

PwC UK Modern Slavery Act statement

December 2018

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Executive summary

Both in the UK and abroad, modern slavery and other human rights infringements continue to be reported in relation to business. This should act as a reminder that no company can be satisfied that such risks do not apply to them. As a responsible business, we feel we have a moral duty to move beyond compliance and to ensure that this issue is not a 'tick-box' exercise.

The geographic scope of this statement is PwC UK¹ and relates to actions taken to address modern slavery² risks in our operations and supply chain during the financial year from 1st July 2017 to 30th June 2018. In reviewing these actions we've taken into account marketplace best practice and stakeholder expectations.

This, our third statement, sets out how we have:

- strengthened our global policies.
- conducted employee and supplier training.
- made progress in our hotspot areas by checking standards and practices of IT, corporate merchandise, apparel and onsite support staff providers.

To date no infringements or violations have come to light. However, we know that there is more to do. This year we are committing to:

- reviewing the human rights standards in our catering supply chain.
- increasing the reach of our awareness raising programme with our people.

¹ In this document, PwC UK refers to PricewaterhouseCoopers LLP (a limited liability partnership incorporated in England) and its related entities that carry on their business in the UK.

² We use the UK government's definition of modern slavery per the statutory guidance (Transparency in Supply Chains statutory guidance) which is that it encompasses slavery, servitude and forced or compulsory labour, and human trafficking.

1. Business overview³

PwC UK is a leading professional services firm, delivering assurance, consulting, deals and tax services to clients in the public, private and not-for-profit sectors, as one of the entities in the wider PwC Network. In the 2018 financial year we employed around 21,000⁵ people, operating out of 22 offices throughout the UK while procuring services and goods that enabled our employees to deliver our client services.



We're committed to respecting and upholding the human rights of our people and other individuals that we interact with directly or indirectly, in line with the UN Global Compact, of which we are long-standing members, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines on Multinational Enterprises. We see this as being integral to our Purpose, which is 'to build trust in society and solve important problems'.

³ All figures cover the financial year ending June 2018.

⁴ This figure includes some immaterial revenue from overseas operations.

⁵ This is the average number of UK employees, including contractors.

2. Policies and governance

2.1 Operations

We've had a **Human Rights Policy** in place, which includes internationally recognised human rights, since 2012. This year, to raise staff awareness around this issue, we displayed the policy on every floor across all our offices, as well as circulating digital communications on the topic.

Our Human Rights Policy is embedded in our culture through our **Code of Conduct** (CoC), setting the tone from the top. Each year, all employees must formally declare that they have read and understood it.

Accountability for human rights and modern slavery relating to our business resides with Head of Purpose, Emma Cox. Responsibility for our policy and programme lies with the Director of Corporate Sustainability, Bridget Jackson. Day-to-day management, including annual review of its relevance and effectiveness, is conducted in conjunction with representatives, that include procurement, service owners, and Office of General Counsel, and is led by Latifa Chomoko.

2.2 Supply chain

As a professional services firm our procurement is primarily associated with services delivered in our offices through first tier suppliers (such as security, maintenance, cleaning, catering and welcome services etc.). The vast majority of our supplier employees are on permanent or fixed term contracts. We also buy products such as laptops, stationery and promotional merchandise.

We recognise our responsibility to identify and address potential or actual human rights impacts linked to the products and services we acquire. Our approach has been to first focus on oversight of our direct suppliers, and then to increase visibility of the working practices in indirect suppliers, especially those in higher risk sectors.

We expect the same level of integrity and business conduct from our third parties, including suppliers and their personnel, as we do our own people. That's why this year we launched

our Global **Third Party Code of Conduct** (TPCoC). Operating in accordance with TPCoC is a fundamental requirement for our suppliers. However, we acknowledge that no code can address every situation that a third party may encounter and therefore the TPCoC is not a substitute for suppliers own accountability and responsibility to exercise good judgment and proper business conduct.

As set out in our **Human Rights Policy**, where a violation is identified we will work with all parties involved to ensure victims have access to remedy, compensation and justice. We'll also investigate the root cause and take appropriate steps with the supplier to prevent reoccurrence. Ultimately, if we felt that our supplier's response was unsatisfactory, we would consider terminating the contract.

