



Modern slavery statement

March 2021

Introduction

This is our fifth 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 2019 to date.

Note: Modern slavery and human trafficking as defined in Annex A of the Government’s guidance issued under s.54(9) of the Modern Slavery Act – “Transparency in supply chains: a practical guide”.

Summary of 2019/20

March 2020

Updated contracting process to incorporate the Supplier Code of Conduct (which references the Modern Slavery Act) into all Supplier arrangements irrespective of the absence or type of contractual terms used.

May 2020

KPMG International updated the global KPMG Values, which govern all KPMG Member Firms.

June 2020

KPMG UK introduced a refreshed Code of Conduct to reflect the updated Values.

August 2020

Rolled out a refreshed and comprehensive version of the Modern Slavery training module which was mandatory for all new and existing employees and partners at the firm.

Ongoing throughout 2020

Reviewed the completed Supplier Questionnaire responses for medium and high-risk Suppliers from our Sustainable Procurement programme and identified areas for improvement with the weaker performing businesses.

January 2021

Updated Procurement training on Modern Slavery.

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 Limited, a private English company limited by guarantee which does not provide services to clients.

KPMG International is a signatory of the United Nations Global Compact and has been since 2002. KPMG International has recently started to report against the Stakeholder Capitalism Metrics developed by the World Economic Forum International Business Council, which will give KPMG International's stakeholders a common way of measuring and understanding their year-on-year progress. This reaffirms KPMG International's long-standing commitment to the UN Global Compact principles, while delivering against the United Nations Sustainable Development Goals. KPMG International monitors member firms' compliance with KPMG International's Global Quality & Risk Management and People & Culture policies.

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.

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 our subsidiaries). This statement applies equally to KPMG, KPMG UK Limited and KPMG United Kingdom plc.

KPMG has a number of formal alliances with third party organisations. All these alliance partners are screened in respect to Modern Slavery.

Modern Slavery Act Steering Committee

Our Modern Slavery Committee (the "committee") continues to drive forward our approach to tackling Modern Slavery.

Colleagues from the Office of General Counsel, Procurement and Corporate Affairs comprise the committee. Our subject matter experts are also committee members and advise best practice approaches that they develop for and share with clients.

The subject matter experts have also shared broader perspectives not just with regards Modern Slavery but also where this sits in the broader Environment, Social and Governance ("ESG") agenda.



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, which was refreshed in June 2020. All KPMG partners, employees and third-party consultants ("KPMG Individuals") are required to complete training on the 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 (which is publicly available on our website, and therefore available for use by employees within our supply chain). As of 31 December 2020, 0 reports have been made in relation to Modern Slavery.

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 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. Our Supplier Code of Conduct (which includes reference to cascading KPMG's principles and practices along the supply chain), is incorporated in all our standard supplier terms and purchase orders. It was updated this year to include our whistleblowing hotline details.

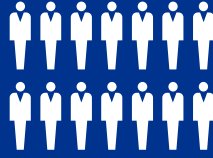


Our supply chain

In the year to 30 September 2020 we sourced goods and services from over

2250

suppliers



with an overall spend of approximately

£400

million



Our Purchase to Pay (“P2P”) platform was implemented in August 2019 as part of our evolving strategy for transparent and responsible procurement. The 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. Our payment terms are 30 days for all suppliers 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 2021. 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 changes 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 focused on spend. We consider 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.

In FY20, we took 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 identified 59 high and medium risk suppliers which were sent a Modern Slavery self-assessment to complete.

Supplier modern slavery self-assessment

In order to mitigate the risk of Modern Slavery in our supply chain, all key suppliers deemed high or medium risk in the context of Modern Slavery, were 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 believe it embodies best practice. It focused on policies, procedures and training within the supplier’s own operations and their supply chain, to identify any gaps or areas of risk.

Our supply chain (cont.)

Supplier modern slavery self-assessment (cont.)

The deadline for the self-assessment response was March 2020. Out of the suppliers identified as high or medium risk, we received a response rate of over 75%. This response rate was lower than expected due to suppliers affected by COVID-19 lockdown restrictions, and as a result of the furlough scheme affecting those who would ordinarily respond to this questionnaire. The majority of suppliers who were unable to meet our response deadline were in the travel industry and one supplier went into administration. The suppliers that did not respond will be a key focus for our work on Modern Slavery during the next year.

Key Metrics

91% of high and medium risk suppliers publish their own Modern Slavery statement.

84% of the responding suppliers reported having an Employee Code of Conduct.

78% of the responding suppliers reported using a Supplier Code of Conduct.

Despite the continued impact of the Covid-19 pandemic on those suppliers who were unable to respond, these suppliers will remain on our records and will continue to be contacted to obtain responses.

Modern slavery was not identified in any of the responses received.

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 marketplace.

