



Modern Slavery Statement 2024

1 July 2023 – 30 June 2024



From the National Chairman and CEO of KPMG Australia

We are proud to present KPMG Australia's fifth annual statement detailing our actions to identify and address modern slavery risk. KPMG Australia's response to modern slavery risk is an example of our broader commitment to respect and promote human rights across our operations and supply chain.

KPMG Australia takes a continuous improvement approach to modern slavery due diligence, with the aim of empowering change in responsible business practices among our people, clients, and suppliers. We also contribute to policy and law reform processes connected to business and human rights, including through our ongoing advocacy for corporate human rights due diligence obligations in Australia, to align with international leading practice.

This year, we reviewed KPMG Australia's procedures for identifying and managing modern slavery risks in our supply chain. Following the review, we onboarded a new supply chain technology tool to facilitate a more streamlined view of supplier modern slavery risks. We anticipate this will support our procurement professionals to engage in dynamic and comprehensive dialogue with our suppliers. We also refreshed KPMG Australia's Modern Slavery Risk Appetite Statement and developed updated guidance to support our people in applying its standards consistently.

Meaningful stakeholder engagement is critical to understanding the reality of modern slavery and responding to risks in appropriate ways. This year, we collaborated with organisations and experts across a range of sectors,

including through convening events, contributing skilled volunteering support, and publishing thought leadership. In addition, our specialist human rights and social impact team, KPMG Banarra, brought the experiences of our clients into our own discussions about how to improve our approach.

When we published our first Modern Slavery Statement five years ago, we set out an intention to transparently report on our progress each year. That's why we have openly communicated our maturity journey in each annual statement. We hope that by doing so, we encourage other Australian businesses to share how they are tackling modern slavery risks. We also recognise evolving stakeholder expectations around transparent reporting of environmental, social and governance risks and opportunities.

We are continuing to advance our data collection and analysis to better report on the effectiveness of our actions to address modern slavery risks. While we have not identified any instances of modern slavery this year, the scale of the global challenge requires ongoing attention and action. We are pleased to reaffirm in this statement our multi-year commitments to contribute to the solution



Martin Sheppard
National Chairman



Andrew Yates
Chief Executive Officer

This Modern Slavery Statement was approved by the KPMG Australia National Executive Committee and Board in August 2024.

At a glance

KPMG is an Australian partnership. This statement is made on behalf of KPMG and its associated entities (KPMG Australia) including KPMG Financial Advisory Services (Australia) Pty Ltd, KPMG Holdings (Australia) Pty Ltd, KPMG Investments (Holdings) Pty Ltd, KPMG Australia Technology Solutions Pty Ltd, and KPMG Australian Services Pty Ltd as trustee for KPMG Australian Service Trust. This statement reports on KPMG Fiji and KPMG Papua New Guinea, in addition to KPMG Australia.

Our commitment

This is our fifth statement made in fulfilment of the requirements of the *Modern Slavery Act 2018* (Cth).

Key developments this year include the onboarding of a new software platform for managing supplier risk assessments, the development of a new human rights and modern slavery capability building plan, the implementation of enhanced modern slavery due diligence processes for acquisitions, and broad stakeholder engagement. We also reviewed and updated the firm's Procurement Policy and supplier due diligence material.

Reviewing our modern slavery risk profile

This year we conducted an in-depth modern slavery risk area review to enhance our understanding of modern slavery in our operations and supply chain, in light of evolving risk factors. For this review, we collected information from 28 internal stakeholders and conducted a desktop review of modern slavery and due diligence related documentation. The review identified one new risk area for our firm: sponsorships and business associations. It also provided insights into how we can continue to improve our response to previously identified risk areas.

Tracking the impact of our actions

KPMG Australia's Modern Slavery Measurement and Evaluation Framework is a key tool we use to measure our effectiveness. It also helps us to update and adapt our approach, to ensure our efforts are directed to areas of need. During the reporting period our Human Rights Working Group and the firm's National Executive Committee reviewed data from the framework on a six-monthly basis. Data from the framework is included at page 22 of this statement.

Our cross-functional Human Rights Working Group also assessed the maturity of our modern slavery response across 12 areas of good practice (see page 5). Feedback from KPMG Banarra, our specialist human rights and social impact team, was incorporated in the assessment. The annual maturity assessment has been an important and instructive measure of continuous improvement during the first five years of our modern slavery response. Our maturity rating mechanism is informed by a methodology embedding international human rights standards and the fundamental components of human rights due diligence.

From FY25, we will transition to an increased focus on measuring and reporting on effectiveness in our modern slavery statement, in place of reporting on our maturity. Periodic assessment of the maturity of our modern slavery response will continue to inform our forward commitments and the workplan of our Human Rights Working Group.

Engagement and collaboration

KPMG Australia recognises the importance of collaborating with a range of stakeholders, both to strengthen our own response to modern slavery, and share our expertise in human rights risk management. During the reporting period, we continued our active participation in the UN Global Compact Network Australia, including hosting the network's annual Australian Business and Human Rights Dialogue in Sydney in June 2024. We also contributed to policy and law reform consultations, and published thought leadership on good practice modern slavery due diligence.

Building our human rights and modern slavery capability

We are committed to providing our people with the skills and knowledge to effectively consider human rights and modern slavery risks that intersect with their day-to-day work responsibilities. During the reporting period, we rolled out our human rights and modern slavery e-learning module to more of our people. As of 30 June 2024, over 4,100 people have completed the module. We also developed updated practical guidance to support consistent application of the standards in the firm's Modern Slavery Risk Appetite Statement.

