

PwC UK and the Modern Slavery Act

December 2017

Human rights and modern slavery statement



The geographic scope of this statement is PwC UK¹ and relates to actions taken during the financial year from 1 July 2016 to 30 June 2017.

Over the last year, we've regrettably seen more examples of how business, in the UK and abroad, can be complicit in human rights abuses, including modern slavery. This is a stark reminder that we cannot be complacent and must all remain vigilant when it comes to these issues.

In our second statement, we describe the steps PwC UK has taken over the last 12 months to address human rights and modern slavery² 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 the human rights of people that we're impacting. In reviewing our actions we've taken into account marketplace best practice and stakeholder expectations.

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. PricewaterhouseCoopers LLP is a member firm of the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

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 is one of the leading professional services firms in the UK

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

Operations	c. 21,000 ⁴ employees across 30 offices	Revenue £3,002m ⁵	Core services: <i>Assurance, Consulting, Deals and Tax</i>
Supply chain	c. 4,500 suppliers	c. £650m spend	<i>Sustainable Supply Chain Programme since 2012</i>

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 2017 financial year we employed around 21,000⁴ people, operating from c. 30 buildings across the UK and procuring services and goods that enable our people 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, 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’.



³ All figures cover the financial year ending June 2017

⁴ This is the average number of UK employees, including contractors.

⁵ 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 for PwC UK since 2012, which includes internationally recognised human rights and labour rights. This year, we updated the policy to ensure it includes explicit reference to modern slavery and human trafficking. We also set out the principles by which we operate: we seek to avoid causing or contributing to human rights, and are committed to preventing or mitigating adverse human rights that directly relate to us.

Our Human Rights Policy is embedded in our culture through our **Code of Conduct (COC)**. It states that we care about, respect and support internationally proclaimed human rights. In addition, we work to guard against complicity in human rights abuses. The COC 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.

Our approach to human rights is also integrated into our business practices, for example in our Human Capital, Ethics and Compliance, Procurement and Corporate Sustainability activities.

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 & effectiveness, is conducted by the firm's Human Rights Working Group, which is made up of relevant representatives from across the business and led by Latifa Chomoko.

2.2 Supply chain

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

We recognise our responsibility to identify and address potential or actual human rights impacts linked to the products and services we acquire. So 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 we share with our suppliers and expect them to act in accordance with. 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 Wage⁶, at a minimum.

We require suppliers to a) confirm their intention to comply with PwC's Responsible Purchasing Policy in relation to all relevant employees and their own suppliers and b) if requested, to allow PwC or third parties to assess their sustainability performance. This is done via our supplier sustainability survey or in the form of an audit.

Last year, in the 12 month period to June 2017, we've also introduced a Modern Slavery Escalation Protocol, which sets out the steps that an employee should take if they become aware of a suspected modern slavery violation in our supply chain. The Protocol ensures that we take action with the

supplier and appropriate remediation is provided to victim(s). 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 their contract.

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 addition, this year, PwC launched a **Global Human Rights Statement**. This is 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.

⁶ PwC UK is an accredited Real Living Wage employer.



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 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 not only a safe, fair and inclusive working environment, but one that is progressive, and seeks to support their wellbeing and learning.

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 in their operations and supply chain.

We also use our annual supplier **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 support** in implementing them. In the last year, the results of the survey revealed, unexpectedly, that only 66% of our key suppliers reported that they had a human rights

policy or a modern slavery statement. We attribute this to a lack of awareness among suppliers about the Modern Slavery Act (MSA) requirements. This is in line with the general marketplace response to the MSA, which has been lower than anticipated. Therefore, this year (i.e. in the 12 month period ending June 2018), we'll run an engagement campaign with our key suppliers to raise awareness of their obligations and our expectations with a view to increase compliance with the MSA.

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 who work 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. However, in the previous 12 month period to June 2016, in light of growing concern about these issues, and the introduction of the new MSA legislation, we increased our focus on modern slavery and re-evaluated the risks in both our operations and supply chain.

This re-confirmed that there is only a low risk of any 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 approach.

4.1 Supply chain

Last year, we analysed our procurement using a risk assessment methodology based on guidance provided in 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 suggested 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.

In addition, we've now included human rights and modern slavery in our supply chain as a distinct risk on our corporate risk register. This is in light of significant increases in migration⁷, an increased incidence of modern slavery in the UK and the seriousness if we were to be associated with such a violation.

Procurement of services

Human rights and modern slavery risks are low for supplier employees working in our UK offices, given the national 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 procedures with our sub-contractors to ensure we're adhering to our required standards.

Last year, we also reviewed the human rights risks related to people in offices offshore (such as our outsourced IT development and application management, and payroll) and located in India, Poland, Romania and Budapest. The assessment was done using a questionnaire which covered the standards set out in our human rights policy as well as looking at increased risks posed by economic migration patterns and recruitment practices for each supplier's workforce. Evaluation of the survey results is on-going.

We'll also look at the use of recruitment services by our suppliers who have people working in our offices. Although historically recruitment practices were not associated with human rights risks in the UK, the last year has seen emerging cases of poor practices occurring in our country. So we'll be encouraging all our suppliers with staff in our offices to review their recruitment practices and to check that no improper fees are charged to prospective workers in order for them to secure a position and that no personal documents are retained by the recruitment companies.

