



Deloitte Modern Slavery and Human Trafficking Statement: FY17

This statement covers:

- the structure of our firm
- steps we take in our core business to address modern slavery
- how we are managing our third party external supply chain: a year on
- our future focus

Introduction

The Modern Slavery Act 2015 (the "Act") represented a significant step in confronting all forms of human trafficking and slavery, both in the UK and abroad. Deloitte¹ has a strong commitment to being a responsible business and in this statement we provide details of how our firm operates and the steps we have taken in the financial year ending 31 May 2017 to help give comfort that modern slavery and human trafficking are not taking place in our supply chains or any part of our business.

We have previously introduced a number of controls into our existing processes and procedures, focussed on where our business and supply chains are most at risk of encountering modern slavery. Those controls remain in place.

In the financial year ending 31 May 2017 we reconsidered the areas that would really make a difference in guarding against modern slavery and we decided going forward to focus our efforts on gaining a better understanding of the origins of products and services provided to our firm.

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¹ Deloitte in this document refers to Deloitte LLP and its UK subsidiaries. Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and registered office at 2 New Street Square, London, EC4A 3BZ.



FY17 Summary:

- Provided training to all our procurement team members
- Reviewed which of our Suppliers² operate in Higher Risk³ industries
- We followed up on a third of our large procurement contracts, where we felt more information was required to give comfort that our Suppliers are compliant with the Act and our Sustainable Procurement Policy
- Refined our Sustainable Procurement Policy in line with the UN Guiding Principles Reporting Framework.

2 Any reference to 'Suppliers' (with capitalised S) made in this Statement denotes: third party external suppliers of Deloitte LLP.

3 We have referred to "Higher Risk" industries as defined in the Business Ethics Briefing (Institute of Business Ethics, Issue 43, September 2014). Mining & minerals are also "Higher Risk" areas but we do not have suppliers in this industry.

4 Each member firm in the network is a legally separate and independent entity. From 1 June 2017 Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited. Please see [About Deloitte](#) to learn more about global network of member firms.

The structure of our firm

Deloitte is a leading professional services firm, with around 17,600 staff and contractors, providing high-quality audit, tax, consulting and financial advisory services to global, national, public and private sector clients spread across multiple industries. We employ staff and use contractors to support our client facing teams and to conduct our business operations. Facilities support roles (e.g. cleaning, maintenance and catering) are typically undertaken by contractors.

We are part of a globally connected network of independently owned Deloitte member firms⁴ in more than 150 countries, to whom we often subcontract elements of our client engagements or operations, for example to provide advice in relation to jurisdictions outside the UK.

For the purpose of the Act, the Deloitte entities in our global network of member firms are part of our supply chain.

However, the relationships we have with these firms are different from our relationships with third party external suppliers. Each member firm adheres to many globally consistent policies and governance processes. While we do not have control over how other member firms manage their own suppliers, all staff and partners in all member firms subscribe to the Global Principles of Business Conduct. The Global Principles of Business Conduct are based on our Shared Values (see below). These outline commitments made by our people across all member firms, and reflect our core belief that ethics and integrity are fundamental and non-negotiable elements of our business.

The Deloitte Global Principles of Business Conduct contain unequivocal statements around maintaining a 'responsible supply chain' and not condoning any illegal or unethical behaviour by our Suppliers, contractors or alliance partners (see below).

Given the differences between our relationship with other entities in the Deloitte network and our relationships with third party external suppliers, we have excluded Deloitte member firms from the

definition of 'Suppliers' for the rest of this statement. Our focus for the purpose of this statement will therefore be on our core business and third party external Suppliers.

Steps we take in our core business to address Modern Slavery

Our values and culture

We expect our partners and employees to make decisions based on our firm's Shared Values of:

- Integrity
- Outstanding value to markets and clients
- Commitment to each other
- Strength from cultural diversity.

The firm's culture is critical to engendering and preserving trust, and leadership has a vital role to play in setting the right 'tone from the top'. Next year we will continue to assess our culture and to build on and drive our ethical values and principles across the firm.

Helping our people uphold our values

All our people, including contractors, are required to read Deloitte UK's [Ethics Code](#) and the [Global Principles of Business Conduct](#). They must confirm they will adhere to these when they join Deloitte and annually thereafter. Both the Ethics Code and the Global Principles of Business Conduct contain unequivocal statements around maintaining a 'responsible supply chain' and not condoning any illegal or unethical behaviour by our Suppliers, contractors or alliance partners. The Ethics Code is available on our website and we have an assigned Ethics Partner and a supporting team to embed the principles within the [Ethics Code](#) into all our operations. In 2017 we launched the Integrity Imperative, a global initiative, which underpins and emphasizes the importance of ethical behaviour and standards.

We expect and actively encourage our people to report any issues or concerns they may have about potential ethics violations. There is a confidential and independently managed 'Speak up' service available by phone and electronically for all staff, contractors and third parties

(so our Suppliers are also able to access this service). The Ethics partner, who is independent of our procurement and business teams, is authorised to investigate any enquiries arising from the 'Speak up' line.

We also have an employee relations team operating as part of our HR function, offering mediation service to Deloitte employees to help manage difficult work situations in a confidential and collaborative way.

Deloitte maintains its accreditation in the UK as a 'Living Wage' employer and its commitment to guaranteeing that any person whose role is primarily based at one of our offices shall be paid at least the living wage (or London Living Wage in the capital) whether they are an employee, contractor or third party external Supplier.

