



Modern slavery statement

March 2020

Introduction

This is our fourth statement published in accordance with the Modern Slavery Act 2015 (the “Modern Slavery Act”). It details the actions taken by KPMG LLP (“KPMG”) to prevent Modern Slavery from occurring in our business and supply chains for the period from 1 October 2018 to date.

Note: Modern slavery and human trafficking as defined in Annex A of the Government’s 2018 guidance issued under s.54(9) of the Modern Slavery Act.

Summary

We adopt a proactive approach to the mitigation of risk in areas impacted by ethical and environmental issues, but we will continue to evolve and always seek to provide confidence and assurance for our clients and other stakeholders into the future.

We are proud of what KPMG has achieved this past year on its position and activities in relation to Modern Slavery:

- Continued engagement with business, NGO, government and enforcement communities to share and learn insights about mitigating Modern Slavery risks, with our subject matter experts speaking at the launch of the Anti-Slavery Corporate Network and taking part in various conferences and forums on the subject of Modern Slavery;
- Introduction of new Anti-Modern Slavery KPIs and focus on development of new KPIs;
- Improved visibility over our supply chain through our Purchase to Pay (‘P2P’) system and refined criteria for monitoring suppliers with higher risk for modern slavery in their business;
- Increased obligations in place for suppliers onboarded through our purchasing platform, Coupa;
- Improved risk assessment approach to suppliers;
- More comprehensive Modern Slavery questionnaire for high and medium risk suppliers;
- Inclusion of Anti-Modern Slavery commitments in Our Code of Conduct.

Our structure

KPMG is a Limited Liability Partnership, incorporated under the Limited Liability Partnerships Act 2000. We provide professional services, notably audit, tax and legal, deal advisory and consulting.

KPMG is the UK member firm of KPMG International, a Swiss cooperative that serves as a coordinating entity for a network of independent member firms that provide professional services.

KPMG International is a signatory of the United Nations Global Compact, and has been since 2002. This means KPMG International must issue a 'communication on progress' to the UN Global Compact each year. KPMG International monitors member firms' compliance with KPMG International's Global Quality & Risk Management and People & Culture policies.

KPMG is led by the Senior Partner, who also chairs the Board. The 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.

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 (as are all of our subsidiaries). This statement applies equally to KPMG, KPMG UK Limited and KPMG United Kingdom plc.

Modern Slavery Act Steering Committee

In 2018 we introduced a Modern Slavery Act steering committee (the "committee"), which brought together multidisciplinary stakeholders to address Modern Slavery risks. To more effectively address these challenges, we have increased the frequency of the committee meetings from quarterly to monthly in 2019.

Colleagues from the Office of General Counsel, Procurement and Corporate Affairs comprise the committee. Our Risk & Compliance subject matter experts are also committee members, and advise the forum with best practice approaches that they develop for and share with clients. The committee's diversity of expertise adds a fresh level of challenge to the actions that we are taking as a business. They make sure KPMG's approach to tackling Modern Slavery is up to date with regulatory and best practice developments.

Our policies

Ethical behaviour is of the utmost importance to KPMG and our commitment to instilling this within our operations begins with the firm's Code of Conduct. All KPMG partners, employees and third-party consultants ("KPMG Individuals") are required to confirm in writing that they have read, understood and agree to comply with this Code of Conduct. This declaration includes a personal commitment to behave ethically and to report incompatible behaviour through the firm's Speak Up hotline. These declarations are made when an individual joins KPMG, with an annual refresh through the firm's Ethics and Independence Confirmation.

In March 2018, KPMG introduced its Anti-Slavery & Human Trafficking policy, which applies to all KPMG Individuals. This policy outlines the firm's zero-tolerance stance on Modern Slavery, the potential sanctions for breach 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. As of 31 December 2019,

Alongside our Anti-Slavery & Human Trafficking policy, KPMG was the first organisation to become an accredited Living Wage employer and we are a founding Principal Partner of the Living Wage foundation. 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 the employees of our direct service providers out of working poverty. Similarly, our Equality, Diversity and Inclusion policy promotes a work environment where each person is treated equally irrespective of differing characteristics.

We expect that our suppliers share our high standards towards ethical behaviour. Our Sustainable Procurement Strategy focuses on working with suppliers on sustainability and social issues, including reducing our environmental impact, carbon reporting and supporting the Living Wage Foundation. Our strategy also includes supporting our Inclusion, Diversity and Social Equality agenda and managing our Modern Slavery Risk within our Supply Chain.

0 reports have been made in relation to Modern Slavery



Our supply chain

In the year 1 October 2018 to 30 September 2019 we sourced goods and services from over

3,100  suppliers

with an overall spend of approximately

£460  million

Our Purchase to Pay (“P2P”) platform was implemented in August 2019 as part of our evolving strategy for transparent and responsible procurement. The newly introduced P2P platform provides us with a transparent view of all our strategic and smaller suppliers’ activities and spend profiles, which contributes to our Modern Slavery approach and our other Sustainable Procurement initiatives. Last year we amended our payment terms to 30 days for all supplier and our adherence to the Prompt Payment Code (PPC) is publicly reported.

