



EY Modern Slavery Statement 2020



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 3 July 2020 (“FY20”). It sets out the new and ongoing steps we are taking to address and prevent modern slavery taking place, both within our business and our supply chains.

This statement should be read alongside the firm’s:

1. Wider [corporate social responsibility initiatives](#), which set out how EY helps drive social and environmental change in our marketplace, workplace and our communities;
2. Longstanding commitment to the UN Global Compact, which aims to align worldwide business strategies and operations with universal principles on human rights, labour, environment and anti-corruption. EY has been a global signatory since 2009 and we continue our pledge to support and advance its Ten Principles. Since January 2018, EY has been a Participant Member and, therefore, has access to [the UN Global Compact’s resources and activities](#), country-specific resources and activities, and digital platform and tools; and
3. [Diversity and Inclusiveness strategy](#) for its global workforce and our global [Supplier Diversity Programme](#) for our supply chain, on which the UK has a strong focus.

Our organisational structure

The firm is a limited liability partnership incorporated in England & Wales and a member firm of Ernst & Young Global Limited, a UK company limited by guarantee. The firm is a leading professional services firm in assurance, tax, strategy and transaction and consulting services.

As of 3 July 2020, the firm has over 700 partners and approximately 17,600 employees operating from 21 offices across the United Kingdom and Channel Islands. Worldwide, EY member firms operate in more than 151 countries and share the commitment to building a better working world. As a member of the EY Global Network, the UK firm operates as subcontractor to and for other member firms, which are all required to comply with the policies, and support the initiatives, set out above.

Our partners and employees comprise our client facing and support teams, sometimes in conjunction with contractors.



Our commitment

The firm's purpose is to build a better working world, which includes conducting our business to the highest possible ethical standards. As part of this commitment, we will not tolerate any form of human rights abuse, including modern slavery or human trafficking, in any part of our business.

The firm is committed to ensuring modern slavery plays no part in its business or supply chains. To satisfy this commitment, we undertake a range of different steps and continue to strive to achieve the highest legal, ethical, environmental and employee-related standards within our own business and supply chains, making sure that all stakeholders (including employees, partners and suppliers) are working together to eradicate modern slavery and human trafficking. In relation to our supply chain, we are focussed on working with long-term, strategic partners who demonstrate the same commitment to their people to ensure modern slavery plays no part in their or our business.

Our supply chain

We believe that our supply chain is the biggest risk area where modern slavery issues may arise as we use many different suppliers each year, providing us with a large range of goods from stationary to laptops and providing us with various services from catering to cleaning. We use a variety of methods which allow us to undertake due diligence on each of our suppliers and ensure that we have appropriate policies and contractual terms in place to ensure that our suppliers understand the standards that we require of them. To the extent that our suppliers do not adhere to our standards, there can be material consequences, including the termination of our relationship with them.

Our supply chain management

We pay great attention to the appointment of new suppliers. EY's Procurement team (supported by others in the wider business, including the Legal and Risk Management teams) is involved in performing due diligence on potential suppliers, to ensure we work with organisations who share our commitment to the highest possible business and ethical standards. This puts us in the position to make informed decisions about who we want to work with. Where we are satisfied that it is a supplier that we want to engage with, we then negotiate appropriate terms with them (adherence to local laws and regulations regarding modern slavery is a non-negotiable item for us). Our supply chain generally falls into the following categories of supply:

- ▶ Travel, Meeting & Events and Brand, Marketing and Communications Procurement, which spans all form of our business travel and subsistence, meeting arrangements and business events, advertising and public relations;
- ▶ Real Estate and Workplace Services Procurement, including management of our buildings and operating expenses, facilities management and office furnishings;



- ▶ Technology Sourcing and External Content, which includes our computer and communications equipment, IT services and development; and
- ▶ Talent Procurement, including talent acquisition, recruitment screening, employment benefits and learning and development.

We continually evaluate how to identify and address risks in our supply chain, including those related to modern slavery and human trafficking.

Our supplier portal and due diligence

EY has a supplier due diligence programme whereby suppliers are requested to register on the EY Supplier Portal and answer questions on social and environmental sustainability, including their efforts to protect against modern slavery, their own vendor due diligence processes and to provide supporting evidence for their answers.

During FY20, we also started utilising a data driven tool developed by [EY's Climate Change and Sustainability Services team](#), which provides an indicated risk rating (from low to high) across elements of modern slavery for sub-categories of procurement and suppliers. In particular it looks at child labour, forced labour, human trafficking and forced marriage. This is used to better understand the level of due diligence that should be applied to a supplier. Our plan is to expand our current due diligence programme to a risk-based approach based on the findings of this environmental, social and governance (ESG) risk tool. Those suppliers that do not meet our standards will face an escalation process and will be given the opportunity to make improvements before we make a final determination on whether we engage them as a supplier or not.

