

# *PwC UK and the Modern Slavery Act*

*January 2017*

# Human rights and modern slavery statement



The geographic scope of this statement is PwC UK<sup>1</sup> and relates to actions taken during the financial year from 1 July 2015 to 30 June 2016.

*Human rights abuse, including that of modern slavery, is a global problem which impacts individuals, businesses and society.*

*This statement describes the steps PwC UK has taken to address modern slavery<sup>2</sup> in our operations and supply chain.*

*As a responsible business, we seek not only to subscribe to the letter of the law, but to do business in a way that respects all our stakeholders. That's why, in conducting our business, we aim to protect all the internationally recognised human rights. This statement reflects our approach to both modern slavery and human rights, more broadly.*

*In reviewing our actions we've taken into account marketplace best practice and stakeholder expectations.*

<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. PricewaterhouseCoopers LLP is a member firm of the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.

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



## 1. Business overview

**PwC is one of the leading professional services firms in the UK**

**Our purpose** – ‘To build trust in society and solve important problems’

<b>Operations</b>	<b>c. 21,000</b> employees across <b>32</b> offices	<b>Revenue</b> <b>£2,948m<sup>3</sup></b>	<b>Core services:</b> <b>Assurance, Consulting,</b> <b>Deals and Tax</b>
<b>Supply chain</b>	<b>c. 4,000</b> suppliers	<b>c. £600m</b> spend	<b>Sustainable</b> <b>Supply Chain Programme</b> since <b>2012</b>

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 entity in the wider PwC Network. We employ around 21,000 people, operating from 32 buildings across the UK and procuring services and goods that enable our people to deliver these<sup>3</sup>.

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, and the UN Guiding Principles on Business and Human Rights. We see this as being integral to our corporate purpose, which is to build trust in society and solve important problems.



<sup>3</sup> This figure includes some immaterial revenue from overseas operations.





## 2. Policies and governance

### 2.1 Operations

We've had a **Human Rights Policy** in place since 2012, which draws on internationally recognised human rights standards and applies to PwC UK Partners and staff, including all employees, contractors, apprentices and temporary workers.

It's embedded in our culture through our **Code of Conduct**, which communicates our support for fundamental human rights, sets the tone from the top, expresses how we should behave, and encourages our people to 'do the right thing'. Each year, all employees must formally declare that they've read and understood it.

Accountability for human rights and modern slavery relating to our business resides with our Head of Corporate Purpose, Gaenor Bagley. Responsibility for our policy and programme direction lies with the Director of Corporate Sustainability, Bridget Jackson. Day to day management, including annual review of its relevance and effectiveness, is conducted by the firm's Human Rights Working Group, which is made up of relevant representatives from across the business.

### 2.2 Supply chain

As a professional services firm, our procurement is primarily associated with services delivered to us in our offices (such as security, maintenance, cleaning, catering, and welcome services etc.) and a small number of products (such as laptops, stationary, and promotional materials).

Nevertheless, we recognise our responsibility to identify and address potential or actual human rights infringements linked to the products and services we acquire. We encourage our suppliers to uphold the same standards as we apply to ourselves.

Our approach has been to first focus on oversight of our direct suppliers, and then increase visibility of our indirect suppliers, especially those in sectors where risks are more likely to exist.

For example, human rights forms part of our **Responsible Purchasing Policy**, which has already been adopted by our strategic suppliers for many years. In this, we set out the principles by which we want to work together, including the requirement for suppliers' employees based on our premises to be treated with the same respect for diversity and workplace safety as our own people and remunerated in line with the voluntary Living Wage<sup>4</sup>, at a minimum.

We require suppliers to a) confirm their intention to comply with our Responsible Purchasing Policy with all relevant employees and their own suppliers and b) if requested, to allow PwC or third parties to assess their sustainability performance. This may take the form of questions via our supplier sustainability surveys.

### 2.3 Network firms

A number of existing global PwC policies already support specific human rights (such as non-discrimination) amongst all PwC Network member firms. In 2017, however, PwC also plans to introduce a standalone, global Human Rights Statement. This will be complementary to that published in the UK and sets out the commitment of all PwC Network territories to uphold human rights with our key stakeholder groups anywhere in the world.



<sup>4</sup> PwC UK is an accredited Living Wage employer.



## 3. Due diligence

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

### 3.1 Operations

Our key asset is our people, so we have extensive people processes and programmes in place which enable us to create a progressive working environment which is fair and inclusive, and supports their wellbeing.

### 3.2 Supply chain

We seek to minimise the risk of human rights infringements in our supply chain by embedding consideration of them into our end-to-end procurement process.

