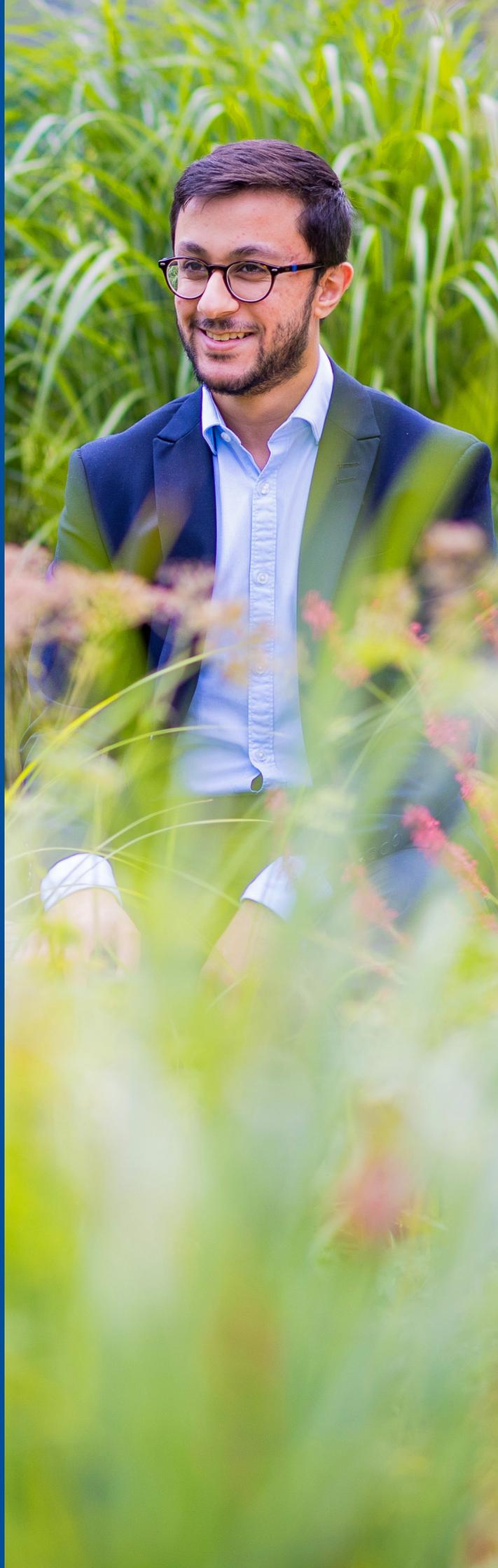




KPMG FY21 Modern Slavery Statement

March 2022

kpmg.com/uk



Introduction

This is our sixth annual Modern Slavery Statement. It has been prepared for KPMG LLP (“KPMG”) pursuant to section 54(1) of the UK Modern Slavery Act (MSA). This Statement also covers KPMG UK Limited and KPMG United Kingdom plc, two wholly owned subsidiaries of KPMG. It sets out the actions taken to identify, assess, address, and prevent modern slavery in our operations and supply chains for the financial year ended 30 September 2021 (FY21).

This Statement forms part of KPMG’s Environmental, Social and Governance (ESG) commitments. We believe sustainable growth is the only way to build a successful business and have a lasting impact on the world. Our Impact Plan – which brings together our Environmental, Social and Governance (ESG) commitments and the progress we’re making against these – holds us accountable for achieving this. Using Our Values as a guide, Our Impact Plan clarifies our commitments and actions across four important categories: Planet, People, Prosperity and Governance. It demonstrates our global purpose – to inspire confidence and empower change – and Our Values in action.

We have committed to voluntarily report our ESG performance against the World Economic Forum International Business Council Stakeholder Capitalism Metrics, which aim to bring consistency and

comparability to ESG reporting across sectors, industries and geographies. In reporting against these metrics, we are increasing our transparency on the way we run our business (Governance), our impact on the environment (Planet) and in driving greater prosperity for our people, communities and clients (People and Prosperity). Our Modern Slavery Statement forms part of our response to these metrics and builds on our long-standing support for the UN Global Compact, to which KPMG International has been a signatory since 2002.

For more information on our UK and Global ESG commitments, please refer to the UK [KPMG Impact site](#) and the [KPMG Global Impact plan](#).

This year marks the 10th anniversary of the United Nations Guiding Principles on Business and Human Rights (UNGPs), the authoritative standard for corporate human rights.

Within the People pillar, at a global level, KPMG International have made a commitment to respect human rights, including seeking to eliminate all forms of forced, compulsory and / or child labour from its operations and value chain, in line with UN Sustainable Development Goal 8: Decent work and economic growth. KPMG International has also publicly committed to the UNGPs, as outlined in KPMG International’s [Business and Human Rights Statement](#).

While the professional services industry is not typically considered a high-risk sector for labour-related breaches, we are acutely aware that risks can arise across our operations and supply chain. We have a critical role to play in managing potential harm to people through a risk-based approach to human rights due diligence.



