



# **QinetiQ Collaborate** **Modern Slavery Awareness** Impacts on the supply chain in 2023

**QINETIQ**



# Agenda

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- 1 Modern Slavery: Awareness

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  - 2 Legislative Update

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  - 3 Customer Drivers

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  - 4 QinetiQ Update

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  - 5 Signposting

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Our supply chain is an extension of our organisation.

The objective of this session is to learn how **you** can combat Modern Day Slavery and Forced Labour, and determine how it impacts **your** organisation and supply chain and to consider it in the context of today's world

# Modern Slavery: Awareness



## A Potted History

1619	Start of slavery in America
1807	Transatlantic slave trade abolished by British Parliament
1833	Abolition of Slavery Act passed in British Parliament
1863	Emancipation Proclamation issued in USA by President Abraham Lincoln
2015	British Parliament approves the Modern Slavery Act
Today	Slavery is abolished in all countries

When did it become illegal to own a slave in Britain?

6<sup>th</sup> April 2016

4 in 10 people are unsure what modern slavery is

1 in 200 people are enslaved

\$150bn in illicit profits generated from slavery per year

71% of companies believe slavery may exist in their supply chains



# Modern Slavery Definitions

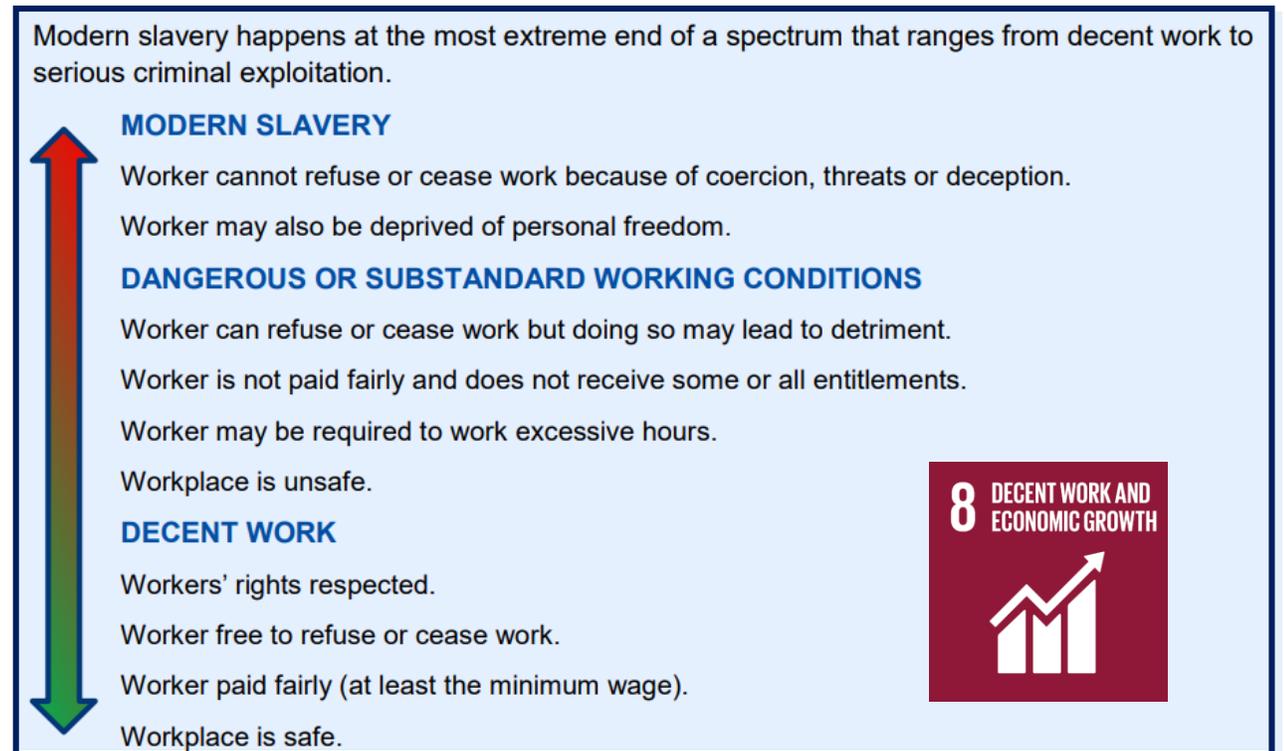
- The exploitation of people for personal or commercial gain with victims often being controlled through violence or threats.
- Involuntary work or service that is extracted from a person under the menace of a penalty

Victims do not work under their own free will:

- Abduction
- Force
- Threat
- Deception
- Fraud

Examples include:

- Forced Labour
- Bonded Labour
- Indentured Labour
- Child Labour





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# The 5Ps & SDGs



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# QinetiQ Environmental Social Governance (ESG)

