

# PwC UK Modern Slavery Statement

[www.pwc.co.uk/humanrights](http://www.pwc.co.uk/humanrights)

November 2019



# Shining a light on modern slavery

# £730m

our total supply chain spend for 2019.

# 3,670

suppliers used this year.



## Executive Summary

Geopolitical instability, widening inequalities and forced migration, exacerbated by the effects of climate change, continue to leave populations exposed to traffickers. Even in countries in relative steady state we have seen modern slavery thrive where people are in vulnerable situations. Aligned to our Purpose—to build trust in society and solve important problems—we are committed to addressing this complex issue in our business and our supply chains.

The geographic scope of this statement is PwC UK<sup>1</sup> and relates to actions taken to address modern slavery risks in our business and supply chain during the financial year from 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019.

# 80%

of our key suppliers report on human rights.

### **This, our fourth modern slavery statement, sets out how we have:**

- launched firm-wide learning.
- made progress in our hotspot areas by checking standards and practices of IT hardware, corporate merchandise, food and apparel suppliers.

### **To date, no infringements or violations have been identified. We know that there is more to do, however. This year we are committing to:**

- refresh our supply chain hotspot evaluation.
- promote completion of our firm-wide learning to extend awareness of modern slavery amongst staff.
- highlight modern slavery risks to key suppliers and recommending ways to manage them.

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](#).

# 1. Business overview

## What we mean by 'our business' and 'our operations'

PwC UK is a leading professional services firm, delivering audit, risk 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<sup>2</sup>. In the 2019 financial year PwC UK employed around 23,000 people, operating out of 22 offices throughout the UK.

## What we mean by 'our supply chain'

We are a member firm of the global PwC network. For the purposes of the statement the other members of the PwC network ("PwC member firms") may be part of our supply chain, as there are some services they supply for PwC UK's own benefit, in addition to supplying services for specific PwC UK client engagements.

Our relationship with PwC member firms is different to that with external third party suppliers. PwC member firms are accountable to uphold many global policies, including our [Global Human Rights Statement](#). All PwC member firms must declare annually that they comply with the Global policies and processes.

As a professional services firm, we also procure goods and services from third parties other than PwC member firms ("suppliers") for the benefit of the firm, and services for specific client engagements. This statement focuses on the key suppliers of our goods and services because this is where we have identified our highest human rights risks.

These include those services delivered in our offices through first tier suppliers (such as security, maintenance, cleaning, catering and welcome services). We also buy products such as laptops, stationery and promotional merchandise. The vast majority of our supplier employees are on permanent or fixed term contracts.

## 2. Policies and governance

### 2.1 Operations

Our [Human Rights Policy](#) sets out our position in line with [internationally recognised human rights principles](#), which include modern slavery. It's displayed on every floor across all our offices, hosted on our website and is circulated annually via digital communications to ensure our people are up-to-date.

The Human Rights Policy is embedded in our culture through our [Code of Conduct](#) and sets the tone from the top. Living the code is fundamental to who we are as PwC professionals.

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 the Office of General Counsel, and is led by Latifa Kapadia.

This statement is reviewed by the Supervisory Board before being presented to the Executive Board for approval.

### Case study: firm-wide training

This year we launched and promoted modern slavery and human trafficking awareness training materials to our operational and client-facing workforce.

The objectives of the online learning were to:

- provide employees with knowledge of this aspect of responsible business. This includes how modern slavery is defined, what the regulatory and legal landscape is, what it means for our business and what we're doing about it.
- enable our people to recognise the signs of modern slavery in our operations, supply chain and in their personal lives, and to know what action to take.

An introductory internal video featuring Head of Purpose, Emma Cox, sets out the importance of this topic, followed by several external assets from leading anti-slavery organisations, including the [Gangland and Labour Abuse Authority](#) and [Thomson-Reuters Foundation](#).

