

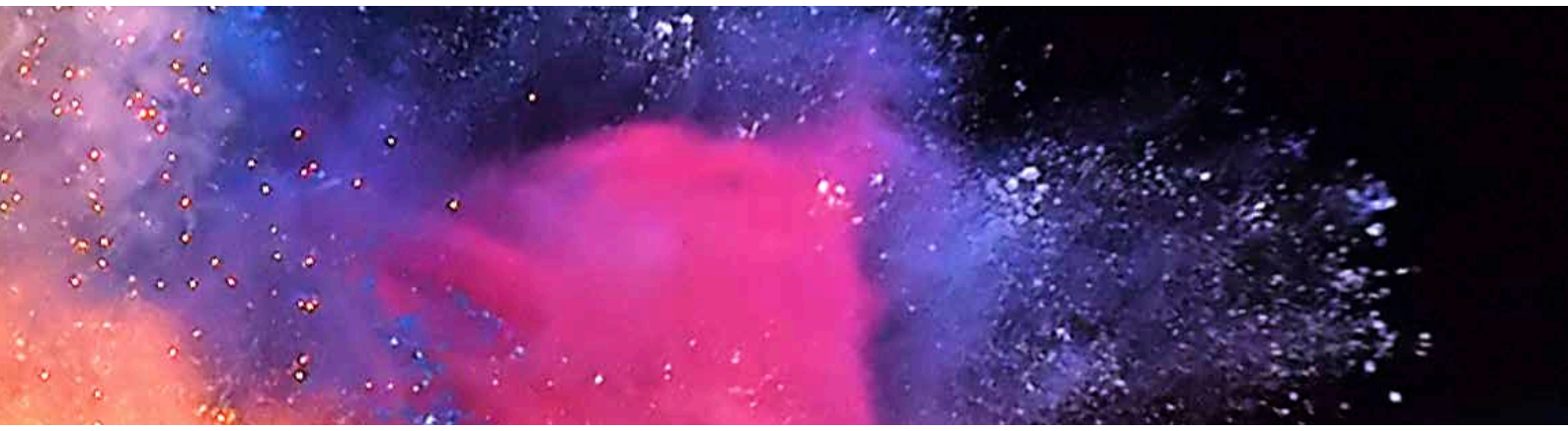


Modern slavery and human trafficking statement

December 2018



Building a better
working world



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 2018 (FY18). It sets out the steps we are taking to prevent modern slavery taking place in our business and our supply chains.

We are committed to building a better working world. As part of this purpose, we believe we have a responsibility to conduct our business in an ethical way, and therefore want to ensure that our people who are contributing to our success are not subject to any form of human rights abuse, including that of modern slavery. We expect the same from our suppliers. We therefore focus on working with long-term, strategic partners that demonstrate the same commitment to their people.

Our commitment must also be read in the context of EY's:

