

## Cookies on GOV.UK

We use some essential cookies to make this website work.

We'd like to set additional cookies to understand how you use GOV.UK, remember your settings and improve government services.

We also use cookies set by other sites to help us deliver content from their services.

[Accept additional cookies](#)

[Reject additional cookies](#)

[View cookies \(/help/cookies\)](/help/cookies)



1. [Home \(https://www.gov.uk/\)](https://www.gov.uk/)
  2. [Business and industry \(https://www.gov.uk/business-and-industry\)](https://www.gov.uk/business-and-industry)
  3. [Corporate governance \(https://www.gov.uk/business-and-industry/corporate-governance\)](https://www.gov.uk/business-and-industry/corporate-governance)
  4. [UK Lawyers for Israel second complaint to UK NCP about PwC \(https://www.gov.uk/government/publications/uk-lawyers-for-israel-second-complaint-to-uk-ncp-about-pwc\)](https://www.gov.uk/government/publications/uk-lawyers-for-israel-second-complaint-to-uk-ncp-about-pwc)
- [UK National Contact Point \(https://www.gov.uk/government/organisations/uk-national-contact-point\)](https://www.gov.uk/government/organisations/uk-national-contact-point)

Decision

# Initial Assessment: Complaint from UK Lawyers for Israel against PwC

Updated 24 September 2021

## Contents

Summary of the UK NCP decision

Substance of the complaint

OECD Multinational Enterprises Guidelines provisions cited

The Initial Assessment process

Handling process

UK NCP decision

Identity of the complainants and their interest in the issue

Whether the issue is material and substantiated

Whether there is a link to the enterprises' activities and the issues raised

Relevance of applicable law and procedures, including court rulings

How similar issues have been, or are being, treated in other domestic or international proceedings

Whether the consideration of the specific issue would contribute to the purpose and effectiveness of the guidelines

Next steps



© Crown copyright 2021

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gov.uk](mailto:psi@nationalarchives.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at <https://www.gov.uk/government/publications/uk-lawyers-for-israel-second-complaint-to-uk-ncp-about-pwc/initial-assessment-complaint-from-uk-lawyers-for-israel-against-pwc>

This statement was published on 16 June 2020 by UK National Contact Point (UK NCP) for the OECD Guidelines for Multinational Enterprises.

## Summary of the UK NCP decision

The UK National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises (the Guidelines) has decided that the issues raised in the complaint from UK Lawyers for Israel (UKLFI) merit further examination.

UKLFI allege that an entity within the PwC network of firms audited two Palestinian NGOs with links to the Popular Front for the Liberation of Palestine (PFLP) and that this breaches certain articles of the General Policies, Disclosure and Human Rights sections of the Guidelines.

This initial assessment decision is made based on the information supplied by the parties. The decision to further examine the claim is not a finding against any entity within the PwC network of firms and does not mean that the NCP considers the company has acted inconsistently with the guidelines.

Although the NCP would normally offer the parties mediation at this stage the UK NCP has decided not to offer it in this complaint. UKLFI complained about the activities of the PwC network of firms in a different complaint in January 2017 and mediation about that complaint took place in 2019 but failed to reach an agreement. The Final Statement was published on 11 March 2020. The parties have therefore agreed that a mediation about this new complaint is unlikely to progress matters and so it may be dispensed with.

## Substance of the complaint

The complaint has been brought by UKLFI, an NGO based in the United Kingdom. The purpose of the organisation is to

provide, assist in providing, procure or promote the provision of legal support including advocacy, research, advice and campaigning in combating attempts to undermine, attack and/or delegitimise Israel, Israeli organisations, Israelis and/or supporters of Israel. [\[footnote 1\]](#)

The complaint was directed by the UKLFI against the PwC Global Network and UKLFI suggested that PricewaterhouseCoopers International Limited (PwC IL), which is registered in England but gave an address in New York, was best placed to respond to the complaint given its global coordinating role within the network.