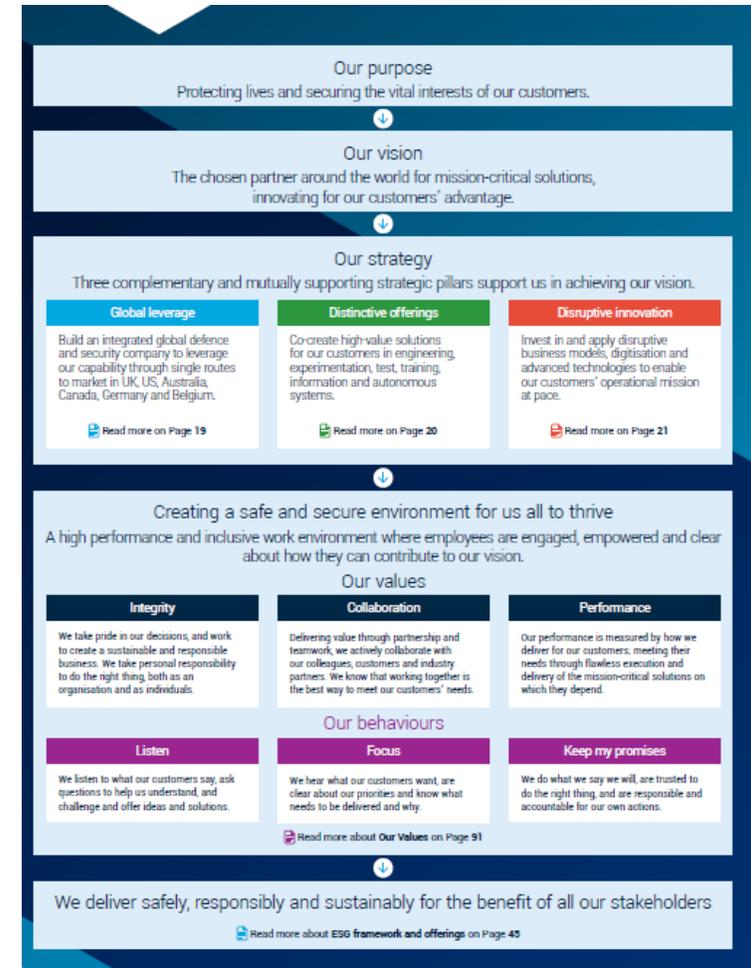
We deliver safely, responsibly and sustainably for the benefit of all our stakeholders

## Our ESG framework

We have a clear framework and focus to deliver change in the three areas of ESG

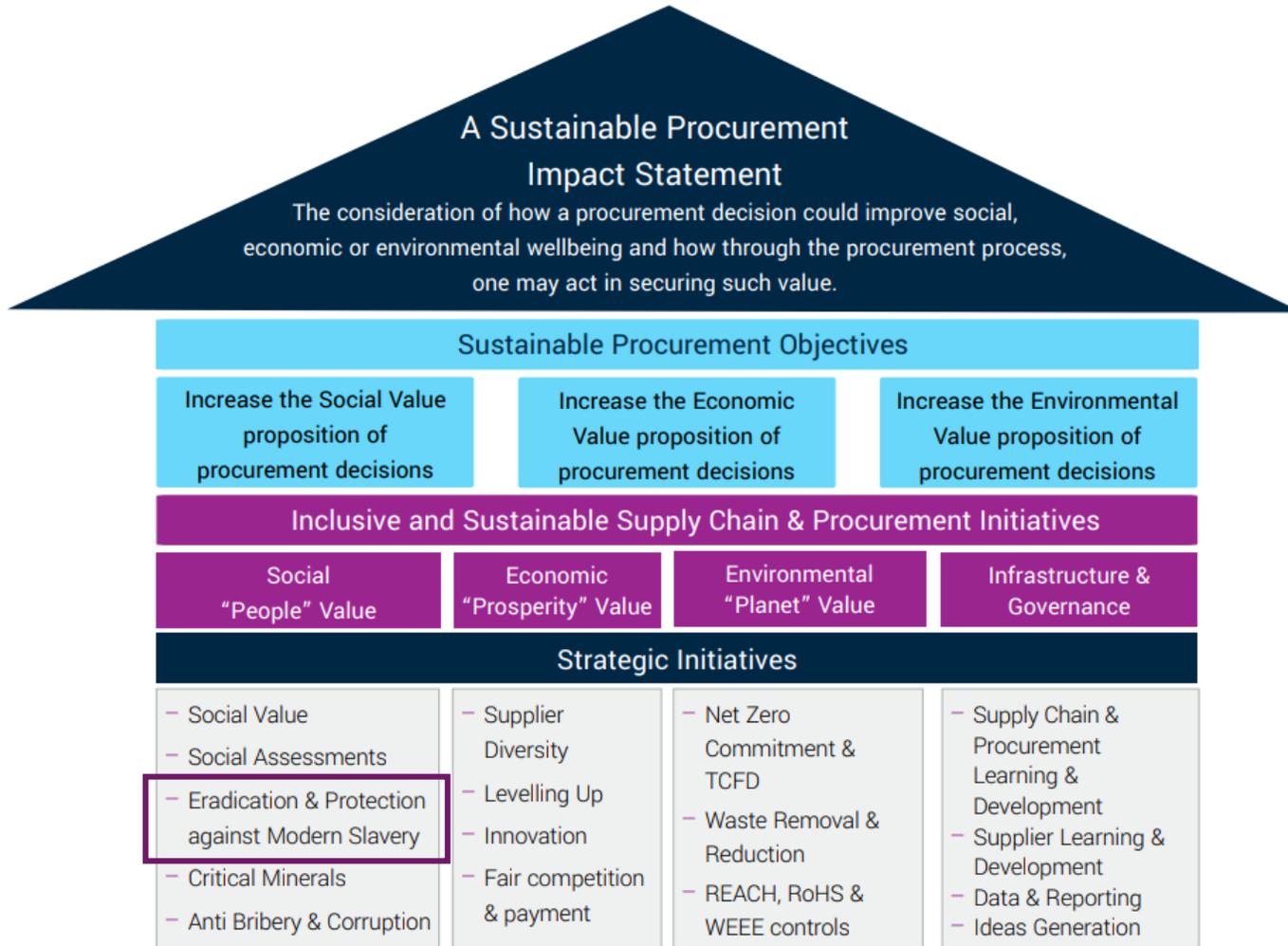
Environmental	Social	Governance
<ul style="list-style-type: none"> <li>Climate change; Net-Zero and resilience</li> <li>Sustainable solutions for customers</li> <li>Environmental management</li> <li>Waste and resources</li> <li>Conservation and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Health, safety and wellbeing</li> <li>Employee engagement</li> <li>Diversity and inclusion</li> <li>Learning and development</li> <li>Reward and recognition</li> <li><b>Human rights and modern slavery</b></li> <li>Community and STEM outreach</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics</li> <li>Code of Conduct</li> <li>Anti-bribery and corruption</li> <li>Ethical trading policy</li> <li>Responsible and sustainable procurement</li> <li>Leadership ESG remuneration</li> </ul>