Planet



People



Governance



Prosperity

Executive Summary

This Statement is intended to provide an update on the progress made by KPMG over the course of FY21 to strengthen our approach to the detection and prevention of modern slavery within our business and supply chains.

KPMG continues to recognise the substantial impact that COVID-19 has had on the lives of people, particularly on the increased vulnerability of workers in global supply chains. We have worked closely with our people and suppliers to support them through the pandemic and continue to do so.

FY21 key highlights:

- We initiated a refresh and update of all our internal KPMG policies. The policy refresh will be completed in FY22.
- We updated our Code of Conduct in line with our refreshed Values.
- We broadened our supply chain risk assessment criteria by lowering the spend threshold for triggering enhanced due diligence, thereby increasing its scope.
- We reviewed and enhanced our supplier self-assessment questionnaires and the weightings assigned to each criterion to enhance effectiveness and scope.
- KPMG endorsed a firm-wide risk appetite statement for ESG issues across our client base. This involves assessing ESG risks associated with our clients to ensure engagements are in line with our company values and ESG standards.
- We developed the ACCEPT framework, a six-pillar principle-led decision-making framework to be used when initiating client relationships and engagements. Together with the above mentioned risk appetite statement, this helps guide consistent decision making on ESG issues across the firm.

- All members of our Procurement team received updated training on modern slavery. This training will also be provided to all new joiners of the Procurement team going forward to increase knowledge and understanding of the risks and indicators of modern slavery.
- All colleagues received training on Suspicious Activity Reporting (SARs) as part of annual financial crime training. Given modern slavery is a predicate crime to financial crimes such as money laundering, strengthening colleagues awareness of the SARs process enhances our modern slavery risk mitigation effort.
- We developed and enhanced our modern slavery Key Performance Indicators (KPIs) in our supply chain to help track progress.
- Protect, the leading authority on whistle-blowing in the UK, was engaged to help us understand what we could do to improve our speak up processes. Implementation of recommendations arising from this review is underway.
- We performed an internal review of KPMG's modern slavery programme against KPMG's Human Rights Diagnostic Assessment Tool to help identify areas of improvement for the coming reporting period.
- We reviewed and increased the membership of our Modern Slavery Working Group to include the Money Laundering Reporting Officer (MLRO) and members of our client on-boarding team among others, highlighting our commitment to detecting and preventing modern slavery in our wider value chains.

The remainder of this Statement sets out our approach to modern slavery risk management in line with the six recommended reporting areas set out by the UK Government.

Our Business, Structure and Supply Chains

KPMG LLP is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000. KPMG is the UK member firm of the KPMG global organisation of independent member firms affiliated with KPMG International. KPMG International is a private English company limited by guarantee which does not provide services to clients.

The global KPMG member firm network provides a full range of professional services to business, governments, public-sector agencies, not-for-profits and through KPMG firms' audit and assurance practices, the capital markets.

We often utilise our member firm network to support on, or subcontract out, elements of our client engagements or our operations where specialist knowledge might exist, in relation to jurisdictions outside the UK. We also utilise KPMG Global Services (KGS) to provide advisory and support services. Our relationship with KPMG member firms and KGS is different to that of an external third party. Therefore, we have excluded these relationships from 'our supply chain' in this Statement. KPMG member firms and KGS are held accountable by KPMG International's Global Quality & Risk Management and People & Culture policies, which incorporate human rights and modern slavery considerations. Compliance with these policies is monitored by KPMG International.

Further details about KPMG International and its business, including our relationship with it, are available in the 2021 [KPMG International Transparency Report](#).

KPMG's primary focus is to provide professional services, notably audit, tax and legal, deal advisory and consulting services. KPMG operates primarily through the partnership and its subsidiaries, predominantly in the UK, which collectively have around 15,310 employees and members (partners) in the UK, operating out of 20 UK offices. References within this Modern Slavery Statement to our 'colleagues' or 'people' means employees and members (partners) of KPMG LLP and KPMG UK Limited.

KPMG has two subsidiaries with a turnover of more than £36 million: KPMG UK Limited and KPMG United Kingdom plc. KPMG wholly owns and controls both entities. They are subject to the same policies and procedures as KPMG. A full list of KPMG's subsidiaries can be found in our [UK Members' Report and Financial Statements 2021](#).