Once the supplier has been approved via the firm's procurement process, ongoing compliance with its obligations is monitored by the relevant business stakeholders.

Our Supplier Code of Conduct

Once suitable suppliers have been identified by our procurement team, they are then required to adhere to our Supplier Code of Conduct (or equivalent standards) as part of the procurement contract between the supplier and the firm. Our [Supplier Code of Conduct](#) ("Supplier Code of Conduct") sets out clear standards of business conduct and ethics that our suppliers have to abide by. It is publicly available on the firm's website.



The Supplier Code of Conduct has formed part of our supply chain management since 2011. It was updated in light of the Act in February 2016 and was further updated in May 2018, November 2018 and May 2020. In the latest update we outlined in more detail EY's requirements in terms of human rights and social sustainability. This covers areas such as health and safety, working hours and working conditions. Specific examples of what it includes are:

- ▶ **Freedom from forced labour, bonded labour and human trafficking:** All employment should be freely chosen by the worker. This means workers should be free to leave their employment at any time (subject to reasonable and paid notice periods) and shall not be subject to any coercion or restriction through, for example, the holding of original copies of employee passports, identity documents or monetary deposits. Further, there shall not be any use of bonded labour. Work should be undertaken for fair compensation and should not be undertaken to repay a debt incurred (for example, as a result of deceptive recruiting practices).
- ▶ **Recruitment agencies:** Where recruitment agencies or brokers are used by the supplier, appropriate due diligence and ongoing management should be undertaken to ensure that risks of worker exploitation (such as debt bondage) are effectively mitigated. Reasonable evidence of these activities should be made available to EY upon request, within a reasonable notice period.
- ▶ **Child labour:** Suppliers should adhere to local laws relating to the minimum working age and not engage in the employment of child labour, directly or indirectly. Suppliers should also ensure that working hours for those of school age are not exceeding the maximum hours on a school day.
- ▶ **Demonstration of reasonable modern slavery due diligence:** We expect that our suppliers will maintain an active view on the inherent risks of modern slavery in their supply chain (including third-party certifications in relation to human rights and social compliance standards). Among other modes of inquiry, we expect this to include engaging human rights specialists to perform validation audits of high-risk suppliers on an intermittent, but no less than annual, basis.

Our supplier terms

The obligations set out in our Supplier Code of Conduct are strengthened by our standard supplier terms which provide the firm with the right to terminate agreements by written notice to a supplier with immediate effect if the supplier commits a material breach which 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 any applicable law (including the Act) would, in our view, amount to a material breach. However, we would normally first try to work with suppliers who are in breach of their obligations so that any modern slavery issues are eradicated as soon as possible.



Our business

Given the type of work that we do, the recruitment checks that we undertake on our people (which includes an interview process and comprehensive background checks) and the training and policies we have in place to inform and develop staff behaviours, we believe that the risk of human rights infringements (including under the Act) arising within the firm is low. Nonetheless, we remain committed to ensuring that no modern slavery occurs by having appropriate due diligence processes in place and training our people.

Our people

Before joining, we perform extensive pre-screening on our employees, partners and contractors, which include identity checks, reference checks, right to work checks, criminal record checks, and where applicable education and professional qualification checks. This supplements a number of interviews, where recruitment have been trained to observe behaviours. We are confident that these processes flush out any modern slavery issues at the recruitment stage.

With our firm's purpose of building a better working world in mind, we also adhere to paying the Real Living Wage to our employees and contractors across all our locations in the UK.

Our policies and training

EY's [Global Code of Conduct](#) (the "Code of Conduct") represents not just the firm's commitment, but the entire worldwide network of EY member firms' commitment to building a better working world. It provides a clear set of standards for our business conduct and ethics that underpin this purpose. The Code of Conduct binds all our people worldwide, regardless of their individual role, position or practice area. It includes a responsibility to report any behaviour that compromises the principles in the Code of Conduct, which includes any form of human rights abuse, including modern slavery and human trafficking. To ensure the Code of Conduct is embedded in the firm's culture, our staff must complete an annual declaration confirming they have read, understood and are in full compliance with the Code of Conduct. This includes acknowledging that it is their responsibility to speak up when they see any behaviour that they believe is inconsistent with the principles set out in the Code of Conduct. The Code of Conduct is publicly available on the firm's website.

The firm introduced a UK Modern Slavery Policy (the "MSA Policy") back in March 2017. The MSA Policy applies to all our people and reinforces the responsibilities and standards expected within the firm, whilst also reminding our people 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. The firm also introduced a Safeguarding Policy in December 2019, which also covers modern slavery as well as wider issues regarding harm and abuse of those who are employed by us, engage with our activities or operate on our premises.