Board/Exec sponsorship;  
Small central team/cross functional working





# QinetiQ Group Sustainable Procurement Strategy





# The role of Supply Chains

Learning & Raising Awareness	Risk Management
Undertaking regular training on modern slavery and echoing out the learning points to our suppliers.	Identifying potential risks in the supply chain and mitigating these through.
Due Diligence	Supplier Code of Conduct & RFQ Guidance
Performing the correct checks on suppliers to determine if they operate in high risk countries, and where they do, they have the right checks in place.	Adherence to policies which reflect legislative guidance will ensure that we are doing the right thing.

Know	See	Do
<ul style="list-style-type: none"> <li>• Legislation</li> <li>• Customer requirements</li> <li>• Suppliers</li> <li>• Suppliers Suppliers</li> <li>• What to look for</li> <li>• What to do</li> </ul>	<ul style="list-style-type: none"> <li>• Engage with your stakeholders</li> <li>• Visit suppliers</li> <li>• Walk about</li> <li>• Look &amp; listen</li> <li>• Ask questions</li> </ul>	<ul style="list-style-type: none"> <li>• Educate yourself</li> <li>• Set ethical standard</li> <li>• Provide methods of communication</li> <li>• Collaborate</li> <li>• When you see...Act!</li> </ul>



# Know your Supply Chain

A single supply chain can consist of hundreds of subcontractors, labour agencies, and material suppliers with complex relationships and different standards.

Common problems can make modern slavery more likely to occur:

- Corruption
- Poor purchasing practices:
  - Increased or unscheduled demand
  - Last minute procurement changes and new orders
  - Constant demand to lower prices
- Too many tiers
- Lack of resources to enforce policies
- Differences between board level policy and real-world procedures
- Lack of awareness of modern slavery red flags



ICT Benchmark  
**COMPANY SCORECARD 2022**



**TICKER**  
AAPL

**MARKET CAPITALIZATION**  
US\$2,712 billion

**HEADQUARTERS**  
United States

**DISCLOSURES**

[UK Modern Slavery Act](#): Yes

[California Transparency in Supply Chains Act](#): Yes

[Australia Modern Slavery Act](#): Yes

**OVERALL RANKING**

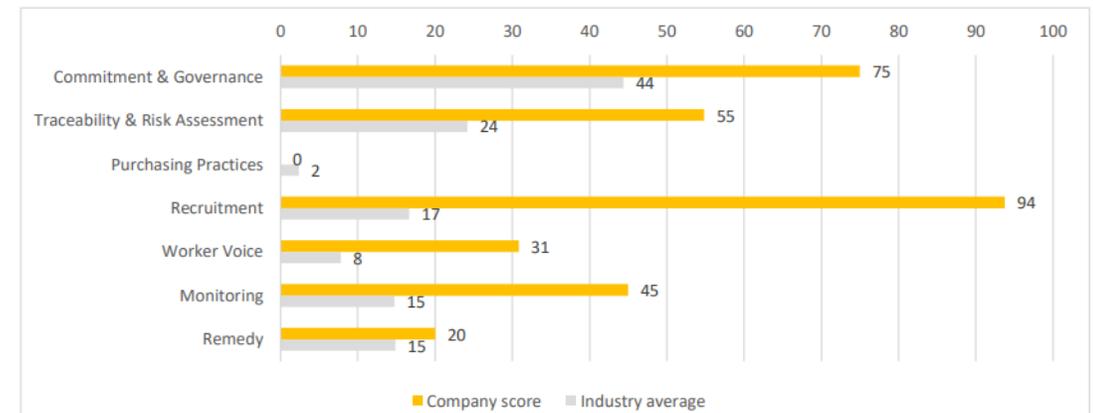
**4 out of 60**

(2020 Rank: 4 out of 49)