KPMG's Third-Party Intelligent Diligence (K3PID) tool is used to screen third parties for range of indicators including negative press and integrity issues. Using this tool, we have undertaken an initial risk assessment on key suppliers. These checks will be ongoing and bring to our attention breaches of financial crime or Modern Slavery associated with that organisation in the public domain. Any concerns are dealt with on a case by case basis. To date no concerns have been raised.

Supplier Code of Conduct

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 on 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 wording on our supplier portal and website were updated to reflect our expectation that all suppliers will comply with or exceed the principles of our Supplier Code of Conduct.

Measuring the effectiveness of our approach

We set ourselves four KPIs in our last Statement:

- To obtain, review and evaluate the responses of Suppliers considered to have a high or medium risk of Modern Slavery in their business.
- To have greater oversight of our supply chain.
- To refresh our training
- To launch additional KPIs.

Reviewing responses

As set out in the Procurement section, we evaluated responses from our High and Medium risk suppliers. It is our practice to follow up with suppliers where deemed necessary. One such example this year was with respect to a supplier whose response was unsatisfactory. Escalation within the supplier, including meeting with management, ensured that our concerns were taken seriously, and we continue to be in communication with the supplier by way of follow up. We have not seen evidence that causes us to suspect incidents of Modern Slavery have occurred in either their business or supply chain.

Oversight of our supply chain

It is appreciated that Modern Slavery can still occur in areas identified as lower risk. To this end, we have carried out a pilot review of our Modern Slavery lower risk spend categories not previously subject to additional due diligence. This has included an adverse media check and a review of suppliers' Modern Slavery statements if they are required to publish one.

Refreshed training

All staff completed training on the Modern Slavery Act over the Summer of 2020. The completion rate was 99%. All outstanding training is strictly followed up.

Our Procurement team attended a Modern Slavery training session in January 2021 which was recorded and any new joiners to the Procurement team will be required to also complete the training.

Additional KPIs

We have broadened our approach to Modern Slavery using the above metrics and also by consulting other KPMG Member Firms in the KPMG network. Whilst these actions did not immediately lead to 'KPIs' during the year, they have continued to build upon the foundations that we started last year.

Measuring the effectiveness of our approach (cont.)

Commitments for next year



1

Extended review of high-risk suppliers across the lower spend brackets.

2

Identify the percentage of K3PID checks on key high and medium risk suppliers.

3

Identify the percentage of staff that have completed the training.

4

Identify the percentage of key high and medium risk suppliers offered Modern Slavery training.

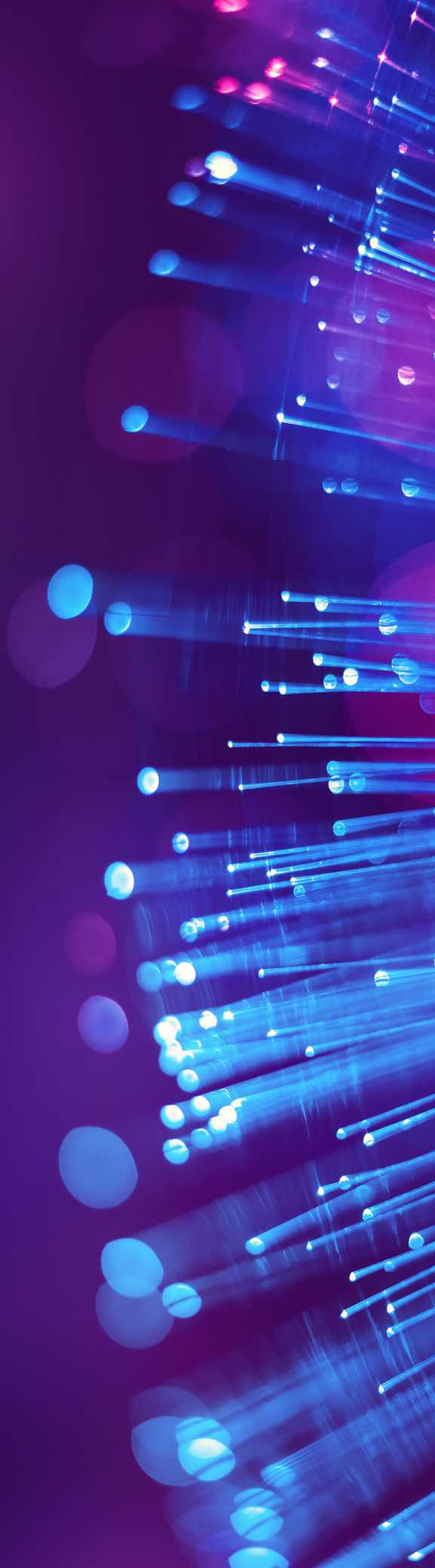
This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and was approved by the Board of KPMG LLP. It constitutes our modern slavery and human trafficking statement for the year ended 30 September 2020.

Jeremy Barton
General Counsel

KPMG LLP
30 March 2021



Thank you





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