KPMG Global reach



Number of countries and territories KPMG operates in

145

FY21



Number of employees

236,000

FY21

Our Business, Structure and Supply Chains

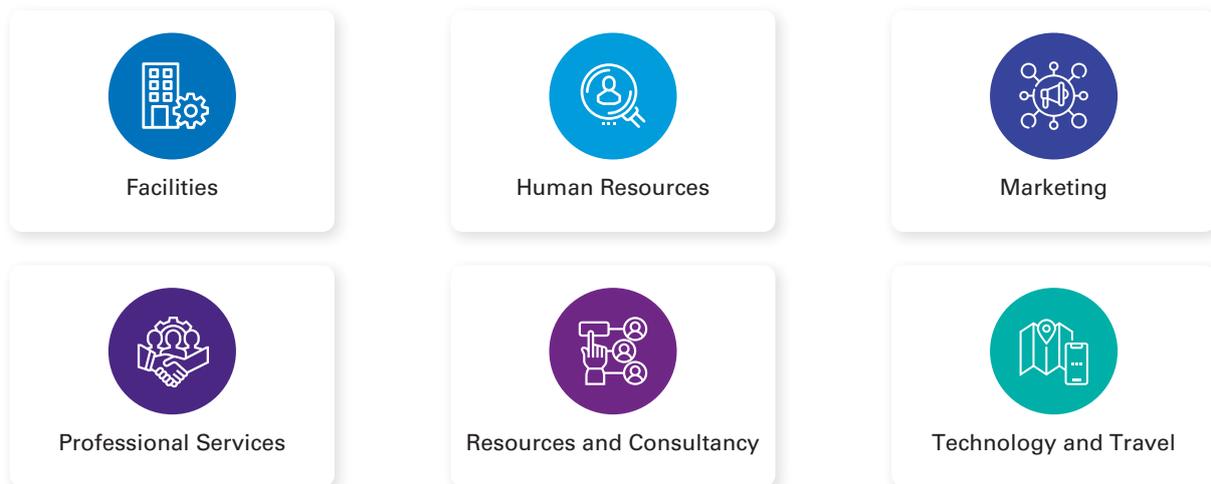
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Where we source

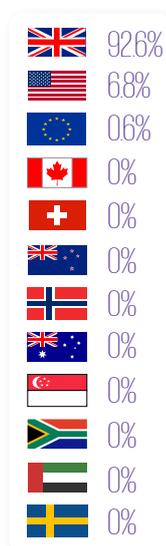
As a professional services firm, we procure goods and services from suppliers for the operation of our business. Our supply chain includes our supplier, corporate subcontractor and alliance relationships. The ways in which we mitigate the risks presented by each of these relationships is detailed below. In FY21, KPMG had 1,800 active suppliers. Of our ~£460 million annual procurement and rental spend in FY21, £425 million was spent with suppliers based in the UK, £30 million was spent with US based suppliers and £2.5 million was spent with European based suppliers. According to the Global Slavery Index, the UK and the US, where 99.4% of our

procurement spend resides, has a lower prevalence ranking for modern slavery. However, we are acutely aware that slavery-like practices can and do occur in the UK and US in certain higher risk categories.

Of our six major categories of procurement shown below facilities, technology and travel are often exposed to the highest risks of modern slavery. The labour in these procurement categories tends to be base-skilled, manual labour and the workers tend to be vulnerable populations including migrant workers. These risks have been identified through our risk assessment processes and are managed through our rigorous due diligence procedures as detailed later in this report (Risk Assessment and Due Diligence).



Supplier jurisdiction by spend



Our Policies

KPMG has a zero-tolerance stance on modern slavery. For us, this means having a comprehensive policy framework that aims to prevent, eliminate, and educate on modern slavery and human trafficking. KPMG is currently going through an internal refresh of all our policies, which we aim to complete in FY22. Below we set out our key policies that relate to modern slavery and human rights.

KPMG Global Human Rights Statement

Our Global [Business and Human Rights Statement](#) establishes KPMG International's commitment to respecting human rights. In following the UNGPs, KPMG International seeks to prevent adverse human rights impacts caused by its business relationships and to address any impacts that occur.

Our Code of Conduct and Values

[Our Values](#) – integrity, excellence, courage, together, for better – guide everything we do. Doing what is right and doing what matters is core to how we operate. Instilling ethical behaviour within KPMG's operations begins with [Our Code of Conduct](#), which was last updated in March 2021. Our Code includes a personal commitment to follow [Our Values](#) and respect the human rights of all individuals with whom we deal. Our Code also encourages colleagues to report unethical behaviour, which by virtue may include issues related to modern slavery and raises awareness of how to do so through the firm's [Speak Up Hotline](#).

Any breaches of [Our Code](#) may lead to disciplinary action, up to and including dismissal, as well as potential civil and criminal liability. For colleagues who are members of a professional body, a breach will often result in a report of wrongdoing.



Speak Up

Our [Speak Up Hotline](#) can be used by colleagues, suppliers, contractors, or anyone else that deals with KPMG to report any concerns of unethical behaviour, including those relating to modern slavery. All reports are confidential and can be made anonymously if required. The hotline is operated through a Clearview system – with an independent ombudsman overseeing investigations. During FY21, no complaints or concerns were raised about modern slavery or human trafficking taking place in our UK operations or supply chains.

Speak Up Policy

KPMG's internal [Speak Up Policy](#) encourages our people and our contractors to report suspected wrongdoing, outlines the avenues through which a concern can be raised, and details how whistle-blowers are protected from retaliation.

Anti-Slavery and Human-Trafficking Policy

In March 2018, KPMG introduced our internal [Anti-Slavery & Human Trafficking Policy](#). This policy applies to our colleagues, and contractors and reaffirms our strict zero-tolerance approach to instances of forced labour and human trafficking. It sets out the potential sanctions for breaches of this policy and an obligation to report any suspected acts of non-compliance from within the business or supply chain via the [Speak Up Hotline](#). The policy is owned by the Office of General Counsel and will be reviewed and updated in FY22.