**OVERALL SCORE**

**52 out of 100**

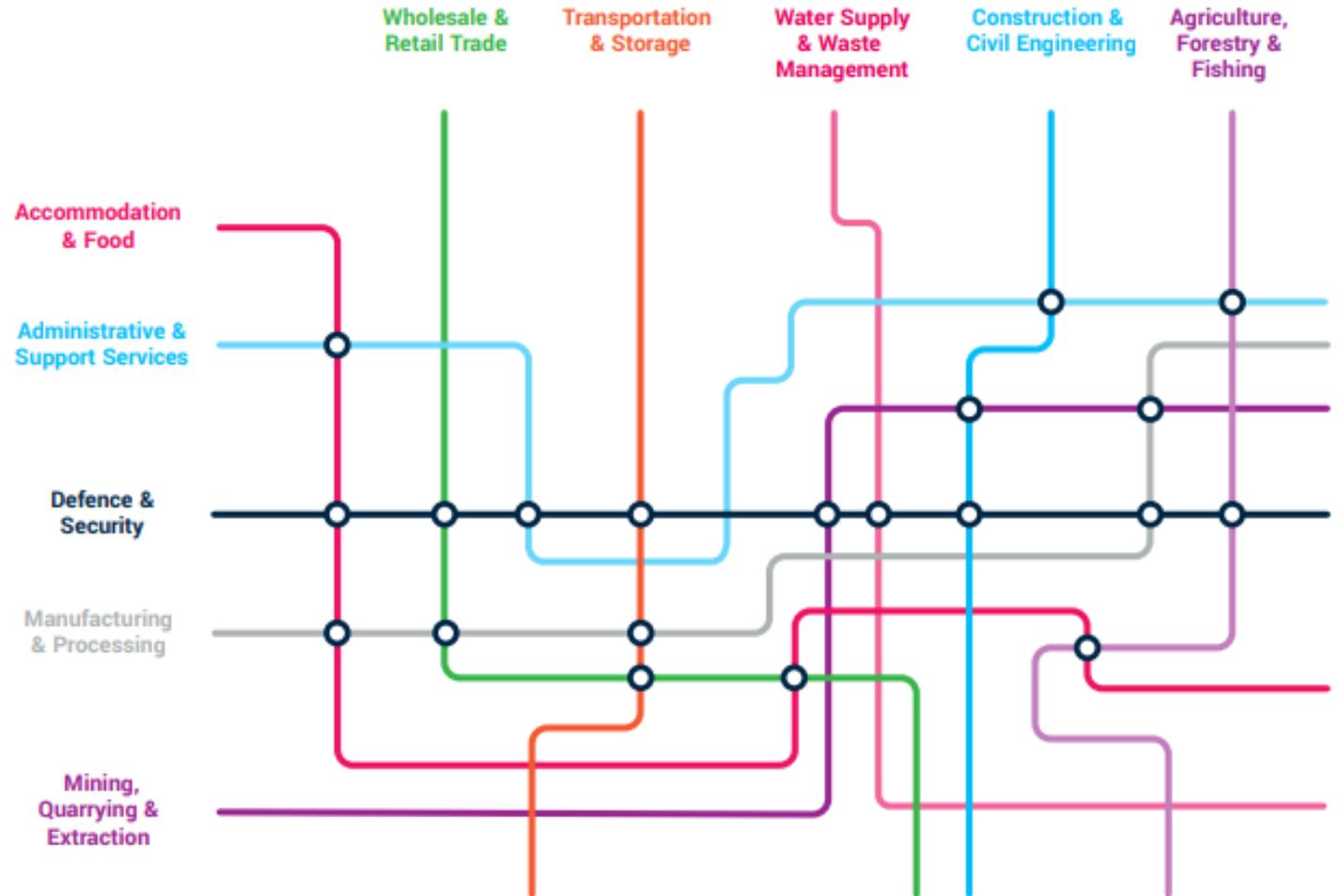
**THEME-LEVEL SCORES**





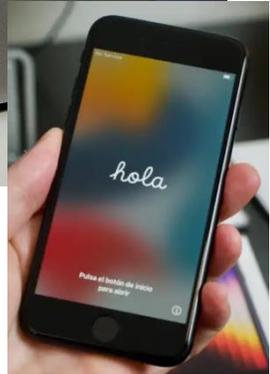
# Where can Modern Slavery occur?

Industry	Impact
Manufacturing & Processing	Production of PPE (Malaysia) & silica (Xinjiang)
Mining & Quarrying	Extraction of Rare Earth Elements e.g. cobalt & lithium (batteries)
Whole Sale & Retail	Exploitation of workers in Xinjiang (cotton)
Transportation & Storage	Lorry drivers trafficked to transport victims
Waste Management	Trafficked & exploited to process recycling
Construction & Civil Engineering	Increased cases of slavery during COVID pandemic





# Purchased items most at risk of modern slavery in QinetiQ's Supply Chain





# Increased Risks

- Covid-19: increased the risk of modern slavery:
  - socio-economic inequalities
  - immigration statuses
  - limited access to education
- Impact of a changing global factors (Pandemic / Climate):
  - Physical supplier audits are more difficult on a domestic scale, and exceptionally difficult on a global scale.
  - Virtual audits can be controlled by suppliers and therefore hide issues.
- Risk from this lack of visibility:
  - workers have no minimum wage
  - no standard working hours
  - limited on time payment of workers
  - child labour
  - workers subject to physical and verbal abuse
  - no HR policies.

49m Victims

1 in 4 children

24.9m  
Forced Labour

64%  
Private Sector

Country	People in Slavery
USA	403,000
Germany	167,000
United Kingdom	136,000
Canada	17,000
Australia	15,000

