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CHARTER OF RESPONSIBLE PURCHASES

PwC Luxembourg



pwc

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I. *Why do we need a Charter of Responsible Purchases?*

PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with more than 2800 people employed from more than 70 different countries. PwC Luxembourg provides audit, tax and advisory services to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. As the sixth-largest private-sector employer in the Luxembourg financial centre, we are committed to implementing corporate social and environmental responsibility (CSER) measures.

PwC Luxembourg spends approximately €100 million per year on purchasing goods and services, from IT material and office supplies to furniture and business trips.

As a responsible player that cares about social, societal and environmental matters, PwC Luxembourg is committed to respecting fundamental rights and reducing the social, environmental and ethical impacts of its purchasing process.

Our company has a Corporate Responsibility Committee, which defines our CSER strategy. This strategy is based around four pillars: responsible growth; supporting diversity and inclusion; community engagement; and environmental awareness. These four pillars are an integral part of our values and guide our actions and the decisions we make.

Our Charter of Responsible Purchases draws its inspiration from these four pillars, as well as from two French examples: the *Charte des Relations Fournisseurs Responsables* (Charter of Responsible Supplier Relations) established by the CNA (National Purchasing Council), and the *Médiateur des Entreprises* (Company Mediator). This French charter is a reference for purchases. The aim of our Charter is to establish a common reference framework between our purchasers and our suppliers, as well as any subcontractors they may have. It will enable both our suppliers and all of our stakeholders – including our employees – to understand the responsible purchasing approach adopted by our firm's purchasers.

We are particularly keen to ensure that our suppliers respect the Universal Declaration of Human Rights and the ethical, social and environmental requirements that we consider essential for developing our business relationships. Our Charter of Responsible Purchases details both our expectations of our suppliers and our commitments to them.

This Charter demonstrates our desire to integrate the principles of sustainable development into our development and our relations with our suppliers. Respecting the Charter is essential for good business relations and our supplier partnerships. We encourage our suppliers and our team to implement the Charter into their daily business.



Patrice Waltzing
Partner

II. PwC Luxembourg's commitments and actions regarding sustainable development

We are committed to respecting the laws in force in the countries in which PwC Luxembourg operates. The Charter's commitments are based on respect for the Universal Declaration of Human Rights and the International Labour Organization's Fundamental Principles (labour code, child labour, etc.). PwC Global signed the Ten Principles of the UN Global Compact in 2002.

To give substance to our commitments, PwC Luxembourg is leading sustainable development initiatives in partnership with its strategic suppliers.

Building

We relocated to Crystal Park in 2014. Together with our suppliers, we decided to construct a BREEAM Excellent-certified building. This has enabled us to consume 30% less energy than we did in our old premises. We also reuse the heat generated by our Data Centre, which is located in the building. With the support of our local suppliers, the old buildings have been reused, allocated to Luxembourg charities or recycled.

Catering

Together with our suppliers, we have a regional product offering that responds to our shared desire to both limit our environmental impact and take our employees' needs into consideration. We have chosen to work with suppliers that share our responsible values. To the greatest extent possible, when we host large events, we donate products that are unused or have not left the cold chain to charity.

Cleaning

Our cleaning suppliers are certified to ISO standard 14001 (environmental management system). We have a waste-sorting system in place, with several bins for cans, bottles, plastic and paper. Furthermore, all our cleaning products are Éco Vert-certified.

Printing

We have implemented a "follow-me" printing system with our supplier, enabling better print management and limiting waste. Documents sent for printing are only printed when the person who sent the document scans their employee badge at the printer. Print jobs that are not confirmed by the employee's badge being scanned at the printer are cancelled after 24 hours. We also contract an external supplier to recycle ink cartridges.

Commuting

Transportation makes up more than 70% of PwC Luxembourg's carbon footprint. For this reason, we are trying to limit its environmental impact over time.

Furthermore, with the help of our suppliers, PwC has implemented several initiatives:

- Reduction of the average CO2 level of our car fleet (127 gr);
- Car sharing;
- Eco-driving training for new joiners;
- Jobkaart: a subscription travel card provided by PwC, granting access to all public transport within the administrative boundary of Luxembourg City;
- MPass: a subscription travel card for the entire country of Luxembourg and the Greater Region, of which 50% is paid for by PwC;
- Refunded non-driven kilometres: subject to certain conditions, PwC reimburses kilometres that employees with a PwC fleet vehicle have not driven; and
- Bicycles: PwC provides secure bicycle racks, lockers and showers.

• **Promotional items**

Our policy is to reduce the use of promotional items. Where we do use them, we favour items that originate from the Greater Region or from Europe. Furthermore, we turn to recyclable and biodegradable materials when producing our personalised PwC Luxembourg bags.