2.3 Network firms

A number of existing Global PwC policies already support specific human rights (such as non-discrimination) across all PwC Network member firms. Last year, we launched our **Global Human Rights Statement**. This is complementary to the UK policy, and sets out the commitment of all PwC Network territories to uphold human rights with our key stakeholder groups anywhere in the world.



3. Due diligence

We communicate our expectations to employees and suppliers with regards to human rights and modern slavery, and use a range of mechanisms to ensure that we can monitor standards in both our operations and supply chain.

3.1 Operations

Our key asset is our people, so we have extensive processes and programmes in place which enable us to create not only a safe, fair and inclusive working environment, but one that is progressive, and seeks to support wellbeing and learning.

3.2 Supply chain

Human rights is one of four priority areas in our five year sustainable supply chain programme, shared with all key suppliers as part of our annual feedback report. It is embedded at each stage of our procurement cycle.

First, it forms part of our supplier evaluation during the selection process. All new suppliers are required to sign up to our TPCoC. Next, we've introduced a legally-binding clause in our strategic supplier contracts, to ensure a proactive approach. For instance, given that the food sector is known to have a higher level of human rights infringements, our catering contract has a specific requirement to manage these risks.

We also use our annual sustainability survey to monitor the overall performance of our key suppliers. Where responses are deemed unsatisfactory, we suggest improvements and offer support in implementing them.

Finally, in order to identify potential infringements amongst employees of those companies providing us with services, we use another biennial survey, called 'Your Voice Matters', issued to all the employees of suppliers who work on our sites. This enables them to inform PwC of any concerns, directly, and in confidence.

4. Risk assessment and management

We have strong risk identification and mitigation processes in place for both reputational and regulatory risks. Further, our procurement risk register specifically addresses modern slavery.

We analysed our operations and procurement using a risk assessment methodology based on the UN Guiding Principles Reporting Framework. This involved a combination of stakeholder consultation, interviews with industry bodies, analysis of specialist human rights reports, desk-based supplier research and consultation with our own internal experts.

The findings confirmed that there is a low risk in our operations, whilst our supply chain – in places – poses a higher risk and is an area where we should continue to strengthen our approach.

4.1 Procurement of services

For supplier employees working in our UK offices the risks are relatively low, given the national legislative context and the robust policies and processes we have in place throughout our business. Nevertheless, we recognise that certain support staff – such as cleaners and personnel working in mailrooms – may be vulnerable groups, so we have established procedures with our sub-contractors to ensure that they adhere to our required standards.

Although historically recruitment practices were not associated with human rights risks in the UK, poor practice has increased in prevalence. Consequently, this year, we performed a review to gain greater understanding and transparency of the recruitment process for all our office-based

support services. In the majority of cases our suppliers are using reputable recruitment agencies to find suitable candidates and have appropriate policies in place. In the limited cases where we feel more assurance is required, we are following up to ensure that no improper fees are charged to prospective workers and that no personal documents are retained by the recruitment agencies.

4.2 Procurement of goods

The most severe risks associated with our procurement of goods are indirect and relate to manufacturing or sourcing of certain raw materials. They fall into four hotspots (information technology, food, support staff uniforms and corporate merchandise) totalling less than 6% of our overall procurement this year.

Information technology

Our business relies on technology ranging from laptops and smartphones to equipment used in data centres. We've prioritised these devices knowing there are well-documented human rights risks associated with these products.

Laptops issued to our staff this financial year were manufactured in one facility in Kunshan, China. Since China is considered a high risk country for human rights infringements we're continuing to work with our supplier to gain assurance over their checks and practices. The supplier is a member of the EICC, which requires their suppliers to conform to the EICC Code of Conduct, and suggests that they are working to address human rights issues in their sector.

Food

Six of our offices offer in-house catering to our workforce. The majority of the food used is sourced domestically. Although the UK is considered relatively low-risk in the Global Slavery Index, there have been a number of cases of modern slavery in the farming sector. This year, we plan to work with our catering supplier to gain greater assurance over our upstream food supply chain, looking at recruitment practices and working conditions.

Promotional merchandise

We procure promotional items which are used at client events and for other marketing purposes. Although not a well-known high risk area for human rights violations, these products carry our brand and therefore pose a potential reputational risk. We're working with our supplier to increase transparency of where these goods are made. We know that our most popular promotional items are manufactured in China, Germany, Italy and the UK. In the last year, we've been able to identify and secure third party ethical assurance reports (performed within the last three years) for the production sites of 30% of the corporate merchandise procured in FY18.