### 2.2 Suppliers

The expectations of all our suppliers are set out in our [Global Third Party Code of Conduct \(TPCoC\)](#). Operating in accordance with this is a non-negotiable requirement of our key suppliers. We are undertaking a project to ensure that the template agreements used to contract with all our suppliers require them to comply with the TPCoC. We acknowledge, however, that no code can address every situation that a third party may encounter and therefore the TPCoC is not a substitute for a supplier's own accountability and responsibility to exercise good judgement 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 will also investigate the root cause and take appropriate steps with the supplier to prevent recurrence. Ultimately, if we feel that a supplier's response is unsatisfactory we will consider terminating the contract.

## 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.

All our employees are asked on an annual basis to formally declare that they have read and understood our Global Code of Conduct.

Our Speak Up helpline (+44 (0) 20 721 25233) is available to any partner or employee who comes across bad business conduct or unethical behaviour, including suspected instances of modern slavery. Third parties including suppliers and contractors can also use this line. All reports are investigated by our Ethics team.

## 3.2 Suppliers

We recognise our responsibility to identify and address potential or actual human rights impacts linked to the products and services we acquire. For our identified modern slavery high risk categories our approach is to first focus on oversight of our direct suppliers, then to increase visibility of working practices in indirect suppliers. We expect the same level of integrity and business conduct from our suppliers and their personnel, as we do from our own people.

Human rights, including modern slavery, is one of four priority areas in our five year sustainable supply chain programme to 2022. This prioritisation is shared with all key suppliers as part of our annual feedback report. Consideration of modern slavery risk is also embedded at each stage of our procurement cycle.

First, it forms part of our supplier evaluation during the selection process. Our key 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.

## 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.

In FY16 we conducted a human rights risk assessment of our operations and supply chain using methodology based on the [UN Guiding Principles Reporting Framework](#). This combined stakeholder consultation, interviews with industry bodies, analysis of specialist human rights reports, desk-based supplier research and consultation with our own internal experts. In FY20, given the changing risk landscape, we will refresh our risk assessment of our external third party supply chain to ensure our efforts are still focused in the right high priority areas.

Professional service firms are typically considered relatively low risk sector for modern slavery, whilst our supply chain—in places—poses a higher risk and is an area where we should continue to strengthen our approach. In the coming year, we intend to continue to shine a light on modern slavery risks by (among other things) sharing our in-house training with our key suppliers (see case study on page 3).

## 4.1 Suppliers providing 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. We have procedures in place with our key suppliers to ensure that they adhere to our required standards.

## 4.2 Suppliers providing goods

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

### Information technology hardware

Our business relies on technology ranging from laptops and smartphones to equipment used in data centres. We prioritise hardware given well-documented human rights risks associated with these products.

Both our laptop and smartphone device suppliers are members of the [Responsible Business Alliance \(RBA\)](#). RBA membership suggests that both adhere to core standards at their manufacturing sites and that their suppliers conform to the [RBA Code of Conduct](#). Laptops issued to our staff in FY19 were manufactured in one facility in Hefei, China, which is a subsidiary of our supplier.

### Case study: garment supplier risks

Increasing awareness of modern slavery issues and greater supply chain transparency meant that we were able to act quickly when a news story suggested possible labour violations associated with our branded garments.

Working with our suppliers we took the following steps:

- requested a report in order to ascertain what had happened and what actions had been taken subsequently.
- spoke with the NGO operating on the ground to understand the local complexities and to confirm our interpretation of events.
- met with each of the suppliers in the chain to ensure that appropriate remediation had taken place.

The direct garment buyer already had an existing free hotline and complaint handling system, but as a result of our discussions they also:

- took steps to improve communication between themselves and the factory General Manager.
- created a new appointment for an on the ground sustainability officer tasked with collecting monthly face-to-face interviews of workers, assessing the social standards and flagging further issues.