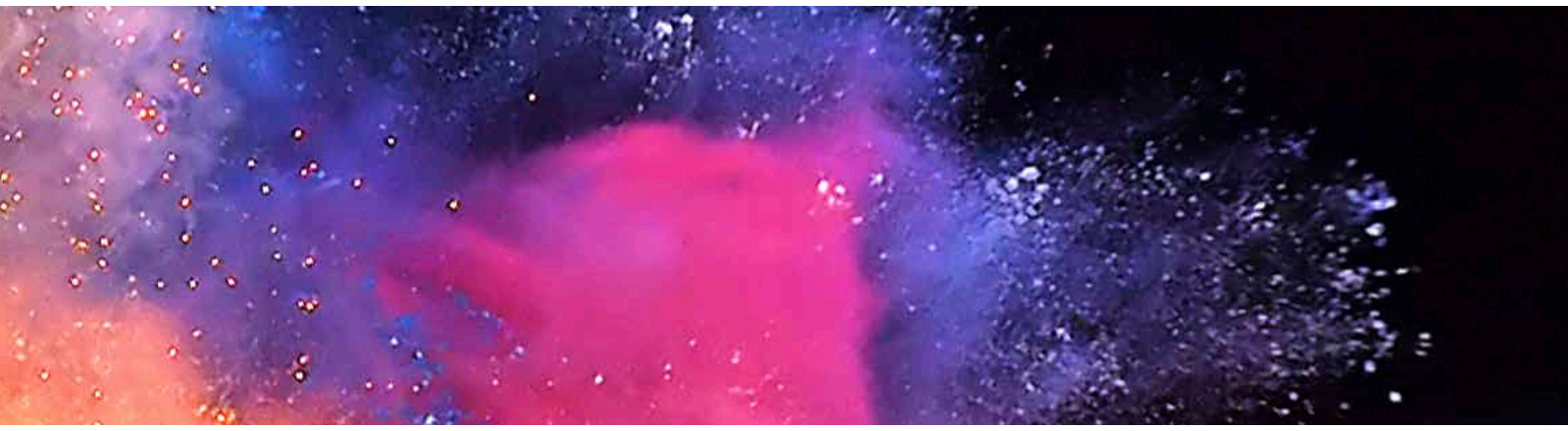
1. Wider corporate social responsibility initiatives (<https://www.ey.com/uk/en/about-us/corporate-responsibility>), which set out how EY helps drive social and environmental change in our marketplace, workplace and our communities.
2. Longstanding commitment to the UN Global Compact, to which EY has been a global signatory since 2009 and we continue our pledge to support and advance its Ten Principles. The position changed in January 2018, when the UN Global Compact elected to strengthen and tailor support and opportunities for business by introducing required engagement tiers to suit business needs. At that stage, EY became a Participant, and therefore we have access to the UN Global Compact's global resources and activities, country-specific resources and activities, and digital platform and tools. The UN Global Compact addresses 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 EY's 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 modern slavery plays 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 and suppliers) 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, a UK company limited by guarantee.



At 1 July 2018, we had over 700 partners and approximately 17,000 employees operating from 20 offices across the UK and the Channel Islands. Worldwide, 250,000 people in EY 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 team (supported by the Legal team) are involved in negotiating agreements with our suppliers, and therefore support the firm in managing our legal and commercial risks. The firm's Procurement team manages the following categories:

- ▶ Products and services: the team provides specialized procurement and contract management services for professional services, talent, facilities management, and brand, marketing and communications.
- ▶ Real estate: the team negotiates with suppliers to provide architectural and interior workspace design services and principal designer services for our offices situated across the United Kingdom.
- ▶ Travel services, meetings and events services: the team negotiate 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.
- ▶ Technology sourcing services: this includes negotiations that increase the value of our IT purchases.

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 subjected 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), which applies to 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.

We have a Modern Slavery Act mailbox, which our people can use if they have any questions about Modern Slavery in our business or supply chain. Our people are 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 is 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. During FY18, no complaints or concerns were raised about modern slavery taking place in our business or supply chain.

Every new joiner to the firm attends a corporate induction which provides details about both the Code of Conduct and risk management policies, including 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, which include the right to remove with immediate effect.

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. This requires our people to state that they have read, understood and are in full compliance with the Code of Conduct; which includes acknowledging that it is their responsibility to speak up when they see any behaviour that they believe to be inconsistent with the principles contained in the Code of Conduct.

To fully integrate our commitment and to help employees and management who have direct responsibility for recruitment, legal and supply chain management, we have provided training to enhance the understanding and compliance with the Act and our Code of Conduct.

We consider that the risk of human rights infringements (including under the Act) amongst our people is low.