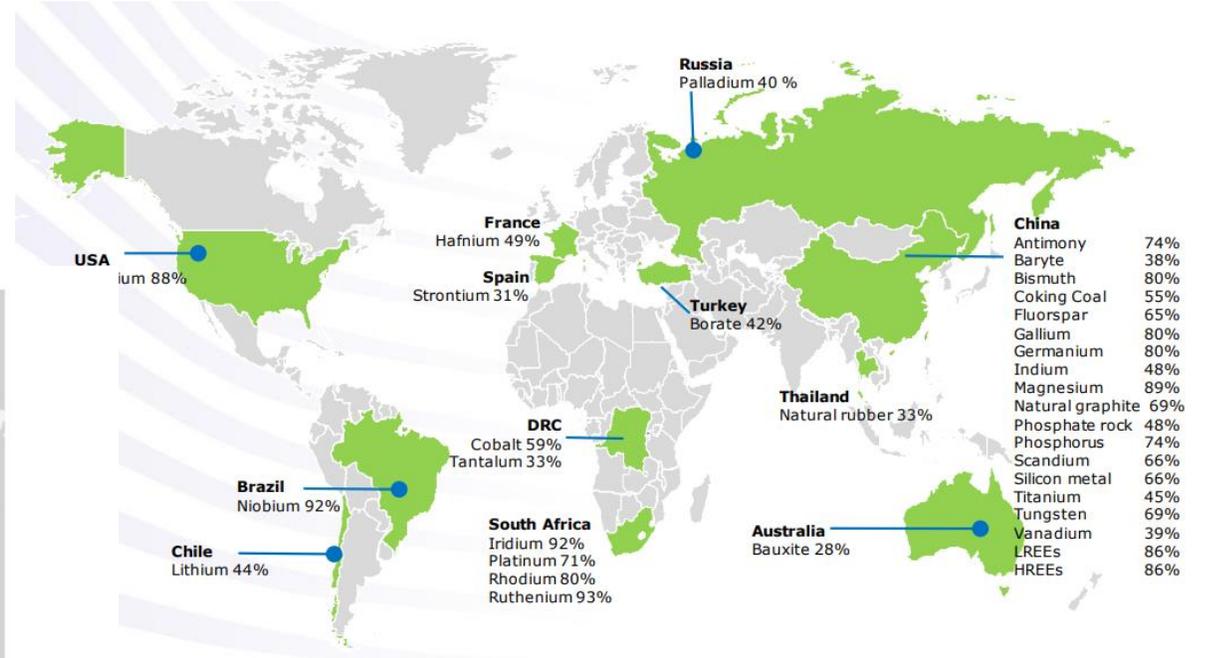


# High Risk Countries & Critical Minerals

Countries of High Risk of Modern Slavery



Source: <https://productsofslavery.org>



Source: [EC Study on EU's List of CRM 2020](#)



## So what should you be looking out for?

- Global Corruption Index Rating
- Global Modern Slavery Index Rating
- Absence of strong governance and rule of law
- High informal employment
- Large international migrant worker population
- Conflict
- State sanctioned forced labour
- Adverse / social media





## Spotting the signs: Indicators of Modern Slavery

### Behaviour

Withdrawn, scared  
not willing to talk

### Appearance

Unkempt,  
malnourished, few  
possessions

### Work

Inappropriate  
clothing, long hours,  
forced overtime

### Wages

Little or no pay.  
Withholding of  
wages

### Fear of Authority

Does not want to  
speak to Police or  
Authorities

### Entrapment

Debt bondage, or  
dependent on  
someone else

### Accommodation

Overcrowded, poorly  
maintained, blacked-  
out windows

### Lack of Control

No ID documents, no  
access to bank  
account, work  
transport provided

### Lack of Freedom

Unable to move  
freely or resign &  
unwilling or scared to  
leave

### Children

Alone, not related to  
adult carer,  
inappropriate  
clothing



## Bringing it to life

**You** are a recent graduate from university, struggling to make ends meet. Your loans have maxed out, and the country you live in, offers little in terms of future employment prospects. Currently working two jobs to pay off debts, your yearn for a better life. While working at a bar, you're approached by the brother-in-law of your boss. He says he runs a company overseas that produces some of the world's newest technology, and they pay new employees at least \$30k. If you are interested, he may be able to get you a job working in product design and development. He offers to pay for your flight over, and arrange temporary accommodation, until you find a place of your own. It is difficult to get a visa to live and work in the country for more than 6 months, so you should enter as a tourist, seeking the extended visa later.

You arrive at the airport, and greeted by a driver and taken to a village 30 mins from the airport where you are moved to another car. After another hour or so, you arrive at a historic looking factory, surrounded by a ring fence and barbed wire. You are led to a small "HR" office, where your passport, phone, and money are collected temporarily with a promise to return them promptly.

The doors are locked behind you, as you enter the workshop and a silent man leads you to a workbench, between two other people who are assembling a small device from a number of components. He interrupts one and tells them they need to teach you how to make these using the drawings.

Over the next few days, you gradually learn how to assemble the units – no sign of product development though. You can taste the smell of solder and chemicals in the air, as you work at a badly lit bench. Your "colleagues" have a number of burns on their hands and arms – no one is wearing PPE. No one talks. They seem scared. They do not understand you.



## Bringing it to life

At the end of each day, you retire to a cold, damp room beneath the factory, which you share with the other workers. It used to be the chemical store, until it flooded and the chemicals moved out – chemical smells are still present and you often have headaches.

You know that you have entered the country under illegal intentions. What's happening at the factory seems very wrong – poor living conditions, long shifts, and your personal effects have not been returned. The building conditions are making you ill.

After a few days, enough is enough, you visit the office to collect your belongings intending to leave. You are informed there have been problems with your passport, and they can't be sure who you really are. Until they have confirmed your identity, you cannot leave and you'll keep working.

You try to leave, but are physically beaten and locked up, without food or water, for what feels like days. Eventually you are returned to your workstation and told to continue your work. Over the new few weeks you see workers beaten for not achieving production targets, food is rationed based on productivity. Your sickness gets worse and your breathing laboured. The factory owners terrify you, and you become paranoid.

There is nowhere to go. No one to confide in. You have no money, no passport. You fear that even if you do leave, you will be treated harshly by local law enforcement. You keep working – at least you get fed.

During a customer visit, the visitor takes a tour of the shop floor, laughing and chatting with the manager. They seem to be friends. As they pass you, the manager picks up a unit from your finished work to show the visitor. After inspecting your work, the customer says to you:



## Bringing it to life

”Hello, how are you doing?”

Do you...

A) Say Something

B) Say Nothing



## Turning the tables...

**You** are the Supply Chain Manager in charge of a category for a manufacturing company. You have an extremely busy portfolio of suppliers and have a requirement to satisfy a number of product lines, often with demanding timescales. In your business, time is money and savings mean success. You are ambitious and have your eye on promotion. As such, you are keen to drive high performance from your suppliers to demonstrate your capability to deliver on time, every time.

You rarely get to visit your suppliers. However, on this occasion, you have been invited to witness the final production run of a major delivery in advance of signing phase 2 of the contract. These are on the critical path so delivery is imperative. The supplier has always delivered reliably, and even though there have been a few quality issues, these have always been rectified quickly.

You are keen to maintain a good relationship with this supplier, as you know their timely delivery will no doubt set you up excellently for the promotion you are after. During the visit, the contractual discussions go well, and towards the end of the day, you are invited for a quick walk about.