Our forward commitments

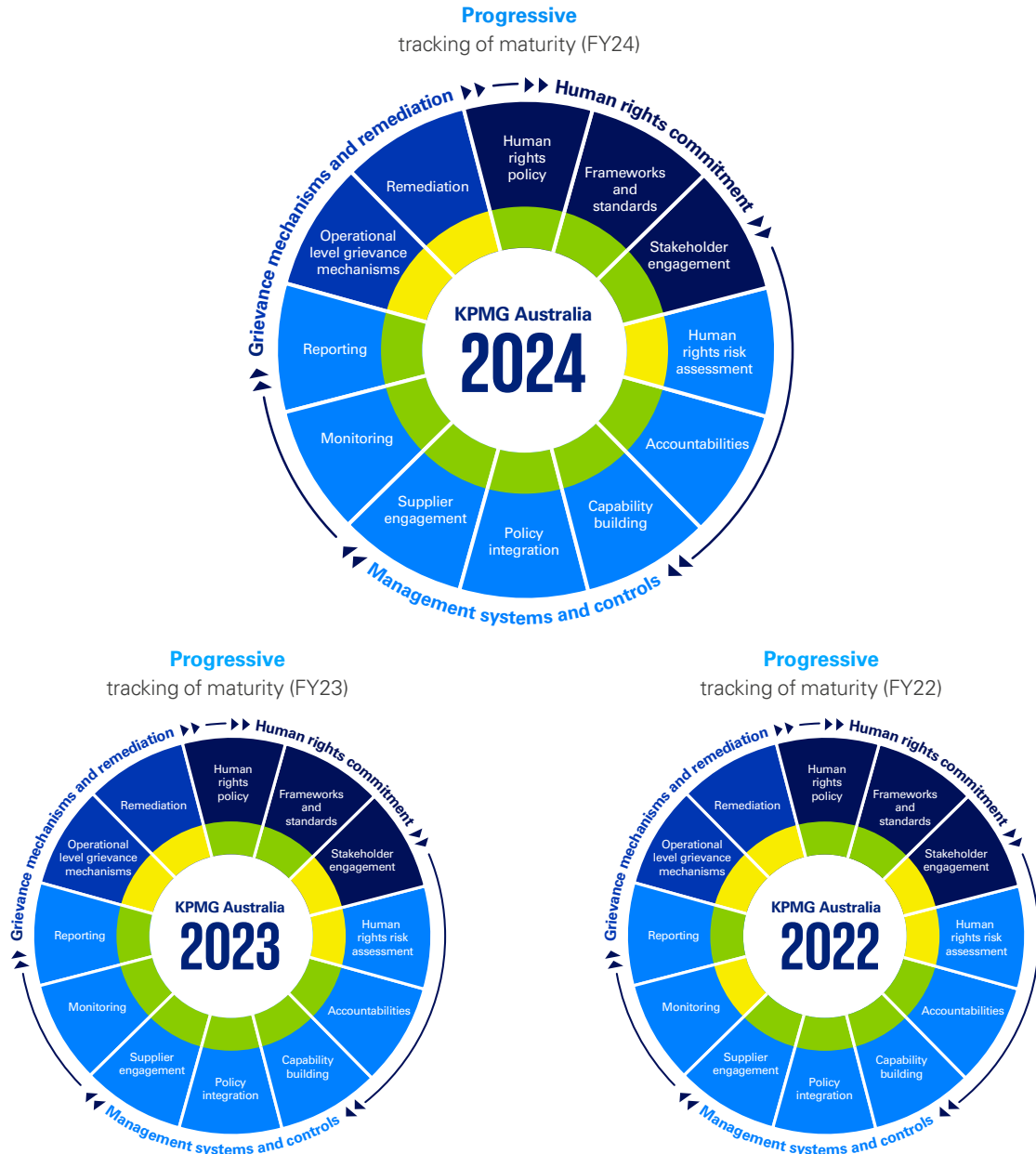
KPMG's FY23 Modern Slavery Statement contained a set of forward commitments spanning FY24–25. During this reporting period, teams across the firm have collaborated to commence putting these commitments into effect. Our progress against these commitments as of 30 June 2024 is outlined in this statement and summarised at page 25.

Mandatory reporting criteria in the Modern Slavery Act

This table outlines where each criterion in the *Modern Slavery Act 2018* (Cth) is addressed within this statement.

MODERN SLAVERY ACT 2018 (CTH) CRITERIA	PAGE REFERENCE
Identify the reporting entity	3
Describe its structure, operations, and supply chains	7-9
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	10-14
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	15-20
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	5, 21-22
Describe the process of consultation with any entities the reporting entity owns or controls	23
Provide any other relevant information	23-25

KPMG Australia modern slavery maturity tracking



- Optimised** Processes at this level are focused on continuous improvement of the organisational response to the same events through both incremental changes and innovation, and are recognised as a high value add function of the organisation.
- Managed** Processes at this level have a common and consistent understanding, having been formalised and subject to continuous improvement. These processes provide consistent practices and outcomes in response to the same events. Such processes are typically integrated within wider organisational processes.
- Defined** Processes at this level are, in some key functions, standard processes that may be subject to some infrequent degree of improvement over time. These processes provide mostly consistent practices and outcomes in response to the same events.
- Informal** Processes at this level are unlikely to be rigorous, however, processes are informally established and understood, providing some consistency in response to the same event.
- Ad hoc** Processes at this level are in a state of dynamic change, tending to be driven in an ad hoc and reactive manner, providing an inconsistent response to the same events.

FY24 actions

This year we have taken action across key areas of good practice to mature our response to managing modern slavery related risks. These actions are summarised below and outlined in detail in the section *Our actions to address modern slavery risks*.



HUMAN RIGHTS COMMITMENT

- + Refreshed the firm’s Modern Slavery and Human Rights Stakeholder Engagement approach and engaged with a broad range of stakeholders on modern slavery issues.
- + Developed a framework to assess progress against the firm’s Human Rights Action Plan commitments.
- + Contributed a submission to the Parliamentary Inquiry into Australia’s Human Rights Framework and participated in consultations on the Commonwealth Supplier Code of Conduct.
- + Supported anti-slavery initiatives through the firm’s skilled volunteering and pro bono programs.

GRIEVANCE MECHANISMS AND REMEDIATION

- + Developed a plan to support a review of the firm’s complaints management policy, with reference to the UN Guiding Principles on Business and Human Rights effectiveness criteria.

