

DFID Supply Partner Code of Conduct

Principles

DFID aims to create an inclusive culture of best practice with the delivery partners with whom it engages and which receive UK taxpayers' funds. All supply partners should adhere to the overarching principles of the Supply Partner Code of Conduct (Code).

Overarching Principles for Supply Partners

- ✓ **Act responsibly and with integrity**
- ✓ **Demonstrate commitment to poverty reduction and DFID priorities¹**, including work in fragile and conflict affected states, recognition of human rights, focus on girls and women, youth engagement, climate change and wealth creation
- ✓ **Demonstrate commitment to wider HMG priorities²**
- ✓ **Seek to improve value for money**
- ✓ **Be transparent and accountable**

DFID Supply Partner responsibilities

Supply partners and their subcontractors should ensure they have read and understood the Code and their required compliance level and seek clarification from DFID where necessary. In particular, it is important that the supply partners and their subcontractors understand any risks and have systems in place to manage them. The 3 compliance levels are:

Compliance Level 1 - Supply partners with an individual contract value of £1m or above, or two or more contracts with DFID with a combined value of £5m or above

Compliance Level 2 - Supply partners with an individual contract value below £1m, or two or more contracts with DFID with a value of less than £5m

Compliance Level 3 - Supply partners with an individual contract value, or component of a Contract, with a value below the EU Threshold. At this level supply partners are required to adhere to the overarching Code principles and recognise, mitigate and manage risks. These supply partners will not be monitored against the contractual KPIs.

Scope

This Code forms part of DFID's standard contractual terms and conditions and full compliance and annual verification via a signed declaration, to be found at Annex 1b, is mandatory for supply partners. DFID will monitor supply partners in five priority areas as set out below using a set of Key Performance Indicators (KPIs) referenced in Annex 1a and 1b.

¹ <https://www.gov.uk/government/organisations/department-for-international-development/about#priorities>

² <https://www.gov.uk/government/organisations/hm-treasury/about#priorities>

1. Value for Money and Governance

Key Performance Indicators KPI 1 a - c

Value for Money is an essential requirement of all DFID commissioned work. All supply partners must seek to maximise development results, whilst driving cost efficiency, throughout the life of commissioned programmes. This includes budgeting and pricing realistically and appropriately to reflect delivery requirements and levels of risk over the life of the programme. It also includes managing uncertainty and change to protect value in the often challenging environments that we work in.

Supply partners must demonstrate that they are pursuing continuous improvement to reduce waste and improve efficiency in their internal operations and within the delivery chain. DFID expects supply partners to demonstrate openness and honesty and to be realistic about capacity and capability at all times, accepting accountability and responsibility for performance along the full delivery chain, in both every-day and exceptional circumstances.

Specific requirements include:

- ✓ Provision of relevant VfM and governance policies and a description of how these are put into practice to meet DFID requirements (e.g. codes on fraud and corruption, due diligence);
- ✓ A transparent, open book approach, which enables scrutiny of value for money choices, applies pricing structures that align payments to results and reflects an appropriate balance of performance risk;
- ✓ Processes for timely identification and resolution of issues and for sharing lessons learned.

2. Ethical Behaviour

Key Performance Indicators KPI 2 a- f

DFID supply partners and their subcontractors act on behalf of government and interact with citizens, public sector/third sector organisations and the private sector. These interactions must therefore meet the highest standards of ethical and professional behaviour that upholds the reputation of government.

Arrangements and relationships entered into, whether with or on behalf of DFID, must be free from bias, conflict of interest or the undue influence of others. Particular care must be taken by staff who are directly involved in the management of a programme, procurement, contract or relationship with DFID, where key stages may be susceptible to undue influence. In addition, supply partners and their subcontractors must not attempt to influence a DFID staff to manipulate programme monitoring and management to cover up poor performance.

Supply partners and their subcontractors must declare to DFID any instances where it is intended that any direct or delivery chain staff members will work on DFID funded business where those staff members have any known conflict of interest or where those staff members have been employed by DFID or the Crown in the preceding two years. Supply partners and their subcontractors must provide proof of compliance with the HMG approval requirements under the Business Appointment Rules.

