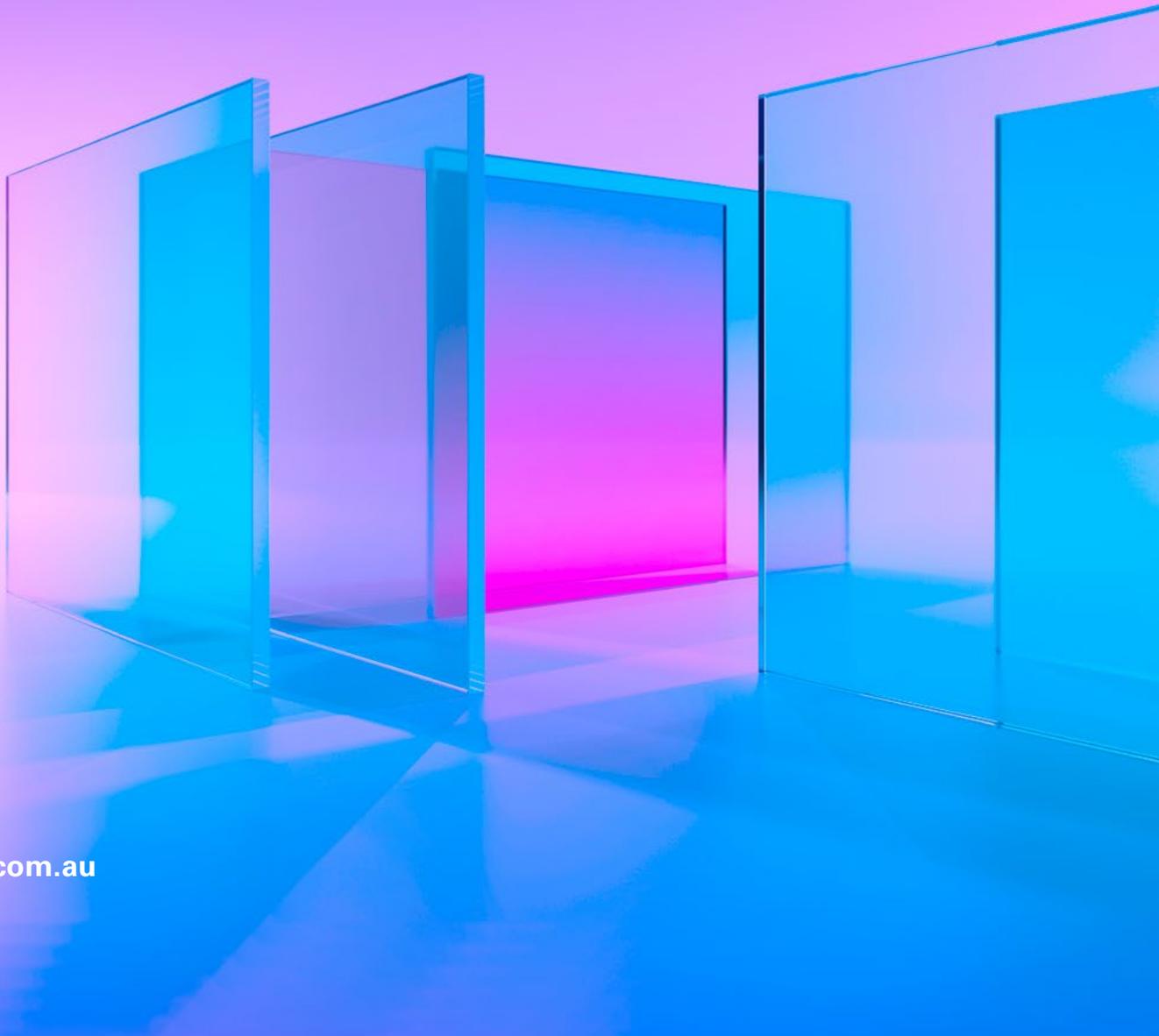




Modern Slavery Statement FY23

August 2023



[KPMG.com.au](https://www.kpmg.com.au)

From the Chairman and CEO of KPMG Australia

For individuals and organisations working to combat modern slavery, the past year provided cause for reflection and optimism.

The latest Global Estimates of Modern Slavery found that 50 million people are living in modern slavery worldwide, an increase of 10 million from the 2016 estimates. This sobering figure reminds us why a concerted, coordinated response to these crimes from governments, businesses, and civil society is crucial.

In the face of this challenge, the maturing global regulatory response to modern slavery risk is encouraging. A growing number of jurisdictions are embedding corporate respect for human rights into law and establishing statutory officers to oversee compliance.

In Australia, a landmark review of the Modern Slavery Act tabled in May 2023 recommended a suite of measures to strengthen action and accountability under the Act. We were pleased to contribute a submission to the review, and look forward to providing input as and when its recommendations are legislated.

Businesses, as well as governments, must lift the ambition of their modern slavery response to meet the scale of the problem. At KPMG Australia, we aim for continuous improvement in managing modern slavery risk through a phased, multi-year approach.

This year, we assessed all new suppliers for modern slavery risk and supported the South Pacific Practice offices to commence modern slavery risk assessment of their supply chain. While we did not identify any instances of modern slavery in our operations or supply chains, we will continue to apply our robust risk management framework to suppliers and other third parties, clients, and our people.

To further support the identification of modern slavery impacts, we updated the firm's Whistleblower Policy this year to improve its alignment with the *UN Guiding Principles on Business and Human Rights*. We also rolled out guidance informed by human rights principles to support client and engagement acceptance and continuance processes.

Continuous improvement requires an honest appraisal of where our actions are having an impact. During the reporting period, KPMG Australia operationalised our modern slavery measurement and evaluation framework to more fully assess the effectiveness of our response. Data from the framework provides a valuable evidence basis for updates to processes and controls in our modern slavery response.

The review of the Modern Slavery Act noted that Australia is at 'the early phase of a long journey' in combating modern slavery. Our firm's commitments for the next 24 months, detailed in this statement, are designed to equip us for the next stage of this journey, as we continue to mature our modern slavery response.



Alison Kitchen
National Chairman



Andrew Yates
Chief Executive Officer

The Modern Slavery Statement is approved by the National Executive Committee and Board of KPMG Australia.

At a glance

KPMG is an Australian partnership. This statement is made on behalf of KPMG and its associated entities (KPMG Australia) including KPMG Financial Advisory Services (Australia) Pty Ltd, KPMG Holdings (Australia) Pty Ltd, KPMG Investments (Holdings) Pty Ltd, KPMG Australia Technology Solutions Pty Ltd, and KPMG Australian Services Pty Ltd as trustee for KPMG Australian Service Trust. This statement reports on KPMG Fiji and KPMG Papua New Guinea, which collaborated with KPMG Australia to form a South Pacific Practice in FY22.

In this section we provide a high-level summary of KPMG Australia's FY23 modern slavery approach and how we are tracking. The subsequent sections align with the mandatory reporting criteria and provide detailed information about our modern slavery response. The identified risks and controls in place or actions taken apply to each of the above-named entities.

Our commitment

This is our fourth statement made in fulfilment of the requirements of the *Modern Slavery Act 2018* (Cth). In KPMG Australia's first statement under the Act, we set out a five-year ambition to be recognised as a leader for our: innovative approaches to managing modern slavery and human rights risk; human rights and modern slavery impact measurement; collaboration with rights-holders; and commitment to meaningful remediation of harm.

This ambition requires continuous improvement, and cannot be achieved through a 'set and forget' approach. Over the past year we have built on previous progress across our human rights commitment, management systems and controls, and grievance mechanisms and remediation. Key developments include the expansion of our Supplier Risk Management Framework to the South Pacific Practice offices, and the development of unacceptable practices guidance aligned with the Ten Principles of the UN Global Compact to support decisions about client and engagement onboarding. We also reviewed and updated one of the firm's key mechanisms for making a human rights grievance, our Whistleblower Policy, to improve its alignment with good practice human rights principles. And we raised awareness of the firm's human rights and modern slavery expectations – both internally and externally – through training and capability building.

Updating and embedding our human rights approach

During the reporting period KPMG Australia conducted a periodic review of our Human Rights Policy, informed by stakeholder interviews and a two-stage prioritisation exercise.

Our Human Rights Policy is embedded into procurement, compliance, and risk management frameworks. Over the past year, we completed a targeted review of internal policies and processes to ensure consistency with the Human Rights Policy.

Tracking the impact of our actions

As in previous years, our cross-functional Human Rights Working Group assessed the maturity of our policies and frameworks, systems and controls, and grievance and remediation mechanisms (see page 5). The maturity rating mechanism is informed by a methodology embedding international human rights standards and the fundamental components of human rights due diligence. Maintaining a maturity rating in areas of good practice across reporting periods requires new actions, as the methodology incorporates the principle of continuous improvement. The annual maturity assessment is complemented by our modern slavery measurement and evaluation (M&E) framework, which we operationalised this year. The M&E framework is designed to measure our effectiveness by tracking the impact of our due diligence activities, and helps us to ensure our finite resources bring the most benefit to people at risk of harm in our operation and supply chain (see page 20 for further detail).

Promoting continuous, mutual improvement

A key focus of our stakeholder engagement efforts over the past year was the review of the *Modern Slavery Act 2018* (Cth), for which we provided a [detailed submission](#) and participated in an in-person consultation session. We continued our active participation in the UN Global Compact Network Australia Modern Slavery Community of Practice, and convened panel discussions and roundtables at our offices focused on modern slavery. For further details on our stakeholder engagement and collaboration during the reporting period, see pages 21-22 of this statement.

Our forward commitments

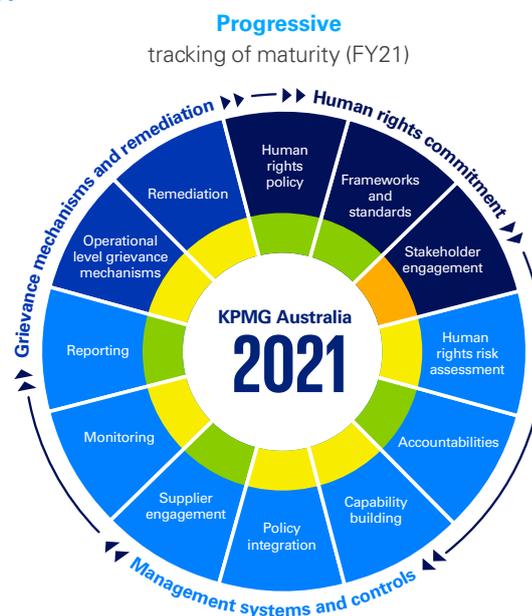
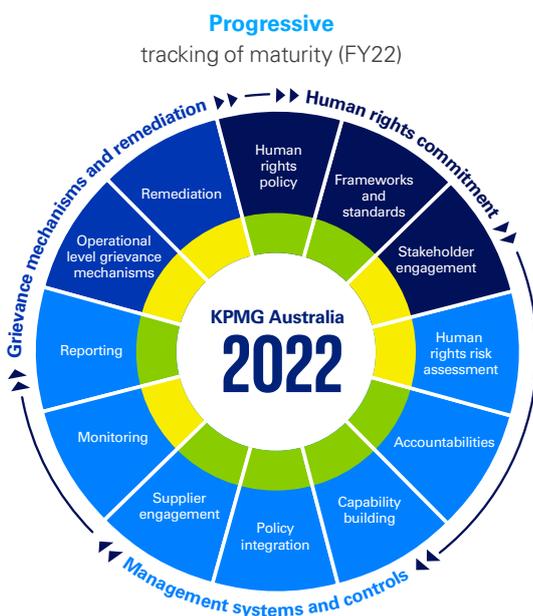
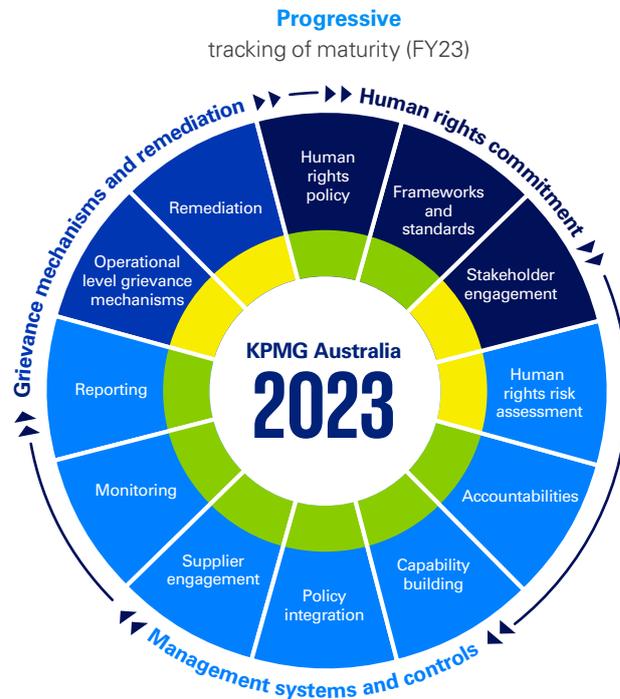
The scale and nature of modern slavery requires ongoing vigilance and sustained ambition. Our annual modern slavery statements contain a transparent appraisal of past efforts, and a catalogue of future commitments. Our commitments for the FY24 and FY25 reporting periods are outlined at page 23 of this statement.

Mandatory reporting criteria in the Modern Slavery Act

This table outlines where each criterion in the *Modern Slavery Act 2018* (Cth) is addressed within this statement.

MODERN SLAVERY ACT 2018 (Cth) CRITERIA	PAGE REFERENCE
Identify the reporting entity	3
Describe its structure, operations, and supply chains	7-9
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls	10-13
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes	6, 14-19
Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks	5, 20
Describe the process of consultation with any entities the reporting entity owns or controls	21
Provide any other relevant information	21-22

KPMG Australia modern slavery maturity tracking



- **Optimised** Processes at this level are focused on continuous improvement of the organisational response to the same events through both incremental changes and innovation, and are recognised as a high value add function of the organisation.
- **Managed** Processes at this level have a common and consistent understanding, having been formalised and subject to continuous improvement. These processes provide consistent practices and outcomes in response to the same events. Such processes are typically integrated within wider organisational processes.
- **Defined** Processes at this level are, in some key functions, standard processes that may be subject to some infrequent degree of improvement over time. These processes provide mostly consistent practices and outcomes in response to the same events.
- **Informal** Processes at this level are unlikely to be rigorous, however, processes are informally established and understood, providing some consistency in response to the same event.
- **Ad hoc** Processes at this level are in a state of dynamic change, tending to be driven in an ad hoc and reactive manner, providing an inconsistent response to the same events.

FY23 actions

This year we have taken action across a range of key areas of good practice to advance our response to managing modern slavery related risks and meet the commitments in our previous Modern Slavery Statement. These actions are summarised below and outlined in detail in the section *Our actions to assess and address modern slavery risks*.



HUMAN RIGHTS COMMITMENT

- + Reviewed and updated the firm’s Human Rights Policy incorporating input from internal and external stakeholders and the results of a human rights saliency assessment.
- + Developed the firm’s first dedicated Human Rights Action Plan.
- + Contributed a detailed submission to the review of the *Modern Slavery Act 2018* (Cth).
- + Supported the critical functions of an anti-slavery organisation through the KPMG Australia pro bono program.

GRIEVANCE MECHANISMS AND REMEDIATION

- + Updated the firm’s Whistleblower Policy to improve its alignment with the effectiveness criteria in the *UN Guiding Principles on Business and Human Rights*.

MANAGEMENT SYSTEMS AND CONTROLS

- + Assessed all new suppliers for modern slavery risk, in line with our Supplier Risk Assessment Framework, and supported the South Pacific Practice offices to commence applying the same approach to their supply chain.
- + Developed and embedded an Unacceptable Client Practices Guidance Paper with specific information regarding identified unacceptable client practices (including human rights abuses) which informs our decision-making process when entering into new, or maintaining existing, client relationships.
- + Built the capability of people at KPMG Australia to identify and respond to modern slavery through firmwide integrity training, and additional assigned training for people in specific roles.
- + Completed additional risk management activities for offshore vendors managed through KPMG Australia.
- + Conducted a periodic review of KPMG Australia’s Modern Slavery Risk Appetite Statement and took steps to improve consistent application of the standards in the statement.
- + Operationalised the firm’s modern slavery measurement and evaluation framework and shared key findings with KPMG Australia leadership.
- + Trained smaller suppliers on modern slavery risk identification.
- + Engaged a single vendor for branded merchandise to enable more effective modern slavery risk management.
- + Completed a targeted review of internal policies and processes to ensure consistency with the Human Rights Policy.

Our structure, operations and supply chain

For completeness, where our structure, operations and supply chain have remained the same over the reporting period, we have re-stated the same information in this statement.

About us

KPMG Australia is part of a global organisation of independent professional services firms, with more than 265,000 partners and employees working in member firms spanning 143 countries and territories around the world.

We provide professional services to organisations across a wide range of industry, government and civil society sectors. Our service areas during the year were organised as Audit, Assurance & Risk Consulting (AARC); Deals, Tax & Legal (DTL); our mid-market practice, KPMG Enterprise (Enterprise); Infrastructure, Assets & Places (IAP); and Management Consulting (MC). From 1 July 2023, these will change to Audit & Assurance, Consulting, Deals Advisory & Infrastructure, Enterprise, and Tax and Legal following the introduction of a new operating model aimed at greater global alignment, improved efficiency, and optimal delivery of our firm strategy.

KPMG Australia's primary focus is to serve clients based in Australia, as well as Fiji, Papua New Guinea (PNG) and six other South Pacific nations through the South Pacific Practice. We have offices in every state and territory capital within Australia, including recent office openings in Geelong and Townsville. KPMG PNG has its office in Port Moresby, and KPMG Fiji has offices in both Suva and Nadi.

Making a positive impact on society

We make a strong economic contribution, with more than 10,170 full-time, part-time, and casual employees and 713 partners and executive directors across Australia, PNG, and Fiji at 30 June 2023. This includes an intake of 877 graduates this year. In addition, we engaged a contingent workforce of more than 1,500 people at 30 June 2023. KPMG Australia posted revenue of \$2.553 billion and paid taxes of \$815 million for the financial year ending 30 June 2023.

The firm's strategic ambition is 'to make a positive impact on society as the number one choice for world-class talent, empowering our clients to be exceptional and delivering profitable above-market growth for KPMG'.

We believe that our multidisciplinary model is the best way to serve our clients, our people and society, ensuring we bring the breadth of expertise and skills from across our organisation to tackle any issue or opportunity. It allows us to be an agile and resilient business that can more easily respond to market conditions and it makes us a more interesting and exciting place for our people to work. The multidisciplinary model ensures our Audit professionals have access to skills beyond traditional auditing – from data analytics and artificial intelligence to cloud computing and blockchain – all of which are crucial to delivering high-quality audits. A Tax practice enhanced by the skills and perspectives that Audit and Consulting professionals provide helps to promote more holistic tax administration and management and advance the Responsible Tax agenda. Organisations require a holistic approach to meeting their climate and broader ESG commitments, which the combined services of the multidisciplinary model enables.

Many of our people hold relevant professional memberships and accreditations including with the Chartered Accountants Australia and New Zealand (CAANZ), Engineers Australia, the International Bar Association, the Law Societies of NSW, Queensland, South Australia and Victoria, The Tax Institute, and Australian Institute of Company Directors (AICD). Our organisation is also a member of other associations, including Business Council of Australia (BCA).

KPMG is a registered tax agent under the *Tax Agents Services Act 2009*. The Tax Practitioners Board (TPB) has a number of functions including administering the system for registration of tax agents.

As well as working with our clients, we contribute in voluntary and pro bono capacities to build stronger and more resilient communities. We work with community partners to help solve challenges through our [Reconciliation Action Plan](#), [Climate Action Plan](#), [Lifelong Learning Action Plan](#) and [Human Rights Action Plan](#). We value inclusion and diversity, fostering a positive and encouraging culture.

KPMG is also committed to positive impact and delivering purpose-led services that help our clients respond to their ESG risks. This is critical as our clients seek to understand social risk and respond to an emerging global regulatory landscape increasingly requiring mandatory human rights due diligence. KPMG Australia has an experienced, dedicated business and human rights consultancy, KPMG Banarra. Our human rights specialists work with business, government, and not-for profit organisations to identify the risk of harm to people, build internal capability to understand

that harm, design practical solutions to address it, and, where appropriate, give our clients confidence that their approaches are effective.

KPMG Australia leads KPMG's Global Business and Human Rights Network, convening human rights, social impact, and sustainability professionals from across our global organisation. KPMG Australia enlists the expertise of our in-house human rights specialists to inform the firm's approach.

Where we operate

The global KPMG network consists of separate independent firms that individually provide Audit, Tax, and Advisory services to a wide variety of public and private sector organisations. KPMG in Australia is a member firm of the KPMG organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. Further details about KPMG International and its business are available in the [2022 KPMG International Transparency Report](#).

KPMG operates in Australia through the KPMG Partnership (Australian Partnership) and other associated entities, including KPMG Financial Advisory Services (Australia) Pty Ltd, KPMG Holdings (Australia) Pty Ltd, KPMG Investments (Holdings) Pty Ltd, KPMG Australia Technology Solutions Pty Ltd, and KPMG Australian Services Pty Ltd as trustee for KPMG Australian Service Trust.

KPMG Australia holds a small number of minority shareholder interests in entities based in Australia. KPMG Australia also holds a very small number of minority shareholder interests in overseas operations, which we co-own with other KPMG firms and which we do not control. These minority interests have not changed materially over the reporting period.

KPMG Australia also trades in New Zealand through KPMG Technology Solutions (NZ) Pty Ltd, a cyber-security firm. This entity largely provides services from Australia but there continues to be a presence in New Zealand.

KPMG Australia is proud of the valuable contribution these overseas operations make to our clients and our business. We recognise that overseas operations can create a perception of an elevated risk of modern slavery. We explain below how we have considered the level of risk as well as our risk management steps.

Where we source

The majority of goods and services that we procure come from suppliers and contractors based in Australia.

Our major categories of procurement include:



HUMAN RESOURCES



IT & TECHNOLOGY



MARKETING



PROFESSIONAL SERVICES



HOSPITALITY



PROPERTY & OPERATIONS



GLOBAL MOBILITY & TRAVEL

FY23 source locations

KPMG Australia's direct overseas supply chain includes eight offshore vendors, the majority of which are in India, with the others in the Philippines, Vietnam, Bulgaria, and Malta.

These vendors provide outsourced IT, tax-related, advisory, and creative services to KPMG Australia. Some of these vendors are owned by one or more KPMG member firms that operate within a global KPMG delivery network.

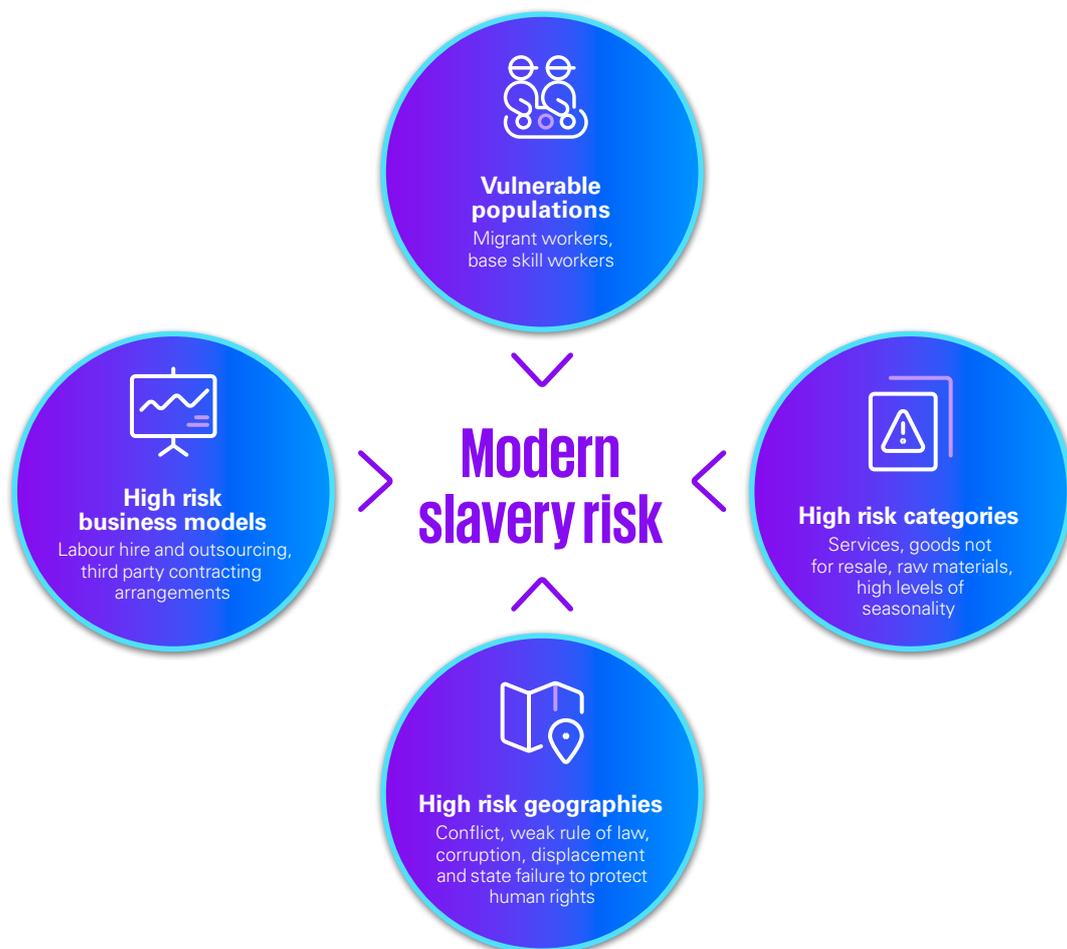


Our modern slavery risk areas

KPMG Australia understands modern slavery risk refers to the potential adverse impact an organisation can have on labour-related rights. The presence of modern slavery can also be linked to broader human rights impacts and challenges.

To identify areas of higher risk, KPMG Australia considered four key factors that elevate the risk of, or the perception of, the potential for modern slavery. Where multiple modern slavery risk factors coexist, there is a higher potential or likelihood of actual harm being experienced. These four key factors have remained the same from our last statement but will continue to be reviewed annually.

In FY21 and FY22, we specifically considered how COVID-19 may have made some cohorts more vulnerable. During this reporting period we considered how challenging global economic conditions may have a flow-on effect on labour rights within our supply chain and operations.



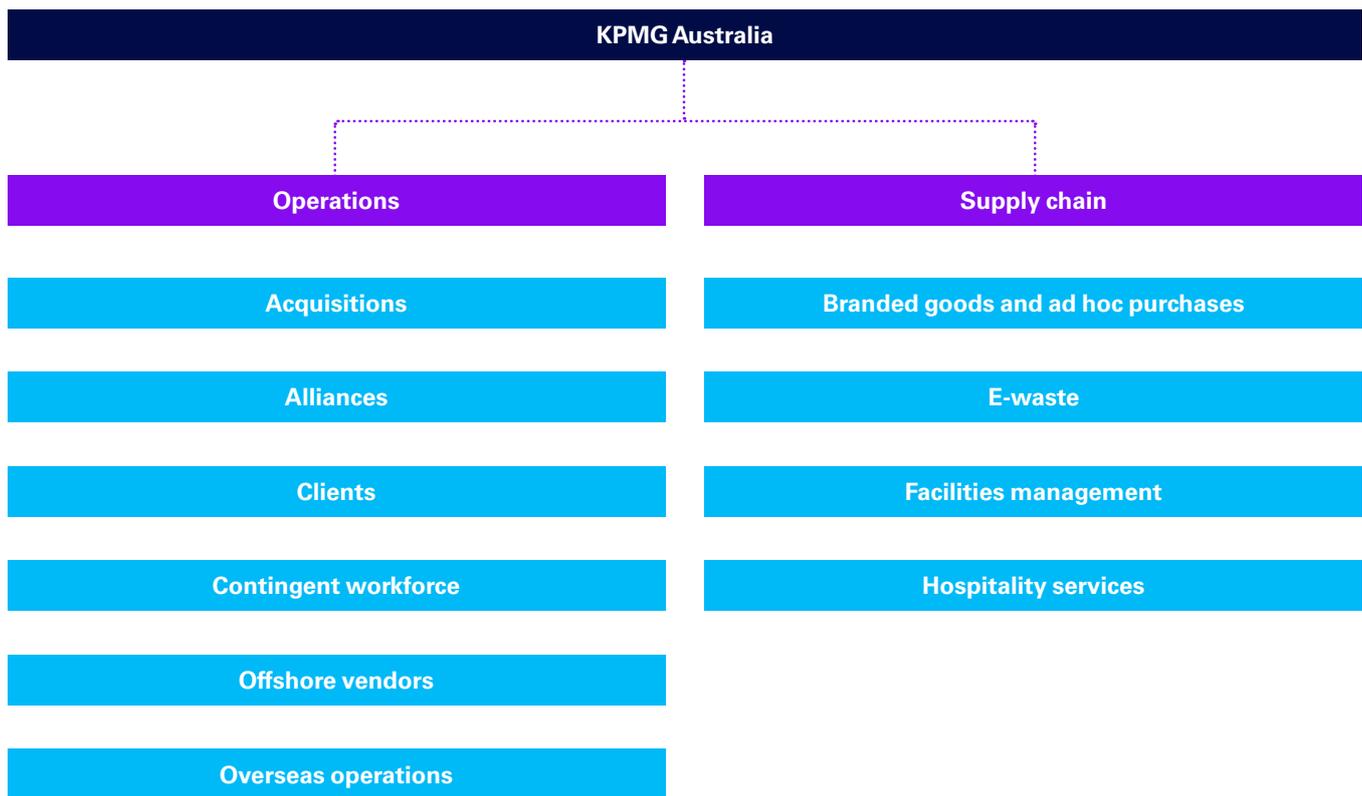
RISKS	ACTIONS	EFFECTIVENESS
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KPMG Australia has not identified any specific instances of modern slavery harm. We have, however, identified the risk areas in the chart below where the perception of or potential for risk factors of modern slavery exists. These have been reviewed and refined over the reporting period and no additional risk areas were identified.

The framing of these risk areas was informed by an updated modern slavery risk area review conducted during FY23, the findings of which were the result of structured interviews with 21 internal stakeholders and a desktop review of modern slavery and due diligence related documentation.

Given the evolving nature of modern slavery – and its increasing prevalence worldwide – an annual review of KPMG Australia’s modern slavery risk is essential to ensuring we focus our efforts on where there is more likely to be the risk of harm to people. Where KPMG Australia has sought to address modern slavery in our risk areas by taking targeted actions, this is reflected in the section of our statement containing actions.

KPMG Australia FY23 risk areas



RISKS

ACTIONS

EFFECTIVENESS

OPERATIONS

Acquisitions

Corporate acquisitions form a key part of KPMG Australia's growth agenda. Appropriate due diligence is required to ensure the firm is adequately aware of modern slavery risks as part of the acquisitions process.

Alliances

The companies that KPMG allies itself with could have processes and practices that are not aligned with KPMG Australia's expectations, requirements, and good practice in relation to identifying and managing modern slavery risk.

Clients

KPMG Australia's core business is the provision of professional services to clients. If any of our clients were associated with modern slavery practices, KPMG could inadvertently be linked to such practices by virtue of the provision of our services.

There is also a risk of a relationship with individuals or entities that may be implicated in modern slavery practices in their operations or supply chain, particularly in cases where we may have limited visibility of an entity's model of business.

Contingent workforce

KPMG Australia's contingent workforce has traditionally been comprised of highly skilled specialists engaged to provide professional services at times of high demand. However, a minority of this workforce is made up of base-skilled workers across functions including repeatable administrative and clerical services and catering services. Base-skilled workers can be at higher risk of modern slavery due to increased vulnerabilities.

Offshore vendors

KPMG Australia has service agreements in place with eight offshore vendors that provide outsourced IT, tax-related and advisory services on an ongoing basis. Most resources are in India, with others in Vietnam, the Philippines, Bulgaria and Malta. KPMG Australia has identified that the countries in which these offshore vendors operate are at a higher risk of potential modern slavery practices based on their geography and the presence in some cases of high-risk business models, high-risk categories, and vulnerable populations.

Overseas operations

KPMG Australia intersects with several overseas jurisdictions by virtue of minority-owned offshore entities within its corporate structure, as well as the external vendors described above. Due to the locations of some of these operations, there could exist perceptions of higher risk of modern slavery practices occurring. The firm has a responsibility to assess the risks of modern slavery represented by these and other offshore operations and use available leverage to mitigate and prevent identified risks.

RISKS

ACTIONS

EFFECTIVENESS

SUPPLY CHAIN

Branded goods and ad hoc purchases

KPMG Australia will often procure promotional or marketing goods – such as t-shirts, hats, and pens – for use by individuals and teams. Such goods can be mass-produced at low cost, and where appropriate due diligence on the vendors is not completed there is a potential for poor labour practices that are not visible to the firm. This risk is heightened when such goods are sourced from countries identified as high-risk of modern slavery and produced by workers from vulnerable backgrounds.

Facilities management

KPMG Australia's Facilities Management team procures various categories of services including cleaning, mechanical, hydraulics, electrical, information technology, hygiene specialists, commercial kitchen appliances, and installation and maintenance services. Workers in the facilities management supply chain can be from populations with heightened vulnerability to modern slavery, including base-skilled workers and workers from migrant, low socio-economic, or culturally and linguistically diverse backgrounds.

E-waste

The disposal of electronic waste (e-waste) is notoriously difficult to track, however research and reporting has linked e-waste items from Australia to offshore waste facilities where child labour and hazardous work conditions are prevalent. Entities in the professional services sector often contract third parties to dispose of e-waste items such as computer monitors and printers. Most of these third parties try to refurbish the e-waste, however, e-waste that cannot be refurbished is often sent to another recycler.

Hospitality services

KPMG Australia's hospitality services team consists of a core group of KPMG employees in addition to casual staff engaged through third parties. Where we rely on third party labour hire, this increases the potential for poor labour practices if we lose visibility over how that labour relationship is managed. This risk may be heightened if workers are from vulnerable backgrounds including migrants coming from low socio-economic, culturally, and linguistically diverse backgrounds.

RISKS

ACTIONS

EFFECTIVENESS

Our actions to assess and address modern slavery risks

KPMG Australia's modern slavery response is informed by the *UN Guiding Principles on Business and Human Rights*. We understand that human rights due diligence is an ongoing process – one which is most effective when it is embedded in the risk and procurement processes of our business.

FY23 actions

HUMAN RIGHTS COMMITMENT

+ Refreshing our Human Rights Policy

KPMG Australia conducted a periodic review of our Human Rights Policy during the reporting period. This review was informed by a literature analysis of contemporary factors influencing KPMG Australia's risk of harm to people, and interviews with 24 internal and external stakeholders. The eight external stakeholders were selected due to their practical insight and expertise in aspects of human rights relevant to the firm's operations and value chain, including privacy, labour rights, modern slavery, and Indigenous rights.

After considering findings from the literature analysis and stakeholder interviews, the firm's Human Rights Working Group conducted a two-stage prioritisation exercise to determine our most salient human rights issues. This resulted in several updates to our Human Rights Policy, including an enhanced focus on diversity, inclusion, and equity; and the inclusion of a new section focused on health and safety. The policy retains a focus on privacy and Indigenous rights, and affirms our commitment to respecting, promoting, and upholding labour rights in our operations and supply chain. The Human Rights Policy will continue to provide a basis for embedding KPMG Australia's responsibility to respect human rights across our business functions.

+ Developing a Human Rights Action Plan

KPMG Australia developed our first dedicated Human Rights Action Plan during the reporting period. Our Human Rights Action Plan builds on the firm's existing human rights approach, and outlines how we will further embed our commitment to respecting and advancing human rights and communicate our progress. The Plan covers the FY24 and FY25 period and is designed to complement our Human Rights Policy and multi-year modern slavery response. It includes 11 commitments across four areas: foster a culture of human rights; demonstrate human rights leadership; embed human rights into policies, practices, and management systems; and transparency and continuous improvement.

KPMG Australia's Human Rights Working Group will oversee the implementation of the Human Rights Action Plan, set targets to assess progress in meeting the commitments in the plan, and identify opportunities to improve the effectiveness of our human rights approach.

Our Human Rights Action Plan: FY24 and FY25 commitments

1. Foster a culture of human rights

- Update the human rights training and capability building for our people.
- Empower our people to promote human rights with clients and in the community, including through skilled volunteering and pro bono engagements.
- Encourage proactive and early reporting of human rights concerns.

2. Demonstrate human rights leadership

- Promote consultation and collaboration in human rights and modern slavery response.
- Provide a platform for diverse voices to inform human rights initiatives and anti-slavery efforts.
- Leverage KPMG Australia's expertise to inform public debate on human rights.

3. Embed human rights into policies, practices, and management systems

- Support the South Pacific Practice to operationalise good practice in human rights and modern slavery response.
- Engage human rights subject matter expertise in the review and development of policies that intersect with the firm's salient human rights issues.
- Apply a human rights lens to decision-making on the application and use of new technologies.

4. Transparency and continuous improvement

- Transparently communicate the impact of our human rights approach to internal and external stakeholders.
- Review the firm's grievance mechanism and human rights remediation approach to ensure alignment with *UN Guiding Principles on Business and Human Rights*.

+ Resourcing our human rights and modern slavery commitments

The firm's Human Rights Working Group met monthly during the reporting period and works closely with the firm's dedicated Human Rights Manager to develop and implement the firm's modern slavery response. The working group serves as a forum for discussing leading practice in addressing challenges and opportunities, and tracks agreed actions against a prioritised roadmap. It includes representatives from KPMG Banarra, the firm's client-facing human rights and social impact team, Risk Management, Procurement, Government and Regulatory Affairs, and Corporate Citizenship. KPMG Australia's Chief Risk Officer and the Chief Operating Officer/Chief Financial Officer are active participants in, and executive sponsors of, the working group.

GRIEVANCE MECHANISMS AND REMEDIATION

+ Improving our grievance mechanisms

KPMG Australia is committed to continuously improving our grievance mechanisms to better align with the expectations for effectiveness set out in the *UN Guiding Principles on Business and Human Rights* (UNGPs). During a review of the firm's Whistleblower Policy in the reporting period, the Human Rights Working Group assessed the policy against the effectiveness criteria at Principle 31 of the UNGPs. As a result, the Whistleblower Policy was updated to include additional information on the process to be followed if a concern is reported under the policy.

RISKS	ACTIONS	EFFECTIVENESS
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MANAGEMENT SYSTEMS AND CONTROLS

+ Due diligence: supply chain

KPMG Australia has a robust, established process for assessing and monitoring modern slavery risk in our supply chain. Our National Procurement team continued to operationalise the firm's Supplier Risk Assessment Framework during the reporting period. The elements of this framework, which was designed by human rights and social impact experts from KPMG Banarra, were outlined in our *FY22 statement*.

Across FY20, FY21, and FY22, we risk assessed the full list of approximately 1,350 vendors across the firm. In FY23 we have built on this foundation by taking steps including:

- Assessed all new KPMG Australia suppliers (48 in total) for modern slavery risk, classifying them as either low, medium, or high risk.
- Conducted additional risk assessment through an evaluation of questionnaire response data on 100% of medium and high-risk suppliers through our Supplier Risk Assessment Framework.
- Closed 27 supplier alignment plans due to satisfactory actions being taken. Fifteen alignment plans remain open. An alignment plan is the next step in the due diligence process once the risk level is identified.
- Delivered a training session to smaller suppliers to support them in complying with the firm's modern slavery expectations.
- Reviewed and updated the firm's Procurement Policy, Supplier Code of Conduct, and Supplier Due Diligence Questionnaire.

In FY22, KPMG Fiji and KPMG Papua New Guinea collaborated with KPMG Australia to form a South Pacific Practice. In FY23, we supported the South Pacific Practice offices to commence applying the firm's Supplier Risk Management Framework to their supply chain. Our National Procurement team is continuing to collaborate with the South Pacific Practice offices to conduct further due diligence with the suppliers rated as medium or high risk during the initial assessment.

The firm's most recent modern slavery risk assessment identified branded goods and ad hoc purchases – such as t-shirts, hats, and pens – as an area of elevated risk. In the past year, procurement of branded merchandise has increased following a pause during the COVID-19 pandemic. To address the ongoing risk in this product category, the firm engaged a single vendor for branded goods during the reporting period to enable more effective and efficient risk management. The process for ordering these products through the KPMG Store was outlined in firmwide communications. Further information about the due diligence process the firm went through before engaging this vendor is in the case study at page 19.

+ Responding to modern slavery risk in e-waste disposal

During FY22 KPMG Australia developed an E-waste Policy to respond to the modern slavery risk in e-waste disposal, and distributed the policy to suppliers who provide electronic and electrical equipment to the firm. To further manage this modern slavery risk area, in FY23 the firm conducted an analysis of e-waste disposal practices by KPMG Australia offices. To support colleagues with responsible e-waste disposal practices, guidance on disposal points in offices across Australia was developed and distributed. The guidance was accompanied by a short video outlining the risks associated with e-waste disposal, and options for recycling e-waste responsibly.

+ Due diligence: operations

KPMG Australia is committed to ensuring that the services we offer provide a social value, are aligned to our Purpose, and provide a positive impact to our stakeholders. The firm's Modern Slavery Risk Appetite Statement affirms that "KPMG Australia will not establish or maintain relationships with clients where there is evidence, or a credible allegation, of modern slavery and the client is not taking steps to implement appropriate measures which will mitigate, address, remediate, or prevent future modern slavery related harm".

In previous reporting periods, KPMG Australia incorporated specific modern slavery and human rights considerations into our client engagement, acceptance, and continuance processes. Additional steps we took to address this risk area during FY23 include the following.

- Developed an Unacceptable Client Practices Guidance Paper informed by the UN Global Compact Principles, the Firm's Human Rights Policy and Global Code of Conduct, and embedded this guidance in the Firm's client acceptance and continuance process.

RISKS	ACTIONS	EFFECTIVENESS
<ul style="list-style-type: none"> Continued operationalising our Modern Slavery Risk Appetite Statement by disseminating it to the firm in April 2023 to raise awareness of how all people at KPMG can play a role in ensuring its standards are met. To ensure evolving modern slavery risk factors are captured, we updated the search terms for our Know Your Client processes, which inform decisions regarding the acceptance of new, and continuance of existing, client relationships. <p>The firm's modern slavery measurement and evaluation framework tracks data on the number of human rights and labour rights flags raised through client and engagement risk assessment processes. In FY23, these processes identified 22 potential forced labour or human rights risks. When this occurred, matters were escalated internally to divisional risk leaders and a human rights specialist for initial assessment. After this assessment, 10 of the 22 risk flags were identified as requiring further investigation. Following further investigation, which involved detailed consideration of identified risks and any measures taken in response, it was determined that all of the 10 instances satisfied the standards in the firm's Modern Slavery Risk Appetite Statement.</p> <p>+ Due diligence: contingent workforce</p> <p>KPMG Australia recognises that our contingent workforce presents an elevated risk of modern slavery due to two intersecting factors. First, workers in base-skilled contingent jobs – which represent a small portion of our overall contingent workforce – may be more vulnerable to exploitation and have less knowledge of and access to their rights. Second, the base-skilled labour needed for such services is sometimes sourced through labour hire companies and/or outsourcing arrangements that can impede visibility of labour practices. We have taken several steps to address this risk, including:</p> <ul style="list-style-type: none"> Inclusion of a detailed description of the firm's Human Rights Policy and labour rights expectations in our Contingent Workforce – Managing Risk @ KPMG Policy. Contractors and subcontractors accessing the firm's systems and physical environment receive the policy and are required to comply with it. This material was reviewed during the reporting period, and the human rights and labour rights content was retained with minor updates. Conducted modern slavery due diligence on labour hire suppliers at onboarding stage. Implemented a process to ensure all contingent workers go through all onboarding requirements, including in relation to modern slavery due diligence. 	<ul style="list-style-type: none"> Integrated modern slavery clauses in contracts with each of the worker categories KPMG Australia engages. <p>+ Due diligence: Acquisitions</p> <p>KPMG Australia continued to implement its acquisition due diligence processes during the reporting period. This involves considerations of specific risks, such as compliance and conduct related risks, and modern slavery risks. If an acquisition agreement is entered into following due diligence, all onboarded staff are required to complete KPMG Australia's mandatory training and adhere to internal policies. This includes the 'We do what is right: Integrity at KPMG' training, which has a human rights and modern slavery component. No modern slavery concerns were identified during KPMG Australia's acquisition due diligence process during the reporting period.</p> <p>+ Capability building</p> <p>As of FY23, all staff from the Risk Management and Office of General Counsel team were assigned the firm's human rights and modern slavery training, in recognition of the role these teams play in the firm's modern slavery response. As noted in our FY22 Statement, the training was previously assigned to the firm's Board and National Executive Committee, and partners and staff from relevant teams including Procurement, Corporate Citizenship, People and Inclusion, Facilities Management and Hospitality Services, Alliances and Acquisitions, and Global Leverage. All our people have access to the training and are encouraged to complete it, regardless of whether it has been formally assigned to them.</p> <p>In addition to this specialised module, all staff are required to complete the annual 'We do what is right: Integrity at KPMG' module, which incorporates content on the firm's commitment to a human rights approach to modern slavery risk management. As of the end of the financial year, 100% of people at KPMG Australia assigned this training had completed it.</p> <p>Tailored human rights and modern slavery training and capability building was provided to key internal stakeholders during the reporting period, including representatives of the South Pacific Practice, Risk Management, Office of General Council, and members of our Risk Management Champion network. The purpose of this training was to support integration of our Modern Slavery Risk Appetite Statement throughout organisational decision-making. KPMG Australia's National Procurement team also delivered training to smaller suppliers to support them in complying with the expectations in our Supplier Risk Management Framework focused on managing modern slavery risk.</p>	

RISKS

ACTIONS

EFFECTIVENESS

Case study

Supporting anti-slavery initiatives in our region

International Justice Mission pro bono engagement

KPMG Australia is helping the Australian chapter of a global anti-slavery organisation develop a roadmap to better manage the safety and wellbeing of its people facing physical and mental health challenges because of their work.

International Justice Mission Australia addresses modern slavery in our region by strengthening justice systems, rescuing and restoring victims, bringing criminals to justice and scaling demand for protection.

Those working for IJM Australia – including volunteers – aim to protect people in poverty from violence, whether it be labour trafficking, domestic violence, or online sexual exploitation of children.

As a result, they often witness the reality of modern slavery, or learn about the exploitation experienced by survivors.

Our FY22 Modern Slavery Statement included a commitment to provide targeted support to civil society initiatives in our region. The focus of this commitment was on supporting efforts to protect populations at risk of exploitation and rehabilitate survivors of modern slavery.

Our Work Health and Safety (WHS) specialist advisory team within our ESG Assurance & Advisory Division made good on this commitment, engaging in pro-bono work with IJM Australia to build the necessary framework to help IJM Australia manage staff health, safety and wellbeing.

A gap analysis of existing WHS processes and a WHS risk assessment workshop with staff was conducted to identify key risks to help inform the development of the IJM Australia WHS framework. Those included physical and mental health challenges, and the impact of international travel and remote work.

The initial development of an IJM Australia Work, Health and Safety management framework took those risks into account. It also considered competency and training management, performance measurement and monitoring, operational risk control, and incident and injury rehabilitation management aligned with Australian WHS requirements.

The project outcome delivered a WHS Management Framework Manual that provides fundamental elements mapped to relevant ISO standards and global IJM policies, and a register of health and safety risks and controls.

RISKS

ACTIONS

EFFECTIVENESS

Case study

Assessing modern slavery risk in our supply chain

Engaging a single provider for branded goods

Branded goods and merchandise are often sourced from overseas and produced at low cost and within a short timeframe – all of which can elevate the risk of labour rights impacts. To mitigate this risk, KPMG Australia's National Procurement team identified and sourced a sole vendor for branded goods during the reporting period.

The vendor, Position Promo, is an Indigenous-owned and operated company specialising in corporate branding. They source and supply the KPMG branded merchandise products available for KPMG Australia employees and clients, including umbrellas, ceramic cups, bucket hats, and tote bags.

Before the execution of the agreement in December 2022, KPMG Australia's National Procurement team conducted a comprehensive assessment of Position Promo's onshore and offshore operations and supply chain. This included a detailed supplier due diligence questionnaire with crucial questions on labour rights risk factors. The National Procurement team investigated the extent and location of Position Promo's sourcing operations in relation to tier one suppliers located in regions of China including Xiamen, Shenzhen, Guangzhou, Shanghai and Ningbo, and the quality control of these production facilities. This included consideration of the results of SA8000, BSCI, SMETA, and TCCC audits for facilities that Position Promo use in the production stage.

Following this due diligence process, the vendor ultimately satisfied KPMG Australia's modern slavery risk appetite for suppliers, under which our suppliers are expected to implement appropriate measures

to prevent, mitigate, address, or remediate modern slavery related harm.

Our National Procurement team was comfortable that the vendor was appropriately managing their residual modern slavery risk, including by regularly monitoring facilities, assessment of risks linked to their business model and geography, and taking actions to specifically mitigate these risks. As one example, Position Promo advised us that they manage expectations of customers regarding production timeframes to ensure that supplier safe working practices are not compromised by pressure to complete jobs on unrealistically short timeframes.

Information obtained during the due diligence process ultimately assisted in the transparency and support to establish this relationship and set the partnership with the right foundations at the start of the agreement.

KPMG Australia's supplier assessment framework involves regular monitoring of suppliers after onboarding. We continually work and have open conversations with Position Promo to collaboratively review the evolving geographic and business model risks associated with the vendor's supply chain and any potential impacts to KPMG Australia.