Financial Crime Policies

Our internal [Financial Crime and Anti-Money Laundering \(AML\)](#) policies, procedures and internal controls support KPMG to identify, assess, manage, and mitigate financial crime risks, including modern slavery and human trafficking. To better enable our people to identify and mitigate risks of financial crime, they take annual mandatory [Anti-Bribery and Corruption \(ABC\)](#) training. Internal financial crime policies and controls are owned by the firm's [Money Laundering Reporting Officer \(MLRO\)](#) and are reviewed and updated annually.

Supplier Code of Conduct

We expect our suppliers to share our high standards of ethical behaviour. Our [Supplier Code of Conduct](#) reiterates our dedication to eradicating modern slavery and human trafficking in our operations and requires suppliers to share the same commitment. Our [Supplier Code of Conduct](#) includes provisions around adherence to all relevant laws on minimum age requirements, wages, working hours, and forced labour. Our [Supplier Code of Conduct](#) is underpinned by the [United Nations Global Compact](#). Where we feel that a supplier has fallen short of our standards, KPMG will work to ensure remedy. If the supplier fails to resolve their issues in an acceptable manner, we will consider terminating the relationship altogether. The [Supplier Code of Conduct](#) is owned by the [Sustainable Procurement](#) team and will be updated in FY22.

Our Policies

(continued)

Inclusion, Diversity and Equity Policy

Our internal Inclusion, Diversity and Equity Policy promotes a work environment where each person is treated equally irrespective of differing characteristics. The policy outlines our commitment to these values and the process for reporting discrimination, inequality, and harassment based on any protected characteristic under the Equality Act, 2010. The policy is owned by the Inclusion, Diversity, and Social Equality Director and the Inclusion, Diversity, and Equity team review and monitor processes, policies, and procedures to ensure promotion of equity across all levels of KPMG.



During 2021, we:

Initiated a refresh and update of all our internal KPMG policies. The policy refresh will be completed in FY22.

Updated our Code of Conduct in line with our refreshed Values.



In 2022, we will:

Update our Supplier Code of Conduct to include additional human rights and labour provisions.

Review and update our Anti-slavery and Human Trafficking Policy.

Enhance our Speak Up Policy by including modern slavery and human rights concerns as a reason to report.

Risk Assessment and Due Diligence

The term 'modern slavery' describes exploitation so severe that people have their liberty taken away for someone else's profit or benefit. Modern slavery is an umbrella term that includes slavery, servitude, forced labour, debt bondage, human trafficking, and the worst forms of child labour. The following section sets out how KPMG identifies, assesses, addresses, and prevents modern slavery risk.

The risk of modern slavery or slavery-like practices is increased when the following indicators are present:

1. High-risk categories and products – certain products and industries are associated with a higher risk of modern slavery. For example, construction, manufacturing, cleaning, food processing, transport, security, etc. High-risk products include bricks, timber, carpets, laptops, computers and mobile phones.
2. High-risk jurisdictions – although modern slavery can occur anywhere in the world, there are some countries where the risk is higher, for example where there is conflict, corruption, weak rule of law, etc.
3. Vulnerable populations – nature of the workforce such as reliance upon base-skilled or unskilled labour, high numbers of temporary, seasonal, migrants, minority groups and children.
4. Business models structured around high-risk work practices – such as recruitment agencies, subcontracting, outsourcing and complex ownership structures.

Where multiple modern slavery risk indicators are present, there is a greater likelihood of actual harm being experienced. Modern slavery risk indicators guide our human rights due diligence processes, to ensure our efforts are focused on where there is likely to be the risk of harm to people.



Vulnerable populations



High-risk categories



High-risk business models



High-risk jurisdictions

Risk Assessment and Due Diligence

(continued)

How we approach modern slavery risk in our operations

Employees

KPMG operates in the professional service sector, employing highly skilled individuals. Although the risk of labour-related breaches is lower in our sector, we are mindful of possible risks regarding our people and carry out robust checks prior to membership/employment to ensure that modern slavery does not take place in our business. This includes interviews and pre-screening of our people including identity checks, right to work, references, criminal records and, where applicable, education and professional qualification checks.

Our people are required to complete training on Our Code of Conduct on an annual basis to help embed Our Code in our culture. Our people are also required to sign an annual declaration, making a personal commitment to behave ethically and to report any concerns via the Speak Up

Hotline. These declarations are made when the individual joins KPMG and with an annual refresh through the firm's Ethics and Independence Confirmation process.

It is the responsibility of everyone at our firm to escalate concerns or signs of modern slavery or unethical behaviour within our operations or supply chain. We have numerous ways in which our people can speak up, including through our network of Ethics Champions and via our Speak Up Hotline. Our people are made aware of the Speak Up channels through Our Code of Conduct, yearly Ethics and Independence training, KPMG Intranet and other communications.

We are committed to ensuring that all our people are paid fairly. KPMG was one of the first organisations to become an accredited Living Wage employer and we are a founding Principal Partner of the Living Wage Foundation. This is an important aspect of our modern slavery position and is a vital step in reducing vulnerability to slavery-like practices.