Supply partners and their subcontractors must have the following policies and procedures in place:

- ✓ Recruitment policy (which must address circumstances where there may be potential or actual conflict of interest)
- ✓ Ongoing conflict of interest, mitigation and management
- ✓ Refresher ethical training and staff updates (including awareness of modern day slavery and human rights abuses)

- ✓ A workforce whistleblowing policy
- ✓ Procedures setting out how, staff involved in DFID funded business, can immediately report all suspicions or allegations of aid diversion, fraud, money laundering or counter terrorism finance to the Counter Fraud and Whistleblowing Unit (CFWU) at fraud@dfid.gov.uk or on +44(0)1355 843551

3. Transparency and Delivery Chain Management

Key Performance Indicators KPI 3 a – f

DFID requires full delivery chain transparency from all supply partners. All delivery chain partners must adhere to wider HMG policy initiatives including the support of micro, small and medium sized enterprises (MSMEs), prompt payment, adherence to human rights and modern slavery policies and support for economic growth in developing countries.

DFID's direct/prime supply partners (tier 1) must engage their delivery chain supply partners in a manner that is consistent with DFID's treatment of its prime supply partners. This includes, but is not limited to: pricing; application of delivery chain risk management processes; and taking a zero tolerance approach to tax evasion, corruption, bribery and fraud in subsequent service delivery or in partnership agreements.

Specific requirements for prime supply partners include:

- ✓ Provide assurance to DFID that the policies and practices of their delivery chain supply partners and affiliates are aligned to this Code;
- ✓ Maintaining and sharing with DFID up-to-date and accurate records of all downstream partners in receipt of DFID funds and/or DFID funded inventory or assets. This should map how funds flow from them to end beneficiaries and identify risks and potential risks along the delivery chain;
- ✓ Ensuring delivery chain partner employees are aware of the DFID fraud mail box³ found on DFID's external website and of the circumstances in which this should be used;
- ✓ Publication of DFID funding data in accordance with the International Aid Transparency Initiative (IATI)⁴
- ✓ Supply partners shall adhere to HMG prompt payment policy not use restrictive exclusivity agreements with sub-partners.

4. Environmental issues

Key Performance Indicators KPI 4 a – b

DFID supply partners must be committed to high environmental standards, recognising that DFID's activities may change the way people use and rely on the environment, or may affect or be affected by environmental conditions. Supply partners must demonstrate they have taken sufficient steps to protect the local environment and community they work in, and to identify environmental risks that are imminent, significant or could cause harm or reputational damage to DFID.

Commitment to environmental sustainability may be demonstrated by:

- ✓ Formal environmental safeguard policies in place;
- ✓ Publication of environmental performance reports on a regular basis

³ <https://www.gov.uk/government/organisations/departments-for-international-development/about#reporting-fraud>

⁴ <http://www.aidtransparency.net/>

- ✓ Membership or signature of relevant Codes, both directly and within the delivery chain such as conventions, standards or certification bodies (eg the Extractive Industries Transparency Initiative⁵).

5. Terrorism and Security

Key Performance Indicators KPI 5 a – d

DFID supply partners must implement due diligence processes to provide assurance that UK Government funding is not used in any way that contravenes the provisions of applicable terrorism legislation.

Specific requirements:

- ✓ DFID suppliers must safeguard the integrity and security of their IT and mobile communications systems in line with the HMG Cyber Essentials Scheme⁶. Award of the Cyber Essentials or Cyber Essential Plus badges would provide organisational evidence of meeting the UK Government-endorsed standard;
- ✓ All DFID supply partners who manage aid programmes with a digital element must adhere to the global Principles for Digital Development⁷, which sets out best practice in technology-enabled programmes
- ✓ Ensure that DFID funding is not linked to terrorist offences, terrorist activities or financing

6. Social Responsibility and Human Rights

Key Performance Indicators: KPI 6 a – d

Social responsibility and respect for human rights are central to DFID's expectations of its Supply Partners. We will ensure that robust procedures are adopted and maintained to eliminate the risk of poor human rights practices within the complex delivery chain environments funded by DFID. These include unethical and illegal employment practices, such as modern day slavery, forced and child labour and other forms of exploitative and unethical treatment of workers. DFID will expect a particular emphasis on management of these issues in high risk fragile and conflict affected states (FCAS), with a focus on ensuring remedy and redress if things go wrong.

