all products and/or services provided from high-risk countries. Use Sedex to do this where possible.

10.0 Deliver Benefits within Law and Best Value

As a Best Value Authority, TfL must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. For each contract, where the Ethical Sourcing Policy is a relevant consideration, TfL (as a Best Value authority) must also be able to demonstrate that it is achieving Best Value in line with its statutory obligations.

TfL will:

- 10.1 Work within the parameters of EU Law, the Mayor's strategies and **TfL's Corporate Governance**, to incorporate the requirements of The Ethical Sourcing Policy into **Procurement Activities** and continually measure and develop **TfL's** Procurement performance.
- 10.2 Harness best practice on Ethical Sourcing to maintain a continuous improvement philosophy. This will ensure processes and procedures are optimised according to **TfL's** needs throughout the procurement process.
- 10.3 Ensure contract award procedures are non discriminatory in line with EU law and UK law.

11.0 Monitoring and Reporting Progress

TfL will:

- 11.1 Aim to develop appropriate reporting and monitoring capability for relevant contracts.
- 11.2 Align its internal systems to generate required reports, or use external systems, such as Sedex.
- 11.3 Report on products purchased directly by TfL and products purchased on behalf of TfL by TfL Suppliers, and their sub-contractors as far as practicable.

12.0 Related Policies and Documentation

- 12.1 As the functional body responsible for delivering the Mayor's Transport Strategy, TfL's Policies, processes and procedures will be aligned with Policies and commitments made by the Mayor and the Greater London Authority (GLA).
- 12.2 The GLA responsible procurement commitments reflect the UK National Procurement Strategy for Local Government (2004). The strategy states that the public sector should use procurement to help deliver corporate responsibility objectives including economic, social and environmental benefits and that sustainability should be built into procurement strategies, processes and contracts.
- 12.3 In addition to Mayoral policies and commitments, TfL's ethical Sourcing Policy and associated **Procurement Activities** will be carried out in accordance with the relevant **TfL Policies**, and **Corporate Governance**.

13.0 Approval and Amendments

- 13.1 The approval and/or amendment of the **TfL** Ethical Sourcing Policy will take place via the **Corporate Governance** guidelines and the **Procurement** internal review mechanisms as appropriate.
- 13.2 Any amendments to this Policy must be submitted in writing to the Policy Owner.

14.0 Policy Owner and Contact Details

- 14.1 Andrew Quincey, Director of Group Procurement, is the designated owner of this policy.
- 14.2 For further information on the Policy, please contact the Policy manager:

Tim Rudin
Responsible Procurement Manager
timrudin@tfl.gov.uk

Appendix 1: The ETI Base Code

1.1 EMPLOYMENT IS FREELY CHOSEN

- 1.1.1 There is no forced, bonded or involuntary prison labour.
- 1.1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

1.2 FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING ARE RESPECTED

- 1.2.1 Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
- 1.2.2 The employer adopts an open attitude towards the activities of trade unions and their organisational activities.
- 1.2.3 Workers representatives are not discriminated against and have access to carry out their representative functions in the workplace.
- 1.2.4 Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

1.3 WORKING CONDITIONS ARE SAFE AND HYGIENIC

- 1.3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 1.3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 1.3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 1.3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 1.3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

1.4 CHILD LABOUR SHALL NOT BE USED

- 1.4.1 There shall be no new recruitment of child labour.
- 1.4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the Appendix A.
- 1.4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 1.4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

1.5 LIVING WAGES ARE PAID

- 1.5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event wages should always be enough to meet basic needs and to provide some discretionary income.
- 1.5.2 All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.
- 1.5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

1.6 WORKING HOURS ARE NOT EXCESSIVE

- 1.6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.
- 1.6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

1.7 NO DISCRIMINATION IS PRACTISED

- 1.7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

1.8 REGULAR EMPLOYMENT IS PROVIDED

- 1.8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 1.8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

1.9 NO HARSH OR INHUMANE TREATMENT IS ALLOWED

- 1.9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.

Appendix 2: Sedex

- 1.1 Sedex - the Suppliers Ethical Data Exchange - is a secure, web-based system for companies to maintain data on labour practices at the factories and facilities they use, and make this data available to their customers, in order to drive and demonstrate improvements.
- 1.2 Sedex are a tool to facilitate access to information, and do not set any standards or determine the policy of their members. Sedex are a UK-based, non-profit making company.
- 1.3 Further details and contact information can be found on the Sedex website: <https://www.sedex.org.uk>.