Ethics Champions

We have over 120 Ethics Champions across the firm. Anyone can approach any Ethics Champion, no matter their location or capability. As well as helping our people to report or discuss any ethical issues or concerns, they will also help to identify and address any examples of poor ethical practices.

Speak Up Hotline

Our Speak Up Hotline is a secure and confidential channel for our colleagues to share what's on their mind. It is monitored by an independent ombudsman who oversees investigations arising from reports received, and reviews and/or makes recommendations with regard to any actions taken by the firm as a result. Colleagues can check-in to see the progress of their report at any time.

Other routes to speaking up

To guide our colleagues on the best route for raising concerns, information on all routes for speaking up is available on our internal website.

We recognise that speaking up takes courage. We remind our colleagues of the wellbeing support available to them to support them in this process, for example, our independent Employee Assistance Programme, and the health helpline Health at Hand.



Number of Ethics Champions

>120

FY21



Reports to Speak Up hotline

48

FY21



Reports to Ethics Champions

193

FY21

Risk Assessment and Due Diligence

(continued)

How we approach modern slavery risk in our value chain

Supply chain

As a professional services firm, our most significant risks in relation to modern slavery are in our supply chain. We source from numerous different suppliers who provide us with services from cleaning to fit-out services and a large range of products such as laptops and mobile phones.

We also contract our alliance partners and corporate subcontractors to assist us in delivering the best service to our clients. Our Sustainable Procurement Programme is ESG-focused. It drives improvements on sustainability and social issues, including reducing our environmental impact through carbon reporting, inclusion, and diversity, and managing modern slavery risk within our supply chain. Consideration of modern slavery risk is embedded within each stage of the procurement lifecycle, from supplier selection to continuous monitoring.

In FY21 our annual procurement spend was around ~£460 million with 1,800 suppliers.

Risk assessment

We are continuing to evolve our approach when it comes to risk-assessing our suppliers, alliance partners and sub-contractors. KPMG has risk-assessed the full list of suppliers, alliance partners and sub-contractors across the firm into high, medium, or low risk categories. We consider all categories of spend when applying our risk classification. In FY21 we reduced the threshold for our ongoing risk assessment from £100k to £50k, which increased the scope of our due diligence from 59 medium and high-risk relationships in FY21, to 67 medium and high-risk relationships in FY22. The risk assessment methodology supports our endeavour to apply leading business practice in modern slavery risk identification and mitigation.

Annual procurement spend by category



For the risk assessment in FY21 we took into consideration location of operations and prevalence of modern slavery; category risk; type of workforce such as base-skilled workers and migrant workers; spend; and if a contract is in place. To identify jurisdictions at a higher risk of modern slavery, we use the Global Slavery Index. Our highest risk sub-categories include:



Fit out and refurbishment



Catering



Cleaning



Corporate clothing



Delivery and mailroom



Relocation



Manned security



Waste management



Branded merchandise



Technology (hardware)



Events and travel (hotels and ground transportation)

Risk Assessment and Due Diligence

(continued)

Risk assessment (cont.)

The labour in these procurement categories tends to be base-skilled and manual. Furthermore, some of these categories rely on third party labour hire, which increases the potential risk of poor practices if we lose visibility over how that labour relationship is managed. We take a risk-based approach to our due diligence and monitoring processes to ensure risk management efforts are focused on the human rights that are most relevant to our supply chain.

Due diligence

Our approach to due diligence is guided by best practice guidance in our procurement function, supply chain monitoring, and ongoing conversations with modern slavery subject matter experts (SMEs), to assess changes to modern slavery risks in our business and / or supply chain and provide relevant actions to mitigate arising risks.

At the supplier selection stage, suppliers with estimated spend greater than £100k are requested to complete the Sustainable Procurement Questionnaire, which includes questions in relation to modern slavery. Suppliers' responses are reviewed and scored to assess the controls they have in place to mitigate the risk of modern slavery. The Sustainable Procurement Questionnaire is a prime example of how KPMG considers more than just price when selecting a supplier and is committed to reducing the risk of modern slavery in our supply chains.

At on-boarding, all suppliers undergo adverse media screening, including for modern slavery and human rights indicators. Tier one and tier two suppliers are subject to continuous risk monitoring including media screening. Relationships that are rated as high and medium risk in the risk assessment process are subject to additional due diligence through a self-assessment questionnaire (SAQ). The SAQ is biannual and is based on the Modern Slavery Assessment Tool (MSAT) produced by the UK Government. The SAQ focuses on the key policies and procedures that our business relationships have in place to identify, assess, and address modern slavery risk in their operations and supply chains.