How we are managing our Supply chain: a year on

Governance, Policy and Compliance

David Gill, Head of Internal Client Services (which includes responsibility for HR and Supplier management), continues to hold responsibility for our compliance with the Act.

Deloitte relies on an extensive supply chain across industries and regions of the world. The steps outlined in this statement relate to Suppliers contracted and/or paid through our procurement team – that represents the vast majority of our third party suppliers – some incidental and/or low value goods and services may be provided to us outside of this channel from time to time.

Our procurement team policy is that our Suppliers, irrespective of size, are expected to comply with our [Sustainable Procurement Policy](#). Over the past year we have refined our Sustainable Procurement Policy to ensure it is in-line with the UN Guiding Principles Reporting Framework. We intend to send this updated policy document to our Suppliers operating in Higher Risk industries (defined below), but the Sustainable Procurement Policy is also available on our [website](#).

We are pleased to report that in the year to 31 May 2017 we found no instances of any Supplier using modern slavery in their supply chain and/or any part of their business. However, we will continue to monitor information provided by our Suppliers to give comfort that they are compliant with our Sustainable Procurement Policy. Should any Supplier be found to be in breach of this policy, we have the right to treat this as a material breach of the contract. Depending on the gravity of the breach the matter is escalated internally with actions ranging from discussions with the Supplier around remediation steps to termination of the contract.

Procurement process

In our FY16 Statement we mentioned the deployment of a new online procurement tool primarily to manage our large Suppliers and those who respond to requests for tender. Since its launch, relevant Suppliers must answer the following question: *"Do you take steps to ensure that slavery and human trafficking is not taking place in any of your supply chains and in any part of your own business?"* 66% of responses provided in FY17 were satisfactory, the remaining 34% of responses required further clarification and we requested additional information. Once clarifications and additional information were received, no Suppliers were rejected based on their response to this question.

Higher Risk industries

The following industries ("Higher Risk" industries), in which some of our Suppliers operate, are at an increased risk of Modern Slavery, and account for approximately 18% of our annual Supplier spend, which represents 4% increase from the previous year:

- Agriculture
- IT Consumables
- IT Equipment
- Print
- Stationery
- Steel
- Taxis
- Textiles.

Over the past year our existing and new Suppliers who fulfilled all the following criteria were required through an annual process in our supplier management tool to provide us with a link to their annual Modern Slavery statement:

- (i) operated in a Higher Risk industry;
- (ii) were paid over £100,000 per annum for the provision of their goods or services;
- (iii) had an annual turnover in excess of £36m per year.

These Suppliers were also required to confirm that they comply with Deloitte's Sustainable Procurement policy and that they have had not been convicted of any offences relating to modern slavery.

In the next financial year we will lower the £100,000 threshold and increase the scope of these controls to include any Suppliers who are paid over £50,000 for the provision of their goods and services.

Training and awareness

Last year we committed to providing mandatory training to our procurement team to ensure that the firm's responsibilities with regards to modern slavery are upheld. This training was delivered to support these key individuals to:

- i) lead conversations with our Suppliers to explore and comment on the controls they have in place;
- ii) identify potentially non-compliant Suppliers and to escalate potential concerns appropriately;
- iii) feel empowered to refuse to enter into (or to terminate) Supplier contracts if there are any concerns or insufficient evidence of steps being taken commensurate with the risk of the industry in which they operate.

Separately, the topic of modern slavery was presented by the procurement team at a seminar organised for our internal Quality and Risk community.

Our future focus

We continue to review our processes and procedures to identify areas for improvement, in order to make a real difference to guarding against modern slavery. We recognise that the most complex challenge to our business is to pinpoint the geographical origin of any goods and services we purchase. Therefore we intend to focus our continuous improvement efforts on working closely with our Higher Risk Suppliers to better understand the origin of the goods and services they provide to us.

Next year we will launch an assessment, working with High Risk Suppliers with annual spend of over £100k, to identify if any products or services provided to us comprise any elements sourced from geographies posing a high risk of modern slavery. The assessment will inform our steps in the future, as we define our approach to the traceability of goods and services provided to us.

In FY18 we will also extend our mandatory training to our internal legal team as well as Business Relationship Management team which is responsible for monitoring business relationships that Deloitte

establishes with organisations and individuals, who can be third parties or existing clients, to maintain our reputation, integrity and independence.

We acknowledge the scope and scale of our business and the impact it makes on our clients, our people and society. We will continue to monitor our standards and benchmark our approach against regulatory requirements and available guidance, as we recognise the role our business plays in creating a better, slavery-free society.

Our impact

For more information on how we are embedding responsible business throughout our firm, and making an impact for our people, our clients and society, please see our [Impact Report](#).

This statement has been published in accordance with section 54 of the Act. It sets out the steps Deloitte LLP and its UK subsidiaries (collectively "Deloitte") have taken to ensure slavery and human trafficking are not taking place in its supply chains or in any part of its business. The statement applies to the financial year ending 31 May 2017.

This statement has been approved by the Designated members of Deloitte LLP on behalf of Deloitte.

Date: 30 November 2017

Signed:



Paul Robinson
Chief Operating Officer, Deloitte LLP

Get in touch:

- If you have questions in relation to our Modern Slavery Act Statement, please contact us online.
- If you have any specific concerns about modern slavery or human trafficking taking place in any part of our business or supply chain, please contact the Ethics Speak Up Line on 0808 234 1778.

Deloitte.

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