MANAGEMENT SYSTEMS AND CONTROLS

- + Onboarded a cloud-based platform to streamline modern slavery risk assessment of the firm’s suppliers.
- + Broadened the number of people who have completed the firm’s human rights and modern slavery e-learning module.
- + Conducted a periodic review of the firm’s Modern Slavery Risk Appetite Statement and commenced implementing recommendations.
- + Developed a human rights and modern slavery capability building framework to promote consistency in the operationalisation of the firm-wide Modern Slavery Risk Appetite Statement.
- + Took additional steps to manage modern slavery risk arising from e-waste disposal.
- + Enhanced the modern slavery risk assessment controls in the due diligence process for acquisitions.
- + Collaborated with KPMG Fiji and KPMG Papua New Guinea to support them in developing good practice policies and processes to address modern slavery risk in operations and supply chain.
- + Collected data for the firm’s modern slavery measurement and evaluation framework on a six-monthly basis and shared key findings with KPMG Australia leadership.

Our structure, operations and supply chain

About us

KPMG Australia is part of a global organisation of independent professional services firms, with more than 270,000 partners and employees working in member firms across over 140 countries and territories around the world.

We provide professional services to clients across corporate, government, and not-for-profit sectors. Our client-facing divisions are Audit & Assurance, Consulting, Deal Advisory & Infrastructure, Enterprise, and Tax & Legal.

KPMG Australia has offices in every state and territory capital within Australia, in addition to several regional locations. KPMG Papua New Guinea (KPMG PNG) has its office in Port Moresby, and KPMG Fiji has offices in both Suva and Nadi.

Making a positive impact on society

We make a strong economic contribution, employing 9,602 people across Australia, Fiji, and PNG at 30 June 2024. This includes an intake of 700 graduates during the year. We also appointed 54 new partners and executive directors, bringing the total partnership to 691. In addition, we engaged a contingent workforce of more than 1,350 people at 30 June 2024.

Our ambition is to be the most trusted and trustworthy professional services firm, positively impact society, be the number one choice for talent, empower clients, and deliver sustainable growth.

KPMG Australia is subject to an extensive but often fragmented framework of obligations. Contractual frameworks set by our clients define their expectations and requirements, and are further supported by regulatory and legal obligations, professional standards and codes, and commitments to professional bodies.

Our people are also required to comply with KPMG's Global Code of Conduct and to meet the expectations of the communities in which we operate. Our Code of Conduct clearly states that we don't tolerate illegal or unethical behaviour within KPMG or from clients, suppliers or public officials that we work with.

As members of Chartered Accountants Australia and New Zealand (CAANZ), all KPMG partners are subject to Accounting Professional & Ethical Standards (APES) 110 Code of Ethics for Professional Accountants (APES 110), which is issued by the APES Board. KPMG personnel also play an active role as members of a diverse number of other professional associations, many of which have clear expectations of the conduct of their members. As such, our people are subject to extensive regulations, requirements and codes of conduct that require us to maintain high levels of integrity.

As well as working with our clients, we contribute in voluntary and pro bono capacities to build stronger and more resilient communities. We work with community partners to help solve challenges through our [Reconciliation Action Plan](#), [Climate Action Plan](#), [Lifelong Learning Action Plan](#) and [Human Rights Action Plan](#). We value inclusion and diversity, fostering a positive and encouraging culture.

KPMG is also committed to positive impact and delivering purpose-led services that help our clients respond to their ESG risks. This is critical as our clients seek to understand social risk and respond to an emerging global regulatory landscape increasingly requiring mandatory human rights due diligence. KPMG Australia has an experienced, dedicated human rights and social impact consultancy, KPMG Banarra. Our human rights specialists work alongside our ESG team with business, government, and not-for-profit organisations on practical solutions to social and environmental issues and challenges, including modern slavery.

KPMG Australia leads KPMG's Global Business and Human Rights Network, convening human rights, social impact, and sustainability professionals from across our global organisation. KPMG Australia enlists the expertise of our in-house human rights specialists to inform the firm's approach.

Further information about our firm's governance framework for overseeing our activities, setting policies and aligning our strategy with our Purpose is available on the [KPMG Australia website](#).

Where we operate

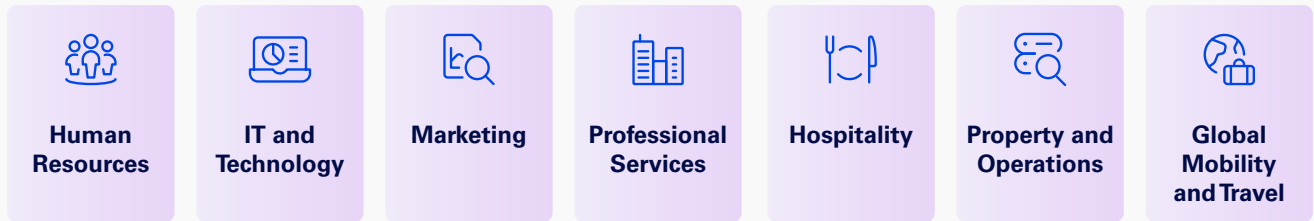
The global KPMG network consists of separate independent firms that individually provide Audit, Tax & Legal, and Advisory services to a wide variety of public and private sector organisations. KPMG in Australia is a member firm of the KPMG organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Further details about KPMG International and its business are in the 2024 KPMG International [Our Impact Plan](#) update.

KPMG Australia holds a small number of minority shareholder interests in entities based in Australia. KPMG Australia also holds a very small number of minority shareholder interests in overseas operations, which we co-own with other KPMG firms and which we do not control. These minority interests have not changed materially over the reporting period.

KPMG Australia also trades in New Zealand through KPMG Technology Solutions (NZ) Pty Ltd, a cyber security firm. This entity largely provides services from Australia but there continues to be a presence in New Zealand.