Risk assessment and due diligence

As a professional services firm, we believe that our industry is relatively low on the scale of risk for Modern Slavery. We take a risk-based approach to understanding and monitoring our Supply Chain, which is an ongoing area of focus for 2020. Our approach is guided by best practice guidance in our procurement function, supply chain monitoring, as well as through ongoing conversations with our Anti-Modern Slavery subject matter experts, to assess any change to Modern Slavery risks in our business and/or supply chain and provide relevant actions to mitigate arising risks.

Identifying high and medium risk suppliers

We are continuing to evolve our approach when it comes to risk-assessing our suppliers. While we built our knowledge of our supply chain, we focussed on spend. We now consider all our suppliers across all categories of spend

when applying our risk classifications. This risk methodology supports our endeavour to apply leading business practices in Modern Slavery risk identification and mitigation.

This year we have taken a refreshed approach and have categorised our suppliers into different tiers of risk in relation to Modern Slavery.

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Starting with all suppliers KPMG worked with in FY2019, we have taken into consideration location of operations and prevalence of Modern Slavery; category risk and vulnerable worker groups; along with spend and whether a contract is in place. Using this approach we have identified 59 high and medium risk suppliers, with whom we engaged further to determine the likelihood of Modern Slavery risk.

Supplier due diligence

We’ve developed our approach to achieve greater transparency and identify a wider net of suppliers to focus on within our supply chain. Our purchasing platform, Coupa, implemented in Q3 2019, offers greater insight to our supply chain base and we have incorporated a thorough due diligence approach.

Our evolution included enhancing onboarding criteria; better guidance throughout for our sourcing experts; developing heat maps of suppliers through focus on category, location, skills sets and material impact on our ability to operate effectively and appropriately in our business services market place.

Supplier modern slavery self-assessment

In order to mitigate the risk of Modern Slavery in our supply chain, all suppliers deemed high or medium risk, in the context of Modern Slavery, have been issued with an updated self-assessment questionnaire. This streamlined questionnaire was based on a questionnaire circulated by government entities to suppliers, and, as such, we

Our supply chain (continued)

believe it embodies best practice. It focuses on policies, procedures and training within the supplier's own operations and their supply chain, to identify any gaps or areas of risk. We have many suppliers who are established with well thought out and comprehensive Modern Slavery policies in place, however we will follow up with any suppliers where any responses are unsatisfactory.

Sustainable procurement

Our Supplier Code of Conduct cascades our values and practices across the supply chain and specifically references the Modern Slavery Act. It is included on all contracts entered into with KPMG's standard terms and with the introduction of our P2P system, it is also attached to all Purchase Orders with KPMG standard terms regardless of the level of spend. The Supplier Code of Conduct will be added to our website for increased transparency.

Measuring the effectiveness of our approach

We are launching a concise set of Modern Slavery KPIs in 2020 to reflect our ongoing commitment to managing our Modern Slavery risk across our supply chain. The data reporting and analysis will evolve during 2020. The focus will be on measuring the response rate to our supplier self-assessment, training, policies and monitoring breaches.

However, we can confirm the following supply-chain specific metrics for 2019:

KPI description	Figure achieved
Training Procurement Sourcing Team members	100%
High or Medium risk suppliers that have published a Modern Slavery statement or policy in line with its obligations under s.54 Modern Slavery Act 2015	98%

Training available to our staff

In 2018, we introduced our Modern Slavery training module to raise

employees' awareness on:

- What Modern Slavery is;
- How to identify instances of Modern Slavery; and
- How to report Modern Slavery.

This training, rolled out in 2018 and 2019, was mandatory for all employees and partners, whilst all new joiners are required to complete this training within one month of joining the firm. In 2020, we will re-issue this training to ensure that all partners and employees have a fresh understanding of this subject.

Considering the direct Procurement sourcing involvement and decisions impacting our supply chain risk our procurement team continues to receive a more focussed programme of learning and development. With the introduction of a BPO service provider for strategic and tactical Sourcing in 2019, all new members of the Procurement team were provided with initial Modern Slavery training. Our central procurement Supplier Governance team are developing this further and implementing and assuring completion in 2020.

Our commitments for next year

Questionnaire responses from our high and medium risk suppliers

Following the release of our recent Modern Slavery self-assessment questionnaire for high and medium risk suppliers, we will review and evaluate the responses. Any unsatisfactory responses will be followed up with and investigated further.

Greater oversight of our supply chain

As we embed our new P2P system over the next year, we will have much greater visibility over our supply chain, including the smallest suppliers. All purchase orders will have KPMG's supplier code of conduct attached to them. This offers the opportunity to embed our approach with a huge variety of suppliers, and also gain comfort that what we are doing is reaching all parts of our supply chain.

Refresh training

We will refresh the understanding of Modern Slavery within KPMG as we re-circulate our mandatory training module in 2020.

Similarly, we will evaluate our procurement training this year to determine whether we can make this more effective for our sourcing team.

Launch additional KPIs

As we progress with the P2P onboarding process and review the responses to our Modern Slavery questionnaire from our high and medium risk suppliers we will introduce additional metrics that will help us measure the effectiveness of our Modern Slavery position.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and was approved by the Board of KPMG LLP. It constitutes our modern slavery and human trafficking statement for the year ended 30 September 2019.



Jeremy Barton
General Counsel

KPMG LLP
16 March 2020

kpmg.com/uk



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