## Food

Six of our offices offer supplier managed in-house staff restaurants. Food is one of our identified hotspots so, this year, we collaborated with our caterers to better understand the risk of modern slavery associated with their business. Full-time catering staff working in our offices are recruited directly by our caterer. Temporary staff agencies, used to cover shortages, are audited on a biennial basis and include random audit checks where pay rates, holiday and employment rights are reviewed. Organisations supplying our caterer complete an annual online self-assessment and provide copies of their ethical policy and modern slavery statement. This financial year, suppliers that make up 43% of food spend were also audited onsite.

We consider that these steps provide satisfactory oversight of tier one and two suppliers associated with our food. In the coming year, we plan to work with our caterer to assess the next tier down using a risk-based approach.

## 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 modern slavery risks, these items are often made in large quantities by low skilled workers. We're working with our suppliers 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 26% of the corporate merchandise procured in FY19.

We continue to work with our supplier to set up processes to monitor corrective actions from third party audit reports and to develop a rolling programme to extend assurance 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.

This year, we did identify and deal with a labour violation at a branded garment supplier factory (see case study on page 4).

## Uniforms

Our suppliers issue around 3,000 items of clothing a year to our support staff. Given that apparel is a high risk sector, modern slavery and labour exploitation features prominently in the selection criteria. Once a preferred supplier is identified, we conduct human rights due diligence until we are satisfied that their values are well 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.

In line with last year's commitment, we developed and launched firm-wide modern slavery training for our employees. See the case study on page 3 for more detail.

# 6. Effectiveness of programmes

We use three supply chain-specific metrics that, along with progress against commitments, help inform the effectiveness of our human rights and modern slavery programme. These are, key suppliers:

- responding to our annual supplier survey (FY19: 89%, FY18: 82%)
- with sustainability in commercial arrangements (FY19: 77%, FY18: 72%)
- with a human rights policy/modern slavery statement (FY19: 80%, FY18: 72%)

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. This year, we achieved our 80% target of key suppliers with a modern slavery statement (where applicable) or a human rights policy.

Moreover, 100% of our identified high risk suppliers have a modern slavery statement or human rights policy, which gives us a degree of confidence that they are focused on the topic; and reviewing their practices on the issue, which should help lead to improvements in due course.

In our operations, we use a broad set of metrics to monitor our human rights and modern slavery performance. 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<sup>4</sup>

This year we have continued to advance our modern slavery programme. We have met our new commitments set out at the beginning of the year and have made good progress on those that are on-going. 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.



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 2019

	Date set	End date	Commitment	Status	Comment
Supplier hotspots	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)
	2018	2019	Assess modern slavery risks in our catering supply chain and develop an appropriate action plan, as needed	Complete	We have worked with our caterer to better understand their risk management activity (see section 4.2)
	New	2020	Refresh our supply chain hotspot evaluation	-	-
	New	2020	Further raise awareness of modern slavery risks to key suppliers	-	-
Supplier policies	2017	2019	Raise awareness amongst our key suppliers of their obligations and our expectations to ensure the majority have a modern slavery statement	Complete	This year we met our 80% target of suppliers with a modern slavery statement (where applicable) or human rights policy (see section 6)
Training	2018	2019	Create training materials accessible to all our operational and client-facing workforce to educate on human rights and modern slavery issues	Complete	Developed on our in-house training platform, the learning was promoted firm-wide via a multi-channel digital communications campaign (see case study on page 3)
	New	2020	Raising awareness of our firm-wide learning and maximising uptake and completion by our operational and client-facing staff	-	-

<sup>1</sup> 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

<sup>2</sup> The PwC network is made up of individual member firms, each of which is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details

<sup>3</sup> Key suppliers are our top 75 suppliers, who provide goods and services for the benefit of PwC UK, selected based on spend, sustainability impact and modern slavery risk

<sup>4</sup> Commitments outlined represent only those begun, ongoing or completed for FY19. For previous years' commitments please go to [www.pwc.co.uk/who-we-are/corporate-sustainability/downloads.html](http://www.pwc.co.uk/who-we-are/corporate-sustainability/downloads.html)



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