Where we source

In FY24, the majority of goods and services that we procured came from suppliers and contractors based in Australia. Our major categories of procurement include:



KPMG Australia's direct overseas supply chain includes eight offshore vendors, the majority of which are in India, with the others in the Philippines, Vietnam, Bulgaria, Malaysia, and Malta.

These vendors provide outsourced IT, tax-related, advisory, and creative services to KPMG Australia. Some of these vendors are owned by one or more KPMG member firms that operate within a global KPMG delivery network.



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Our modern slavery risk areas

KPMG Australia understands modern slavery risk refers to the potential adverse impact an organisation can have on labour-related rights. The presence of modern slavery can also be linked to broader human rights impacts and challenges.

To identify areas of higher risk, KPMG Australia considered four key factors that elevate the risk of, or the perception of, the potential for modern slavery. These factors are defined in the chart below. Where multiple modern slavery risk factors coexist, there is a higher potential or likelihood of actual harm being experienced. These four factors have remained the same from our last statement but will continue to be reviewed annually.

We note that the *Modern Slavery Act 2018* (Cth) defines modern slavery as including eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour refers to situations where children are subjected to slavery or similar practices, or engaged in hazardous work.

KPMG Australia has not identified any specific instances of modern slavery harm in our operations or supply chain. We have, however, identified the risk areas in the chart at page 12 where the potential for risk factors of modern slavery exists. These have been reviewed and refined over the reporting period and one additional risk area was identified.

The identification and analysis of these risk areas was informed by an updated modern slavery risk area review conducted during FY24. The findings of this review were the result of structured interviews and information gathering with 28 internal stakeholders and a desktop review of modern slavery and due diligence related documentation. An annual review of KPMG Australia's modern slavery risk is essential to ensuring we focus our efforts on where there is more likely to be the risk of harm to people. Actions by KPMG Australia from the past year to address modern slavery in our risk areas are reflected in the section of our statement containing actions.

MODERN SLAVERY RISK AREAS

Vulnerable populations

Migrant workers, children, base skill workers



High-risk categories

Services, goods not for resale, raw materials, high levels of seasonality



High-risk geographies

Conflict, weak rule of law, corruption, displacement and state failure to protect human rights

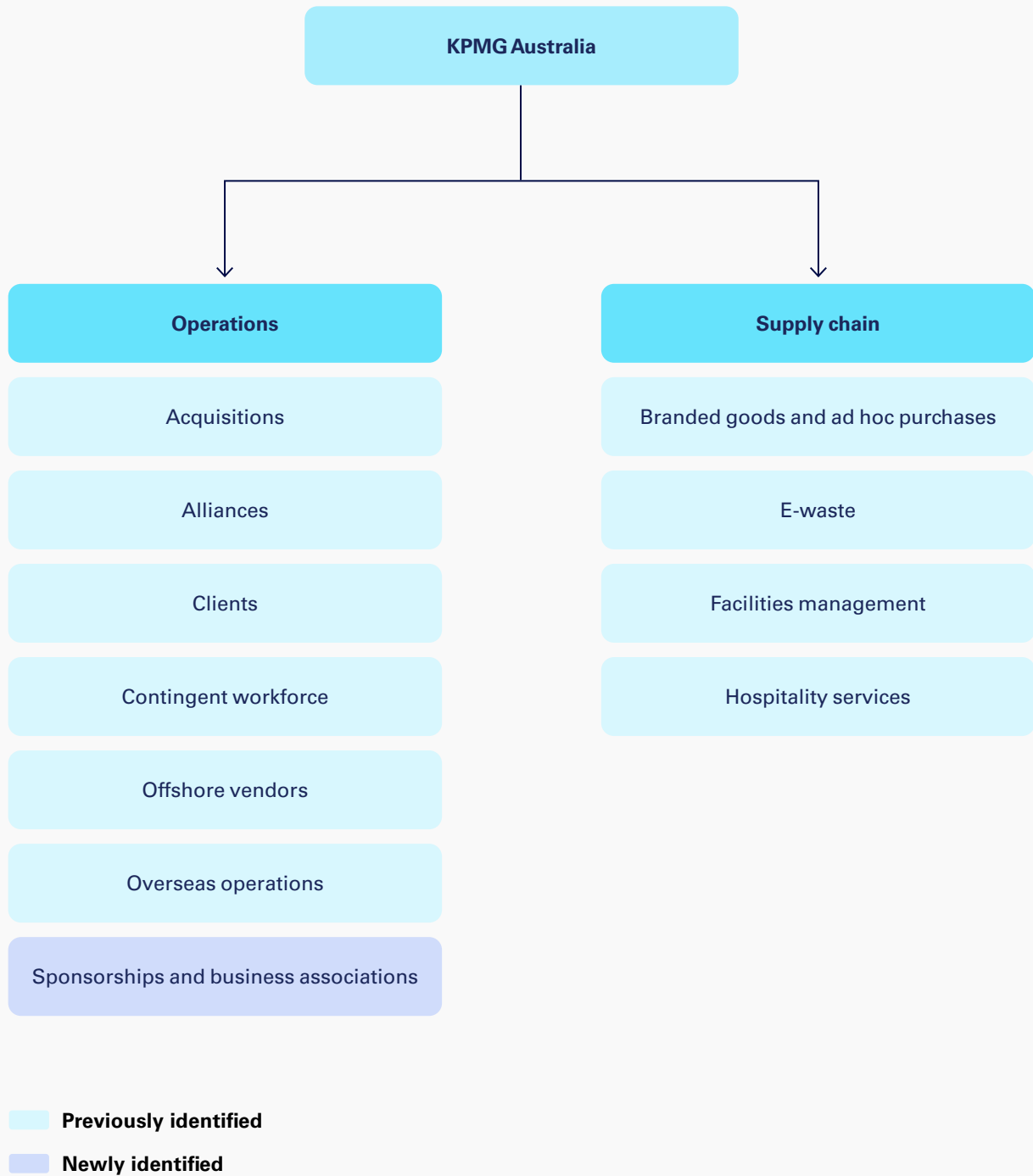


High-risk business models

Labour hire and outsourcing, third-party contracting arrangements



KPMG AUSTRALIA FY24 RISK AREAS



OPERATIONS

Acquisitions

Corporate acquisitions form a key part of KPMG Australia's growth agenda. An acquired entity's operations and supply chain may intersect with modern slavery risk areas. Appropriate due diligence is required to ensure the firm is adequately aware of modern slavery risks as part of the acquisitions process.

