Responsible & Ethical Leadership for Global Construction Supply Chains Conference 2019

6 November, London #EthicalSourcing
Stuart Wright
Group Property and Facilities Director
Aviva Plc
Dr Shamir Ghumra,
BREEAM Director
BRE
Jim McClelland
McClelland Media
What is your understanding of Ethical Sourcing?

Where 10 = I am an expert and 1 = I know nothing
The Modern Slavery Construction Challenge...

Chris Harrop OBE
CONFESSION TIME: GETTING REAL
UNSEEN
MODERN SLAVERY HELPLINE
ANNUAL ASSESSMENT
2018

7,121 potential victims

6,012 helpline calls

1,393 webforms and App

94 different nationalities

3,382 referrals and signposts

1,849 modern slavery cases

Industries of Labour Abuse

<table>
<thead>
<tr>
<th>Industry</th>
<th># of cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car Wash</td>
<td>210</td>
</tr>
<tr>
<td>Hospitality</td>
<td>73</td>
</tr>
<tr>
<td>Construction</td>
<td>51</td>
</tr>
<tr>
<td>Beauty/Spa Services</td>
<td>43</td>
</tr>
<tr>
<td>Other</td>
<td>37</td>
</tr>
<tr>
<td>Factory</td>
<td>29</td>
</tr>
<tr>
<td>Not Specified</td>
<td>25</td>
</tr>
<tr>
<td>Transportation</td>
<td>26</td>
</tr>
<tr>
<td>Care Sector</td>
<td>28</td>
</tr>
<tr>
<td>Domestic work/au pair</td>
<td>25</td>
</tr>
<tr>
<td>Retail</td>
<td>23</td>
</tr>
<tr>
<td>Janitorial/cleaning services</td>
<td>18</td>
</tr>
<tr>
<td>Agriculture/farm</td>
<td>9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8</td>
</tr>
<tr>
<td>Various</td>
<td>8</td>
</tr>
<tr>
<td>Landscaping/Gardening</td>
<td>8</td>
</tr>
<tr>
<td>Criminal</td>
<td>2</td>
</tr>
<tr>
<td>Maritime industry</td>
<td>1</td>
</tr>
<tr>
<td>Travellers/caravan site</td>
<td>1</td>
</tr>
<tr>
<td>Commercial Sex</td>
<td>1</td>
</tr>
<tr>
<td>Blank</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>831</strong></td>
</tr>
</tbody>
</table>

London: 1,477 potential victims
301-460 potential victims
151-300 potential victims
51-150 potential victims
0 potential victims
Construction slavery victims exploited on sites across London

Three men from a Romanian organised crime group have been sentenced to 28 years in jail for construction modern slavery and Proceeds of Crime Act offences.

Workers arrested after Home Office raids Kings Cross site

Correction: This story has been updated to reflect that the Kings Cross site is being managed by Bent Construct, not Ben Notch as previously stated.

Immigration officials from the Home Office have arrested 29 workers during a raid on a Bent Construct site in North London.

The workers, all working for subcontractors, have been detained pending their removal from the UK, the remaining 12 sub-contracted workers have been released for immigration but whilst their cases are reviewed by the Home Office.

A Home Office spokesperson said immigration enforcement officials were “acting on intelligence” when they carried out the immigration raid at the Bent Construct construction site in the Kings Cross area on Thursday 13 July and arrested Albanian, Italian and Lithuanian individuals.

Bend is working on a number of sites in the Kings Cross area, including a £200m contract for a new Facebook headquarters.

Some of these detained were working for general workers and associate their employers Grupco, which describes itself as a company with “family values”.

Jailed: Valentine, Grigore, Alexandru
UK Modern Slavery Act

Compliance with minimum requirements

Statements published on the company's website with a link on the home page.
62%

Signed by director or equivalent.
72%

Explicit approval by the board is included in the statement.
41%

Meet all minimum requirements set out in the UK Modern Slavery Act.
23%

These figures are based on the most recent 7534 statements from all companies publishing under the UK Modern Slavery Act in our register.

https://www.modernslaveryregistry.org/
UK Modern Slavery Act

Compliance with minimum requirements

Statements published on the company’s website with a link on the home page.

Signed by director or equivalent.

Explicit approval by the board is included in the statement.

Meet all minimum requirements set out in the UK Modern Slavery Act.

These figures are based on the most recent 39 statements from all companies in the Construction Materials industry publishing under the UK Modern Slavery Act in our register.
UK Modern Slavery Act

Compliance with minimum requirements

- Statements published on the company’s website with a link on the home page: 64%
- Signed by director or equivalent: 83%
- Explicit approval by the board is included in the statement: 31%

Meet all minimum requirements set out in the UK Modern Slavery Act.

These figures are based on the most recent 395 statements from all companies in the Construction & Engineering industry publishing under the UK Modern Slavery Act in our register.
S.E.P 2000
SOMEONE ELSE'S PROBLEM FIELD GENERATOR

GUIDE APPROVED!

BATTERY INCLUDED:
EST. BATTERY LIFE 100+ YEARS

FREE TOWEL WITH EVERY PURCHASE

SPECIAL OFFER!
Katherine Brickell
Professor of Human Geography
Royal Holloway, University of London
(Presentation will not be shared)
Q&A
Data and Research
Responsible & Ethical Leadership
for Global Construction Supply Chains
Conference 2019

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#EthicalSourcing
Jaya Chakrabarti MBE
TISCReport
(Presentation will not be shared)
In Conversation

Professor Charles Egbu, President, CIOB and Baroness Lola Young of Hornsey OBE
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Traceability

Professor Adrian Henriques, Middlesex University, UK
What is ‘traceability’?

• Traceability is the history of specific items

‘ability to trace the history, application or location of that which is under consideration’
How do we stop this happening?
Benefits of traceability

• **Underpin quality** – problem solving and correction

• **Demonstrate value chain compliance** – increasing regulation; address scandals

• **Reassure consumers** – increasing public interest in ethics and health issues

• **Underpin the security of supply** – valuable materials; volatile supply chains

• **Support corporate sustainability claims** – for example about participation in the circular economy
What traceability is *not*

- Transparency
- Chain of custody
- Supply chain mapping, typically covers:
  - General pattern of purchasing (not path taken by an individual item) by country
  - Main suppliers for particular products
Defining Chain of Custody & traceability

• ‘chain of custody’ and ‘traceability’ are often confused – they are different!

• Chain of custody:
  • Procedures for guardianship of items in supply chain
    • Aim: ensuring that certain characteristics (physical, environmental or social) of the material are protected – nothing enters or leaves the chain that shouldn’t
  • Defined at level of particular characteristics – eg % recycled, % iron, etc

• Traceability:
  • The ability to find out where an item is or has been in the supply chain
    • Aim: knowing where things are and were
  • Defined at tangible level of items – eg crates of tools, piece of timber, etc
  • Traceability is not confined to the supply chain
CoC models
Current practice - WBA

- Third largest retailer in the world – drug stores, food, electrical items, etc
- Analysis of ingredients of some global brands products – eg skin lotion
  - May have 20-30 ingredients
  - Some are sensitive – eg organic, sourced from sensitive areas
- Findings:
  - Do not always have reliable data for products
  - Supply chains are dynamic
  - Significant gaps in knowledge of traceability of key ingredients
Current practice - Siemens

- Siemens Rail Automation involved in very large rail projects in UK – CrossRail, Thameslink
  - Required by their customer to undertake supply chain analysis
- Attempted to trace cable supply chain
- Suppliers only engaged with the project reluctantly
- Could track some items back to mine – eg copper
Current practice

- Rolls Royce engine parts:
  - Air safety a driver
  - Laser-etched with unique identifier
  - Can be traced in real time 24 hours a day

- Pharmaceuticals:
  - Strict systems for identifying and tracing individual drug packages
  - Safety a driver

- Food:
  - Varies, but generally high
  - Food safety a driver
  - In some cases possible to trace individual packages of tomatoes back to the row in the field in which they were grown
Status of traceability

• Standardisation currently fragmentary
• Different approaches in different industries
  • Some industries have very good, proprietary systems in place
• No way to assess how much traceability is in place in a given supply chain

See: Traceability: towards a history of everything
Framework for assessing traceability

• 3 key aspects
  • Scope
  • Robustness
  • Level

• What we need to know:
  • Location
  • Ownership
  • Guardianship
  • Transformation
  • Application
What do you know about your **supply** chain?

What do you know about your **product**?

What do you know about your **demand** chain?

What do you need to know for commercial and sustainability purposes?

What do you need to disclose?

**Traceability systems**

**Chain of Custody systems**
Future Directions?

• Will traceability be supported by the creation of ‘digital twins’?
• Will traceability systems be made more secure through the implementation of blockchains?
• Will real time traceability become normal through 5G networks?
Prospects for traceability

• A framework is needed to underpin responsibility for sustainability
• Hard to get the necessary information
• The rewards are great in terms of:
  • Reputation
  • Commercial security
Q&A
Traceability
In Conversation

Dave Knight, Sustainability Advisor
CARES and
CARES Traceability system

• All CARES steels are 100% traceable at a batch and product level to the original steel producer. Traceability starts with a unique cast number. Molten steel is cast, rolled, and then delivered to the fabricator. During cutting or bending the cast number is accompanied by a ‘bar schedule reference’ and ‘bar mark’ before delivery and use. Batches of product will carry the labels shown.
OECD DUE DILIGENCE GUIDANCE FOR RESPONSIBLE BUSINESS CONDUCT, 2018

FIGURE 1. DUE DILIGENCE PROCESS & SUPPORTING MEASURES

1. Embed responsible business conduct into policies & management systems
2. Identify & assess adverse impacts in operations, supply chains & business relationships
3. Cease, prevent or mitigate adverse impacts
4. Track implementation and results
5. Communicate how impacts are addressed
6. Provide for or cooperate in remediation when appropriate
Supporting the sourcing of steel in major construction and infrastructure projects in Wales - Procurement Advice Note (PAN)

Version number: v1

Date: January 2016

Procurement Policy Note: Procuring Steel in Major Projects - Revised Guidance
Action Note PPN 11/16 13 December 2016

Issue:

1. Government is committed to implementing measures that will help to address barriers that prevent UK steel producers from competing effectively for public sector contracts. In autumn 2015, Government issued steel procurement guidance to central government departments on how to ensure that they take full account of the value provided by steel producers when concluding their procurement activities to help ensure a level playing field for UK steel producers.

2. In April this year, Government announced the withdrawal of the steel guidance so that it is available for use across the wider public sector. The guidance has now been revised to make it more suitable for wider public sector use, and additional improvements or clarifications have also been made to the guidance as a result of removing its application since it was issued last year.

3. The revised guidance is a practical guide on how to design major public procurement projects (involving steel) in a way that ensures the best value for money by recognising relevant social and environmental benefits where appropriate. The revised guidance replaces existing guidance on procuring steel in major projects.

4. Procurement decisions should always be made on a quality/value for money basis. The measures contained within the guidance are compliant with the Public Contracts Regulations 2015 (PCRs 2015) and Government’s committing priority of value for money for public sector procurement and should ensure that they do so in accordance with the Best Value Duty.

5. This PPN updates PPN 10/15. The contents of this PPN and guidance apply to all Central Government Departments, Non-Executive Agencies and Non-Departmental Public Bodies. Together these are referred to in this PPN as 'In-Scope Organisations'. The guidance has also been extended so that the wider public sector can use it in their procurements where they consider it appropriate. When wider...
CARES Cloud upstream

CARES Cloud downstream

Validation by CARES

Evidence of compliance:
Digital record-
Product information
Bar mark level - Material
test certificate(s)
Dr Shamir Ghumra
BREEAM Director
BRE
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