The factory manager talks jovially with you as you pass through the shop floor. All the workers appear quiet but hard at work. It seems like they barely notice you. As you pass one of the benches, the manager picks up a unit to show you. The operator looks shy and withdrawn – perhaps they feel intimidated when engaging with important customers. In an attempt to put them at ease, you ask:



## Bringing it to life

**”Hello, how are you doing?”**

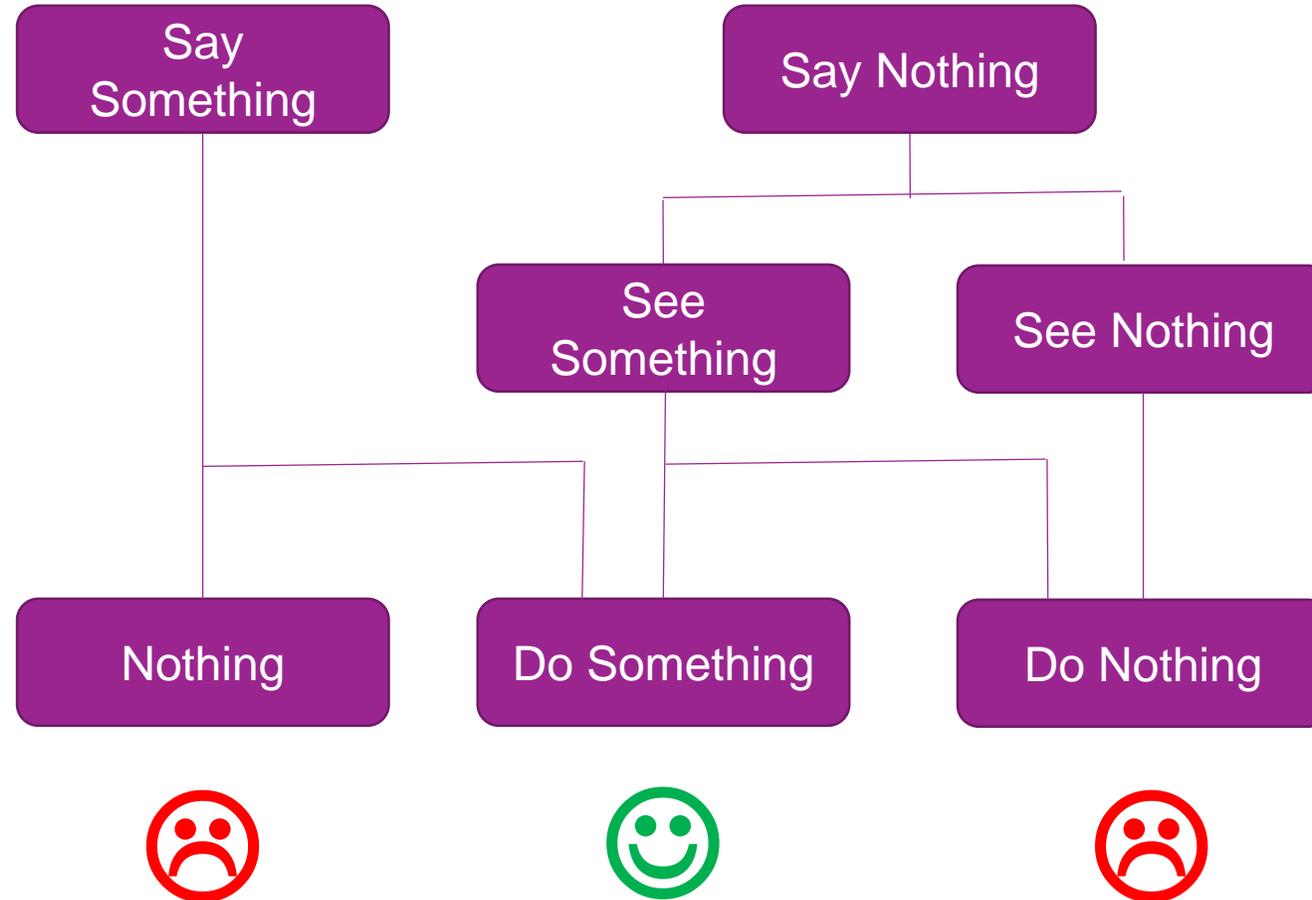
Based on the response, do you...

A) Do Something

B) Do Nothing



# Responsibilities



**DRIVERS:**

Factors that help push a company toward elimination of modern slavery in their supply chains.

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**BARRIERS:**

Factors that create tension and resistance as a company tries to address modern slavery.

Strategy



Risk of supply chain disruption

Corporate values

Investors

Risk to workers and 'doing the right thing'

Media stories and NGO engagement

Senior leadership values

Legislation and regulation

Views of employees

Collaboration



Modern Slavery

Costs/ pricing

Commercial priorities

Resources

Lack of understanding

Supply Chain complexity

Profitable criminal activity

Supplier Engagement

Competition law

Buyer practices



Elimination

# Legislative update



## UK Modern Slavery Act 2015

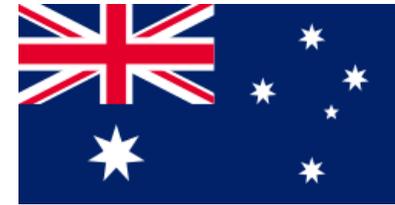
October 2015: It aims to drive modern slavery and human trafficking out of our supply chains.