• **Workplace well-being**

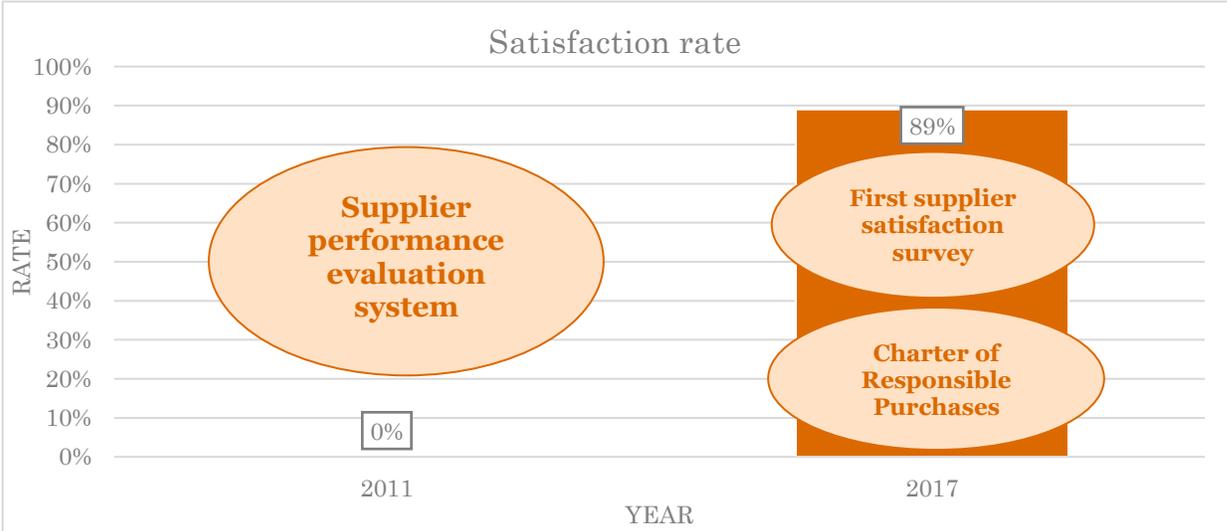
We provide fruit baskets for our employees every morning.

Since September 2016, we have hosted a real market at our workplace: the *Klengen Maart*. Every Thursday afternoon, we welcome local producers and market gardeners, who come to showcase their products to our employees.

During the lunch break and after work, our employees have the opportunity to attend sports classes on our premises.

• **Supplier relations**

We launched our first supplier satisfaction survey in 2016. We have taken the various comments received on board and we are committed to meeting the legitimate expectations of our suppliers by implementing necessary measures. We will repeat this exercise regularly in order to foster long-lasting and balanced relationships.



- **Vision 2020**

Several measures are being implemented as part of our “**Vision 2020**” strategy:

- More hybrid and electric vehicles in our fleet;
- Replacing disposable products with biodegradable ones for catering;
- Implementing key performance indicators (KPIs) for meals by making it easier to trace product origins; and
- Improving waste sorting in our canteen.

III. Bilateral commitments in business relations

As already stated, we have taken inspiration from the “Charter of Responsible Supplier Relations” and the principles laid down by the French National Purchasing Council in drawing up the “ten commitments” for responsible purchasing. Consequently, we aim to base our Charter on them in order to establish and maintain responsible supplier relations.

1- Financial fairness

Our responsible attitude includes paying invoices with 30 days (net) of receiving them, in accordance with Luxembourg and EU law, which requires that an invoice be paid within 30 days of the end of the month in which it is issued. We pledge to prohibit unfair practices such as:

- Granting a large discount if an invoice is paid on time;
- Unilaterally and unreasonably withholding payment at the settlement date in case there is a dispute, unless there is a contractual provision allowing this;
- Failing to inform the supplier in the event of a dispute; and
- Deliberately delaying in dealing with a dispute.

2- Strategic collaboration

We are committed to adopting a collaborative approach with our strategic suppliers. This involves:

- Sharing the costs of qualification and final approval to the greatest extent possible; and
- Collaborating on r&d with these suppliers in order to create new products and services and/or to improve existing ones.

We will ensure that we treat these companies’ economic environments with respect, aware that they need to adapt to our process in order to work with our structure.

3- Reducing dependency risks

Our purchasers are fully aware of the risks of depending on SMEs. Therefore, our Purchasing Policy aims to limit our presence in SME operations, as this could prove risky in the event of severe variations in order volumes.

In our long-term relations with certain SMEs, we have experience of having to withdraw smoothly from business relationships. It is therefore essential that we anticipate these withdrawals by pulling out gradually and helping our suppliers to adapt and diversify their operations.