Alliances

Alliances can provide combined abilities to help solve pressing challenges clients are facing. Due diligence helps ensure the companies KPMG Australia intends to ally with have processes and practices aligned with our expectations and requirements in relation to identifying and managing modern slavery risk.

Clients

KPMG Australia's core business is the provision of professional services to clients. If any of our clients were associated with slavery-like practices, KPMG could be linked to such practices by virtue of the provision of our services. There is also a risk of a relationship with individuals or entities that may be implicated in modern slavery practices in their operations or supply chain, particularly in cases where we may have limited visibility of an entity's model of business.

Contingent workforce

KPMG Australia's contingent workforce is primarily comprised of highly skilled specialists engaged to provide professional services at times of high demand. However, a minority of this workforce is made up of base-skilled workers across functions including repeatable administrative and clerical services and catering services. Base-skilled workers can be at higher risk of modern slavery due to increased vulnerabilities.

Offshore vendors

KPMG Australia has service agreements in place with eight offshore vendors that provide outsourced IT, tax-related and advisory services on an ongoing basis. Most resources are in India, with others in Vietnam, the Philippines, Bulgaria, Malaysia, and Malta. KPMG Australia has identified that the countries in which these offshore vendors operate are at a higher risk of potential modern slavery practices based on their geography and the presence in some cases of high-risk business models, high-risk categories, and vulnerable populations.

Overseas operations

KPMG Australia intersects with several overseas jurisdictions by virtue of entities within its corporate structure, as well as the external vendors described above. The locations of some of these operations presents a higher inherent risk of modern slavery. The firm has a responsibility to assess the risks of modern slavery represented by these and other offshore operations and use available leverage to mitigate and prevent identified risks.

Sponsorships and business associations

KPMG Australia will from time to time sponsor events or initiatives led by third parties. KPMG Australia is also a member of a number of business associations, which provides us with an opportunity to collaborate on research, build relationships, and support specific industries or businesses. While sponsorship arrangements and business association memberships have the potential for benefits for all parties, they also represent a risk of KPMG being directly linked to modern slavery practices, should the third party be in a high-risk category for modern slavery and lack effective due diligence.

SUPPLY CHAIN

Branded goods and ad hoc purchases

KPMG Australia will often procure promotional or marketing goods for corporate functions and/or internal use. There is a potential for such goods to be mass-produced at low cost, and where appropriate due diligence on the vendors is not completed there is a potential for poor labour practices that are not visible to the firm. This risk may be heightened because such goods may be sourced from countries identified as high risk of modern slavery and produced by workers from vulnerable backgrounds.

Facilities management

KPMG Australia's Facilities Management team procures various categories of services including cleaning, mechanical, hydraulics, electrical, information technology, hygiene specialists, commercial kitchen appliances, and installation and maintenance services. Workers in the facilities management supply chain can be from populations with heightened vulnerability to modern slavery, including base-skilled workers and workers from migrant, low socio-economic, or culturally and linguistically diverse backgrounds.

E-waste

The disposal of electronic waste (e-waste) is notoriously difficult to track, however, research and reporting has linked e-waste items from Australia to offshore waste facilities where child labour and hazardous work conditions are prevalent. Entities in the professional services sector often contract third parties to dispose of e-waste items such as computer monitors and printers. Most of these third parties try to refurbish the e-waste, however, e-waste that cannot be refurbished is occasionally sent to another recycler.

Hospitality services

KPMG Australia's hospitality services team consists of a core group of KPMG employees in addition to casual staff engaged through third parties. Where we rely on third-party labour hire, this increases the potential for poor labour practices if we lose visibility over how that labour relationship is managed. This risk may be heightened if workers are from vulnerable backgrounds including migrants coming from low socio-economic, culturally, and linguistically diverse backgrounds.

02

Our actions to address modern slavery risk

KPMG Australia's modern slavery response is informed by the *UN Guiding Principles on Business and Human Rights* (UNGPs). We understand that human rights due diligence is an ongoing process – one which is most effective when it is embedded in the risk and procurement processes of our business.

FY24 actions

HUMAN RIGHTS COMMITMENT

+ Refreshing our stakeholder engagement approach

Targeted stakeholder engagement is vital to helping us understand our modern slavery risks, and allows us to share insights gained through our own multi-year modern slavery response. During the year, we refreshed our human rights and modern slavery stakeholder engagement approach, with input provided by our Human Rights Working Group. The refreshed approach aims to promote collective, continuous improvement in modern slavery response through consultation and collaboration. Examples of our modern slavery stakeholder engagement during the year are at pages 23-24 of this statement.

+ Resourcing our human rights and modern slavery commitments

The firm's Human Rights Working Group continued to meet during the reporting period to develop and implement the firm's modern slavery response. The working group is a forum for discussing leading practice in addressing challenges and opportunities, and tracks agreed actions against an agreed workplan. It includes representatives from KPMG Banarra, the firm's client-facing human rights and social impact team, Risk Management, People and Inclusion, Procurement, Government and Regulatory Affairs, and Corporate Citizenship. KPMG Australia's Chief Risk Officer and Chief Operating Officer were active participants in, and executive sponsors of, the working group during the year, and the working group was convened by the firm's dedicated Human Rights Manager.

This year, our Human Rights Working Group oversaw the operationalisation of our first Human Rights Action Plan (see the KPMG Australia [Our Impact Plan 2024](#) report for further detail). The working group also developed an indicator framework to assess progress against the 11 commitments in the Human Rights Action Plan.