PwC IL informed the UK NCP that there is no such entity as the “PwC Global Network”. However the UK NCP considers the PwC network of firms to be a multinational professional services organisation for the purposes of the Guidelines. It recognises that the firm that provided the audit services was PwC Palestine Limited (PwC Palestine).

UKLFI allege that during PwC’s audit work for the Union of Agricultural Work Committees (UAWC) and Defence for Children International - Palestine (DCI-P), it breached certain articles of the General Policies, Disclosure and Human Rights sections of the Guidelines.

PwC does not accept the allegations as set out by UKLFI.

## **OECD Multinational Enterprises Guidelines provisions cited**

UKLFI have cited several general issues in their complaint. However, they specifically refer to the following articles of the Guidelines:

### **Chapter II: General Policies**

Enterprises should take fully into account established policies in the countries in which they operate, and consider the views of other stakeholders. In this regard:

Enterprises should:

- 1, Contribute to economic, environmental and social progress with a view to achieving sustainable development.
- 2, Respect the internationally recognised human rights of those affected by their activities.
- 7, Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.
- 8, Promote awareness of and compliance by workers employed by multinational enterprises with respect to company policies through appropriate dissemination of these policies, including through training.
- 10, Carry out risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.
- 11, Avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities, and address such impacts when they occur.
- 12, Seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship. This is not intended to shift responsibility from the entity causing an adverse impact to the enterprise with which it has a business relationship.
- 13, In addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of responsible business conduct compatible with the Guidelines.

### **Chapter III: Disclosure**

- 1, Enterprises should ensure that timely and accurate information is disclosed on all material matters regarding their activities, structure, financial situation, performance, ownership and governance. This information should be disclosed for the enterprise as a whole, and, where

appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.

3, Enterprises are encouraged to communicate additional information that could include:

c) its performance in relation to these statements and codes;

d) information on internal audit, risk management and legal compliance systems;

e) information on relationships with workers and other stakeholders.

## Chapter IV: Human Rights

States have the duty to protect human rights. Enterprises should, within the framework of internationally recognised human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:

1, Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.

2, Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.

3, Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products or services by a business relationship, even if they do not contribute to those impacts.

4, Have a policy commitment to respect human rights.

5, Carry out human rights due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.

6, Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts.

## The Initial Assessment process

The initial assessment process is to determine whether the issues raised merit further examination. It does not determine whether any company has acted inconsistently with the Guidelines.

The Occupied Palestinian Territories (OPT) are not a member of the [OECD](#). There is therefore no National Contact Point (NCP) in the OPT to consider this complaint. The [UK NCP](#) has previously considered a [complaint brought by UKLFI against PwC in the OPT](https://www.gov.uk/government/publications/uk-lawyers-for-israel-complaint-to-uk-ncp-about-pricewaterhousecoopers-pwc-global-network) (<https://www.gov.uk/government/publications/uk-lawyers-for-israel-complaint-to-uk-ncp-about-pricewaterhousecoopers-pwc-global-network>)

## Handling process

10 October 2019	UKLFI submit their initial complaint along with supporting documents
15 October 2019	The <u>UK NCP</u> acknowledges receipt of the complaint from UKLFI
16 October 2019	The <u>UK NCP</u> forwards the complaint to PwC IL
20 November 2019	PwC IL provide a written response
13 March 2020	UKLFI indicated it was content with the UK NCPs proposal not to have mediation
24 March 2020	PwC IL indicated it was content with the UK NCPs proposal not to have mediation
9 April 2020	The <u>UK NCP</u> shares a draft Initial Assessment with both parties
24 April 2020	The <u>UK NCP</u> received comments from UKLFI
28 April 2020	The <u>UK NCP</u> received comments from PwC IL

All documents provided in the complaint and response have been shared between the parties.

## **UK NCP decision**

The UK NCP has decided to accept the complaint. The UK NCP took the following points into consideration when it examined the complaint, as set out in the OECD Guidelines implementation procedures and the UK NCP's rules of procedure (<https://www.gov.uk/government/publications/uk-national-contact-point-procedures-for-complaints-brought-under-the-oecd-guidelines-for-multinational-enterprises>).