Specific requirements:

- ✓ All Supply Partners must be fully signed up to the UN Global Compact⁸;
- ✓ Practices in line with the International Labour Organisation (ILO) 138⁹ and the Ethical Trading Initiative (ETI) Base Code¹⁰ are encouraged;
- ✓ Policies to embed good practice in line with the UN Global Compact Guiding Principles 1 & 2 on business and human rights, as detailed in Annex 2;
- ✓ A Statement of Compliance outlining how the organisation's business activities help to develop local markets and institutions and contribute to social and environmental sustainability, whilst complying with international principles on labour and ethical employment, social inclusion and environmental protection.
- ✓ Overarching consideration given to building local capacity and promoting the involvement of people whose lives are affected by business decisions;

⁵ <https://eti.org/>

⁶ <https://www.gov.uk/government/publications/cyber-essentials-scheme-overview>

⁷ <http://digitalprinciples.org/>

⁸ <https://www.unglobalcompact.org/what-is-gc/mission/principles>

⁹ http://ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138

¹⁰ <http://www.ethicaltrade.org/eti-base-code>

Compliance KPIs and contractual checking mechanisms

Maintaining standards of assurance and driving sustainable improvements, in connection with the Code's principles through partner relationships is a key focus for DFID.

Supply partner and delivery chain compliance checking processes will take place in accordance with the agreed compliance levels and the specific contractual clauses down the delivery chain, DFID shall undertake compliance spot checks.

Where appropriate, a progress review plan setting out the Code of Conduct delivery methodology for the supply partner arrangements during the contract term may be jointly developed during Contract mobilisation.

Contract Checks and Compliance KPIs		KPI target	Specific Contractual link	Checking mechanism
i.	Declaration of acceptance of the DFID Supply Partner Code of Conduct	Annual declaration submitted by contracted supplier on behalf of delivery chain	Contract Terms and Conditions Clause 4.1 and Clause 8.3	Declaration of acceptance at the applicable level of compliance with each of the 5 sections received
ii.	Declaration of sign up to the UN Global Compact	Annual declaration submitted by contracted supplier on behalf of delivery chain	Standard Selection Questionnaire	Declaration of applicable sign up received
1.	<u>VfM and Governance standards</u>			
a)	Economic and governance policies in practice	Annual updated documentation provided (copy of Policy with detailed annual financial breakdown relating to contract)	Terms and Conditions Clause 34	Annual contract review/programme management Audit checks
b)	VfM being maximised over the life of a contract 1. By confirmation of annual profit level fluctuations since tender submittal 2. by timely identification and resolution of issues 3. ensuring lessons learned are shared	Updated documentation submitted once annually	Contract T&Cs Terms of Reference Terms of Reference	Spot checks Annual contract review/programme management Spot checks Annual contract review/programme management Spot checks

c)	<u>Tax Declaration (HMRC format)</u> <ul style="list-style-type: none"> Tax the organisation paid on profits made in the last 3 years, and in which countries Compliance with relevant country level tax regulations fully understood and met 	Annually updated documentation submitted by contracted supplier and on behalf of delivery chain partners	Terms and Conditions Clause 34 Terms of reference	Annual return Spot checks
2.	<u>Ethical Behaviour</u>			
a)	Recruitment policy (which must address circumstances where there may be potential or actual conflict of interest)	Updated policy documentation submitted once annually by contracted supplier and on behalf of delivery chain partners	Terms and Conditions Clauses 6, 35, 51	Annual return Spot checking
b)	Ongoing conflict of interest, mitigation and management	As 2a. above	Terms and conditions Clause 51	Annual return Spot checking
c)	Refresher ethical training and staff updates (including disclosure restrictions on DFID confidential information)	Copy of training logs provided Delivery in accordance with training programme in place	Terms and conditions Clause 6, 27, 28 & 29	Annual return Spot checking
d)	A workforce whistleblowing policy	Continuous workforce awareness maintained Policy in place	Terms and Conditions Clause 35	Annual return Spot checking
e)	1. Procedures setting out how, staff involved in DFID funded business, can immediately report all suspicions or allegations of aid diversion, fraud, money laundering or counter terrorism finance to the Counter Fraud and Whistleblowing Unit (CFWU) at fraud@dfid.gov.uk or on +44(0)1355 843551 2. Employees working on DFID Contracts fully aware of the DFID external website fraud mailbox	Continuous awareness maintained Procedure in place Continuous awareness maintained	Terms and Conditions Clause 35 Terms and Conditions Clause 35	Annual return Spot checking Annual return Spot checking
f)	Declarations of direct or delivery chain staff members proposed to work on DFID funded if employed by DFID or the Crown in the preceding two years. Supply partners and their subcontractors must provide proof of compliance with the HMG approval requirements under the	Details submitted as applicable	Terms and Conditions Clause 51 HMG business appointment rules	Annual return Spot checking Contract management