+ Contributing to public consultations and debate on human rights and modern slavery

KPMG Australia welcomed the opportunity to contribute a submission to the Parliamentary Joint Committee on Human Rights (PJCHR) inquiry into Australia's Human Rights Framework. [Our submission](#) stated that business efforts to respect human rights in Australia would be better supported through a consistent, harmonised framework that facilitates the enjoyment of fundamental human rights. KPMG Australia supports the central recommendation in the final PJCHR report, which is for the Australian Government to introduce a Human Rights Act consistent with international human rights law.

We also welcomed the opportunity to contribute to industry consultation on the draft Commonwealth Supplier Code of Conduct. Our submission supported the proposed expectation that suppliers to the Commonwealth undertake 'all reasonable efforts', including risk assessments, to ensure they, and organisations in their supply chain, are not engaged in, benefitting from or complicit with, human rights abuses.

GRIEVANCE MECHANISMS AND REMEDIATION

+ Reviewing our grievance mechanisms

KPMG Australia is committed to continuously improving our grievance mechanisms to better align with the expectations for effectiveness set out in the UNGPs. During the reporting period, we developed a plan to support a review of the firm's complaints management policy, with reference to the UNGPs effectiveness criteria. This review will be completed during FY25, and incorporate the perspectives of intended users of the policy alongside in-house subject matter experts. A periodic review of the firm's Whistleblower Policy will also take place during FY25.

MANAGEMENT SYSTEMS AND CONTROLS

+ Due diligence: supply chain

KPMG Australia has a robust Supplier Risk Assessment Framework for evaluating and monitoring modern slavery risk within our supply chain, as outlined in our FY22 Modern Slavery Statement.

During the reporting period, our Human Rights Working Group, in conjunction with the National Procurement team, conducted a review of this framework. A significant outcome of this review was the firm's decision to implement a cloud-based platform for the assessment of modern slavery risk among our suppliers. This platform will not only uphold the integrity of our Supplier Risk Assessment Framework but also introduce efficiencies into the supplier risk assessment and management process.

Our Human Rights Working Group and National Procurement team collaborated to identify several high-risk products and services within the firm's supply chain. This exercise culminated in the development of a timeline and approach for additional risk assessments, focusing on multiple tiers of these supply chains.

In FY24, we undertook a thorough review and update of the firm's Procurement Policy, Supplier Code of Conduct, and Supplier Due Diligence Questionnaire. Additionally, we provided support to KPMG Fiji in developing a Supplier Code of Conduct, modelled on the KPMG Australia Code.

+ Responding to modern slavery risk in e-waste disposal

As a professional services firm, KPMG Australia produces a variety of e-waste including laptops, mobile phones, computer monitors, USB drives, and computer keyboards.

Our e-waste falls into two broad categories: hardware leased by the firm that has reached the end of its useful life; and hardware purchased by the firm. Where hardware is leased, its disposal is regulated through the KPMG Australia E-waste Policy. Where hardware is purchased by the firm, our people can leave items at 'TechZones', and KPMG Australia's Technology Services team arranges disposal through responsible e-waste recycling providers located in Australia.

During the reporting period, the firm ran an internal campaign to raise awareness of e-waste disposal options in offices. We also changed the approach to onsite e-waste disposal, and our people can now recycle their personal e-waste items through our TechZone bins.

+ Due diligence: operations

KPMG Australia recognises that as a professional services firm, there is a risk of being directly linked to, or contributing to, modern slavery harm by virtue of the provision of our services. The firm's Modern Slavery Risk Appetite Statement (MS-RAS) affirms that 'KPMG Australia will not establish or maintain relationships with clients where there is evidence, or a credible allegation, of modern slavery and the client is not taking steps to implement appropriate measures which will mitigate, address, remediate, or prevent future modern slavery related harm'.

As noted in previous modern slavery statements, KPMG Australia has incorporated specific modern slavery and human rights considerations into our client engagement, acceptance, and continuance processes. This year, we developed updated practical guidance material to support our people in applying the standards in our risk appetite statement. The guidance is adapted from factual scenarios where the MS-RAS guided decision-making.

During the reporting period, the controls in our client engagement, acceptance and continuance processes identified 15 potential forced labour or human rights risks. When this occurred, matters were escalated to divisional risk leaders and a human rights specialist for initial assessment. After this assessment, seven risk flags were identified as requiring further investigation. Following further investigation, which involved consideration of potential risks and any measures taken in response, it was determined that all of the seven instances satisfied the standards in the firm's Modern Slavery Risk Appetite Statement.

+ Due diligence: offshore vendors

KPMG Australia utilises offshore vendors to supplement, diversify, or extend the capabilities of onshore teams. Our Global Leverage Team within Transformation manages the firm's relationship with our KPMG owned delivery centres.

In previous reporting periods we have supported offshore vendors to identify inherent modern slavery risk and areas for improvement. During FY24, we continued to engage with key offshore vendors to outline the firm's current modern slavery workplan and our expectations for alignment. We obtained information from these vendors that assisted in providing additional insight into their current practices and processes to identify and address labour rights risk. We will continue to collaborate with our offshore vendors during the next reporting period to support them in enhancing their modern slavery risk management.

+ Acquisitions

KPMG Australia has taken steps to develop a culture of acquisition due diligence whereby modern slavery related considerations are incorporated into how we assess and bring across acquired entities, their staff, and other elements. This year, the firm enhanced its existing process for identifying modern slavery risk in acquisitions by reviewing and updating the data points related to modern slavery sought during pre-acquisition due diligence. Pathways for escalating any modern slavery concerns identified during the acquisition due diligence process were also defined.