- It requires larger businesses to publish a slavery and human trafficking statement each year.
- 2020: Independent Review
- May 2022: Modern Slavery Bill Consultation - to reform Transparency in Supply Chains. Objectives:
  - Improve the protection and support levels for modern slavery victims
  - Make companies and public sector organisations take more responsibility for eliminating modern slavery from supply chains
  - Increase the level of transparency from business and public bodies



## Commonwealth Modern Slavery Act 2018

- Australian Federal Legislation:
  - Introduced June 2018 commenced in January 2019.
  - Requires entities with consolidated revenue of A\$100M to report on the risks of modern slavery in their operations.
- New South Wales (NSW) Legislation:
  - Modern Slavery Amendment Act 2021 (NSW) came into effect from 1 Jan 2022; introduces a number of amendments to the original Act including requiring commercial entities to comply with the Act to the extent they meet the reporting thresholds.





## Canadian Bill S-216

Bill S-216, *An Act to enact the Modern Slavery Act and to amend the Customs Tariff* (the Bill), was introduced to the Senate on October 29, 2020

The aims are to combat modern slavery by imposing supply chain reporting requirements on businesses that meet certain criteria and that produce, sell or import goods in Canada, or that control an entity that does one of those things.

- expanded definitions of “child labour” and “forced labour,
- maintain a publicly accessible electronic registry containing a copy of every report,
- expands Bill S-211’s import ban, which prohibited the importation of goods manufactured or produced by forced labour or child labour, to goods mined by forced labour or child labour.



## German SCDDA 2023

June 2021: the German parliament passed the **Supply Chain Due Diligence Act** requiring companies to identify, assess, prevent and remedy human rights and environmental risk and impacts:

- Forced Labour
- Child Labour
- Discrimination
- Violations to Freedom of Association
- Unethical Employment
- Unsafe Working Conditions
- Environmental Degradation





## EU: Corporate Sustainability Due Diligence Directive (CS3D)

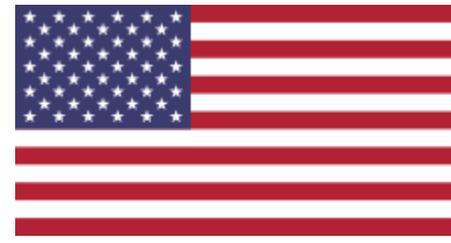
A proposed EU standard for Human Rights and Environmental Due Diligence (“HREDD”). Its aim is to “*foster sustainable and responsible corporate behaviour throughout global value chains*”.

### Key highlights:

- Take appropriate measures to **identify, mitigate, actual & potential** adverse human rights & environmental impacts arising from their own operations anywhere in the world (not just EU) &, where related to their value chains”.
- Provides a template for corporates to continue developing their **due diligence policies** & procedures designed to identify, assess, mitigate adverse human rights & environmental impacts – both in their operations & in their **value chains**.

### Key obligations: Companies must

- have a due diligence policy in place
- continuously monitor actual or potential adverse impacts arising from own operations, subsidiaries or the operations of any companies with whom it has an established business relationship.
- take steps to prevent or mitigate any potential adverse environmental or human rights impacts and end or minimise the extent of any actual adverse impacts. This could involve seeking contractual assurances from a business partner.
- establish and maintain effective procedures by which any third parties can submit complaints to the company regarding adverse supply-chain impacts.
- publish an annual statement on their website on the due diligence matters



## USA: The California Transparency in Supply Chains Act 2010

- Verification of Supply Chains
- Supplier Audits
- Certify Materials
- Accountability.
- Training

## USA: Uyghur forced Labour Prevention Act 2022

- Ensure that goods mined, produced, manufactured wholly or in part with forced labour... are prohibited from being imported
- Traceability and supply chain mapping due diligence
- Violations will result in visa and financial sanctions and export / import restrictions
- Accountability.
- Training

# Customer Drivers



## Social Value Model

Procurement Policy Note 06/20

- Taking Account of Social Value in the Award of Central Government Contracts
- Model Award Criteria MAC 6.3 Identifying and Managing the risks of modern slavery (Theme Equal Opportunity)
  - Understanding the risks
  - Measures to identify, mitigate and manage risks
  - Mapping the supply chain
  - Policies and practices
  - Inclusion in tenders
  - Influencing stakeholders
  - KPIs: % of supply chain mapped / Number of people hours devoted to supporting victims

## Modern Slavery in Supply Chains

Procurement Policy Note 02/23

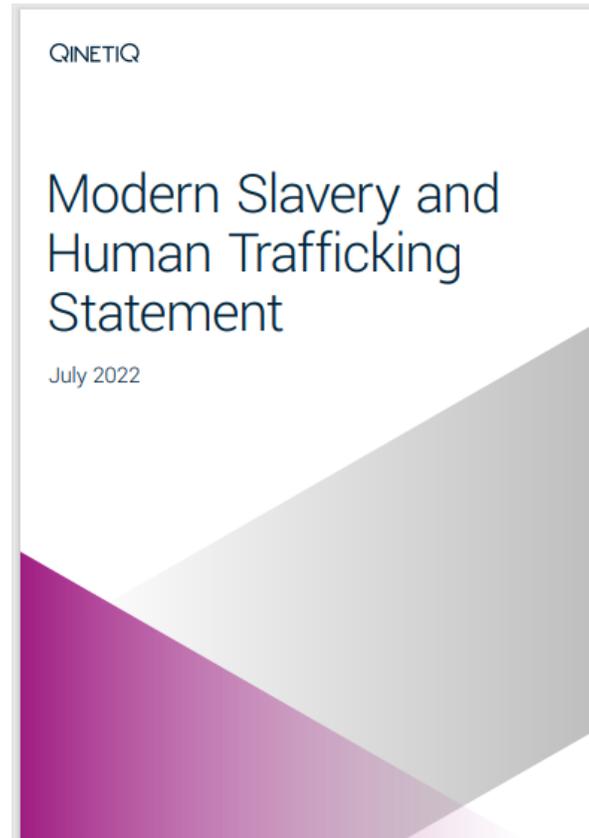
- To take action across central government departments to prevent, identify and manage the risk of modern slavery in their supply chains
  - New procurements
  - Existing contracts
  - When victims are identified
  - Training
- Risk profiling:
  - Industry type
  - Nature of workforce
  - Geographical location
  - Context of supplier operations
  - Commodity Type
  - Supply Chain Model
- Applicable to SMEs – Proportionality
- Exclusion from bidding where offences have occurred