Every new joiner to the firm is given the opportunity to complete an induction, as part of which details of the Code of Conduct and risk management policies (including the MSA Policy) are provided. Where a specific need is identified (such as for those working in our procurement team), bespoke training is also delivered to enhance the understanding of, and compliance with, the Act and Code of Conduct.

Any breach of the Code of Conduct and/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 firm's Partners' Agreement and partner specific disciplinary process, which include the right of expulsion from the firm with immediate effect. For employees or partners who are members of professional regulatory bodies, any breach will often result in a report of wrongdoing being made to their regulator.

Reporting concerns

Our people are encouraged to raise any questions or concerns that they may have about modern slavery in our business or supply chain via the firm's Modern Slavery Mailbox or, alternatively, they can raise any violations of the Code of Conduct or the MSA Policy with an appropriate colleague, via our whistleblowing procedures or to our EY Ethics Hotline. The latter is hosted by an independent external organisation called NAVEX Global (www.navexglobal.com) which then forwards the online report to the firm's General Counsel, who in turn then allocates each case to a suitable member of staff at EY for review and investigation. This process ensures the reporter can remain anonymous if they so wish.

During FY20, no complaints or concerns were raised about modern slavery or human trafficking taking place in our UK business.



Our progress

Last year's aim	Our progress
<p>To assess the success of the supplier portal by identifying whether it has met the firm's expectations in respect of supplier due diligence (and, in particular, the identification of modern slavery and human trafficking risk areas) and evaluating whether any areas can be updated and improved.</p>	<p>A review of our supplier due diligence questions was undertaken in January 2020. Whilst we were satisfied that the portal was suitable, we also felt that it could be strengthened further, so we made some updates including the addition of mandatory questions for suppliers regarding our Supplier Code of Conduct. We have also created a formal escalation process for those suppliers that do not comply that we will be implementing during our financial year ending 2 July 2021.</p>
<p>Review grievance mechanisms for supply chain workers and engage with suppliers to, where necessary, improve grievance and reporting processes within our supply chain.</p>	<p>We have reviewed our grievance mechanisms (in particular the Ethics Hotline) and determined that we have robust forms of grievance mechanisms in place. The Ethics Hotline is publicly available to all (in several languages) via EY's website and it is highlighted in the Supplier Code of Conduct. Suppliers are therefore able to cascade this mechanism to their own workforce too. We also plan to enquire with our suppliers about their own internal grievance processes for their workers and to ensure that applicable reports made under it are passed on to us.</p>
<p>Consider the implementation of Key Performance Indicators (KPIs) relating to supplier due diligence and oversight, training, risk awareness and reporting in respect of modern slavery and human trafficking. If it is appropriate to implement such KPIs with suppliers, the firm will also consider what measures will be taken should suppliers fail to meet their KPIs.</p>	<p>EY has developed internal KPIs on modern slavery relating to policy, training and supplier due diligence so that we can better track our progress. Appropriate KPIs for our suppliers remain under consideration.</p>

Good progress has been made and we continue to take new steps to manage the risks of modern slavery and human trafficking taking place in our business and supply chains. With that in mind, we set out below our focus areas for FY21.



Our next steps

Our next steps include:

- ▶ To expand our internal training and awareness about modern slavery issues (particularly for those working in procurement and legal functions), including the management of our internal escalation process where possible modern slavery issues are identified in our supply chain.
- ▶ To expand our supplier due diligence process at a global level, including:
 - ▶ Ensuring that additional and better tailored questions are issued to those suppliers who operate in the higher-risk areas in terms of sub-category and also to any suppliers where concerns about modern slavery have been identified (whether through our own due diligence or by way of matters reported to us); and
 - ▶ Implementing a better mechanism for understanding our suppliers' own internal grievance processes and importantly ensuring that modern slavery concerns impacting on our supply chain are notified to us.

Responsibility and compliance

The firm's Board has overall responsibility for the MSA Policy and for ensuring that all those under the firm's control comply with it. Our General Counsel has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it and ensuring the firm's internal auditing control systems and procedures are effective in countering modern slavery and human trafficking within our business and supply chain.

Any concerns about modern slavery or human trafficking taking place in any part of our business or supply chain can be raised directly with our [General Counsel](#) or anonymously via our [Ethics Hotline](#). The firm is committed to improving its practices to combat modern slavery and human trafficking.

Lisa Cameron

General Counsel and Designated Member for and on behalf of Ernst & Young LLP

8 December 2020

EY | Building a better working world

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Ernst & Young LLP

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