+ Sponsorships and business associations

When KPMG Australia enters into a sponsorship arrangement or joins a business association arrangement, there is a risk of the firm being directly linked to modern slavery practices if the third party lacks effective due diligence practices. To help address this risk, we are proposing to develop a new control during FY25 whereby all potential sponsorships and business association memberships will be subject to a third-party risk assessment. This process will include a media review containing modern slavery search terms, and a questionnaire with specific prompts and questions related to modern slavery risk. Where a third party is assessed as higher risk for modern slavery, this will trigger an annual review to confirm ongoing alignment with the expectations in our modern slavery risk appetite statement.

+ Capability building

During FY24, KPMG Australia's human rights and e-learning module was rolled out to an increased number of people across the firm. During previous reporting periods, the module was assigned to people whose roles intersect with a modern slavery risk area. This included the firm's Board and National Executive Committee, all staff from Risk Management and the Office of General Counsel, and staff from relevant teams including Procurement, Corporate Citizenship, People and Inclusion, Facilities Management and Hospitality Services, Alliances and Acquisitions, and Global Leverage. At 30 June 2024, over 4,100 people have completed the training.

In addition to this specialised module, all staff are required to complete the annual 'We do what is right: Integrity at KPMG' module, which incorporates content on the firm's commitment to a human rights approach to modern slavery risk management. As of the end of the financial year, 100% of people at KPMG Australia assigned this training had completed it.

This year, our Human Rights Working Group developed a human rights and modern slavery capability building plan, building on the existing e-learning module. This plan includes tailored, periodic training for people whose roles intersect with a specific risk area. The plan also anticipates updates to our existing e-learning module to reflect legal and regulatory changes.

CASE STUDY

Addressing modern slavery risk in e-waste

Giving e-waste a second life

KPMG Australia has identified e-waste as a modern slavery risk area. If e-waste is not disposed of responsibly in Australia, there is potential for items to be transported to offshore waste facilities where modern slavery risk factors are present.

Australia is one of the highest producers of e-waste in the world.¹ As a professional services firm, KPMG relies on a range of technology items which must be disposed of when they reach the end of their useful life.

As part of our response to this risk area, we have established a partnership with e-waste recycling and circular economy company Moorup. Over the past 12 months, our firm has delivered devices including laptops, phones and tablets to Moorup.

Items in working condition are resold and reused, or donated to charities that cater to people experiencing digital exclusion. Devices that cannot be used again are recycled in Australia in a carbon neutral process through which 89% of materials are recovered. Recycling devices onshore helps to address the modern slavery risk connected with e-waste disposal.

Moorup pays for the devices we give them, and we donate these funds to KPMG Australia's Laptops for Lifelong Learning program. This enabled our firm to donate 53 refurbished laptops to school students in need during the year; helping to narrow the digital divide while keeping laptops out of landfill.

¹ The Global E-Waste Statistics Partnership, *Global E-Waste Monitor 2024*.

CASE STUDY

Applying our Supplier Risk Assessment Framework in practice

Promoting good practice modern slavery response through our supply chain

KPMG Australia has developed a robust Supplier Risk Assessment Framework, which includes a firm commitment to support our network of suppliers in enhancing their own responses to modern slavery.

In instances where a supplier is identified as high risk for modern slavery and lacks appropriate measures to address this risk, we will collaborate with the supplier to develop an alignment plan, providing necessary guidance and resources. Offboarding a higher-risk supplier will be considered only as a last resort if they fail to align their due diligence approach with our stringent requirements.

During the year, our supplier risk assessment process identified a prospective supplier with elevated inherent and residual risks for modern slavery. This supplier's operations extended into several countries with higher risks for modern slavery harm, and a significant proportion of their workforce was contingent. Furthermore, it was identified that the supplier lacked management systems and controls commensurate with their risk level.

With input from internal human rights experts, the firm's National Procurement team developed a comprehensive alignment plan for the supplier. This plan included the formulation of a standalone human rights commitment and supplier code of conduct, the incorporation of human rights considerations into supplier assessment processes, the dissemination of a workplace health and safety policy, and the establishment of an effective grievance mechanism accessible to all workers.

The supplier agreed to this alignment plan and committed to addressing the requirements in a phased approach. KPMG Australia provided practical resources to help the supplier understand our modern slavery requirements. Upon receiving evidence of the supplier's alignment, we were satisfied to proceed with onboarding. Given the supplier's elevated risk profile, we will conduct regular reviews to monitor their progress towards alignment and provide further advice as needed.

03

Assessing the effectiveness of our actions to address modern slavery risk

During the reporting period, KPMG Australia continued to collect data to assess our progress against our modern slavery measurement and evaluation (M&E) framework.

Our modern slavery M&E framework focuses on three key impact groups: suppliers, alliance partners, and contractors; clients; and our people. The table below contains key quantitative metrics from the framework. Qualitative data from the framework is incorporated throughout this statement.

Our modern slavery M&E framework is designed to promote continuous improvement as well as transparency. The Human Rights Working Group reviews data for each indicator on a six-monthly basis and adjusts the processes and controls in our modern slavery response accordingly. A summary of the framework data is communicated to the firm's National Executive Committee twice annually.

IMPACT GROUP	LONG-TERM IMPACT WE TARGET	KEY INDICATOR IN FY24	FY24 DATA
Suppliers, alliance partners, and contractors	People who work in our supply chain do not experience modern slavery.	Percentage and number of medium and high-risk suppliers that have completed the residual risk assessment stage of the Supplier Risk Assessment Framework.	100% and 97
		Number of supplier alignment plans open at the end of the reporting period, and number closed during the reporting period.	Alignment plans open: 16 Alignment plans closed: 7
		Percentage of contracts with suppliers, contractors and alliance partners executed during the reporting period that include modern slavery terms.	Suppliers: 94% Contractors: 100% Alliance partners: 100%
Clients	Clients manage their modern slavery risks in line with good practice.	Number of human rights and labour rights flags raised through client and engagement risk assessment processes.	15
		Number of instances where further investigation of risk flag was required.	7
		Percentage of these instances where the standards in the firm's Modern Slavery Risk Appetite Statement were satisfied.	100%
Our people	Our people act with integrity and courage to prevent and address modern slavery.	Number of our people who have completed the KPMG Australia human rights and modern slavery e-learning module.	4,186
		Percentage of staff who have completed 'We do what is right: Integrity at KPMG' training module.	100%
		Total number of modern slavery related complaints received via a grievance mechanism.	0

Consultation, collaboration, and progress against commitments

Good practice consultation with owned or controlled entities

During the reporting period, KPMG Australia engaged and consulted with all entities we own or control. We shared details of our modern slavery commitments and expectations, key risk areas, and provided opportunities for dialogue and knowledge-sharing.