## **Identity of the complainants and their interest in the issue**

The UK NCP accepts that UKLFI has an interest in bringing this complaint in its capacity as an NGO. Although it is not acting directly on behalf of a specific client, it has named three categories of persons who are potentially affected by the allegations. These are the victims of acts of terror, Palestinian citizens, and taxpayers in countries making donations to the Union of Agricultural Work Committees (UAWC) and Defence for Children International – Palestine (DCI-P).

In their response to the UK NCP, PwC IL states that it does not consider itself to be a multinational enterprise within the meaning of the OECD Guidelines given the independent legal status of the member firms. However the wording of the OECD Guidelines under Part 1, Section 1, Article 4 indicates that this is not the case. The UK NCP therefore considers that for the purposes of the OECD Guidelines the PwC network of firms is a multinational enterprise. However, the NCP does recognise that there is a considerable degree of autonomy for entities within the PwC network and the work undertaken in this case by PwC Palestine would not have been overseen, approved or considered by another network company located in another country.

## Whether the issue is material and substantiated

The complainants provided information about two NGOs, the Union of Agricultural Work Committees ([UAWC](#)) and the Defence for Children International – Palestine ([DCI-P](#)), operating in the OPT for which PwC Palestine provided financial audit services. The complainant also provided information about the PFLP and refers to acts of terrorism by PFLP dating back to 1969.

PwC IL's response is that the allegations made by UKLFI are not supported by sufficient or credible evidence, and for that reason, the complaint establishes neither that the NGOs are promoting terrorist activities nor that PwC Palestine has breached the Guidelines in any way.

The initial assessment process is to determine whether the issues raised merit further examination. It is not an assessment of the likely outcome of any further examination. The [UK NCP](#) concludes that the issues UKLFI raise in their complaint are material and substantiated.

## Whether there is a link to the enterprises' activities and the issues raised

The complaint submitted to the [UK NCP](#) concerns the separate audits of two NGOs by PwC Palestine. UKLFI contend that both NGOs have links to PFLP a designated terrorist organisation in the EU, USA and Canada<sup>[[footnote 2](#)]</sup>. The PFLP are the target of financial sanctions in the UK<sup>[[footnote 3](#)]</sup>. UKLFI claim that the stated goal of the PFLP is the destruction of the State of Israel.

UKLFI argue that PwC has failed to draw attention to, or to act in any way to prevent or mitigate, the adverse impact of such links. In so doing, UKLFI claim, PwC has breached the Guidelines.

UKLFI allege that the PFLP is affiliated with two NGO charities: the [UAWC](#) and [DCI-P](#). The [UAWC](#) is listed by the US Agency for International Development ([US AID](#)) as the agricultural affiliate of the PFLP. UKLFI allege many of the officers and employees of [DCI-P](#) at the times when PwC Palestine audited their accounts from 2014 to 2018 had direct links with the PFLP. UKLFI claim that these organisations act as a front for the PFLP, allowing a terrorist organisation to be supported either directly or indirectly by international donors.

UKLFI claim that PwC Palestine acted as the auditor to [UAWC](#) for its 2014 accounts and [DCI-P](#) for its 2014 and 2016 accounts. In its response to the complaint, PwC IL confirmed that [DCI-P](#) continues to be a client of PwC Palestine, but that since June 2019 PwC Palestine is no longer the auditor for [UAWC](#) as it lost the tender.

UKLFI claim PwC failed to highlight the alleged links between the PFLP and the [UAWC](#) or [DCI-P](#) and that it has failed to take any steps to mitigate the impact of these terrorist links when auditing the accounts of these organisations. In so doing, UKLFI claim PwC has breached the Guidelines.

UKLFI consider that, as a result of these alleged failures, [UAWC](#) and [DCI-P](#) were able to continue providing support to the PFLP by:

- employing members of PFLP
- offering support to members of PFLP
- enabling direct or indirect funding of the PFLP.



