

Modern Slavery & Human Trafficking Statement 2023-24

July 2024

This statement sets out the steps that the Financial Conduct Authority (FCA) has taken to get assurance that slavery and human trafficking are not taking place in its supply chains and its own business.

Our role

Financial markets must be honest, competitive and fair so consumers get a fair deal. We work to ensure these markets work well for individuals, for businesses and for the growth and competitiveness of the UK economy.

We do this by:

- regulating the conduct of nearly 45,000 businesses
- prudentially supervising 44,000 firms

Please see our website for more information about [what we do and how we do it](#).

Modern slavery

We will not tolerate slavery or human trafficking in our business or supply chains. We are committed to improving our policies and practices to play our part in fighting slavery and human trafficking and protecting human rights.

Modern slavery is a term used to describe the crimes of holding a person in a position of slavery, servitude, forced or compulsory labour or human trafficking. These crimes exist across the world and can occur in any sector, including in public sector supply chains.

Modern slavery is a ruthless way of maximising profit and driving down costs with little or no regard for the terrible effect it has on its victims.

We recognise the importance of identifying and eradicating slavery. It is not acceptable for anyone to profit, however indirectly, from exploitation and abuse. The primary risk is harm to the victims of these crimes. We also recognise the severe negative effect on public confidence, if incidents of slavery were identified within our supply chain or if we did not address the risks we outline in this statement.

Organisational structure and supply chains

Group structure

The FCA is a company limited by guarantee. We have one wholly owned subsidiary company, the Payment Systems Regulator Limited (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 directly with over 1,110 suppliers.

Over 89% of our direct suppliers are registered in the UK but many of their operations and supply chains are global. Some suppliers have complex supply chains with multiple tiers of sub-suppliers and we currently have little visibility over the lowest tiers of our supply chain.

Through segmenting our suppliers and contracts, we take a targeted approach, starting with industries where slavery is most prevalent in higher tiers of the supply chain. We are also taking steps to get greater supply chain visibility by investing in and promoting the use of a risk based management information system.

Policies

Internal policies

We are a Living Wage Employer and aim to provide a rewarding working environment where people are valued and respected. We have a strong commitment to diversity, equity and inclusion and look after the wellbeing of our people, ensuring that they are safe and that we care for them appropriately.

Good corporate citizenship and corporate responsibility are important parts of our identity, as a public body, an employer and a regulator. We set out the ethical standards we expect of our staff in a number of policies, including our Conflict of Interests Policy, published in our [Employee Handbook](#), and our [Ethical Procurement Policy](#).

For our own operations, our policies and procedures aim to ensure that we create a safe and inclusive working environment for our staff. The policies and procedures in our Employee Handbook and internal intranet include:

- whistleblowing
- bullying and harassment
- corporate responsibility
- diversity, equity and inclusion
- our approach to recruitment

Supply chain policies

We have a responsibility to ensure that our suppliers have fair and ethical labour practices. Our annually updated [Supplier Code of Conduct](#) sets out the wide range of expectations for our suppliers. This includes those on human rights and employment laws, including compliance with the provisions of the [Modern Slavery Act 2015](#) (MSA 2015), ethical behaviour and respectful treatment.

We will continue to review these policies, updating them as needed.

Due diligence

Procurement

We are a 'Contracting Authority' under the Public Contracts Regulations 2015 (PCR 2015).

When sourcing contracts, we require prospective suppliers to confirm whether they are a relevant organisation under section 54 of MSA 2015 and, if so, whether they are compliant with its annual reporting requirements.

Depending on the nature of the goods or services being procured, we include questions about modern slavery in our supplier selection process. In certain circumstances where a procurement is considered high risk, eg due to a specific industry type, geographical location or nature of workforce (in accordance with the characteristics detailed in Procurement Policy Note 02/23 – Tackling Modern Slavery in Government Supply Chains), we may conduct an audit of a supplier's premises or operations as part of our procurement process. Where appropriate, we will consider modern slavery as part of this audit.

Ongoing management of suppliers

Under our Supplier Management Framework, we segment our suppliers based on their relative importance, risk and complexity. This process includes, among other factors, an assessment of a supply chain's potential exposure to modern slavery.

This segmentation categorises suppliers into 3 tiers, with the effort put into managing suppliers decided by the tier they are in. For those in the top 2 tiers (our key suppliers), we ask for an annual supplier attestation confirming adherence with the reporting requirements of section 54 of MSA 2015.

In some of our technology categories, we know the risk of modern slavery can lie in the supply chain. As part of our Supplier Management Programme, we continue to work with key suppliers to understand how they manage modern slavery risk in their supply chains.

Terms and conditions

We use our own standard terms and conditions wherever possible. These include provisions that require suppliers to comply with all applicable laws, statutes, regulations and codes involving slavery and human trafficking. These provisions also align with Government guidance on modern slavery requirements and policies.

We are currently reviewing our standard terms and conditions to ensure our modern slavery contractual clauses continue to reflect good practice and align with Government standards. For lower value, lower risk procurements, we use our Terms of Purchase. These include a warranty that the relevant supplier's goods or services will comply with all statutory or similar requirements.

For some of our larger IT procurements, we use terms and conditions based on the Crown Commercial Services (CCS) Terms and Conditions. These cover modern slavery and require suppliers to comply with all applicable laws when providing their goods or services.

They also require suppliers to ensure that all sub-contracts have provisions allowing the relevant supplier to terminate the sub-contract if the sub-contractor fails to comply with any local statutory legal obligations. These include environmental, social and labour law.

Where we don't use standard terms and conditions, our Procurement Team negotiates these, with advice from our in-house legal team.

Risk assessment and management

Due to our role as a regulator, we consider there is a low inherent risk of modern slavery and human trafficking in our business. However, we take our responsibility to identify and effectively respond to any incidents of modern slavery and human trafficking very seriously.

We also know there are some higher risk categories and geographies in our supply chain. We will continue to monitor any changes in the inherent risk levels of the goods and services we buy over the next 12 months, in line with any updates to UK Government guidance.

Training on modern slavery and trafficking

We recognise that those responsible for our procurement process and managing our suppliers must be trained to understand how to identify and respond to suspected incidents of modern slavery and human trafficking.

We provide annual refresher training to our Procurement and Supplier Management staff.

Key performance indicators (KPIs) to measure our actions' effectiveness

Due diligence

- The number of procurements in higher-risk categories where we have undertaken enhanced due diligence activity for slavery and human trafficking:

We undertook 1 procurement in a high-risk category in the year, resulting in a site visit to the offices of the successful supplier's prime sub-contractor.

- The percentage of key suppliers that have published a statement, compliant with section 54 of MSA 2015:

Key suppliers	Bound by s.54	% of those bound that have published a statement pursuant to s.54
25	19	100%

Training

- The percentage of individuals involved in procurement and supplier management that have completed modern slavery training in the past 12 months:

All staff - 100%

When potential victims are identified

If we identify victims of modern slavery in the provision of an FCA contract, we will:

- notify the appropriate law enforcement agencies, and
- work openly and proactively with suppliers to resolve issues and change working practices.

We are making this statement on a voluntary basis in the form set out in section 54 of MSA 2015. This statement was approved by the Board of Directors of the FCA on 23 May 2024 and has been signed by Nikhil Rathi on behalf of the Board of Directors.



Nikhil Rathi

Chief Executive, the Financial Conduct Authority