In FY24, KPMG Australia continued to collaborate with KPMG PNG and KPMG Fiji to further mature their modern slavery response in relation to supply chain, governance, and operations. This included knowledge-sharing in relation to good practice in managing modern slavery risk in operations and supply chain, and supporting the development of a Supplier Code of Conduct for KPMG Fiji. During FY25, KPMG Australia will continue to support KPMG Fiji and KPMG PNG to uplift their modern slavery response by applying further scrutiny to suppliers, supporting learning and capability building, and identifying opportunities to introduce further controls to manage risk in operations.

Engagement and collaboration

In Australia and internationally, regulatory requirements and stakeholder expectations on business accountability and human rights due diligence are rapidly evolving. KPMG Australia has deep and diverse subject matter expertise in human rights risk management, and we are committed to contributing to relevant forums and policy development bodies.

The Parliamentary Joint Committee on Human Rights inquiry into Australia's Human Rights Framework (Parliamentary Inquiry), and ongoing debates about reform of Australia's modern slavery regime, were a key focus of our stakeholder engagement efforts this year. KPMG Australia contributed a [submission](#) to the Parliamentary Inquiry; and in June 2024, Dr Meg Brodie, the Partner in Charge of KPMG Banarra, participated in a panel at the Free + Equal Human Rights Conference, where she reiterated our firm's support for mandatory human rights due diligence in the context of broader reforms to Australia's human rights framework.

HUMAN RIGHTS AND MODERN SLAVERY STAKEHOLDER ENGAGEMENT SNAPSHOT

2

Policy
submissions

1

Thought leadership
publication

2

Contribution to
roundtables and
consultations

4

Participation in panel
discussions and other
external events

2

Participation in good
practice communities

2

Other
engagements

In February 2024, KPMG Banarra released *Modern slavery: Are you ready for mandatory due diligence?*, a practical guide to help businesses respond to evolving modern slavery requirements. At the state level, KPMG participated in the inaugural NSW Anti-slavery Forum in May 2024 alongside survivor advocates, First Nations leaders, and representatives from government, academia, service providers and business.

KPMG Australia continued our active involvement in the UN Global Compact Network Australia (UNGCNA) Modern Slavery Community of Practice. We participated in a 'living wage roundtable' event as part of the UNGC's Forward Faster campaign, and in June 2024, we were proud to host the UNGCNA 2024 Australian Dialogue on Business and Human Rights. At the Dialogue, representatives from business, government, civil society, and academia explored current and potential measures to foster business respect for human rights in Australia.

During the reporting period, we also held the first KPMG Australia Human Rights Innovation Challenge. The challenge culminated in a day of action where multidisciplinary teams collaborated with the Modern Slavery Team at Australian Red Cross to address a unique business challenge. KPMG experts are supporting Australian Red Cross to consider how to incorporate elements of the proposals into their business.

Continuous improvement: progress against FY24 and FY25 commitments

In our FY24 Modern Slavery Statement, KPMG Australia made forward commitments spanning FY24 and FY25 related to human rights commitments, management systems and controls, and grievance mechanisms and remediation. Our progress against each commitment is outlined in this statement and summarised in the table below.

Legend

- **Achieved:** Target or key initiatives have been achieved or exceeded.
- **Positive progress:** Substantive advancement against target or key initiatives.
- **Commencing in FY25:** Preparations have occurred during FY24 to support achievement of this initiative in FY25.
- **Insufficient progress:** Progress against target or key initiatives was slower than expected or unsatisfactory.
- **Not achieved:** Target or key initiatives have not been achieved.



PILLAR OF GOOD PRACTICE	FY24-FY25 COMMITMENT	FY24 STATUS	PAGE REF.
Human rights commitment	Refresh the firm’s modern slavery stakeholder engagement plan and carry out at least 10 engagements annually with stakeholder groups in the plan.	● Achieved	16, 23-24
	Operationalise the firm’s Human Rights Action Plan and set targets to assess progress meeting the commitments in the plan.	● Positive progress	16
	Contribute to the Parliamentary Inquiry into Australia’s Human Rights Framework.	● Achieved	16
	Provide support to civil society initiatives in our region focused on the firm’s salient human rights issues, including labour rights	● Positive progress	24
Management systems and controls	Conduct a periodic review of the firm’s Supplier Risk Assessment Framework.	● Achieved	17
	Supplement the Supplier Risk Assessment Framework with additional modern slavery assessment of selected high-risk products and services, focusing on multiple tiers of the supply chain.	● Commencing in FY25	17
	Collaborate with KPMG Fiji and KPMG PNG to support them in further maturing their modern slavery response in relation to supply chain, governance, and operations.	● Positive progress	23
	Continue to enhance the modern slavery risk assessment measures in the due diligence process for alliances and acquisitions.	● Positive progress	18
	Apply a human rights lens to the review and development of firm policies that intersect with our most salient human rights issues, including labour rights.	● Positive progress	17
	Promote consistency in the operationalisation of the firm-wide Modern Slavery Risk Appetite Statement by providing guidance and training on the application of standards in the statement.	● Positive progress	17-18
	Develop and implement a human rights and modern slavery capability building plan, building on the existing e-learning module.	● Positive progress	18
Grievance mechanisms and remediation	Review the effectiveness of the firm’s human rights grievance mechanisms in line with good practice guidance from the Office of the United Nations High Commissioner for Human Rights Accountability and Remedy Project.	● Commencing in FY25	16

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