

Modern slavery and human trafficking statement

December 2017



EY is committed to building a better working world. As part of this purpose, we look at how we can run our business according to our values. We want to be confident that people who are contributing to our success are not subject to any form of human rights abuse, including that of modern slavery.

This statement has been prepared for Ernst & Young LLP (the firm, we or our) pursuant to section 54(1) of the Modern Slavery Act 2015 (the Act) in respect of the financial year to 30 June 2017 (FY17). It sets out the steps we took in FY17 to prevent modern slavery taking place in any part of our business and our supply chains. We will update this statement following the completion of each subsequent financial year to identify the steps we implement to tackle modern slavery.

It is important to note that these steps must also be read in the context of EY's:

1. Wider corporate social responsibility initiatives (<http://www.ey.com/gl/en/about-us/corporate-responsibility>) or (<http://www.ey.com/uk/en/about-us/corporate-responsibility/about-ey---cmt-to-corp-resp>)
2. Longstanding commitment to the UN Global Compact, to which we are a signatory, and which address fundamental protections in relation to human rights and labour protection (<http://www.ey.com/gl/en/issues/business-environment/ungc-home>)
3. Diversity and Inclusiveness strategy for our global workforce (<http://www.ey.com/uk/en/about-us/our-people-and-culture/diversity-and-inclusiveness>)

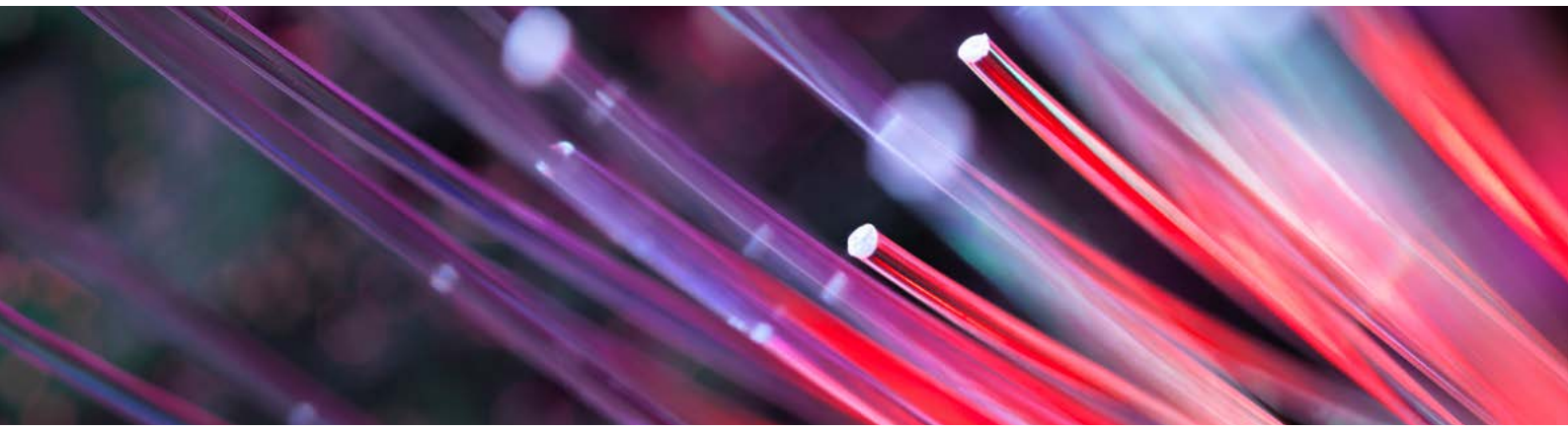
Summary

The firm is committed to ensuring that forced labour and other forms of slavery play no role within our business or supply chains. To satisfy this responsibility, we have and will continue to promote and expect the application of high legal, ethical, environmental and employee-related standards within our own business and supply chains, making sure that all stakeholders (including employees, partners, suppliers and business partners) are working together to achieve this common goal.