Case studies

Information technology hardware

The Global Slavery Index considers electronics to be a high-risk product and its reliance on raw materials mining and manufacturing exposes the sector to high numbers of vulnerable employees and prevalence of forced labour. Our four largest end user IT providers, as defined by spend, show strong compliance with the requirements set out in our supplier SAQ. In FY21, our largest supplier of end user IT devices conducted analysis of its own raw material sourcing data, environmental data, health and safety data, and labour data, resulting in a greater awareness of the modern slavery and related human rights risks within the supply chain. This data was utilised to refine, and where applicable, redesign risk assessment and management strategies for each of the organisation's supplier categories, thereby strengthening the organisations overall approach and better mitigating risks within the supply chain.

Catering and ending services

Several of our UK offices feature onsite catering facilities accessible to colleagues. In FY21, KPMG utilised the services of five catering companies. Given the catering sector is deemed at high risk of modern slavery due to high numbers of base-skilled, temporary workers and low levels of regulatory oversight, it is important that our catering suppliers have appropriate policies and processes in place to manage these risks. Our key catering supplier scored highly in our SAQ, indicating compliance with best practice modern slavery standards and regulation. Catering services vendors' risk exposure lies predominantly with its utilisation of third-party recruitment agencies when sourcing labour. To minimise modern slavery risks, over the course of FY21 our key catering vendor assessed its UK labour agencies, reduced the number of agencies used and strengthened oversight of the remaining agencies by enhancing its on-boarding,

Risk Assessment and Due Diligence

(continued)

due diligence, and auditing processes. Overseas labour agencies within the vendor's value chain are subject to reviews and internal and external audits. Over the course of 2021, our key catering vendor has also been engaging with its own supply chain representatives to support the roll out of Supplier Ethical Data Exchange (SEDEX), an ethical trade membership organisation which provides businesses with access to online platforms, tools, and services to improve working conditions and manage social risks in their supply chains.

Of the 59 SAQ's completed as part of our enhanced due diligence processes:

- 100% of those assessed produced a Modern Slavery Statement (if required).
- 78% of the reviewed Statements meet the minimum requirements to comply with the UK Modern Slavery Act. This concerns publication of the Statement on the company website, Board approval of the Statement, and Director sign-off. We are engaging with the remaining 22% to assist them in meeting these requirements going forward.
- Regarding the relevant policies and procedures required for a comprehensive modern slavery prevention framework, 81% of the reviewed suppliers have Employee Code of Conducts, 73% have a Supplier Code of Conduct, and 70% have Whistle-blowing Mechanisms. Of these, 44% have Whistle-blowing Mechanisms only accessible to their employees. The remaining 56% demonstrate Whistle-blowing Mechanisms available to stakeholders in the organisation, workers in the supply chain, customers, and the public.

For suppliers who scored poorly in the SAQ, we are currently reaching out and engaging with the supplier to discuss their approach to modern slavery risk management. Where necessary, we will provide suppliers with recommendations on how to improve their modern slavery control environment.

Managing risk

As mentioned in our Policy section, our Supplier Code of Conduct ("Supplier Code") describes the expectations we have of our suppliers to conduct business in a responsible manner, including with respect to compliance with the requirements of applicable slavery, forced labour, child

labour, and human trafficking laws. The Supplier Code requires suppliers to align their guidelines, policies, and practices with the Supplier Code and communicate and enforce the Supplier Code provisions throughout their organisations and supply chains.

Over the last year, we have continued to review and escalate instances of suppliers potentially failing to meet the requirements of the Supplier Code. If a supplier falls short of our standards, we will engage with the supplier and provide recommendations on how they can improve their modern slavery policies and processes. If a supplier fails to implement remediation processes within an acceptable timeframe, we will consider terminating the relationship. Our Supplier Code is incorporated in our standard supplier terms and purchase orders.

We encourage our suppliers to pay a Living Wage salary and pursue accreditation and we are proud to have one of our colleagues as the Chair of the Living Wage Foundation Advisory Council. As an accredited Living Wage Employer, we require that sub-contracted and supplier staff working in KPMG offices are paid the applicable Living Wage or London Living Wage by their employers. Since the increase in Living Wage in November 2021, KPMG has been engaging with suppliers who provide personnel to work in our offices to confirm salaries have been increased in line with the update. This is an important aspect of our modern slavery position and supports our direct service providers.

Alliances and corporate subcontractors

To deliver the best of KPMG to our clients, we use strategic alliances and corporate subcontractors to ensure we have the right technology, people, and skills. If any of our strategic third-party arrangements are associated with slavery-like practices, we could inadvertently be linked to such practices through the provision of our services. Below we set out the due diligence procedures we have in place to mitigate these risks.

KPMG forms alliances with external organisations where we intend to work with a company on multiple occasions for a joint purpose. Most of our alliance partnerships are with technology software providers. We also contract with corporate subcontractors to supplement our teams through providing personnel or to provide a technical element of our service to our client. Corporate subcontractors are generally engaged by KPMG to give access to particular technical skills and capabilities. As such the individuals working in these roles tend to be highly skilled specialists and at a lower risk of modern slavery. Alliances and subcontractors follow the standard Third-Party Risk Assessment (TPRA) process. As part of the TPRA process, third parties are screened for modern slavery and human rights abuses.