UKLFI allege that the above support enabled the PFLP to continue to further its objectives, which included terrorism.

UKLFI consider that donors to UAWC and DCI-P rely on the fact that they are audited by PwC, a big four accountancy firm, and this provides confidence to donors ensuring that their money is being used for legitimate objectives and is not being used to fund or facilitate terrorism. According to UKLFI, UAWC and DCI-P benefit from PwC conferring legitimacy on international fundraising activities.

UKLFI allege the actions of UAWC and DCI-P in their support of the PFLP violate the human, economic and civil rights of the victims of terror, Palestinian citizens from whom aid is diverted, as well as the taxpaying citizens of the donor nations.

In its response PwC IL does not accept the UKLFI's assertion that there is a direct link between providing audits and the alleged human rights harms allegedly caused by the PLFP.

## **Relevance of applicable law and procedures, including court rulings**

The complaint includes references to international human rights law, namely the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.

## **How similar issues have been, or are being, treated in other domestic or international proceedings**

A [UK NCP Final Statement \(https://www.gov.uk/government/publications/uk-lawyers-for-israel-complaint-to-uk-ncp-about-pricewaterhousecoopers-pwc-global-network/final-statement-uk-lawyers-for-israel-complaint-to-uk-ncp-about-pwc\)](https://www.gov.uk/government/publications/uk-lawyers-for-israel-complaint-to-uk-ncp-about-pricewaterhousecoopers-pwc-global-network/final-statement-uk-lawyers-for-israel-complaint-to-uk-ncp-about-pwc) was published on 11 March 2020 about another complaint by UKLFI with similar allegations about PwC providing audit services to the Palestinian Authority relating to funding from the World Bank.

The complaint includes reference to a legal case which was heard in the US courts in 2015, *Sokolow v Palestine Liberation Organization and Palestinian Authority*<sup>[footnote 4]</sup>. That case concluded that US Courts did not have jurisdiction over the Palestine Liberation Organisation or the Palestinian Authority.

## **Whether the consideration of the specific issue would contribute to the purpose and effectiveness of the guidelines**

Although PwC Palestine is no longer the auditor for UAWC PwC IL have stated that PwC Palestine continues to engage with DCI-P. In view of that the UK NCP has decided that the consideration of this complaint would contribute to the purpose and effectiveness of the Guidelines.

## **Next steps**

The conclusions reached by the UK NCP in this Initial Assessment are based on the information provided by both parties.

The UK NCP asked both parties whether they wanted to proceed with mediation given that it had failed as part of the previous complaint in 2019. Both parties indicated that they were content for the complaint to proceed to the further examination stage without mediation and the UK NCP has therefore not offered it to the parties in this complaint. The UK NCP will conduct a further examination into the issues and prepare a Final Statement. In line with the UK NCP's rules of procedure the NCP will ask both parties for further information at this stage, if needed. Both parties will have 10 working days to comment on the Final Statement before it is published.

UK National Contact Point for the OECD Guidelines for Multinational Enterprises

---

1. The wording is taken from UKLFI's website (<http://www.uklfi.com/about-us/our-objects>) as of October 2019.
  2. The European Union (<https://eur-lex.europa.eu/eli/dec/2016/1136/oj>) The United States (<https://www.state.gov/foreign-terrorist-organizations/>) Canada (<https://www.publicsafety.gc.ca/cnt/ntnl-scr/cntr-trrrsm/lstd-ntts/crrnt-lstd-ntts-en.aspx#2042>)
  3. Financial sanctions targets: list of all asset freeze targets (<https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets/consolidated-list-of-targets>)
  4. Sokolow v. Palestine Liberation Organization, No. 15-3135 (2d Cir. 2019) (<https://law.justia.com/cases/federal/appellate-courts/ca2/15-3135/15-3135-2019-06-03.html>)
- 
- 

## **OGL**

All content is available under the Open Government Licence v3.0, except where otherwise stated

© Crown copyright