First, human rights form part of our evaluation of suppliers during the **selection process**, and we require all new suppliers to sign up to our Responsible Purchasing Policy, which includes the **right to conduct audits** (of our own or via third parties) at any suppliers' sites, if necessary.

Second, we've introduced a **legally binding clause** in our strategic supplier contracts, to promote a proactive approach to modern slavery and human trafficking by suppliers in their operations or supply chain.

We also use our annual **sustainability survey** to monitor the overall performance of our key suppliers. The information submitted is reviewed and where responses are deemed unsatisfactory, we suggest **improvements and offer peer to peer support** in implementing them.

Finally, in order to identify potential infringements amongst employees of those companies providing us with services, we use another **annual survey**, called 'Your Voice Matters', which is issued to all the employees of suppliers working on our sites. It 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 the firm as a whole, including reputational and regulatory risks, such as human rights and modern slavery. In 2016, however, in light of growing concern about these issues, and the new MSA legislation, we increased our focus on human rights and re-evaluated the risks in both our operations and supply chain.

This has re-confirmed that there is only a low risk of human rights infringements (including modern slavery violations) in our operations, whilst our supply chain – in places – poses a higher risk and is an area where we should strengthen our mitigation programmes.

### 4.1 Supply chain

Over the past 12 months, we've analysed our procurement using a risk assessment methodology based on guidance provided in the UN Guiding Principles Reporting Framework. The findings suggest that the likelihood of any infringements in our supply chain is limited, although the severity and frequency is higher in the procurement of goods than services, as set out below.

#### Procurement of 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 throughout our business. Nevertheless, we recognise that certain categories – such as cleaners and personnel working in mailrooms – can be a vulnerable group, so we've established strong procedures with our sub-contractors to ensure we're adhering to the highest standards.

In the coming year, we plan to review the human rights risks related to people who form part of our offshore services (such as IT development and application management) as these may be different to those for the core workforce based in the UK.

#### Procurement of goods

To identify risks associated with the goods we buy, we consulted with a broad range of stakeholders from clients to human rights experts, conducted targeted research on key suppliers, and undertook a comprehensive review of human rights and modern slavery reports.

Our analysis revealed that the most severe risks are indirect, and relate to manufacturing or sourcing of certain raw materials. They fall into four hotspots, totalling less than 5% of our overall procurement:

**IT**

Our business relies on technology ranging from laptops and smartphones to equipment used in data centres.

**Food**

Many of our large offices offer in-house catering to our workforce.

**Support staff uniforms**

There are around 700 people who work on our sites to deliver support services and wear uniforms.

**Promotional merchandise**

We procure promotional items which are used at client events and for other marketing purposes. Although not a high profile area for human rights violations these products carry our brand and so potentially carry an increased reputational risk.

The generic risks associated with these categories include poor worker conditions, health and safety, child labour and modern slavery, especially where they take place in geographies with poor human rights track records.

For categories where we're able to exert influence, we're aiming to establish traceability in order to identify the production sites for key items, so that we can assess the specific risks related to our spend. And we're establishing an escalation protocol so we can work with relevant suppliers to address issues that may arise and ensure appropriate remediation is provided to victim(s), should there be any. This may require us to activate our right to conduct audits (as set out in our contracts) and, ultimately, if we felt that our supplier's response was unsatisfactory, we would consider terminating the contract.

Where we have less leverage, we will participate in multiparty programmes led by relevant industry bodies/NGOs that are working to address issues in these sectors.



## 5. Effectiveness of programme/KPIs

We use a broad set of metrics to monitor our human rights performance, both in our operations and our 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, and we report on our performance publicly each year in our Annual Report and our Corporate Sustainability scorecard.

We've also been monitoring for the last three years the number of our key suppliers, who have told us that they have a human rights policy in place. Although we know that a policy alone does not uphold human rights standards in a business, we believe it acts as a stimulus to start internal conversations and a review of current practices, leading to improvements in due course. Our initial goal is for 80% of our key suppliers and 100% of our identified high risk suppliers to have a human rights policy in place by 2017 and we report on progress towards this annually in the supply chain sustainability section of our **Corporate Sustainability scorecard**.

In 2016, in light of the Modern Slavery Act, we also introduced a new internal metric to track compliance with the new legislation amongst our key suppliers, to enable us to take action where we feel it necessary.

Finally, having identified our upstream supply chain hotspots, we plan to establish controls to manage the risks associated with them, and measure the effectiveness of any programme we put in place.



## 6. Training

Delivery of our human rights 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.

To that end, we have appointed an individual in the Corporate Sustainability team with responsibility for both shaping our approach and developing internal expertise. This person liaises closely with our client-facing Human Rights experts to build a knowledge that can be shared with others.

*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  
October 2016



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