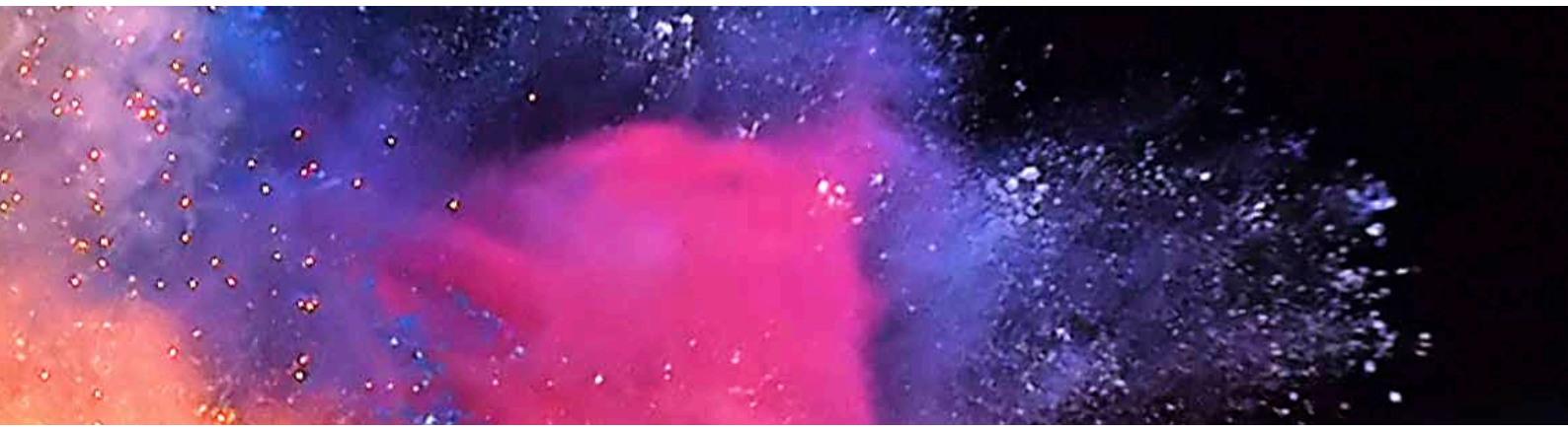
Supply chain management

Just as the Code of Conduct sets out the standards expected of every EY employee, so our Supplier Code of Conduct ([https://www.ey.com/Publication/vwLUAssets/EY-supplier-code-of-conduct-may-2018/\\$FILE/EY-supplier-code-of-conduct-may-2018.pdf](https://www.ey.com/Publication/vwLUAssets/EY-supplier-code-of-conduct-may-2018/$FILE/EY-supplier-code-of-conduct-may-2018.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, and was further updated in May 2018.

Identifying, developing and doing business with diverse suppliers is a key component of our strategic sourcing and procurement activities. Through our D&I procurement initiative, we actively encourage small and minority-owned businesses to become registered suppliers and support them to achieve their full potential.

We pay great attention to the appointment of new suppliers, to ensure we are working with organisations who share our common goals. This 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 of questions (backed by supporting evidence) about their approach to diversity and corporate social responsibility.

We continually evaluate how to identify and address risks in our supply chain, including those related to modern slavery. We are currently in negotiations with a third party about using a supplier portal and financial due diligence platform, which will grant us access to an expanded level of global intelligence and assessment



capabilities for vetting potential suppliers. The aim of using supplier management software solutions should simplify the complexities of supply chains and support our aim to securing responsible and sustainable sourcing.

Our ability to influence the behaviours of our supply chain is dependent on how we build the right contractual terms (including remedies) into our business relationships. 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), which amongst other things provides that:

- ▶ 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;
- ▶ 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; and
- ▶ Suppliers agree that EY can perform annual compliance surveys and acknowledges that they are expected to actively audit and monitor their own day-to-day management process to ensure compliance with our Supplier Code of Conduct.

These commitments are reinforced through our standard supplier terms which have been updated to provide that we have 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.

UK offices

When considering those suppliers that operate in our UK offices, we 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 supported the UN Global Compact since 1999 and aligns its operations with the ten principles of the UN framework; which has included strengthening its due diligence systems in order to implement the 'Protect, respect and remedy' framework in accordance with UN Guiding Principles on Business and Human Rights.

We have considered that those suppliers who provide architectural and interior workspace design services for our offices situated across the United Kingdom, are higher risk specifically with regard to labour and procurement of building materials and products. For each project, we identify potential main contractors (taking into account the due diligence processes identified above) to invite to tender for delivery of the services. Where it is not possible to contract in accordance with our Supplier Code of Conduct, we use JCT contracts that are the most common form construction terms. During FY18, we have included specific warranties in the JCT contracts that the supplier has not been convicted of any offence involving slavery or human trafficking, has not been or is not 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 are free from modern slavery.



Next steps

Looking forward, as part of our commitment to identify and mitigate the risk of modern slavery amongst our suppliers, the intention in 2019 is to use a supplier portal and financial due diligence platform, that will grant us access to an expanded level of global intelligence and assessment capabilities for vetting potential suppliers. The 'higher risk' supply chains are those supplying IT equipment and consumables, stationary and textiles. The proposals to use technology will grant us access to more information relating to the 'higher risk' suppliers so we can assess and choose those businesses that demonstrate the same commitment to people as we do.

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 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 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

General Counsel

For and on behalf of Ernst & Young LLP

13 December 2018

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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