	business appointment rules			
3.	<u>Transparency and Delivery Chain Management</u>	Updated documentation submitted once annually	Contract Terms and Conditions Clause 26	Tender evaluation Periodic spot checks
a)	IATI compliance for supply partner and their delivery chain supply partners			
b)	Up to date and accurate records of all downstream supply partners	Updated documentation submitted in accordance with Clause 26.7	Contract Terms & conditions Clause 8 & 26 Tender submittal – delivery chain	Annual return spot checking Contract management
c)	Policies and practices for the management of delivery chain partners and affiliates aligned to the DFID Supply Partner Code of Conduct	Updated documentation submitted annually	Contract Terms & conditions Clause 8	Contract management processes Periodic spot checks
d)	Tax evasion, bribery, corruption and fraud - statements of assurance provided	Updated documentation submitted once annually	Contract Terms and Conditions 35	Periodic and annual return spot checks
e)	All delivery chain partner employees working on DFID Contracts fully aware of the DFID fraud mailbox	Updated documentation submitted once annually	Contract Terms & Conditions Clause 35	Periodic and annual return spot checks
f)	HMG prompt payment policy adhered to by all delivery chain partners	Updated documentation submitted once annually	Contract Terms & conditions 8	HMG spot checks Annual return
4.	<u>Environmental Issues</u>			
a)	1.Steps in place to identify environmental risks (e.g. by maintaining a risk register) Ensuring legislative requirements are being met 2. Formal context specific environmental safeguarding policies in place to ensure legislative requirements are being met	Updated documentation submitted once annually	Contract ToRs	Contract management Periodic and annual return spot checks
b)	Published annual environmental performance reports	Updated documentation submitted once annually	Contracts ToRs	Periodic and annual return spot checks
5.	<u>Terrorism and Security</u>			
a)	Status declaration regarding the reporting of terrorist offences or offences linked to terrorist activities or financing	Updated documentation submitted if changes identified since tender submittal	Standard Selection Questionnaire Section 2	Annual return Spot checks Annual contract review

b)	Certification at or above the level set out in the tender submittal	Updated documentation submitted if changes identified since tender submittal	Standard Selection Questionnaire	Annual return
c)	Data managed in accordance with DFID Security Policy and their systems in accordance with the HMG Cyber Essentials Scheme	Updated documentation submitted if changes identified since tender submittal	Contract T&Cs Clause 31	Spot checks
d)	Best practice global Principles for Digital Development in place	Updated documentation submitted if changes identified since tender submittal	Terms of reference (TORs)	Annual contract review
6.	<u>Social Responsibility and Human Rights</u>			
a)	Provision of a current internal document demonstrating good practice and assuring compliance with key legislation on international principles on labour and ethical employment	Confirmation of UN Global Compact Membership	Supplier Questionnaire 3.1b, 3.1c	Tender evaluation Annual return spot checking
b)	Membership of the International Labour Organisation (ILO) or Ethical Trading Initiative (ETI)	Membership number		Periodic spot checks
c)	Principles cascaded to employees and delivery chain partners via an internal policy or written outline of good practice service delivery approaches to UN Global Compact Principles 1 & 2	Updated documentation submitted once annually		Annual return spot checking
d)	Level of commitment in relation to the Contract evident in delivery practices in line with the workplace and community guidance provided in the DFID Supply Partner Code of Conduct	Updated documentation submitted once annually		Tender evaluation Periodic spot checks

Annex 1b

Contractual Annual Compliance Declaration

Prior to contract award and thereafter on an annual basis, the supply partner is required to submit a compliance declaration in connection with the management of any DFID Contracts in place and on behalf of their delivery chain partners. Supply partners should be aware that spot check compliance monitoring will take place to verify responses.

Supply Partner Compliance Declaration

Key:

Contractual Requirement:

X denotes full compliance 1 required

O denotes reduced compliance level 2 , if clearly stipulated in contractual Terms of Reference

Compliance Level 1

Supply partners with an individual contract value of £1m or above, or two or more contracts with DFID with a combined value of £5m or above.

Compliance Level 2

Supply partners with an individual contract value below £1m, or two or more contracts with DFID with a value of less than £5m.

Compliance Level 3

Supply partners with an individual contract value or component of a Contract with a value below the EU Threshold. At this level supply partners are required to adhere to the overarching Code principles and recognise, mitigate and manage risks but will not be monitored against the contractual KPIs.