Risk Assessment and Due Diligence

(continued)

Contractors (Associates)

KPMG uses contracted workers to supplement our service offerings that we cannot fill in-house. KPMG's contracted workforce comprises of highly skilled specialist, as well as base-skill workers who perform repetitive and administrative tasks as part of our managed service offerings. Nearly half of our contractor workforce supports our managed service engagements. Base-skill workers can be at a higher risk of modern slavery. All contracted workers go through full screening checks, as described above in the employee section. Contracted workers are also required to complete Ethics & Independence training upon joining KPMG if they are on a contract of six months or more, or joining audit (regardless of the length of contract) and at regular intervals during their time at the firm. This training educates contracted workers on the Speak Up channels through which they can report concerns around unethical behaviour. All current contractors are paid above the London Living Wage. To help manage the contractor workforce, KPMG has an External Workforce Policy. Nearly three quarters of all contracted workers are recruited through two recruitment companies. Recruitment agencies are considered high-risk for modern slavery as they add a layer of complexity to the supply chain, and we lose visibility over how the labour is managed. Recruitment agencies go through the enhanced procurement checks, as described above in the supply chain section.

Clients

KPMG's primary focus is to provide professional services to clients. If any of our clients are linked to slavery-like practices or poor working conditions in their operations or supply chains, we could be associated through the services we provide.

In FY21 KPMG endorsed a firm-wide risk appetite statement for ESG issues across its client base. This ESG Risk Appetite Statement, along with our newly developed ACCEPT framework, a six-pillar principle-led decision-making framework, will help guide consistent decision making on ESG issues across the firm.

Due diligence and risk assessment

KPMG has a comprehensive Client Risk Assessment (CRA) and Engagement Risk Assessment (ERA) process that screens each client and engagement.

As part of the CRA and Know Your Client (KYC) checks, clients undergo risk-based due diligence, using indicators such as entity type, jurisdiction, and services. High-risk jurisdictions are based on the Corruption Perceptions Index, Transparency International and Basel AML Index and are reviewed quarterly. These indices rely predominantly on AML risk indicators which are often linked closely with modern slavery risk factors. For example, indicators that exacerbate AML risks such as conflict and weak rule of law, also increase the risk of slavery-like practices.

All clients are also subject to adverse media screening at the point of on-boarding, which includes checks for modern slavery and human trafficking. Higher-risk clients are subject to ongoing media screening and go through the due diligence process every year, including screening beneficial owners and principal directors.

Case study

In FY21, our client due diligence processes highlighted a media alert linking one of our clients to slavery-like practices in their operations. Following the normal escalation processes, the incident was raised to the UK Head of Risk, who subsequently escalated the issue to the Client and Engagement Acceptance and Continuance (CEAC) Committee. In line with our ESG Risk Appetite Statement, we paused all live engagements with this client until the outcome of the investigation was known.

Next year, we will consult with client-facing teams across our business to identify where modern slavery risk might occur in relation to our clients, considering client sector risk, location risk, risks inherent in the engagement type, and risks associated with operating in innately higher risk environments.

Risk Assessment and Due Diligence

(continued)



During FY21, we:

Broadened our supply chain risk assessment criteria by lowering the spend threshold at which point we conduct enhanced due diligence, thereby increasing its scope.

We reviewed and enhanced our supplier self-assessment questionnaires and the weightings assigned to each criterion to enhance effectiveness and scope.

Endorsed a firm-wide risk appetite statement for ESG issues across the client base. This appetite statement, along with our newly developed ACCEPT framework will help guide consistent decision making on ESG issues across the firm.



In FY22, we will:

Review the risk assessment process for suppliers including high-risk categories and high-risk countries to ensure our enhanced due diligence process is reaching our highest risk suppliers.

Formalise the review of our supplier SAQ's including developing score cards, minimum standards, and a monitoring process to help align suppliers with our requirements.

Conduct a modern slavery risk review in tandem with client-facing teams across our business to identify where modern slavery risk might occur in relation to our clients.

Training

Modern slavery training is fundamental to raising awareness within organisations and building employee capabilities to mitigate risks and appropriately escalate concerns.

Modern slavery training was most recently provided to colleagues in FY20 as part of a broader ABC e-learning training course developed and owned by the MLRO, Financial Crime team and the Office of General Counsel. On an ongoing basis all new starters to the firm are required to complete a modern slavery training module based on the internal FY20 firm-wide training. The objectives of the training was to raise awareness of modern slavery, inform participants of the role the firm and colleagues have in mitigating risks, and equip them to do so by providing an overview of the key risk indicators relevant to colleagues and contractors. The training was mandatory for all colleagues and had a completion rate of 99%. All outstanding training is strictly followed up. A refreshed version of this training is due to be provided in FY22.

Our Procurement team attended a virtual modern slavery training session as part of the annual Sustainable Procurement Practices training in January 2021. This was delivered and is owned by the Sustainable Procurement and Office of General Counsel teams, with the objective of educating colleagues on the role of procurement in preventing modern slavery. This training session was recorded and new joiners to the Procurement team are required to view the recording.