Our structure

The firm is a leading professional services firm in assurance, tax, transaction and advisory services. It is a limited liability partnership incorporated in England & Wales and a member firm of Ernst & Young Global Limited (EYG), a UK company limited by guarantee. EYG is the holding company for EY member firms across the globe. EYG coordinates the member firms and promotes cooperation among them. Under the regulations of EYG, the firm has committed itself to pursue EY's objectives and undertake the implementation of global strategies and plans. When we reference 'EY' in this statement, we are referring collectively to the global organisation of the member firms of EYG.

At 1 July 2017, we had 698 partners and approximately 16,000 employees operating from 20 offices across the UK and the Channel Islands. Worldwide, 250,000 people in member firms in more than 150 countries share a commitment to building a better working world. As part of the EY global network, we are a subcontractor to and for other EY member firms, which are all party to the global policies and initiatives mentioned above.



Our partners and employees comprise our client facing and support teams, sometimes in conjunction with contractors. Details of the steps taken in respect of our people are set out below in the **Our people** section.

The firm's Procurement and Legal teams are primarily involved in negotiating agreements with our suppliers. These cover the following categories:

1. Products and services sourcing that provide specialized procurement and contract management services, which are broken down into four sub-categories:
 1. Talent, which includes the provision of insurance, recruitment, learning and development and related benefits and allowances that benefit our people
 2. Facilities management, which includes cleaning, catering, security, office supplies, records managements and related property maintenance
 3. Professional services, which includes consulting, legal, external content and audit
 4. Brand, marketing and communications, which includes advertising, marketing, public relations, sponsorship, charities and promotional items
2. Real estate services
3. Travel services and meetings and events services
4. Technology sourcing services.

Details of our external supply chain management are set out below in the **Supply chain management section**.

Our People

EY's Global Code of Conduct (Code of Conduct) ([http://www.ey.com/Publication/vwLUAssets/Ernst-Young_Global_Code_of_Conduct/\\$FILE/EY_Code_of_Conduct.pdf](http://www.ey.com/Publication/vwLUAssets/Ernst-Young_Global_Code_of_Conduct/$FILE/EY_Code_of_Conduct.pdf)) represents our commitment to all our stakeholders and provides a clear set of standards for our business conduct. It presents us with an ethical and behavioural framework to reflect our values. It binds every one of our people, regardless of his or her individual role, position or practice and regardless of where in the world they are located. It includes a responsibility to speak up when we see any behaviour that we believe does not live up to the Code of Conduct.

As we are committed to playing our part in building a better working world, we wanted to be confident that people who are contributing to our success are not subject to any form of human rights abuse, including that of modern slavery.

To support this commitment, in March 2017 we introduced the UK Modern Slavery Policy (MSA Policy). Our Managing Partner Risk Management advised our people in writing in April 2017 about the introduction of our MSA Policy and how this applied to all our people, reinforcing our responsibilities and the standards we expect, whilst also reminding them that we encourage openness and are committed to ensuring no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that modern slavery is or may be taking place. All our people were advised to take time to familiarise themselves with the MSA Policy to ensure that they play a part in achieving our commitment to prevent modern slavery. We also created a Modern Slavery Act



mailbox, which our people are advised to use if they have any questions about modern slavery in our business or supply chain.

Our people were also reminded that they can raise any deviations or violations of the Code of Conduct and/or MSA Policy with an appropriate designated colleague, under our whistleblowing procedures or to our Ethics Hotline. The latter being an independent third party host for the EY/Ethics Hotline, who then forward the complaint to the appropriate Risk Management personnel at EY for review and investigation. No complaints or concerns were raised within the firm in FY17 about modern slavery taking place in our business or supply chain.

We promote and support our Code of Conduct and MSA Policy in day-to-day business activities, through both personal leadership and business practice. Every new joiner to the firm attends a corporate induction which covers both the Code of Conduct and refers them to the MSA Policy.

