

Modern slavery and human trafficking statement

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps that KPMG LLP (the 'Firm' or 'KPMG') has taken to prevent modern slavery and human trafficking within its business.

Overarching statement

At KPMG we pride ourselves on being a responsible business committed to acting with integrity for our clients, our people, our suppliers and the wider community. As a sign of our commitment to respecting human rights, KPMG has signed up to a human rights statement consistent with the UN's Guiding Principles on Business and Human Rights which was issued by KPMG International.

In following these principles, KPMG:

- undertakes to avoid causing or contributing to adverse human rights impacts through its own activities and to address such impacts when they occur; and
- seeks to prevent or mitigate adverse human rights impacts that are directly related to its operations, products or services through its business relationships.

Together with our objective to be a leader in global economy, KPMG aims to act as a role model for the business community. One aspect of this includes ensuring ethical conduct, which includes aspiring to the 10 principles of the UN Global Compact, including human rights, as expressed through the Global Code of Conduct. The Code includes our commitment to:

- follow high standards of ethical conduct around the world;
- work with clients, suppliers and subcontractors that live up to KPMG's core ethical standards; and
- act lawfully, ethically and in the public interest.

As part of KPMG's supply of services, we recognise that we have a responsibility to take a robust approach to slavery and human trafficking. In particular, KPMG is committed to ensuring that there is no modern slavery or human trafficking within its business or suppliers and all

are expected to comply with our values and policies on these matters. As part of our commitment to the UK Modern Slavery Act 2015 and eradicating modern slavery, KPMG contributed to the guidance issued to businesses in relation to the Act's obligations which formed part of the consultative process.

KPMG's organisational structure

KPMG is incorporated as a limited liability partnership under the Limited Liability Partnerships Act 2000. The capital in KPMG is contributed by its members.

KPMG is a professional services firm providing audit, tax and advisory services. KPMG has over 14,000 partners and colleagues working in the UK across 22 offices.

KPMG is a member of the KPMG network of professional services firms affiliated with KPMG International Cooperative, which is a legal entity formed under Swiss law.

KPMG's governance structure

KPMG's values lie at the heart of our governance. They define our culture and express our commitment to the highest principles of personal and professional conduct.

Our corporate responsibility policies and practices cover all our stakeholders – clients, communities, suppliers and employees – as well as the environment and human rights issues.

KPMG is led by the Senior Partner, who leads the Board which is the main governance body of KPMG that provides leadership to the organisation. The Board is also responsible for ensuring that there is a satisfactory process in place for managing ethical, risk and reputational matters which affect the UK business, including issues such as modern slavery and human trafficking.

KPMG's governance structure (cont.)

Management of the day to day activities of the Firm is undertaken by the Executive Management Team.

Our designated Corporate Responsibility team is responsible for day to day corporate responsibility matters. The team reports to the Head of Corporate Affairs, who reports to our Senior Partner to ensure that the Board is able to address issues if they arise in relation to our corporate responsibility practices, including modern slavery. Additionally, everyone at KPMG has the responsibility to act with integrity and it is at the heart of our values and training.

We also have an Ethics Committee, which was established by the Board, which provides oversight of matters concerning the Firm's ethical conduct.

Our approach

The Firm has a zero-tolerance policy to slavery and human trafficking. We strive to work to the highest professional standards to help ensure that we comply with all laws and regulations applicable to the Firm. All our suppliers and alliances are expected to follow the same high standards.

In line with our values, we strive to understand our suppliers as well as sharing our values with them. Our existing ethics policies advocate these values and put in place protection to mitigate modern slavery and human trafficking risks.

Our ongoing risk assessment and due diligence of our suppliers has enabled us to get a high-level understanding of ethical and modern slavery risks. As a firm we continue to work closely with internal subject matter experts, including our procurement, anti-modern slavery and due diligence teams, to help ensure that we identify, assess and remediate modern slavery risks within our business.

Our suppliers

In the financial year ending 30 September 2016, KPMG received a variety of goods and services from over 3,500 third party suppliers and spent approximately £400 million.

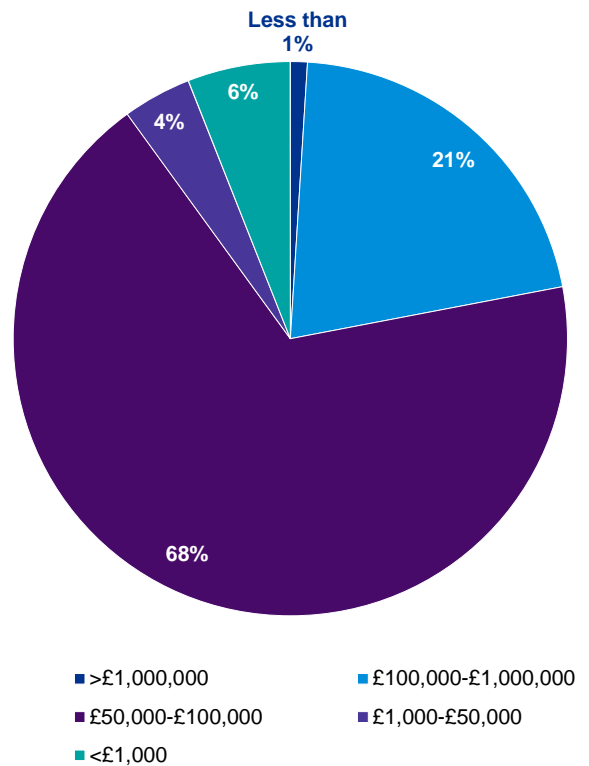
KPMG's designated procurement team was responsible for 374 of those suppliers whose spend was in excess of £100,000. These suppliers fall into two distinct categories: our key suppliers (being those with whom we spend over £1 million for goods or services) and our strategic suppliers (being those with whom we spend between £100,000 and £1 million).

