



Modern Slavery and Human Trafficking Statement



This statement has been published in accordance with the UK Modern Slavery Act 2015 (the “**Act**”). It sets out the steps that KPMG LLP (the “**Firm**” or “**KPMG**”) has taken to prevent modern slavery and human trafficking as defined in Appendix A of the Government’s 2017 Guidance issued under s.54 (9) of the Act (“**Modern Slavery**”) within its business during the period 1 October 2016 to the date of this statement, and builds upon our first statement issued in 2017.

KPMG has a zero-tolerance policy to Modern Slavery. We work to the highest professional standards to ensure that we comply with all laws and regulations applicable to the Firm. All of our people and suppliers are expected to follow the same high standards.

Our values are at the heart of everything we do at KPMG. These are:

- We lead by example
- We respect the individual
- We work together
- We are open and honest in our communication
- We seek the facts and provide insight
- We are committed to our communities
- Above all, we act with integrity

These values are enshrined in our [UK Code of Conduct](#), and we are proud to live by them. All partners, employees, consultants and subcontractors are required to agree to conduct themselves in accordance with our Code of Conduct.

KPMG maintains 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 the global economy, KPMG aims to act as a role model for the business community. We continue to aspire to the 10 principles of the UN Global Compact, including human rights, as expressed through the KPMG International [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 Modern Slavery.

Areas of focus for this Modern Slavery and Human Trafficking Statement:

We have set up a Steering Group which meets on a quarterly basis in order to guide our approach and maintain focus on the issues around Modern Slavery. This group encompasses members of our Corporate Affairs team, our Modern Slavery team from Forensic practice, our Corporate Crime Legal Services team, our Procurement team, and also the Office of General Counsel.

We have also spent significant time understanding the risks within our supply chain. This statement sets out the risk assessment and due diligence process that we have undertaken, and will continue to build upon going forward.

KPMG's organisational structure and business

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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 15,000 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. All member firms within the KPMG International network are required to act in accordance with the Global Code of Conduct, including our own operations based off shore.

KPMG's governance structure

Our commitment to the highest principles of personal and professional conduct (which includes a zero tolerance approach to Modern Slavery) is clear throughout our business, and our governance structure is designed to ensure that these principles are clear to every person in the organisation.

KPMG is led by the Senior Partner, who also leads the Board which is the main governance body of KPMG. The Board is responsible for ensuring that there is a satisfactory process in place for managing ethical, risk and reputational matters which affect KPMG, including issues such as Modern Slavery.

Our Modern Slavery and Human Trafficking Statement is owned by Jeremy Barton who attends the UK Board and is a member of the Executive Committee and reports to the Senior Partner.

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

Our leadership and governance is further explained on our [website](#).

Our policies

KPMG has a number of policies which support our zero tolerance approach to Modern Slavery in our business and our supply chain.

Since our first Modern Slavery and Human Trafficking Statement, we have developed a Modern Slavery policy which sets out our expectations of our people and the people that we do business with. Whilst the information was always previously available and expectations were set, we have consolidated the various strands into one place so that our stakeholders have absolute clarity on our position, and what to do in the event that they have any concerns.

Our Supplier Code of Conduct continues to be a standalone document and key suppliers must adhere to this code. The Supplier Code of Conduct includes the following:

- **Modern Slavery Act 2015** – an explicit obligation for Suppliers to comply with the Modern Slavery Act 2015, and requiring suppliers to cascade ethical values and practices along their supply chain too.
- **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.

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, and include a link to our whistle-blowing hotline on our website. The whistleblowing policy is designed to make it easy for our reporters to make disclosures, without fear of any detrimental treatment.

Application of our policies to other KPMG UK entities

KPMG has a number of subsidiaries, details of which can be found in our [Annual Report](#). Of these subsidiaries, two have a turnover of more than £36million: KPMG UK Limited and KPMG United Kingdom plc. KPMG UK Limited is an employment company, and KPMG United Kingdom plc provides services to clients. Both entities are wholly owned and controlled by KPMG and are subject to the same policies and procedures as KPMG. This Modern Slavery and Human Trafficking Statement therefore applies equally to KPMG, KPMG UK Limited and KPMG United Kingdom plc.