Any breach of the obligations under the Code of Conduct or MSA Policy will be taken very seriously. For employees, this can result in disciplinary action, up to and including dismissal without notice. For partners, action will be taken in accordance with the Fundamental Rules of the firm.

In addition, each year, in order to ensure the Code of Conduct is embedded in our compliance culture, our staff must complete a formal declaration about the Code of Conduct.

- ▶ I have carefully read the entire Global Code of Conduct, understand it, and am in compliance with it
- ▶ I understand that it is my responsibility to raise any questions I may have about the Code of Conduct with an appropriate person, such as a member of my Service Line or Functional Leadership team, Risk Management, Talent, General Counsel's Office, Ethics or Compliance personnel
- ▶ I understand I have a responsibility to act in a manner that reflects EY's values in action. This includes the responsibility to speak up when I see any behaviour that I believe to be inconsistent with the principles contained in the Code
- ▶ I agree to abide by the Code of Conduct as a condition of my continued employment or other association with EY
- ▶ By signing this confirmation, I am affirming the above statements

We consider that the risk of human rights infringements (including under the Act) amongst our people is low. This is because we undertake extensive pre-employment screening on all our people, our terms and conditions comply with all UK laws, our recruitment team have received mandatory training about the Act, and no issues have been raised by our people despite our communications on this subject matter.

To ensure a higher level of understanding of the risks of slavery and human trafficking in our business and supply chains and to ensure our people are equipped to deal with any issues relating to potential non-compliance, in May and June 2017 we implemented a targeted training programme for our Legal, Recruitment and Procurement teams to ensure that those people who have responsibility for supply chain management were fully aware of the issues. Each training session focussed on risk mitigation and management. This included understanding our legal requirements, teaching our people how to identify slavery in the supply chain, providing examples of red flag issues that need to be escalated within the firm, and ensuring our people fully understand and comply with our due diligence obligations and the implementation of appropriate contractual frameworks.

Mandatory training will be repeated for new joiners to these teams, as well as reminder sessions to keep our people up to date with their knowledge about the Act and what the firm is undertaking to do to prevent modern slavery taking place.



Supply chain management

Just as the Code of Conduct sets out the standards expected of every EY employee, so our Supplier Code of Conduct ([http://www.ey.com/Publication/vwLUAssets/EY-supplier-code-of-conduct-feb-2016/\\$FILE/ey-supplier-code-of-conduct-feb-2016.pdf](http://www.ey.com/Publication/vwLUAssets/EY-supplier-code-of-conduct-feb-2016/$FILE/ey-supplier-code-of-conduct-feb-2016.pdf)) does the same for our suppliers. We view their performance and adherence to high business standards as an integral part of the EY value chain and so we expect all suppliers to meet high legal, ethical and employment related standards. The Supplier Code of Conduct has formed part of our supply chain management for many years and was updated in light of the Act in February 2016.

In negotiating new contracts with our major suppliers (being suppliers under contracts the value of which exceeds £50,000), we seek to require them to agree to adhere to our Supplier Code of Conduct (or equivalent standards). We seek, wherever possible, to contract on our standard terms require a supplier to warrant and undertake that it shall perform its obligations in accordance with the Supplier Code of Conduct as follows:

- ▶ Suppliers are required to comply fully with all laws and regulations applicable to them – which will include the Act (paragraph 2).
- ▶ Suppliers must ensure that they and their subcontractors and suppliers respect the rights of their employees and comply with all relevant legislation, regulations and directives in the country or countries in which they operate. This includes all rights and minimum standards relating to wages, benefits and working conditions applicable across their entire workforce – as well as no exploitation of child labour (under 14 years of age) or of any other vulnerable group (e.g., illegal immigrants) takes place within their business or supply chain (paragraph 4).
- ▶ Suppliers must ensure that they and/or their subcontractors and suppliers abide by all local laws, directives and regulations relating to the elimination of slavery and human trafficking (paragraph 4).
- ▶ Suppliers are required to only use subcontractors or other third parties who will comply with all applicable laws and regulations and who adhere to the same (minimum) standards set forth in this guide (paragraph 7).
- ▶ EY expects that the suppliers will actively audit and monitor their day-to-day management process to ensure compliance with this Supplier Code of Conduct (paragraph 8).