Our key suppliers, through the nature of the services that they provide, are part of an extensive Supplier Management Programme which we have established. A key pillar of this is our award winning Sustainable Procurement Programme, which encourages and monitors our suppliers' commitment towards environmental, social mobility and diversity requirements and ensures compliance with our Supplier Code of Conduct.

Our Supplier Code of Conduct is based on the UN Global Compact principles and has been updated in light of the Modern Slavery Act 2015. All our strategic suppliers are required to adhere to it and the Code sets out the principles by which we operate and our expectations of our suppliers with regard to collaboration and acting as a responsible business. Practices that we expect from all

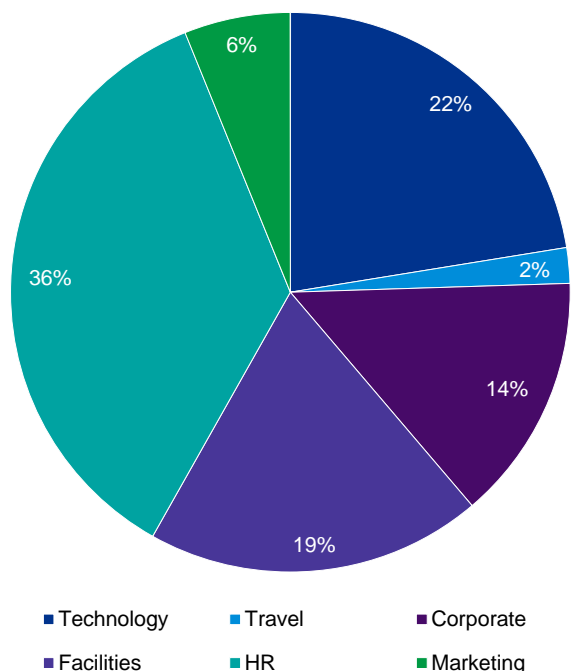
those that we work with include (i) not using slave labour, illegal child labour or force labour, (ii) ensuring that all terms of employment are voluntary, and (iii) adhering to local laws in respect of minimum age requirements, wages and overtime and working hours.

The following chart demonstrates the distribution of KPMG's total spend on its suppliers.



KPMG spent approximately 90% of its total supplier spend in the financial year ending September 2016 on its key and strategic Suppliers. There were 64 key suppliers and 310 strategic suppliers.

The Firm's spend in relation to its key and strategic Suppliers was split into the following six categories:



Supplier risk assessment, due diligence and next steps

As part of our commitment to identify and mitigate the risk of modern slavery within our business and amongst our suppliers, we conducted an internal review of our key suppliers and top strategic suppliers (totalling 70 suppliers, primarily based on those in our Supplier Management Programme and Sustainable Procurement Programme) to assess the risk of these to our business.

Our review focussed on the following four key areas:

- The goods or services that they provide;
- Whether the goods or services are manufactured or provided off-shore;
- Whether the supplier is based in a country that has a high prevalence of modern slavery or human rights violations; and
- Whether the goods or services supplied are carried out in an industry that could employ low skilled or migrant workers, where the supplier is based in the UK.

KPMG identified eight suppliers who potentially fell into the high risk category with regard to the above criteria and 24 suppliers were identified as medium risk. The remaining 40 suppliers were deemed to be low risk.

KPMG contacted all 70 suppliers to ask that they formally set out the steps they have taken to identify and manage the risk of slavery in their own businesses and supply chains and confirm that they comply with the requirements of the Modern Slavery Act 2015.

KPMG will continue to monitor the risk profiles of its suppliers, and in consultation with our due diligence and

anti-modern slavery teams we plan to develop a methodology and risk assessment to obtain a more comprehensive understanding of our suppliers.

Our policies

Our current policies in relation to modern slavery are subject to ongoing review, however, we have taken care to ensure that the relevant aspects of this issue are covered within our existing policies, which, in addition to our Supplier Code of Conduct, include the following:

Living Wage – KPMG is a key advocate of the living wage and is proud to be an accredited Living Wage employer, supporting fair pay at work. We encourage all our suppliers to pay the living wage and pursue accreditation. This is an important aspect of our modern slavery position and helps to raise our employees and direct service providers out of working poverty.

Whistleblowing – KPMG's whistleblowing policy has been extended to include any suspicion or concern of modern slavery violations. We encourage all employees, suppliers, business partners and alliances to report any concerns. The whistleblowing policy is designed to make it easy for our reporters to make disclosures, without fear of any detrimental treatment.

Training

Our Procurement function has been briefed on the Modern Slavery Act and specific training is being developed for our procurement colleagues and supplier managers so as to ensure our responsible business agenda is embedded and monitored within all of our contracts on an ongoing basis, including compliance with relevant policies addressing modern slavery and human rights.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and has been approved by the members of KPMG LLP and signed by a designated member. It constitutes the Firm's modern slavery and human trafficking statement for the financial year ending 30 September 2016.

Signed



Jeremy Barton

General Counsel, KPMG LLP

3 January 2017

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