Our approach to tackling Modern Slavery in our business and supply chains

Our business

We have worked with subject matter experts internally to assess the level of risk in the business and have determined that the KPMG business itself is not inherently high risk in terms of Modern Slavery, given that we are a highly regulated, professional services firm. Whilst the business is generally low risk, there are areas where the risk could be higher if not properly managed, such as within our facilities operations. Where we have identified higher risk areas of the business, we have put in place a plan to mitigate those risks and have controls around them. Using the example of our facilities team, we have distributed training to relevant people within facilities to raise their awareness around Modern Slavery, and to ensure that they are confident of the steps to take, should they see anything which concerns them.

Our suppliers

As part of our risk assessment of KPMG, we have identified that the area of highest risk of Modern Slavery is within our supply chain.

In the financial year ending 30 September 2017, KPMG received a variety of goods and services from over 3,800 third party suppliers and spent approximately £420 million.

KPMG's designated procurement team was responsible for all of those suppliers whose spend was in excess of £100,000, or where they had a lower value, but were included in the procurement programme because the contract had specific risk factors. These suppliers broadly 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 our extensive Supplier Management Programme. 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 Act. All our strategic and other selected suppliers are required to adhere to it and it 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 forced 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.

Our approach to tackling Modern Slavery in our business and supply chains

Supplier risk assessment, due diligence and next steps

As part of our commitment to identify and mitigate the risk of Modern Slavery within our supply chain, we have expanded upon the previous review conducted in 2016.

Suppliers representing approximately 90% of our procurement spend have been through a review exercise, conducted by procurement category managers, these being the professionals closest to the services being provided.

The review has focussed on: 1) all of the suppliers considered last year; 2) all those in the Supplier Management Programme and Sustainable Procurement Programme; and 3) all other suppliers that make-up KPMG's top 100 suppliers by spend. Procurement category managers have also been asked to also consider a broader spectrum of suppliers to see if they could pose a risk of Modern Slavery and to include those in their review.



In order to risk assess the suppliers, we have focussed on the following four key areas:

- the goods or services that the supplier provides;
- 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.

KPMG identified 19 suppliers who potentially fell into the high risk category with regard to the above criteria and 23 suppliers were identified as medium risk. The remaining 82 suppliers were deemed to be low risk.



KPMG contacted all suppliers that were categorised as high and medium risk, requesting that they complete KPMG's Modern Slavery Questionnaire. The questionnaire seeks information regarding the supplier's business, including the locations of a supplier's operations, the policies employed by the supplier, information about how they manage the risk of modern slavery in their supply chains, etc.

Where suppliers remain high risk for one of a number of reasons such as lack of controls around identified risks or the environment they operate in, we work with KPMG subject matter experts in order to determine next steps for those suppliers. Options which would be considered include continuous monitoring using forensic technology tools, audit, supplier interviews, or periodic review. Procedures will be established by the Modern Slavery Steering Group in order to facilitate the decision-making around suppliers who breach our requirements related to Modern Slavery.

We also recognise our responsibility to share the importance of the Act throughout our supply chain and we are committed to sharing best practice through our Sustainable Procurement Programme.

Training

During the last reporting period, we worked with our learning and development teams to determine our training approach in relation to Modern Slavery. As part of the due diligence process, and as set out above, we have determined that the area of highest risk is in our supply chain rather than within the business itself. The result of this is that we have trained our procurement staff in the Act 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.

A video recording of this training was taken, and will be rolled out to our regional facilities staff. We will also share the video with members of staff who are involved in preparing proposals where KPMG is seeking to supply products / services.

With regards the remainder of the firm, we are committed to raising awareness of the Act and will be promoting materials throughout next year in order to do so. The Act was referred to in the Code of Conduct training which was completed by all partners and employees in 2017.

Our Commitments

In advance of our next Modern Slavery and Human Trafficking Statement, we make the following commitments:

- we will further develop initiatives to raise awareness amongst all of our partners and employees.
- our Modern Slavery Steering Group will meet quarterly to monitor our activities and ensure an evolution of our Modern Slavery approach.
- our Modern Slavery Steering Group will undertake a comprehensive review at the end of the financial year to assess the effectiveness of our activities.



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 financial year ending 30 September 2017.

Signed:

Jeremy Barton
General Counsel
KPMG LLP

Date: 8 March 2018

A handwritten signature in brown ink, appearing to read 'Jeremy Barton', followed by a horizontal line extending to the right.

kpmg.com/socialmedia



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