Given the link between modern slavery and AML, everyone at the firm completes mandatory training on Suspicious Activity Reporting (SARs) as part of annual financial crime training. In addition, individual capability areas are provided bespoke in-person training on SARs by the MLRO.



During 2021, we:

Provided our Procurement teams with updated training on modern slavery.

Trained all colleagues on SARs, as part of annual financial crime training.



In FY22, we will:

Review and refresh our firm-wide modern slavery training. All colleagues will sit this mandatory training course in FY22.

Continue to provide our Procurement teams with annual training on modern slavery.

Offer modern slavery training to high-risk suppliers, particularly those who scored poorly on SAQs.

Continue to communicate with our people over the course of FY22 to build a culture of awareness around modern slavery, including who is accountable at the firm.

Effectiveness

KPMG recognises that our review and assessment of our actions to identify and address modern slavery risks across our operations and supply chain will be an ongoing and evolving process. We use the following Key Performance Indicators (KPIs) to better understand the effectiveness of our approach to managing modern slavery risks:

	FY20	FY21
% of employees receiving firm-wide training on modern slavery	99%	N/A
Number of modern slavery reports to Speak Up*	0	0
Number of high and medium-risk suppliers requested to complete the SAQ	59	67
% of suppliers who responded to the SAQ	75%	88%
% of assessed suppliers that have a Modern Slavery Statement (if required)		100%
% of assessed suppliers that meet the minimum legal requirements for a Modern Slavery Statement set by the UK Government		78%
% of assessed suppliers that have a Whistle-blowing Mechanism		70%

**In FY21, we had no reported incidents of slavery or human trafficking. However, we understand that modern slavery and human rights breaches can be difficult to detect, and we remain committed to improving our processes to better identify, address, and combat occurrences.*

KPMG continued to report in line with the World Economic Forum International Business Council Stakeholder Capitalism metrics having previously contributed to their development alongside other professional services firms. KPMG was the first professional service firm to report in line with the metrics which seek to catalyse the expansion and convergence of ESG reporting standards across the industry, including modern slavery and human rights.

In our operations, we use a broad set of metrics to monitor our human rights performance. To view our measures relating to wellbeing, diversity, and inclusion of our people, please see our UK [KPMG Impact](#) site.

We also use other qualitative measures of effectiveness to enhance our approach to managing modern slavery risks. These include:

- Protect, the leading authority on whistle-blowing in the UK, was engaged to help us understand what we could do to improve in our Speak Up processes. Implementation of recommendations arising from this review is underway.
- Detailed review of our modern slavery programme against the KPMG Human Rights Diagnostic Assessment tool to better understand our policies and controls. The tool contains 12 elements of a best practice human rights frameworks, as outlined in the UNGPs. As part of the review, we interviewed 16 individuals across the business and reviewed over 27 documents. The findings are being compiled into a detailed maturity report which will inform areas of improvement for the coming reporting period.

Over subsequent reporting periods we will continue to review and evaluate these KPIs and develop future metrics to assess the effectiveness of our actions and enhance our monitoring over time, in line with continuous improvement.



During FY21, we:

Developed and enhanced our KPIs in our supply chain to help track progress.

Protect, the leading authority on whistle-blowing in the UK, was engaged to help us understand what we could do to improve in our Speak Up processes.

Performed a review of our modern slavery programme against the KPMG Human Rights Diagnostic tool to help identify areas of improvement for the coming reporting period.



During FY22, we will:

Develop additional modern slavery KPIs.

Finalise our maturity report and prioritise recommendations for the coming reporting period.

Governance and Approvals

We recognise the importance of a collaborative approach to addressing modern slavery across KPMG. Our cross functional Modern Slavery Working Group reviews the effectiveness of our modern slavery programme and drives forward our approach to tackling modern slavery.

The Working Group meets at least once a quarter and this year membership was expanded to include the MLRO and a member of the client on-boarding team, alongside the Office of General Counsel, Procurement, Risk and Compliance, HR & Learning, Ethics & Independence and Corporate ESG Reporting, among others. Our modern slavery SMEs are also members of the Working Group and advise on best practice approaches that they develop for and share with clients.

Accountability for modern slavery relating to our business resides with the Chief Risk Officer. Day-to-day responsibility for the management of our programme is led by Risk and Compliance. KPMG's Board is responsible for ensuring there is a satisfactory framework for managing cultural, ethical, risk and reputational matters affecting KPMG. This Statement has been reviewed by the Risk Committee, before being presented to the Board for approval.



During FY21, we:

Reviewed and increased the membership of our Modern Slavery Working Group to include the MLRO and a member of the client on-boarding team, among others.



In FY22, we will:

Continue to review the membership of Modern Slavery Working Group and add additional members as required.

This Statement was approved by the members of the Board of KPMG LLP on behalf of KPMG on the 24 March 2022.

Jon Holt
Chief Executive Officer
KPMG LLP
31 March 2022

Get in touch:

If you have any specific concern about modern slavery or human trafficking taking place in our business or supply chains, please use the following Speak Up channels.

Internal:

Follow guidance in KPMG's internal Speak Up Policy.

External:

[Speak Up Hotline](#)



kpmg.com/uk

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