These commitments are reinforced through our standard supplier terms which were updated in FY17 to provide that:

- ▶ A supplier covenants to comply with all Applicable Laws (which would include the Act) and with EY Policies (which includes, amongst other things, the Supplier Code of Conduct) throughout the term of the Agreement.
- ▶ We reserve the right to terminate agreements by written notice to a supplier with immediate effect if the supplier commits a material breach which breach is irremediable or (if such breach is remediable) fails to remedy that breach within a period of 30 days after being notified to do so. Being in breach of Applicable Law (which would include the Act) would, in our view, amount to a material breach.

We pay great attention to the appointment of new suppliers, to ensure we are working with organisations who share our common goals. This is a much broader scope than the Act, and puts us in the position to make informed decisions about who we want to work with. Any potential supplier that participates in a procurement process is required to respond to a detailed set out questions (backed by supporting evidence) about their approach to diversity and corporate social responsibility.



The types of questions we ask are as follows:

Is your company a certified diverse owned business (i.e., 51% or greater ownership by Minority, Woman, LGBT or Disabled)? If yes, please provide with your response a copy of your company's certification. EY preferred Certification Agencies are – NMSDC, WBENC, NGLCC and USBLN.

Does your company have a current policy on diversity and inclusiveness? Please provide your D&I statistics.

Does your organization have a formal code of ethics in place?

If yes above, how is the code communicated to employees and suppliers?

What specific programs and activities are in place to demonstrate your organization's commitment to the community?

Does your organization have a policy(ies) related to the human rights of its employees? If yes, please include your organization's policy concerning human rights.

Are you willing to give a contractual guarantee that your organization or any subsidiary, affiliated entity, or franchise of your company, does not use any child labour or forced labour in its operations?

Does your organization have a formal program/process for ensuring equal access to employment and promotion opportunities?

Do you comply with legislation regarding the employment of women, people with disabilities, and other diverse populations?

Does your business require your suppliers to prohibit discrimination consistent with the protections provided by your non-discrimination policy?

Does your organization have a formal policy(ies) to protect employees from all forms of harassment? If yes, please attach your organization's policy(ies) concerning harassment at work.

Are you willing to give a contractual guarantee that all of your employees are legally employed?

We are currently reviewing our supplier vetting procedure as part of a broader risk management exercise, with particular attention to updating our existing supplier vetting questionnaire. During FY18, we intend to include specific validation from suppliers on how they tackle modern slavery and human trafficking in order to ensure compliance with the Act.

We have analysed the following sectors that form part of our supply chain:

Products and services

Human rights and modern slavery risks are low for supplier employees working in our offices, given the UK legislative context and the robust policies and processes we have in place. Furthermore, the firm has appointed one preferred supplier, commencing on 1 December 2017, to provide catering, security, cleaning and related facility services across all our UK offices. This supplier has presented its annual UK Modern Slavery Act Transparency Statement for the year ending 2016, which sets out their commitment to support the United Nations (UN) Global Compact (which they have done since 1999) and explains the steps they have taken to ensure that slavery and human trafficking are not taking place in any part of their business or our supply chain. The UN Global Compact, to which EY is also a signatory, addresses fundamental protections in relation to human rights and labour protection.



Real estate services

EY is responsible for negotiating and contracting with suppliers to provide architectural and interior workspace design services and principal designer services for its various offices situated across the United Kingdom.