We must limit situations involving a monopoly with our suppliers; this is achieved by constantly using several supply sources.

4- A sustainable structure

We pledge to our suppliers to protect the economic structure by:

- Developing a relationship of trust with company management; and
- Managing purchases through forecasts to give visibility to suppliers.

5- *Taking the total acquisition cost into consideration*

We base our purchasing decisions on the total cost of the purchasing process. By considering the total acquisition cost, we can identify three distinct phases of the purchasing process:

- Pre-acquisition: the time taken to train and to acquire skills; sourcing suppliers; and the costs of qualification, quality audits, CSER, logistics and changing suppliers;
- Acquisition: the purchase price of the good or service; and
- Post-acquisition: social and political risks not covered by insurance; dispute resolution; storage costs; maintenance costs; and recycling costs.

As part of this process, we train all our purchasers to factor in the overall cost of their purchases.

6- *Taking environmental issues into consideration*

Our Purchasing Policy must consider the environmental impact of our purchasing and supply processes. Hence, our terms of reference take into account the environmental consequences of our actions. We will integrate this Charter into all of our terms of reference and calls for tenders. Through our responsible approach, we will be able to raise awareness among our suppliers with regard to their own procedures.

7- *The firm's local responsibility*

As a Luxembourg ordering party, it is our responsibility to:

- Maintain good relations with our stakeholders in Luxembourg and the Greater Region; and
- Develop our local economic activity to contribute to the region's continued growth.

8- *Responsible department and processes*

Respecting the processes requires the Purchasing department to act professionally. This is why purchasers must:

- Take purchasing-related training;
- Undertake to respect ethical rules to avoid conflicts of interest;
- Ensure that competition in calls for tenders is open and consistent;
- Select suppliers and service providers impartially and according to objective criteria;
- Refuse any remuneration, service or financial advantage – whether direct or indirect – with regard to a purchase; and
- Make purchases in compliance with pwc luxembourg's anti-corruption policy regarding ex gratia payments, gifts, invitations or the general granting of any advantages.

9- *Steering supplier relations*

The Purchasing department is not the only department in our firm that has a relationship with suppliers: users and referrers may also have contact with them. This is why the Purchasing department works closely with its referrers and users to steer supplier relations efficiently and to raise their awareness of our responsible commitments.

The cornerstones of this supplier-relations steering are:

- Mutual respect between contracting parties;
- Following up business relations, applying contracts and fostering long-lasting business relationships;
- Communicating our purchasing policy transparently; and
- Managing commercial disputes by negotiating, striving for compromise and finding amicable solutions.

10- *Establishing a coherent purchaser-remuneration policy*

The purchasers' objectives and their variable remuneration component must take into account the responsible purchasing principles from an economic, financial, environmental and territorial perspective.

The aim is to take ownership of the Charter's ten commitments in order to build and develop responsible and sustainable relationships with our suppliers and subcontractors.

IV. Bilateral regulatory commitments

The business commitments are partially based on the following regulatory principles, and subsequently, it is vital that we are aware of them, respect them and apply them. We expect our suppliers to apply our Charter and comply with the legislation in force along the entire supply-chain process. We also require them to adhere to the Ten Principles of the UN Global Compact, the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Fundamental Principles. Furthermore, we encourage them to consult our General Purchasing Conditions.



Human rights

Businesses should:

- 1- Support and respect the protection of internationally proclaimed human rights within their sphere of influence; and
- 2- Make sure that they are not complicit in human-rights abuses.



Labour

- 3- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4- The elimination of all forms of forced and compulsory labour;
- 5- The effective abolition of child labour; and
- 6- The elimination of discrimination in respect of employment and occupation.



Environment

- 7- Businesses should support a precautionary approach to environmental challenges;
- 8- Undertake initiatives to promote greater environmental responsibility; and
- 9- Encourage the development and diffusion of environmentally friendly technologies.



Anti-corruption

- 10- Businesses should work against corruption in all its forms, including extortion and bribery.

PwC Luxembourg reserves the right to cease all relations with suppliers that fail to respect or enforce these requirements.

V. *Signature*

We hereby confirm that:

- We have received and fully acknowledged PwC Luxembourg's Charter of Responsible Purchases;
- We are committed to implementing its principles and that failing to adhere to them may be considered failure to fulfil our obligations; depending on the extent of non-compliance, this may result in the contract concluded between us being terminated or ongoing negotiations being ceased; and
- We will inform all of our direct suppliers and encourage them to follow these principles.

Date:

Company name:

Name of representative:

Position of representative:

Signature:

Company logo/stamp: