

# **KPMG Modern Slavery Statement 2022**

# Introduction

**We believe sustainable growth is the only way to build a successful business and have a lasting impact on the world. Guided by our global purpose – to inspire confidence and empower change – and [Our values](#), we are committed to being transparent and accountable for our ESG performance. Our UK Environmental, Social and Governance (ESG) plan – [Our Impact](#) – helps us do this.**

**We continue to voluntarily report our ESG performance against the World Economic Forum International Business Council Stakeholder Capitalism Metrics, which aim to bring consistency and comparability to ESG reporting across sectors, industries, and geographies. Our UK Modern Slavery Statement forms part of our response to these metrics and builds on our long-standing support for**

**the UN Global Compact, to which KPMG International has been a signatory since 2002. In 2023 KPMG will be taking part in the UN Global Compact Business and Human Rights Accelerator programme, a six-month programme designed to help companies drive forward action on human rights.**

This is our seventh annual Modern Slavery Statement. It has been prepared for KPMG LLP (“KPMG”) pursuant to section 54(1) of the UK Modern Slavery Act (MSA). This Statement also covers the following wholly owned subsidiaries of KPMG: KPMG UK Limited and KPMG United Kingdom plc, as well as KPMG Investments Malta Limited, Crimsonwing Limited, KPMG Crimsonwing (Malta) Limited, and KPMG Crimsonwing Limited (the latter four collectively referred to as ‘MBS’). It sets out the actions taken to identify, assess, address, and

prevent modern slavery in our operations and supply chains for the financial year ended 30 September 2022 (FY22).

Throughout 2022, the UK has seen developments in modern slavery regulation and guidance. In April of 2022, the Financial Reporting Council published [research](#) in collaboration with the UK Anti-Slavery Commissioner and Lancaster University focused on the quality of UK companies’ modern slavery disclosures and in May 2022 the UK Government announced a new Modern Slavery Bill. These measures seek to strengthen protections for victims of human trafficking and modern slavery and drive companies to take accountability for mitigating modern slavery within their operations and supply chains, centring modern slavery risk mitigation within decision-making processes and communicating clearly and effectively on how risks are being addressed. KPMG aims to continuously improve its alignment with evolving legislation and good practice guidance with respect to the identification, mitigation, and remediation of modern slavery risks.

At a global level, KPMG International has made a commitment to respecting human rights and seeking to eliminate all forms of forced, compulsory, and child labour from its operations and supply chains in line with national and international regulation and good practice guidance, including the UN Sustainable Development Goal 8: Decent work and economic growth. In November 2022, representatives from KPMG attended the 11th UN Forum on Business and Human rights which focused on centering rights holders and strengthening businesses accountability for human rights.



# Introduction (Cont.)

The professional services industry is not typically considered a high-risk sector for labour related breaches.

However, we are acutely aware that risks can arise across our operations and supply chain. We have a critical role to play in managing potential harm to people through a risk-based approach to human rights due diligence.

At a global level KPMG International publishes the [KPMG International's Business and Human Rights Statement](#)

which sets out the requirement for all member firms to implement policies and procedures consistent with the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organization (ILO) Core Conventions and the Organisation for Economic Co-operation and Development's Guidelines for Multinational Enterprises (OCED Guidelines for MNEs).



# Executive Summary

**This Statement is intended to provide an update on the progress made by KPMG over the course of FY22 to strengthen our approach to the detection and prevention of modern slavery within our business and supply chains.**

KPMG recognises that geopolitical instability, the impact of climate change, the cost-of-living crisis, and the world's adjustment to life following Covid-19 has increased the vulnerability of worker populations to exploitation and unfair treatment. These events further exacerbate the need for KPMG to continue supporting its people and those impacted by KPMG's operations by driving forward improvements in modern slavery risk identification, prevention, and remediation.

## **FY22 key highlights:**

The below table lists, at a high level, our progress against commitments made in the FY21 Modern Slavery Statement. More detail on each of these commitments can be found in the relevant sections below:

	<b>Commitment made in FY21 Statement</b>	<b>Progress as at FY22 Statement</b>	<b>Comment</b>
<b>Our Policies</b>	Update our Supplier Code of Conduct to include additional human rights and labour provisions	Complete	
<b>Our Policies</b>	Review and update our Anti-slavery and Human Trafficking Policy	Complete	
<b>Our Policies</b>	Enhance our Speak Up Policy by including modern slavery concerns as a reason to report	Complete	
<b>Risk Assessment and Due Diligence</b>	Review the risk assessment process for suppliers including high-risk categories and high-risk countries to ensure our enhanced due diligence process is reaching our highest risk suppliers	Complete for 2022. Commitment will be ongoing in 2023	Implementation of recommendations to be considered during the refreshed supplier risk assessment in 2023
<b>Risk Assessment and Due Diligence</b>	Formalise the review of our supplier SAQs including developing score cards, minimum standards, and a monitoring process to help align suppliers with our requirements	Complete for 2022. Commitment will be ongoing in 2023	Implementation of recommendations to be considered during the refreshed SAQ process in 2023
<b>Risk Assessment and Due Diligence</b>	Conduct a modern slavery risk review across our business to identify where modern slavery risk might occur in relation to our audited entities and clients	Complete for 2022. Commitment will be ongoing in 2023	Implementation of recommendations to be considered during 2023

# Executive Summary (cont.)

	Commitment made in FY21 Statement	Progress as at FY22 Statement	Comment
<b>Training</b>	Review and refresh our firm-wide modern slavery training. All colleagues will sit this mandatory training course in FY22	Complete	
<b>Training</b>	Continue to provide our Procurement teams with annual training on modern slavery	Complete for 2022. Commitment will be ongoing in 2023	We have provided training to our Procurement team in 2022. This is an ongoing commitment, and we will be providing refreshed training in 2023
<b>Training</b>	Offer modern slavery training to high-risk suppliers, particularly those who scored poorly on SAQs	Complete for 2022. Commitment will be ongoing in 2023	We will continue to offer this training following completion of our SAQ process in 2023
<b>Training</b>	Continue to communicate with our people over the course of FY22 to build a culture of awareness around modern slavery, including who is accountable at the firm	Complete for 2022. Commitment will be ongoing in 2023	We will continue to communicate with our people over the course of FY23 to continue building awareness of modern slavery including accountable parties within the firm
<b>Effectiveness</b>	Develop additional modern slavery KPIs	Complete for 2022. Commitment will be ongoing in 2023	We will continue to develop our modern slavery KPIs in FY23 to ensure we are tracking and driving forward progress effectively
<b>Effectiveness</b>	Finalise our maturity report and prioritise recommendations for the coming reporting period	Complete	
<b>Governance and Approvals</b>	Continue to review the membership of our Modern Slavery Working Group and add additional members as required	Complete for 2022. Commitment will be ongoing in 2023	We will continue to review membership of our Modern Slavery Working Group throughout FY23

# Our Business, Structure and Supply Chains

**KPMG LLP is constituted in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000. KPMG LLP, is part of the KPMG global organisation of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organisations. The KPMG organisation structure is designed to support consistency of service quality and adherence to agreed Values wherever its member firms operate. KPMG International is a private English company limited by guarantee which does not provide professional services to clients.**

The global KPMG member firm network provides a full range of professional services to business, governments, public-sector agencies, not-for-profits and through KPMG firms' audit and assurance practices, the capital markets.

We often utilise our member firm network to support on, or subcontract out, elements of our client engagements or our operations where specialist knowledge might exist, in relation to jurisdictions outside the UK. We also utilise KPMG Global Services (KGS) to provide advisory and support services. Our relationship with KPMG member firms and KGS is different to that of an external third party. Therefore, we have excluded these relationships from 'our supply chain' in this Statement.

KPMG member firms and KGS are held accountable by KPMG International's Global Quality & Risk Management and People & Culture policies, which incorporate human rights and modern slavery considerations. Compliance with these policies is monitored by KPMG International.

Further details about KPMG International and its business, including our relationship with it, are available in the 2022 [KPMG International Transparency Report](#).

KPMG's primary focus is to provide professional services, notably audit, tax and legal, deal advisory and consulting services. KPMG operates primarily through the partnership and its subsidiaries, predominantly in the UK, which collectively have

over 16,800 employees and members (partners) in the UK, operating out of 20 UK offices. References within this Modern Slavery Statement to our 'colleagues' or 'people' means employees of KPMG UK Limited which employs all UK staff and members (partners) of KPMG LLP. KPMG United Kingdom plc does not have any employees.

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. A full list of KPMG's subsidiaries can be found in our [UK Members' Report and Financial Statements 2022](#).

## KPMG Global reach



Number of countries and territories KPMG operates in:

**143**

Dec 22

(Dec 21: 145)



Number of Partners and colleagues employed by KPMG

**>265,000**

Dec 22

(Dec 21: >236,00)



# Our Business, Structure and Supply Chains (cont.)

## Where we source

As a professional services firm, we procure goods and services from suppliers for the operation of our business. Our supply chain includes our supplier, corporate subcontractor, and alliance relationships. The ways in which we mitigate the modern slavery risks presented by each of these relationships is detailed below. In FY22, KPMG had 2,100 active suppliers. Of our ~£620 million annual procurement and rental spend in FY22, ~£603 million was spent with suppliers based in the UK, ~£12 million was spent with US based suppliers and ~£6 million was spent with suppliers located in the EU. According to the Global Slavery Index, the UK, and the US, where 99% of our procurement spend resides, has a lower prevalence ranking for modern slavery. However, we are acutely aware that slavery-like practices can and do occur in the UK and US, particularly in certain higher risk sectors.

KPMG categorises its procurement spend into the six categories shown below. Each of the suppliers within these categories presents differing modern slavery risks according to the sector in which they sit, nature of their workforce, and the jurisdictions in which they operate.

Suppliers within the Technology category who provide hardware are often exposed to the highest risks of modern slavery. Facilities also presents a higher risk of modern slavery, particularly in relation to catering, cleaning, security, waste management and mail room services. This is due in part to the nature of the labour and workforce within in these sectors which tends to be base-skilled manual labour, reliant upon vulnerable workforce populations, including temporary and migrant workers.

These risks have been identified through our risk assessment processes and are managed through our rigorous due diligence procedures as detailed later in this statement (Risk Assessment and Due Diligence).



Facilities



Human Resources



Marketing



Professional Services



Resources and Consultancy



Technology (hardware)

# Our Business, Structure and Supply Chains (cont.)

## Supplier jurisdiction by spend



# Our Policies

**KPMG’s zero-tolerance stance on modern slavery is upheld by a framework of policies designed to help us identify and combat risks to the firm and the people with whom we deal, including risks of forced or compulsory labour. All our people and our contractors are required to adhere to our policies which are made available on our internal intranet. The third parties with whom we engage are also required to adhere to certain policies. Details of these policies are included below:**

## **KPMG International Human Rights Statement**

Modern Slavery is an abuse of the human right laid out in article four of the Universal Declaration of Human Rights. KPMG International has made a commitment within the [KPMG International Human Rights Statement](#) to respect human rights, prevent adverse human rights impacts caused by its business relationships and, address any impacts that may occur. This encompasses forced or compulsory labour.

- The commitment is applicable to all KPMG member firms who are required implement policies and procedures in line with international human rights standards and guidance and follow high standards of ethical conduct.
- Is aligned to Universal Declaration of Human Rights, the UNGPs, ILO Core Conventions, and the OECD Guidelines for MNEs.


## **Our Code of Conduct and Values**


Our [Code of Conduct](#) includes a personal commitment to live **Our Values – Integrity, Excellence, Courage, Together, For Better** – and respect the human rights of all individuals with whom we deal, including aspiring to the ten principles of the UN Global Compact in the areas of human rights, labour, environment, and anti-corruption. Our Code encourages colleagues to report unethical behaviour through the firm’s Speak Up Hotline. As mentioned below, modern slavery has recently been

 **Integrity**  
We do what is right.

 **Excellence**  
We never stop learning and improving.

 **Courage**  
We think and act boldly.

 **Together**  
We respect each other and draw strength from our differences.

 **For Better**  
We do what matters.

added to in the Speak Up Policy as a reason to report.

Our Values and Our Code are applicable to all our colleagues and contractors. Any breaches of Our Code may lead to disciplinary action up to and including dismissal, report of wrongdoing to professional bodies, civil and criminal liability for serious or repeated breaches.

## **Speak Up Policy**

KPMG’s internal Speak Up Policy encourages our people and our contractors to speak up where they have issues or concerns about unethical working practices or where someone isn’t living Our Values. The policy outlines the avenues through which a concern can be raised, details how concerns are investigated, and how whistle-blowers are protected from retaliation. In FY22, this policy was updated to include modern slavery concerns as a reason to report. Having avenues to report concerns and protection from retaliation are essential to maintaining our culture of zero-tolerance for forced or compulsory labour.

This policy is owned and controlled by our Ethics and Independence Partner and details of the Speak Up Policy are included in our annual training on Our Values and Our Code.

## **Grievance Policy**

An effective grievance mechanism is a key means through which employees can report concerns and issues which might otherwise exacerbate vulnerability to exploitation such as unfair treatment. As well as our Speak Up Policy, KPMG operates an internal Grievance policy through which employees can raise concerns where they feel they have been directly impacted by the matter at hand or have been victimised for whistleblowing.

The policy and grievance process are owned and controlled by our Employment Law Partner.

# Our Policies (cont.)

## Anti-Slavery and Human-Trafficking Policy

This policy applies to our colleagues, and contractors and reaffirms our strict zero-tolerance approach to instances of forced labour and human trafficking. It sets out the responsibility of those working for and on behalf of KPMG to uphold our commitment to the prevention, detection, and reporting of modern slavery in our business and supply chain and provides information on how to identify and report concerns.

- Potential sanctions for breaches of this policy include disciplinary action, up to and including dismissal.
- The policy is owned by the Office of General Counsel. It was updated in FY22 and went live in FY23.
- The policy aligns with our responsibilities under the International Bill of Human Rights, including the Universal Declaration of Human Rights, and by the ILO's Declaration on Fundamental Principles and Rights at Work and the UNGPs.

## Financial Crime Policies

Modern Slavery is considered a predicate crime to money laundering, bribery, corruption, and other related financial crimes. As such, robust financial crime policies and controls form an integral part of our approach to mitigating modern slavery risks. Our internal Anti-Financial Crime and Anti-Money Laundering (AML) policies, procedures and internal controls support KPMG to identify, assess, manage, and mitigate financial crime risks, including modern slavery and human trafficking.

Internal financial crime policies and controls are owned by the firm's Money Laundering Reporting Officer (MLRO) and are reviewed and updated annually.

## Supplier Code of Conduct

Our [Supplier Code of Conduct](#) reiterates our dedication to eradicating modern slavery and human trafficking in our operations and supply chain and sets out the values and commitments suppliers are expected to adhere to in order to meet KPMG's standards. Our Supplier Code of

Conduct also outlines how suppliers can report concerns and in FY22 we updated our Supplier Code of Conduct to incorporate clear provisions on adherence to all relevant laws on minimum age requirements, wages, working hours, and forced labour.

Where we feel that a supplier has fallen short of our standards, KPMG will work to ensure remedy. If the supplier fails to resolve the issue in an acceptable manner, we will consider termination of the supplier relationship altogether.

The Supplier Code of Conduct is owned by the Sustainable Procurement team and will be reviewed every two years.

Our Supplier Code of Conduct is underpinned by the United Nations Global Compact and reflects our core Values of Integrity, Excellence, Courage, Together and For Better.



### Speak Up

Our [Speak Up Hotline](#) can be used by colleagues, suppliers, contractors, or anyone else that deals with KPMG to report any concerns of unethical behaviour, including those relating to modern slavery. The Hotline is available 24hrs a day, 7 days a week and is available in 27 languages. All reports are confidential and can be made anonymously if required. The Hotline is operated through a Clearview system – with an independent ombudsman overseeing investigations. During FY22, no complaints or concerns were raised about modern slavery or human trafficking taking place in our UK operations or supply chains.

# Our Policies (cont.)

## Inclusion, Diversity and Equity Policy (IDE Policy)

Our internal IDE Policy forms a key element in our approach to preventing all forms of victimisation, which can result in increased vulnerability to exploitation, and building a culture of fair treatment and equity. The IDE policy applies to all of our people and outlines our commitment to creating an inclusive environment where all colleagues thrive and reach their full potential, whatever their identity or background and outlines the process for reporting discrimination, inequality, and harassment based on any protected characteristic under the Equality Act, 2010.

Non-compliance with the policy could amount to discrimination, bullying or victimisation which, as acts of gross misconduct, may result in dismissal.

The policy is owned by the Head of Inclusion, Diversity, and Social Equity and the Inclusion, Diversity, and Equity team review and monitor processes, policies, and procedures to ensure promotion of equity across all levels of KPMG.

To find out more about KPMG’s approach to inclusion, diversity, and equity, please visit: [Inclusion, Diversity and Equity](#).

### During FY22, we:



Streamlined our policies on our internal intranet site.

Provided training on our governance processes to all policy owners.

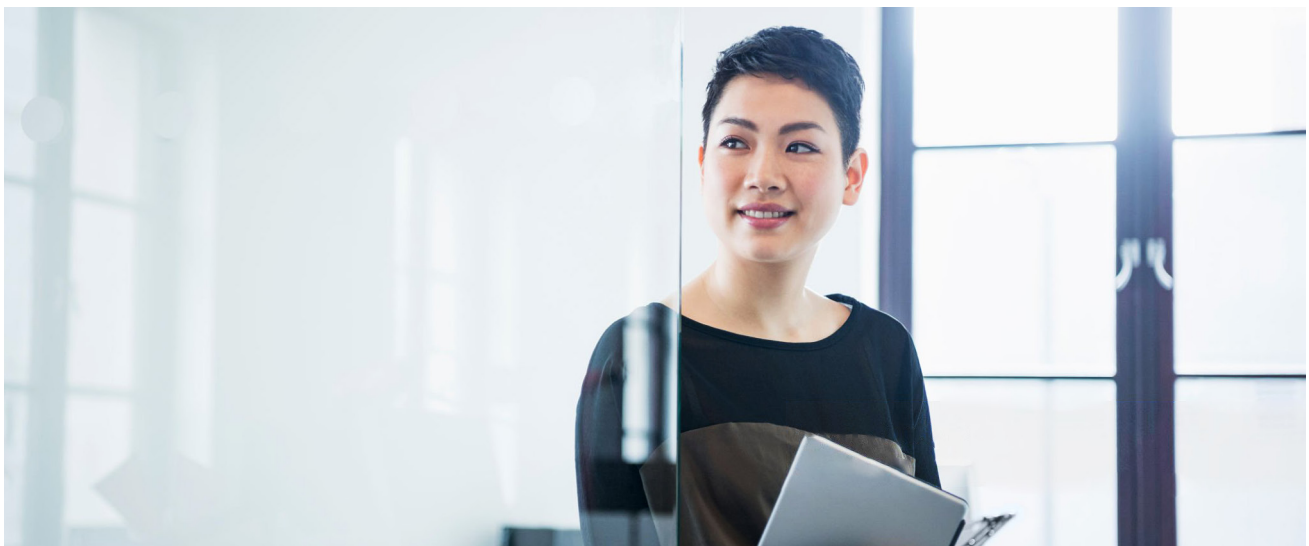
Updated our Supplier Code of Conduct.

Updated our Speak Up Policy to include modern Slavery as a reason to report.

### In FY23, we will:



Conduct an annual review of our policies and supporting process maps, and make amendments where required.



# Risk Assessment and Due Diligence

We define the term ‘modern slavery’ as exploitation so severe that people have their liberty taken away for someone else’s profit or benefit. Modern slavery is an umbrella term that includes slavery, servitude, forced labour, debt bondage, human trafficking, and the worst forms of child labour. The following section sets out how KPMG identifies, assesses, addresses, and prevents modern slavery risk.

The risk of modern slavery or slavery-like practices is increased when the following indicators are present:

- 01 High-risk sectors and products** – For KPMG, our main category and product risks include our relationships with businesses producing laptops, mobile phones, and food, as well as those providing construction, catering, cleaning, security, travel and hospitality, and maintenance services.
- 02 High-risk jurisdictions** – KPMG has business relationships with a wide range of audited entities and clients, suppliers, and third parties who may have operations or supply chains based in countries where there is conflict, corruption, or weak rule of law.
- 03 Vulnerable populations** – Similarly, businesses with whom we deal may rely on workforces made up of base-skilled or unskilled labour, high numbers of temporary, seasonal, migrant workers, workers from minority groups, and children, all of which present a higher risk of modern slavery.
- 04 Business models structured around high-risk work practices** – KPMG utilises the services of recruitment agencies and recognises that there may be an increased risk of modern slavery exposure via its relationships with suppliers, audited entities and clients, and third parties which are reliant upon subcontracting and outsourcing or which have complex ownership structures.

Where multiple modern slavery risk indicators are present, there is a greater likelihood of harm to people occurring.

KPMG recognises the need to monitor its business relationships and operations for such indicators to ensure our efforts are focused on where the risk of harm to people is highest.



Vulnerable populations



High-risk business models



High-risk sectors



High-risk jurisdictions

# Risk Assessment and Due Diligence (cont.)

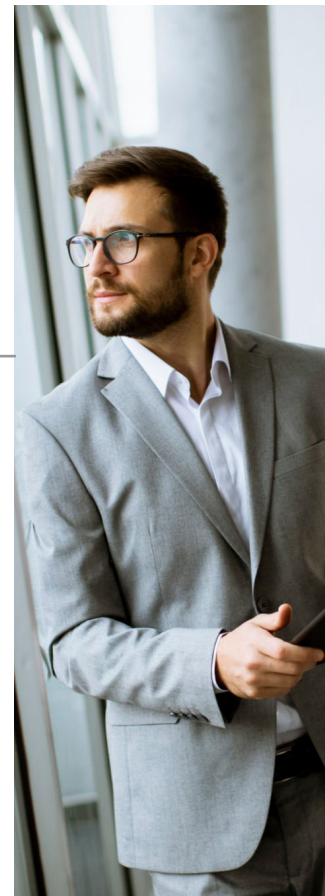
## Living Wage

We are committed to ensuring that all our people are paid fairly. KPMG was one of the first organisations to become an accredited Living Wage employer and we are a founding Principal Partner of the Living Wage Foundation. As an accredited Living Wage Employer, we require that subcontracted and supplier staff working in KPMG offices are paid the applicable Living Wage or London Living Wage by their employers. We encourage our suppliers to pay a Living Wage salary and pursue accreditation and we are proud to have one of our colleagues as the Chair of the Living Wage Foundation Advisory Council. Following the increase to living wage rates in 2022, our Chief Procurement Officer contacted a number of our suppliers directly to encourage payment of a living wage. Payment of a living wage is an important aspect of our approach to anti-modern slavery and is a vital step in reducing vulnerability to slavery-like practices.

## How we approach modern slavery risk in our operations

### Employees

KPMG operates in the professional service sector, employing highly skilled individuals. Although the risk of labour-related breaches is lower in our sector, we are mindful of possible risks regarding our people and carry out robust checks prior to membership/employment to ensure that modern slavery does not take place in our business. This includes interviews during which we determine each candidate's suitability for the role in question and conduct identity checks. Once an offer of employment has been accepted, we conduct pre-screening of our people including:



# Risk Assessment and Due Diligence (cont.)

Our Talent and Acquisition team work closely with our Risk and Compliance teams to monitor our recruitment process in line with the Equality Act and Rehabilitation of Offenders Act as well as other UK legislative requirements.

Our people are required to complete training on [Our Code of Conduct](#) on an annual basis to help embed Our Code in our culture. Our people are also required to sign an annual declaration, confirming their awareness of the Speak Up Hotline. These declarations are made when the individual joins KPMG and with an annual refresh through the firm's Ethics and Independence Confirmation process.

It is the responsibility of everyone at our firm to escalate concerns or signs of modern slavery or unethical behaviour within our operations or supply chain. We have numerous ways in which our people can speak up,

including through our network of Ethics Champions and via our Speak Up Hotline. Our people are made aware of the Speak Up channels through Our Code of Conduct, yearly Ethics and Independence training, KPMG Intranet, and other communications. For more information on how we are creating a culture that enables our people and firm to thrive, visit [Our Culture](#).

In 2022 we launched our Tool for Monitoring for Signs of Retaliation. This tool was developed in order to monitor for possible signs of retaliation against employees who have raised speak up concerns or grievances for two complete performance cycles after the report was made. The tool produces red flags if there is a significant change in performance and reward data or the colleague in question resigns from the firm during this time period. The flags are investigated by a member of the Employee Relations Investigation team and the findings are documented and discussed with the Ethics & Employment Law Advisory Team Partners monthly.



80% / of colleagues felt they could report unethical practices without fear of being negatively impacted.

2022 Global People Survey  
(2021: 72%)



## Ethics Champions

We have over 100 Ethics Champions across the firm. Anyone can approach any Ethics Champion, no matter their location or capability. As well as helping our people to report or discuss any ethical issues or concerns, they will also help to identify and address any examples of poor ethical practices.



Number of Ethics Champions: **>100**

(FY21: +120)



## Speak Up Hotline

Our Speak Up Hotline is a secure and confidential channel, monitored by an independent ombudsman who oversees investigations arising from reports received, and reviews and/or makes recommendations with regard to any actions taken by the firm as a result. Colleagues can check-in to see the progress of their report at any time. In 2022 our whistle-blowing processes were reviewed and benchmarked by Protect, a whistle-blowing charity, to help us ensure our approach remains in line with good practice.



Reports to Speak Up hotline: **45**

(FY21: 48)



## Other routes to speaking up

To guide our colleagues on routes available for raising concerns, information on all routes for speaking up is available on our internal website. We recognise that speaking up takes courage. We remind our colleagues of the wellbeing support available to them to support them in this process, for example, our independent Employee Assistance Programme, and the health helpline Health at Hand.



Reports to Ethics Champions: **214**

(FY21: 193)

# Risk Assessment and Due Diligence (cont.)

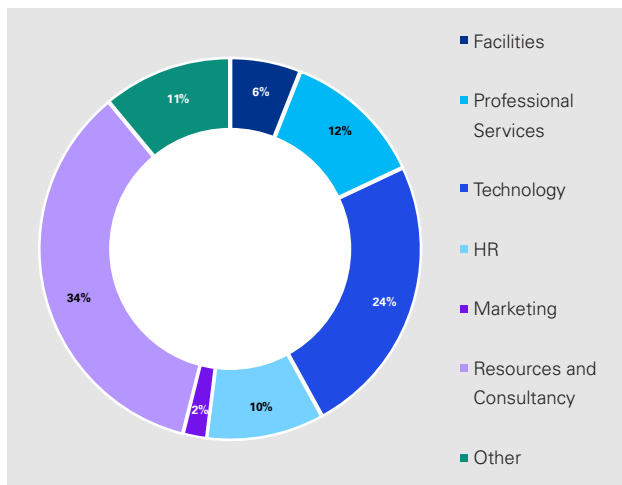
## How we approach modern slavery risk in our value chain

As a professional services firm, our most significant risks in relation to modern slavery are in our value chain. We source from numerous different suppliers and contract our alliance partners and corporate subcontractors to assist us in delivering the best service to our clients. Our Sustainable Procurement Programme is ESG-focused. It drives improvements on sustainability and social issues, including reducing our environmental impact through carbon reporting, promoting inclusion and diversity, and managing modern slavery risk within our supply chain. Consideration of modern slavery risk is embedded within each stage of the procurement lifecycle, from supplier selection to continuous monitoring.

In FY22 our annual procurement spend was around ~£620 million with ~2,100 suppliers.

## Our Suppliers

### Annual procurement spend by category



## Risk assessment

The majority of our suppliers are based in low-risk jurisdictions where compulsory modern slavery legislation is in place, however, we recognise that our relationships with suppliers may still expose us to modern slavery risks which must be identified and managed in order for KPMG to fulfil its commitments to human rights. As such, we are continuing to evolve our

approach when it comes to risk-assessing our suppliers, alliance partners and subcontractors. In 2021, KPMG risk-assessed the full list of suppliers, alliance partners and subcontractors across the firm into high, medium, or low risk categories. We identified the below categories as the highest risk for modern slavery due to their reliance on base skilled labour, manual labour and use of third-party labour providers. We also took into account the Global Slavery Index when determining jurisdictional risk.

In 2022, our internal modern slavery SMEs conducted a review of our supplier risk assessment process. This included suggested enhancements to the ways we consider the sector and jurisdictional risks we may be exposed to through our suppliers. Recommendations from this review will be taken into account when we complete the refreshed risk assessment of all suppliers which will be conducted in 2023.



Fit out and refurbishment



Security guarding services



Catering



Waste management



Cleaning



Branded merchandise



Corporate clothing



Technology (hardware)



Delivery and mailroom



Events and travel (hotels and ground transportation)



Relocation

# Risk Assessment and Due Diligence (cont.)

## Due diligence

Our approach to due diligence is guided by good practice guidance in our procurement function, supply chain monitoring, and ongoing conversations with our internal modern slavery SMEs, to assess changes to modern slavery risks in our business and / or supply chain and provide relevant actions to mitigate arising risks.

At the supplier selection stage, suppliers with estimated spend greater than £100k are requested to complete the Sustainable Procurement Questionnaire, which includes questions in relation to modern slavery. Suppliers' responses are reviewed and scored to assess the controls they have in place to mitigate the risk of modern slavery.

At on-boarding, all suppliers undergo adverse media screening, which encompasses modern slavery and human rights indicators. Tier one and tier two suppliers are subject to continuous risk monitoring including weekly screening for adverse media. Relationships that are rated as high and medium risk in the risk assessment process and with whom we have an annual spend of >£50k, are required to complete a self-assessment questionnaire (SAQ). The SAQ is biannual and is based on the Modern Slavery Assessment Tool (MSAT) produced by the UK Government. The SAQ focuses on the key policies and procedures that our business relationships have in place to identify, assess, and address modern slavery risk in their operations and supply chains. The scoring methodology of the SAQ was reviewed by our internal modern slavery SMEs in 2022. The purpose of this review was to develop minimum standards and a quantifiable scoring mechanism to review our suppliers' modern slavery risks and controls more rigorously. Recommendations from this review will be considered for implementation during the SAQ process in 2023. Where suppliers received low scores in the SAQ in the FY21 review process, they were invited for targeted modern slavery training provided by our Sustainable Procurement Team and modern slavery SMEs.

The majority of procurement for MBS is managed centrally and is therefore subject to the risk assessment and due diligence controls described above. MBS does however procure some localised services such as security, cleaning, internet, and data centre services. These supplier relationships are often long term, and the payment rates are reviewed regularly.

## Case studies

### Branded Merchandise

Our most recent supplier risk assessment identified branded merchandise as a high-risk area for modern slavery within our supply chain. In accordance with our Gifts and Hospitality Policy there may be circumstances in which it is appropriate for KPMG employees to source branded merchandise for marketing purposes and use at corporate events, this includes branded stationary, apparel, and reusable coffee cups and water bottles. Given the manufacturing industry's reliance on manual and base pay labour throughout supply chains, it is essential we maintain an awareness of any modern slavery risks related to our branded merchandise suppliers and how these risks are being proactively managed.

Our largest supplier of branded merchandise is committed to maintaining effective systems and controls to combat modern slavery and ensure slavery and human trafficking are absent from their business and supply chain. Our supplier disclosed in its most recent Modern Slavery Statement, the action it takes to actively mitigate risk of modern slavery through the implementation of due diligence and onboarding processes, training programmes, supply chain assessments and Anti-Slavery and Human Trafficking policies. These practices were endorsed not only in their business but also in their dealings with suppliers, contractors, and business partners. Their zero-tolerance approach to slavery and human trafficking means that they have a rigorous supplier selection process and promote continued monitoring to ensure suppliers are slavery free. Notably, they have conducted supplier evaluations and audits on 80% of their top suppliers.

# Risk Assessment and Due Diligence (cont.)

Through the annual release of an ethical code of conduct, onsite visits, inspections, and assessments, using their trained auditors, our supplier works to ensure supplier and operational adherence to their Anti-Slavery and Human Trafficking standards. Further, they utilise labour monitoring and payroll systems, operate whistle-blowing procedures and are subject to internal and third-party audits to mitigate risks within their own operations.

## Cleaning and facilities services

In FY22, KPMG utilised the services of three cleaning and facilities services agencies. The UK Government deems cleaning services as a high-risk area for modern slavery due to the complexity of the industry, the nature of the workforce, and the often-opaque nature of operations. Therefore, it is important that our cleaning services suppliers have appropriate frameworks in place to manage these risks. Our largest cleaning services supplier, as defined by spend, scored highly in our most recent SAQ, indicating compliance with good practice modern slavery standards and regulation. In FY21, our key cleaning and facilities supplier undertook an annual reassurance of all its suppliers, suspended the processing of one-off supply chain invoices without standardised procurement controls, and updated its Speak-up and Anti-Slavery policy to increase awareness on signs of modern slavery and available tools for reporting any suspected incidents.

Whilst they do not currently undergo modern slavery risk assessment and due diligence processes, KPMG acknowledges that suppliers providing services to MBS may be exposed to modern slavery risks and will make efforts to align risk assessment and due diligence processes going forwards.

## Our Alliances and Corporate Subcontractors

To deliver the best of KPMG to our clients, we use strategic alliances and corporate subcontractors to ensure we have the right technology, people, and skills. If any of our strategic third-party arrangements are associated with slavery-like practices, we could inadvertently be linked to such practices through the provision of our services. Below we set out the due diligence procedures we have in place to mitigate these risks.

KPMG forms alliances with external organisations where we intend to work with a company on multiple occasions for a joint purpose. Most of our alliance partnerships are with technology software providers. We also contract with corporate subcontractors to supplement our teams through providing personnel or to provide a technical element of our service to our client. Corporate subcontractors are generally engaged by KPMG to give access to particular technical skills and capabilities. As such the individuals working in these roles tend to be highly skilled specialists and at a lower risk of modern slavery. Alliances and corporate subcontractors follow the standard Third-Party Risk Assessment (TPRA) process prior to the contract being signed and on an annual basis or once every three years dependent on identified risks. As part of the TPRA process, third parties are required to provide their Code of Conduct or equivalent processes. Where these do not exist, third parties are required to adhere to our KPMG Code of Conduct. Additionally, third parties are screened for modern slavery and human rights abuses as part of the TPRA process. If any material modern slavery risks were to be picked up during these processes, the partner accountable for risk in the relevant department would be notified. Where risks are deemed unacceptable, the relationship may be suspended or terminated.

We circulate our Ethics and Independence eBook to all corporate subcontractors. This sets out the standards and requirements to which our subcontractors are expected to adhere. It encompasses Our Values, Our Code of Conduct, ethical decision making and how corporate subcontractors can raise concerns. There is an expectation that this guidance will be circulated to those individuals providing services to KPMG under a subcontractor agreement. In FY22, we initiated an internal review to examine the ways in which we select and manage our corporate subcontractor relationships with a particular focus on our ethics and independence controls.

# Risk Assessment and Due Diligence (cont.)

## Our Contractors (Associates)

KPMG uses contracted workers to supplement our service offerings that we cannot fill in-house. KPMG's contracted workforce comprises of highly skilled specialists, as well as base-skill workers who perform iterative and administrative tasks as part of our managed service offerings, the latter presenting a higher risk of modern slavery. Nearly half of our contractor workforce supports our managed service engagements. All contracted workers go through full screening checks, as described above in the employee section. Contracted workers are required to adhere to KPMG policies whilst engaged in providing services on behalf of the firm.

In FY22 we initiated a review to determine awareness amongst our contracted staff of the relevant policies and processes they should adhere to. Contracted workers also complete Ethics & Independence training upon joining KPMG. They are required to complete ongoing training at regular intervals during their time at the firm. This training educates contracted workers on the Speak Up channels through which they can report concerns around unethical behaviour. If they are on a contract of six months or more, or joining audit (regardless of the length of contract), there are additional training requirements. All current contractors are paid above the London Living Wage. To help manage the contractor workforce, KPMG has an External Workforce Policy. Nearly three quarters of all contracted workers are recruited through a recruitment company who conducts full employee screening on behalf of KPMG. Recruitment agencies are considered high-risk for modern slavery as they add a layer of complexity to the supply chain, and we lose visibility over how the labour is managed. Recruitment agencies go through the enhanced procurement checks, as described above in the supply chain section.

## Our Audited Entities and Clients

KPMG's primary focus is to provide professional services to clients and audited entities ("clients"). If any of our clients are linked to slavery-like practices or poor working conditions in their operations or supply chains, we may face risk through association. In line with our ACCEPT framework, a principle-led decision-making framework designed to guide consistent decision making on ESG issues across the firm, where there are allegations relating to social issues and modern slavery that are not supported by a clear and demonstrable positive intent to

rectify the allegation, KPMG engagement teams are required to consult internal Risk colleagues and may be advised to end the relationship. KPMG also continues to require colleagues to abide by our firm-wide risk appetite statement for ESG issues across its client base when making decisions.

In FY22, we conducted a modern slavery risk review to identify where modern slavery risk might occur in relation to our clients. This focused predominantly on evaluating where our modern slavery risks lie in relation to the sectors and jurisdictions in which our clients are based. The review found that a number of high-risk jurisdictions and categories for modern slavery are captured by our existing financial crime risk assessment processes. Any recommended enhancements arising from this review will be reviewed and implemented where appropriate in FY23.

KPMG has a comprehensive Client Risk Assessment (CRA) and Engagement Risk Assessment (ERA) process that screens each client and engagement.

As part of the CRA and Know Your Client (KYC) checks, clients undergo risk-based due diligence. Due diligence comprises adverse media screening and sanctions and watchlist screening on all clients and their beneficial owners, among other financial crime checks. Certain categories of clients are subject to more detailed beneficial ownership checks as required by applicable law, regulation and guidance. The adverse media screening conducted uses indicators such as entity type, jurisdiction, and services. Our list of high-risk jurisdictions takes into account the Corruption Perceptions Index, Transparency International and Basel AML Index and is reviewed quarterly. These indices rely predominantly on AML risk indicators which are often linked closely with modern slavery risk factors. For example, indicators that exacerbate AML risks such as conflict and weak rule of law, also increase the risk of slavery-like practices.

All clients are also subject to adverse media screening at the point of on-boarding, which includes checks for modern slavery and human trafficking. Higher-risk clients are subject to ongoing media screening and go through the client continuation process every year, including screening beneficial owners and principal directors.

# Risk Assessment and Due Diligence (cont.)

KPMG recognises the link between financial crime and modern slavery as a predicate crime to corruption and money laundering and in FY22, our MLRO was appointed Head of ESG Risk. Where our people suspect modern slavery or human trafficking in relation to our clients, operations or supply chains, this should be reported to the MLRO via a suspicious activity report (SAR).

Guidance on completing SARs is provided to all employees via annual financial crime training.

## Case Study

KPMG's Legal Team provides legal support for organisations and individuals on a range of issues including regulation, family law, data and technology, workforce and people, and business structuring, reorganisation, and change. Whilst the service our legal team provides rarely presents a high risk for modern slavery, in FY22 the (internal) Financial Crime Compliance team consulted our modern slavery SMEs regarding risks associated with providing legal advice to clients based in high-risk jurisdictions and involved in high-risk occupations. As a result of this consultation, the Risk and Compliance team in collaboration with the KPMG legal team worked to tighten controls and procedures in this area.

## During FY22, we:



Reviewed the risk assessment process for suppliers including high-risk categories and high-risk countries to ensure our enhanced due diligence process is reaching our highest risk suppliers.

Conducted a review of our risk assessment process. We reviewed our supplier self-assessment questionnaires and the weightings assigned to each criterion to enhance effectiveness and scope.

Initiated an internal review to examine the ways in which we select and manage our subcontractor relationships with a particular focus on our ethics and independence controls.

Initiated a review to determine awareness amongst our contracted staff of the relevant policies and processes they should adhere to.

Conducted a modern slavery risk review to identify where modern slavery risk might occur in relation to our clients.

## In FY23, we will:



Look to implement recommendations arising from our SME review of the risk assessment process for suppliers, where appropriate, during our refreshed supplier risk assessment process due to take place in FY23.

Look to implement recommendations arising from our SME review of the SAQ scoring methodology, where appropriate, when receiving supplier responses to the SAQ due to be sent out in 2023.

Incorporate modern slavery and human rights provisions into our Ethics and Independence eBook circulated to subcontractors.

Look to implement recommendations arising from our review of modern slavery risks in tandem with client facing teams where appropriate. This includes adding specific modern slavery provisions to our CRA, TPRA and ERA processes.

# Training

**Modern slavery training is fundamental to raising awareness within organisations and building employee capabilities to mitigate risks and appropriately escalate concerns.**

**KPMG aims to provides modern slavery training to our colleagues and provides specialist training to Procurement employees on the specific risks they may encounter in the course of their work.**

Updated firmwide modern slavery training was provided to colleagues in FY22 as part of a broader Financial Crime e-learning training course developed and owned by the MLRO, Financial Crime Compliance team and the Office of General Counsel. The modern slavery module of this training was built with input from our internal modern slavery SMEs and included a training video developed by the ICAEW, one of KPMG's regulators, exploring combatting financial crime, with reference to modern slavery as a predicate offense. On an ongoing basis all new starters to the firm are required to complete a modern slavery training module based on the internal FY22 firm-wide training.

The objective of the training was to raise awareness of modern slavery including the scale of the problem and relevant legislation and international guidance, to inform participants of the role the firm and colleagues have in mitigating risks, and to equip them to do so by providing an overview of the key risk indicators and how risks should be reported. The training was mandatory for all colleagues and had a **completion rate of 90.9%**. All outstanding training is strictly followed up and failure to complete training feeds into employee's performance reviews.

Given the link between modern slavery and AML, everyone at the firm completes mandatory training on Suspicious Activity Reporting (SARs) as part of annual financial crime training. In addition, individual capability areas are provided bespoke in-person training on SARs by the MLRO or a member of the Financial Crime Compliance team.

In FY22, all new directors and senior managers were invited to training on the ACCEPT Framework as part of wider risk training and presentations have been provided to relevant teams in the business to raise awareness of the key requirements. Upon their publication, the ACCEPT Framework and ESG Risk Appetite statement were circulated to partners within the firm to be cascaded down to all relevant teams.

All client-facing colleagues and certain teams, such as Procurement, will be provided with training on the ACCEPT Framework in FY23.

Our Procurement Team attended a virtual modern slavery training session as part of the annual Sustainable Procurement Practices training in May 2022. This was delivered and is owned by the Sustainable Procurement team and internal modern slavery SMEs, with the objective of educating colleagues on the role of procurement in preventing modern slavery. The slides from this training were circulated to those who could not attend.

In 2022 we provided specialist training to the suppliers who received low scores in our FY21 SAQ. The training covered an overview of modern slavery and key legislation and guidance including the legal requirements of the UK Modern Slavery Act, modern slavery risk indicators, processes suppliers can put into place to combat modern slavery, a detailed overview of the importance of operating grievance mechanisms for stakeholders to report concerns, a discussion on common barriers to implementing modern slavery controls and how these can be overcome, and an explanation of our modern slavery questionnaire and why it is important for modern slavery risk management.

# Training (cont.)



## During FY22, we:

Provided our Procurement teams with updated training on modern slavery.

Provided firm wide training on modern slavery as part of broader Financial Crime training. Our new joiner training has been updated and incorporates learning from this module.

Provided modern slavery training to suppliers identified as scoring low marks in our most recent SAQ.

Circulated our ACCEPT Framework and ESG Risk Appetite Statement to partners and provided training on the requirements to new senior managers, new directors, and relevant teams.



## In FY23, we will:

Provide all client-facing colleagues and certain teams, such as Procurement, with training on the ACCEPT Framework in FY23.

Continue to provide our Procurement teams with annual training on modern slavery.

Continue to communicate with our people over the course of FY23 to build a culture of awareness around modern slavery, including who is accountable at the firm.

Develop a training plan to provide training and raise awareness of modern slavery indicators and controls across a broader range of teams including Legal and those governing our relationship with clients, suppliers, alliance partners, subcontractors, and contingent workers.



# Effectiveness

KPMG recognises that our review and assessment of our actions to identify and address modern slavery risks across our operations and supply chain will be an ongoing and evolving process. We use the following Key Performance Indicators (KPIs) to better understand the effectiveness of our approach to managing modern slavery risks:

KPIs	Why these metrics are important	FY20	FY21	FY22
<b>Number of modern slavery incidents identified within our operations or supply chain</b>	Enables us to track incidents that occur as well as the effectiveness of our reporting and due diligence mechanisms	0	0	0
<b>% Of colleagues receiving firm-wide training on modern slavery</b>	Enables us to track and drive progress on our awareness raising activities across the firm	99%	N/A	90.9%
<b>Number of modern slavery reports to Speak Up</b>	Enables us to track the number of incidents and concerns arising as well as the effectiveness of our Speak Up mechanism for reporting modern slavery risks	0	0	0
<b>Number of internal team members provided with specialist modern slavery training</b>	Enables us to track and drive progress on our awareness raising activities with colleagues most likely to come across modern slavery risks or incidents			42
<b>Number of high and medium-risk suppliers requested to complete the SAQ and response rates</b>	Allows us to track the responsiveness of our suppliers and develop an awareness of any high-risk suppliers failing to communicate on modern slavery	59 completed SAQs 75% supplier response rate	64 completed SAQs 88% supplier response rate	The SAQ is sent out biannually and will be sent out in FY23

# Effectiveness (cont.)

KPIs	Why these metrics are important	FY20	FY21	FY22
<b>% Of assessed suppliers that have a modern slavery statement and that meet the minimum legal requirements for a Modern Slavery Statement set by the UK Government</b>	Enables us to track our suppliers' compliance with modern slavery legislation and develop an awareness of suppliers failing to meet their modern slavery responsibilities		100% of assessed suppliers had Modern Slavery Statement.  78% of these met the minimum standards	The supplier risk assessment is completed biannually and will be completed in FY23
<b>% Of assessed suppliers that have a Whistle-blowing Mechanism</b>	Enables us to develop an awareness of those suppliers which have effective processes to manage modern slavery risks and those which do not and may therefore present a greater risk to people		70%	The supplier risk assessment is completed biannually and will be completed in FY23



# Effectiveness (cont.)

## Supporting our people to thrive and reach their full potential.

Our people are the reason our firm has stood the test of time for over 150 years. We are committed to:

- Protecting the health and wellbeing of our people and empower them to work in new and more flexible ways, enabling them to thrive.
- Delivering against our ambitious 2030 inclusion, diversity and equity commitments, helping to create an environment where diversity of experience, background and perspective are truly valued, and our people feel empowered to come as they are.
- Developing a continuous learning culture that supports people to grow in their own way and provides opportunities to learn for a lifetime. A place where everyone can make their mark.
- Supporting our people to do work that matters, helping to build a stronger, fairer society.

Find out about our performance against each of these commitments [here](#).

We also use other qualitative measures of effectiveness to enhance our approach to managing modern slavery risks. These include:

- In FY22, KPMG engaged Protect, the UK's foremost expert on whistleblowing, to benchmark our

whistleblowing arrangements against industry good practice. The review incorporated regulatory requirements, best practice across UK industry, and Protect's own expertise on what makes effective whistleblowing arrangements. Implementation of recommendations arising from this review is underway.

- Finalisation of our detailed review of our modern slavery programme against the KPMG Human Rights Diagnostic Assessment Tool. We will continue to review and evaluate these KPIs and develop future metrics to assess the effectiveness of our actions and enhance our monitoring over time, in line with continuous improvement.
- In developing our FY22 Modern Slavery Statement we interviewed key stakeholders across our business and members of our Modern Slavery Working Group, analysed learnings from the FRC report against our current controls and reporting, and benchmarked our progress against other organisations in our sector to develop an understanding of which elements of our modern slavery programme are working well and which need development. Our main findings resulting from these interviews suggest that the growing role of our Modern Slavery Working Group and the involvement of internal SMEs as well as the roll out of our most recent firm wide modern slavery training have been effective in driving forward our approach. Our main areas for development have been set out without our forwardlooking targets throughout this Statement.

### During FY22, we:



Protect, the leading authority on whistleblowing in the UK, was engaged in a benchmarking review to help us understand what we could do to improve in our Speak Up processes.

Finalised our modern slavery maturity report and implemented a number of high priority recommendations arising from this review.

Voluntarily completed the UK Cabinet Office's Modern Slavery Assessment Tool.

### In FY23, we will:



Continue to implement recommendations which arose from our 2021 maturity report and forward-looking targets arising from our review of the FRC report, our internal stakeholder interviews, and our benchmarking exercise.

Continue to develop and optimise our modern slavery KPIs to effectively track and drive progress.

Take part in the UN Global Compact's Business & Human Rights Accelerator programme.

# Governance and Approvals

**We recognise the importance of a collaborative approach to addressing modern slavery across KPMG. Our cross functional Modern Slavery Working Group is made up of key stakeholders in all relevant areas of our business and modern slavery SMEs from our client facing teams.**

The Working Group meets at least once quarterly and includes our MLRO and a member of the client assessment team, representatives from the Office of General Counsel, Procurement, Risk and Legal, HR & Learning, Ethics & Independence and ESG Corporate Reporting, among others. Our Modern Slavery Working group is currently chaired and administered by senior members of our Risk and Compliance team. Our Modern Slavery Working Group reviews the effectiveness of our modern slavery programme and drives forward our approach to tackling modern slavery. The Modern Slavery Working Group focuses primarily on implementing our forward-looking targets and coordinating responses to any modern slavery concerns raised by the various teams it represents.

Day-to-day responsibility for the management of our programme is led by Risk and Legal. KPMG's Board is responsible for ensuring there is a satisfactory framework for managing cultural, ethical, risk and reputational matters affecting KPMG.

Overall accountability for our modern slavery risk management resides with the Chief Risk Officer. Our Modern Slavery Statement is produced by members of our Modern Slavery Working Group and is reviewed and approved by our Risk Committee.

Our Statement is signed by our Chief Executive Officer on behalf of our UK Board with whom accountability for our Modern Slavery Statement and ultimate approval of the statement lies.



## During FY22, we:

Reviewed the Governance structure of our working group.



## In FY23, we will:

Continue to review the membership of Modern Slavery Working Group and add additional members as required. Since FY22 year end we have added an IDE Manager and our newly appointed Head of Supply Chain Sustainability to our Modern Slavery Working Group.

# Governance and Approvals (cont.)

This Statement was approved by the members of the Board of KPMG LLP on behalf of KPMG LLP, KPMG UK Limited and KPMG United Kingdom plc on the 15th March 2023.

KPMG LLP, KPMG UK Limited and KPMG United Kingdom delegated authority to the CEO to sign the Statement on behalf of all reporting entities.



**Jon Holt**  
**Chief Executive Officer**  
KPMG LLP  
31 March 2023

## Get in touch:

If you have any specific concern about modern slavery or human trafficking taking place in our business or supply chains, please use the following Speak Up channels.

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### Internal:

Follow guidance in KPMG's internal Speak Up Policy.

### External:

## Speak Up Hotline

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[www.kpmg.com](http://www.kpmg.com)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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