The construction sector is deemed to be a high risk sector, specifically with regard to labour and procurement of building materials and products. We believe labour is particularly high risk as there is a high demand for low-skilled, manual, low-waged work with a significant proportion being migrant workers.

The firm does not have a list of preferred Tier 1 contractors. Instead, for each project we look at the location and then in discussion with Property Management firms, we identify potential main contractors (taking into account the due diligence processes identified above) to invite to tender for delivery of the services. We use JCT contracts that are industry standard for construction projects. Whilst the 2011 and 2016 versions include a general obligation for the supplier to comply with 'statutory requirements' which include the Act, in addition to seeking to amend the JCT contracts to include provision that the supplier comply with our Supplier Code of Conduct, we will moving forward seek to amend the JCT contracts to include specific warranties that the supplier has not been convicted of any offence involving slavery or human trafficking, has not been or is subject to any investigation, inquiry or enforcement proceedings related to such matter and will implement appropriate due diligence procedures to ensure its business and its supply chain is free from modern slavery.

Travel services and meetings and events services

Our Procurement team are involved in agreeing the terms and conditions for the use of different modes of transport and accommodation, which may be used by our people during business travel to and from client and EY locations throughout the UK and the world.

Contracts are ordinarily negotiated at a global level with the airlines and hotel chains, and then local member firms like us may utilise those services relevant to their jurisdiction. Whilst EY is negotiating on the airline and/or hotel chains standard terms and conditions, it does ensure that the supplier adheres to our Supplier Code of Conduct or such similar terms that are consistent with our values.

We maintain a comprehensive database that records the agreements we have reached with the travel and accommodation providers. Whilst the agreements do not require the relevant EY member firm to use these suppliers, they include favourable rates/discounts if a certain minimum volume spend is incurred.

It is understood that airlines, hotels and meetings venues will have supply chains in regions of the world where slavery is likely to be more prevalent than in the UK, specifically regarding low skilled roles (cleaners, kitchen and maintenance staff) which are susceptible to cheap labour. Given the unique nature of the relationship with airlines and hotels, who provide a service directly to our people travelling on business as opposed to being part of our supply chain, we are reliant on those airlines and hotels complying with the obligations they have set out in their own Modern Slavery Act statements.

Technology sourcing services

Our suppliers fall into three different fields. We have software licenses and utility service providers where we are ordinarily required to engage on the supplier's terms and conditions, but these provide that the supplier will comply with all applicable laws. We also have tech sourcing agreements which are ordinarily negotiated in detail and are subject to the Supplier Code of Conduct (or equivalent standards). Given the nature of the role performed and the fact the suppliers' people have access to our sensitive information, we negotiate secure and robust checks that need to be undertaken on all individuals who provide services. Furthermore, these individuals ordinarily provide the services at our locations.



Next steps

Looking forward, as part of our commitment to identify and mitigate the risk of modern slavery amongst our suppliers and having undertaken an initial risk assessment of our supply chain arrangements, we will continue to review our suppliers to assess the risk of these to our business. Our review will focus on the following three key areas:

- ▶ Whether the goods or services are manufactured or provided off-shore
- ▶ Whether the supplier is based in a country that has a high prevalence of modern slavery or human rights violations
- ▶ Whether the goods or services supplied are carried out in an industry that is likely to employ low skilled or migrant workers

We believe the greatest risk is likely to sit with those suppliers that manufacture products and/or source raw materials from jurisdictions outside of the European Union. We will report on these efforts in future statements.

Compliance

The Board has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

Our Managing Partner Risk Management UK&I has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in countering modern slavery.

Any concerns about modern slavery or human trafficking taking place in any part of our business or supply chain should be raised via our Ethics Hotline (<http://www.ey.com/uk/en/about-us/ey-ethics-hotline>).

Signed:

Lisa Cameron

Managing Partner Risk Management UK&I and Designated Member

For and on behalf of Ernst & Young LLP

15 December 2017

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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Ernst & Young LLP

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