# QinetiQ Update



# How we are Responding to the Requirement

- Annual public statement, signed by the board and published on our [website](#)
- QinetiQ Group wide action plan
- Training for all key roles
- External publications and declarations on UK GOV:
  - [UK GOV Statement Register](#)
  - [UK GOV Modern Slavery Assessment Tool \(MSAT\)](#)





# Expectations of our Supply Chains

We all have a responsibility to the supply chains we operate in. As such, we expect our suppliers to:

- Uphold the same standards as ourselves in relation to modern slavery and human rights
- Flow down these requirements to your suppliers and subcontractors
- Perform the required due diligence to ensure we are all using credible and reputable sub-tier suppliers
- Publishing modern slavery statements and codes of conducts
- Ensure that purchasing practices do not create pressures on suppliers that could lead to modern slavery e.g. aggressive pricing, short lead times, extended payment terms, inaccurate forecasting
- Consider risks of modern slavery at all relevant steps during the acquisition process: Needs identification, requirement definition, tender evaluation, contract award, contract management and end of contract review.
- Consider vulnerable worker groups: migrants, women, refugees and children, and types of work: temporary, hazardous, unskilled
- Put measures in place to report grievances e.g. Speak Up Line

QINETIQ

## Supplier Code of Conduct

2023



# QinetiQ Speak Up

- It is important to QinetiQ that all our suppliers speak up if they identify a concern modern slavery in our supply chains.
- We have a number of routes available including our “confidential report” service, which operates 24/7 and our ethics line.



Or you can make contact by phone:

<b>Australia</b> 1800 986 239	<b>Germany</b> 0800 1890364
<b>Canada</b> (844) 932 1013	<b>Sweden</b> 020 10 93 34
<b>France</b> 0805 08 09 86	<b>UK</b> 0800 069 8738

For suppliers to our US business, please use the following details:

Ethics email: **ethics@us.QinetiQ.com**

Externally provided confidential reporting system  
**https://QinetiQinc.ethicspoint.com**

Toll free number, accessible anytime from within and outside the USA

1-888-400-4511

For our ethics email please use:  
**ethics@QinetiQ.com**  
To use the externally provided confidential reporting system, visit:  
**http://QinetiQ.ethicspoint.com/**

# Reporting concerns

- Due to the complex and often hidden nature of modern slavery, it is important to report any suspicions or concerns.
- If there is an immediate danger, you must always call the Police.
- Other options for reporting include:

# Spot the signs

Call 0800 808 3733, our confidential helpline if you suspect someone is a victim of modern slavery.



If you don't feel safe, contact the 24/7 Modern Slavery Helpline

**08000 121 700**

for free, confidential help and advice



Connect # @	Browse WWW	Visit in person	Call 101	Emergency 999
<p>Stay informed through social media &amp; My Community Alert</p> <ul style="list-style-type: none"> <li>✓ Latest news &amp; reports</li> <li>✓ Best courses &amp; traffic updates</li> <li>✓ See follow-up photos &amp; videos</li> <li>✓ Safety information &amp; advice</li> </ul>	<p>For 24/7 information &amp; news &amp; updates:</p> <ul style="list-style-type: none"> <li>✓ Crime prevention &amp; advice</li> <li>✓ Local reports</li> <li>✓ New emergency crime reporting tip - see your local traffic cameras</li> </ul>	<p>Your nearest police desk to speak to an officer:</p> <ul style="list-style-type: none"> <li>✓ Report a crime</li> <li>✓ Arrange to make a statement</li> <li>✓ Receive local advice &amp; information</li> </ul>	<p>For incidents that don't require an immediate response:</p> <ul style="list-style-type: none"> <li>✓ Car has been stolen</li> <li>✓ Property damaged</li> <li>✓ Absence has been noticed</li> </ul>	<p>For an immediate response:</p> <ul style="list-style-type: none"> <li>✓ Life in danger</li> <li>✓ Someone is being exploited</li> <li>✓ Police in progress</li> </ul>



## Take Away

What is your take away from today?

What surprised you?

What will you do differently?



# Signposting



# Signposting

- [Modern Slavery Act 2015 - GOV.UK \(www.gov.uk\)](http://www.gov.uk)
- [Modern Slavery Act 2018 \(legislation.gov.au\)](http://legislation.gov.au)
- [Public Bill \(Senate\) S-216 \(43-2\) - First Reading - Modern Slavery Act - Parliament of Canada](#)
- [Federal Register :: Federal Acquisition Regulation; Ending Trafficking in Persons](#)
- [Executive Order - Strengthening Protections Against Trafficking In Persons In Federal Contracts | whitehouse.gov \(archives.gov\)](http://whitehouse.gov/archives.gov)
- [Corporate sustainability reporting | European Commission \(europa.eu\)](http://europa.eu)
- [Salvation Army](#)
- [Unseen: Modern Slavery Helpline](#)
- [UK GOV Gangmasters & Labour Abuse Authority](#)
- [Global Transparency Corruption Index](#)
- [Global Slavery Index](#)



## Further Guidance

Recordings/information available for:

- [Event - Tackling modern slavery in the supply chain \(qinetiq.com\)](#)
- [QinetiQ Collaborate Modern Slavery](#)
- [QinetiQ Collaborate: Abolishing Slavery in our Supply Chains](#)
- [QinetiQ Supplier Code of Conduct](#)
- [QinetiQ Sustainable Procurement Guide](#)

# QINETIQ