RISKS

ACTIONS

EFFECTIVENESS

Assessing the effectiveness of our actions to address modern slavery

During the reporting period, KPMG Australia operationalised our modern slavery measurement and evaluation (M&E) framework. Our M&E framework is focused on three key impact groups: suppliers, alliance partners, and contractors; clients; and our people. It complements the annual maturity rating mechanism outlined at page 5.

The framework includes a set of qualitative and quantitative indicators, which are designed to provide insight into the outcomes and impacts of KPMG Australia's modern slavery response. The table below contains key quantitative metrics

from the framework. Qualitative data from the framework is incorporated throughout this statement.

Our modern slavery M&E framework is designed to promote continuous improvement as well as transparency. The Human Rights Working Group reviews data for each indicator on a six-monthly basis and adjusts the processes and controls in our modern slavery response accordingly. A summary of the framework data is communicated to the firm's National Executive Committee twice annually.

IMPACT GROUP	LONG-TERM IMPACT WE TARGET	KEY INDICATOR	FY23 DATA
Suppliers, alliance partners, and contractors	People who work in our supply chain do not experience modern slavery.	Percentage and number of medium and high-risk suppliers that have completed the residual risk assessment stage of the Supplier Risk Assessment Framework.	100% and 62
		Number of supplier alignment plans open at the end of the reporting period, and number closed during the reporting period.	Alignment plans open: 15 Alignment plans closed: 27
		Percentage of contracts with suppliers, contractors, and alliance partners executed during the reporting period that include modern slavery terms.	Suppliers: 87% Contractors: 100% Alliance partners: 100%
Clients	Clients manage their modern slavery risks in line with good practice.	Number of potential human rights and labour rights risks flagged through client and engagement risk assessment processes.	22 instances
		Number of instances where further investigation of risk flag was required.	10 instances
		Percentage of these instances where the standards in the firm's Modern Slavery Risk Appetite Statement were satisfied.	100% of instances met requirements
Our people	Our people act with integrity and courage to prevent and address modern slavery.	Number of external experts consulted during review of Human Rights Policy.	8
		Percentage of staff who have completed 'We do what is right: Integrity at KPMG' training module.	100%
		Total number of modern slavery-related complaints received via a grievance mechanism.	0

Consultation, collaboration and forward commitments

Good practice consultation with owned or controlled entities

During the reporting period, KPMG Australia engaged and consulted with entities we own or control. We explained our current program of modern slavery, our forward commitments, as well as our expectations for alignment. We also confirmed details of the current reporting requirements in the *Modern Slavery Act 2018* (Cth), and outlined potential reforms recommended in the statutory review of the Act.

In FY23, KPMG Australia supported KPMG Papua New Guinea and KPMG Fiji to implement recommendations from risk area identification reports prepared by KPMG Banarra. This involved a knowledge-sharing workshop, and application of the firm's Supplier Risk Management Framework to supply chains. Colleagues from KPMG Papua New Guinea and KPMG Fiji also participated in the Modern Slavery Risk Area Review carried out during the year. As the next step, KPMG Australia will during FY24 continue to support the South Pacific Practice offices to mature their modern slavery response by conducting further due diligence on medium and high-risk suppliers, and focus on governance and operations recommendations from the KPMG Banarra reports.

Engagement and collaboration

The review of the *Modern Slavery Act 2018* (Cth), was a key focus for our modern slavery stakeholder engagement this year. KPMG Australia contributed a [detailed submission](#) to the review, where we recommended the introduction of a positive duty on reporting entities to undertake and report on human rights due diligence, to align with emerging international leading practice. We also participated in a face-to-face consultation with lead reviewer Professor John McMillan AO. KPMG Australia attended the Modern Slavery Conference in June 2023 hosted by the Commonwealth Attorney-General Department in partnership with the Australian Institute of Criminology, alongside other participants from government, business, civil society, academia, and modern slavery survivors.

In May 2023, as part of our commitment to human rights and modern slavery stakeholder engagement, KPMG Australia co-hosted an expert panel discussion and roundtable in Sydney with Dr James Cockayne, NSW Anti-slavery Commissioner. The event brought diverse viewpoints together for a discussion on how to ensure human rights due diligence laws address modern slavery. The speakers shared insights and guidance on this fast-evolving area of law to a hybrid audience of around 250 government, business, and civil society representatives working on these issues. A key theme emerging from the panel was the need for greater collaboration between businesses, government, civil society, and workers to drive effective change at the supplier level.

Other stakeholder engagement and collaboration highlights from the year include: hosting the launch of UN Global Compact Network Australia (UNGCNA) research on modern slavery within maritime shipping supply chains; participating in the UNGCNA Business and Human Rights Dialogue and the UN Business and Human Rights Forum; and convening a Human Rights Day event where KPMG Australia people had the opportunity to learn from four leading anti-slavery advocates.

Our client-facing human rights and social impact team, KPMG Banarra, collaborate with external stakeholders on thought-leadership designed to enhance corporate responses to modern slavery and related human rights violations. In FY23 this included collaborations with the following organisations:

- Two reports developed in collaboration with the Property Council of Australia: [Listening and Responding to Modern Slavery in Property & Construction: A Practical Guide for Effective Human Rights Grievance Mechanisms and Remediating Modern Slavery in Property and Construction: A practical guide for effective human rights remediation.](#)
- A [UNGCNA learning video](#) on listening and responding to modern slavery through grievance mechanisms featuring KPMG Banarra Partner in Charge Dr Meg Brodie.
- A report developed in collaboration with the Office of the NSW Anti-slavery Commissioner, [Public Social Procurement: Social returns on global public social procurement initiatives and lessons for NSW's anti-slavery efforts.](#)

Continuous improvement: planned next steps for FY24 and FY25

KPMG Australia is committed to continually lifting the ambition of our modern slavery response to meet the scale and nature of the challenge. Our priorities for FY24 and FY25 are set out below.



HUMAN RIGHTS COMMITMENT

- + Refresh the firm’s modern slavery stakeholder engagement plan, and carry out at least 10 engagements annually with stakeholder groups in the plan.

- + Operationalise the firm’s Human Rights Action Plan and set targets to assess progress meeting the commitments in the plan.

- + Contribute to the Parliamentary Inquiry into Australia’s Human Rights Framework.

- + Provide support to civil society initiatives in our region focused on the firm’s salient human rights issues, including labour rights.

GRIEVANCE MECHANISMS AND REMEDIATION

- + Review the effectiveness of the firm’s human rights grievance mechanisms in line with good practice guidance from the Office of the United Nations High Commissioner for Human Rights Accountability and Remedy Project.

MANAGEMENT SYSTEMS AND CONTROLS

- + Conduct a periodic review of the firm’s Supplier Risk Management Framework.

- + Supplement the Supplier Risk Assessment Framework with additional modern slavery assessment of selected high-risk products and services, focusing on multiple tiers of the supply chain.

- + Collaborate with the South Pacific Practice offices to support them in further maturing their modern slavery response in relation to supply chain, governance, and operations.

- + Continue to enhance the modern slavery risk assessment measures in the due diligence process for alliances and acquisitions.

- + Apply a human rights lens to the review and development of firm policies that intersect with our most salient human rights issues, including labour rights.

- + Promote consistency in the operationalisation of the firm-wide modern slavery risk appetite statement by providing guidance and training on the application of standards in the statement.

- + Develop and implement a human rights and modern slavery capability building plan, building on the existing e-learning module.

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