Procurement of goods

In the previous year, to identify risks associated with the goods we buy, we consulted stakeholders ranging from clients to human rights experts, conducted targeted research about key suppliers, and undertook a comprehensive review of human rights and modern slavery reports. These different sources of information allowed us to identify our high risk procurement categories.

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 (information technology, food, support staff uniforms and corporate merchandise) totalling less than 3% of our overall procurement this year.

Information Technology

Our business relies on technology ranging from laptops and smartphones to equipment used in data centres. At the moment, we've prioritised laptops and smartphones as we

know there are well-documented human rights risks associated with these products.

To date, we've established that all laptops issued to our staff this year were manufactured in the Chinese cities of Beijing, Shenzhen, Shanghai and Huiyang. As China is considered a high risk country for human rights violations including modern slavery, we're working closely with our supplier to gain comfort over their checks and practices. The supplier is a member of the EICC, which requires their upstream suppliers to conform with the EICC Code of Conduct, and suggests that they're working to address these issues.

Food

Six of our offices offer in-house catering to our workforce. The majority of the food used is sourced from the United Kingdom. Although the UK is considered relatively low risk in the Global Slavery Index, over the last year we've seen an increasing number of cases of modern slavery in Britain, especially in the farming sector. We're currently working with our catering supplier to obtain better transparency of their supply chain so that we can target known high-risk food categories to gain extra comfort over 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 so potentially have an increased reputational risk. Over the last year, we've been working with our supplier to increase transparency of where our goods are made. We now know that our most popular promotional items are manufactured in China, Germany, Italy and the UK. Over the coming year, we plan to get further comfort over the human rights standards at key specific sites.

Uniforms

Our suppliers issue around 3,300 items of clothing a year to people who work on our sites to provide support services. We've recently put our office support supplier contracts out to market and this year instated the new suppliers. Therefore, in the coming year we intend to review the practices of the uniform providers to check they're upholding the human rights and modern slavery standards we expect.

⁷ The International Organisation of Migration estimates that over 100,000 migrants entered Europe by sea in 2017. These people, whether with a legal or illegal status, are extremely vulnerable to modern slavery.



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.

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 and modern slavery experts to build a knowledge that can be shared with others.

This year, we've trained our Procurement team, relevant service owners and suppliers (via a supplier forum) on the drivers increasing the likelihood of modern slavery, what it constitutes, how to identify it and what to do if you spot it. Next, we plan to conduct an awareness-raising campaign with our key suppliers as we learnt this year that businesses are not as up-to-date with the MSA and its implications as we'd anticipated. We're also going to conduct follow-up training with our Procurement team and relevant service owners to ensure that they're aware of new processes that we've put in place to handle situations where we become aware of an incident of modern slavery in our supply chain.



6. Effectiveness of programme/KPIs

We use a broad set of metrics to monitor our human rights and modern slavery 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 in our **Annual Report** and our **Corporate Sustainability Scorecard**.

We've also been monitoring the human rights management of our key suppliers for the last three years. We started by measuring the number of that 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. This year, only 66% of our key suppliers confirmed they had either a human rights policy or a modern slavery statement in place. We don't think this is good enough so one of our commitments for the coming year is to increase it to 80%. On the other hand, 100% of our identified high risk suppliers have a modern slavery statement, which gives us confidence that they are proactive in identifying and minimising risks on our behalf. We report on progress towards our targets annually in the supply chain sustainability section of our Corporate Sustainability Scorecard.



Progress on commitments

In our last statement we committed to a number of actions. We feel we've made good progress towards these, with all of them either completed or 'in progress' 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.

Data set	End date	Commitment	Progress	Comment
2016	2017	Actions to strengthen policy	Complete	We've update our human rights policy so modern slavery, our stance on complicity and remediation are much more explicit. We've also launched our global human rights policy, which covers the network (see page 2).
2016	2017	Steps taken to gain assurance of our offshore suppliers' human rights standards	Complete	We've surveyed all our offshore service suppliers to assess their performance regarding the areas covered in our human rights policy (see page 4).
2016	2017	Establish an escalation protocol to be used in the event that we become aware of a suspected modern slavery case in our supply chain	Complete	We've developed the escalation protocol and are now raising awareness of it internally and training the procurement team on its use (see page 3).
2016	ongoing	Investigation of our supply chain hotspots	Partial	We've worked with our laptop, catering and corporate merchandise providers to get greater transparency of their supply chains (see page 4).
2016	ongoing	Staff training	Partial	The procurement department and relevant services owners have undergone awareness raising training on modern slavery and human trafficking. We also ran the training as part of our Fair and Inclusive Supplier Forum (See page 5).

New commitments

Commitment 1

Raise awareness amongst our key suppliers of their obligations and our expectations with regards to human rights and modern slavery, and increase compliance with MSA.

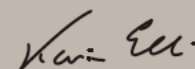
Commitment 2

Review risks in the recruitment of PwC and supplier on-site staff hired indirectly through agencies and take action where necessary.

Commitment 3

Work with our support staff uniform providers to identify and manage human rights and modern slavery risks and ensure they meet our expected standards.

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
December 2017

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171116-150346-LC-OS