KPI Compliance Area		Supplier Compliance Level		Commentary	CEO Signatory	Signature & date of signing
		1	2			
1.	<u>VfM and Governance standards</u>					
a)	Evidence of how economic and governance policies work in practice	X	O			
b)	VfM maximisation over contract life					
	1. Annual confirmation of % profit on contract	X	X			
	2. timely identification and resolution of issues	X	X			
c)	3. ensuring lessons learned are shared	X	O			
d)	<u>Tax Declaration (HMRC format)</u>					
	Comply with all tax requirements	X	X			
2.	<u>Ethical Behaviour</u>					
a)	Adherence to set and agreed conflict of interest management procedures	X	X			
b)	Evidence of workforce ethical training updates taking place	X	X			
c)	Confirmation of direct and delivery chain partner compliance with the HMG approval requirements under the Business Appointment Rules.	X	X			
3.	<u>Transparency and Delivery Chain Management</u>					
a)	Supply partner and delivery chain partners IATI compliant	X	O			
b)	Provision of up to date and accurate records					

	of all downstream supply partners provided within the required frequencies, including annual contractual spend on MSME's, women owned businesses and apprenticeships in place	X	O			
c)	Verification that policies and practices for the management of delivery chain supply partners and affiliates are aligned to the DFID Supply Partner Code of Conduct i.e. by demonstrating delivery chain governance arrangements in place	X	O			
d)	Assurance there has been no change to previous statements provided in relation to tax evasion, bribery, corruption and fraud	X	X			
e)	Confirmation that all delivery chain supply partners' employees working on DFID Contracts are fully aware of the DFID external website fraud mailbox	X	X			
f)	Confirmation of adherence to HMG prompt payment policy with all their delivery chain supply partners	X	O			
4.	<u>Environmental Issues</u>					
a)	Environmental risks identified (e.g. by maintaining a risk register) with formal context specific environmental safeguarding policies in place	X	O			
b)	Annual published environmental performance reports	X	O			
5.	<u>Terrorism and Security</u>					
a)	Status declaration regarding the reporting of terrorist offences or offences linked to terrorist activities or financing	X	X			
b)	No engaged employees or delivery chain partner personnel appears on the Home Office Prescribed Terrorist Organisations List	X	X			
c)	Data is managed in accordance with DFID security policy and systems are in accordance with the HMG cyber essentials scheme	X	X			
d)	Adherence to the best practice global principles for digital development	X	O			
6.	<u>Social Responsibility and Human Rights</u>					
a)	Provision of a current internal document demonstrating good practice and assuring compliance with key legislation on international principles on labour and ethical employment(to include Modern Day Slavery Act 2015 compliance detail)	X	O			
b)	Current membership of UN Global Compact?	X	X			
	Current membership of international labour organisation (ILO) or ethical trading initiative (ETI)?	X	O			

c)	Has the supply partner provided an internal policy or written outline of good practice service delivery approaches to UN Global Compact Principles 1&2 demonstrating an appropriate level of commitment in relation to their Contract?	X	O			
----	--	---	---	--	--	--

Annex 2

UN Global Compact – Human Rights

Principle 1: businesses should support and respect the protection of internationally proclaimed Human Rights

Principle 2: businesses should ensure they are not complicit in Human Rights abuse

Organisations should do this by giving attention to vulnerable groups including women, children, people with disabilities, indigenous groups, migrant workers and older people.

Organisations should comply with all laws, honouring international standards and giving particular consideration to high risk areas with weak governance.

Examples of how suppliers and partners should do this are set out below:

In the workplace
<ul style="list-style-type: none"> • by providing safe and healthy working conditions • by guaranteeing freedom of association • by ensuring non-discrimination in personnel practices • by ensuring that they do not use directly or indirectly forced labour or child labour • by providing access to basic health, education and housing for the workers and their families, if these are not provided elsewhere • by having an affirmative action programme to hire victims of domestic violence • by making reasonable accommodations for all employees' religious observance and practices

In the community

- by preventing the forcible displacement of individuals, groups or communities
- by working to protect the economic livelihood of local communities
- by contributing to the public debate. Companies interact with all levels of government in the countries where they operate. They therefore have the right and responsibility to express their views on matters that affect their operations, employees, customers and the communities of which they are a part
- through differential pricing or small product packages create new markets that also enable the poor to gain access to goods and services that they otherwise could not afford
- by fostering opportunities for girls to be educated to empower them and also helps a company to have a broader and more skilled pool of workers in the future, and
- perhaps most importantly, a successful business which provides decent work, produces quality goods or services that improve lives, especially for the poor or other vulnerable groups, is an important contribution to sustainable development, including human rights
- If companies use security services to protect their operations, they must ensure that existing international guidelines and standards for the use of force are respected



Department
for International
Development