Currently, we are working with our supplier to set up processes to monitor corrective actions from third party audit reports and to develop a rolling programme to extend assurances over additional products. We recognise that ethical audits of this type do not provide absolute guarantees, but they are currently the most effective tool available.

Uniforms

Our suppliers issue around 3,300 items of clothing a year to our support staff. In the last year, we put out to tender a contract for

a new uniform provider. Given that apparel is a high risk sector for modern slavery and labour exploitation, it featured prominently in the selection criteria. Once a preferred supplier was identified, we conducted human rights due diligence until we were satisfied that their values were aligned with our own.





5. Training

Delivery of our human rights and modern slavery programme is dependent on key personnel having a good understanding of the issues, the legislative requirements of our business, and of our approach to risk identification and management.

This year, we ran an internal workshop aimed at encouraging participants to consider how modern slavery might impact their role. It was run in partnership with Stronger Together and attended by representatives from across the business, including procurement, internal services, risk, compliance and sanctions. We also hosted a webinar for our key suppliers as part of our commitment made last year to raise awareness of their obligations to the MSA. This was co-developed and presented with the Business and Human Rights Resource Centre, to communicate our expectation of standards and share best practice examples.

Next, we plan to develop human rights and modern slavery training materials, accessible to all staff, so that they can update their knowledge and understanding of these issues in society and business.

6. Effectiveness of programmes/KPIs

There are three supply chain-specific metrics that help inform on the effectiveness of our human rights and modern slavery programme. These are, key suppliers:

- responding to our annual supplier survey (FY18: 82%, FY17: 81%)
- with sustainability in commercial arrangements (FY18: 72%, FY17: 62%)
- with a human rights/modern slavery policy (FY18: 72%, FY17: 66%)

For each of these KPIs we have a commitment to achieve 80%, as a minimum.

The year-on-year increase in these KPIs demonstrates that our supplier engagement programme is having a positive impact.

Moreover, 100% of our identified high risk suppliers have a modern slavery statement or human rights policy, which gives us confidence that they are proactive in identifying and minimising risks on our behalf.

We acknowledge that a policy alone does not uphold human rights standards in a business. However, we believe it acts as a stimulus to initiate internal conversations and a review of current practices, leading to improvements in due course.

We also use a broad set of metrics to monitor our human rights and modern slavery performance, both in our operations and supply chain.

For example, an extensive set of measures relating to the wellbeing, diversity and inclusion of our people allows us to actively manage these aspects of our business throughout the year. We also report on our performance publicly in our **Annual Report** and our **Non-financial Performance Scorecard**.

Our commitments

In our last statement we committed to a number of actions. We feel we have made good progress towards these, with all of them either completed or 'on-track' but there is more to do. Below is a summary of our actions to date and new commitments we are making for the coming year, to help us continue to make headway on this important topic.

	Date set	End date	Commitment	Status	Comment
Supplier hotspots	2017	2018	Ensure our support staff uniform providers meets our expected standards	Complete	We've performed human rights and modern slavery-specific due diligence of our new uniform supplier pre-contracting (see section 4.2)
	2017	2018	Assess risks in the recruitment of supplier on-site staff hired indirectly through agencies	Complete	We've established transparency of the recruitment processes for support staff working in our offices (see section 4.1)
	2017	Ongoing	Review risks in our corporate merchandise supply chain	On-track	We partnered with our corporate merchandise supplier to gain third party assurances over the working conditions in factories (see section 4.2)
	New	2019	Assess modern slavery risks in our catering supply chain and develop an appropriate action plan, as needed	-	-
Supplier policies	2017	Ongoing	Continue to raise awareness amongst our key suppliers of their obligations and our expectations to ensure the majority have a modern slavery statement	On-track	Using a number of communication methods, we've set expected standards and shared best practice with our key suppliers (see section 5, 6)
Training	2016	2018	Train our operational staff	Complete	Representatives from operational functions across the business have participated in an awareness raising workshop. We've also run a webinar on the topic for our key suppliers (see section 5)
	New	2019	Create training materials accessible to all our operational and client-facing workforce to educate on human rights and modern slavery issues	-	-



This statement was approved by the Supervisory Board of PwC LLP on behalf of its members, and is signed by:

Kevin Ellis
Chairman and Senior Partner
November 2018

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