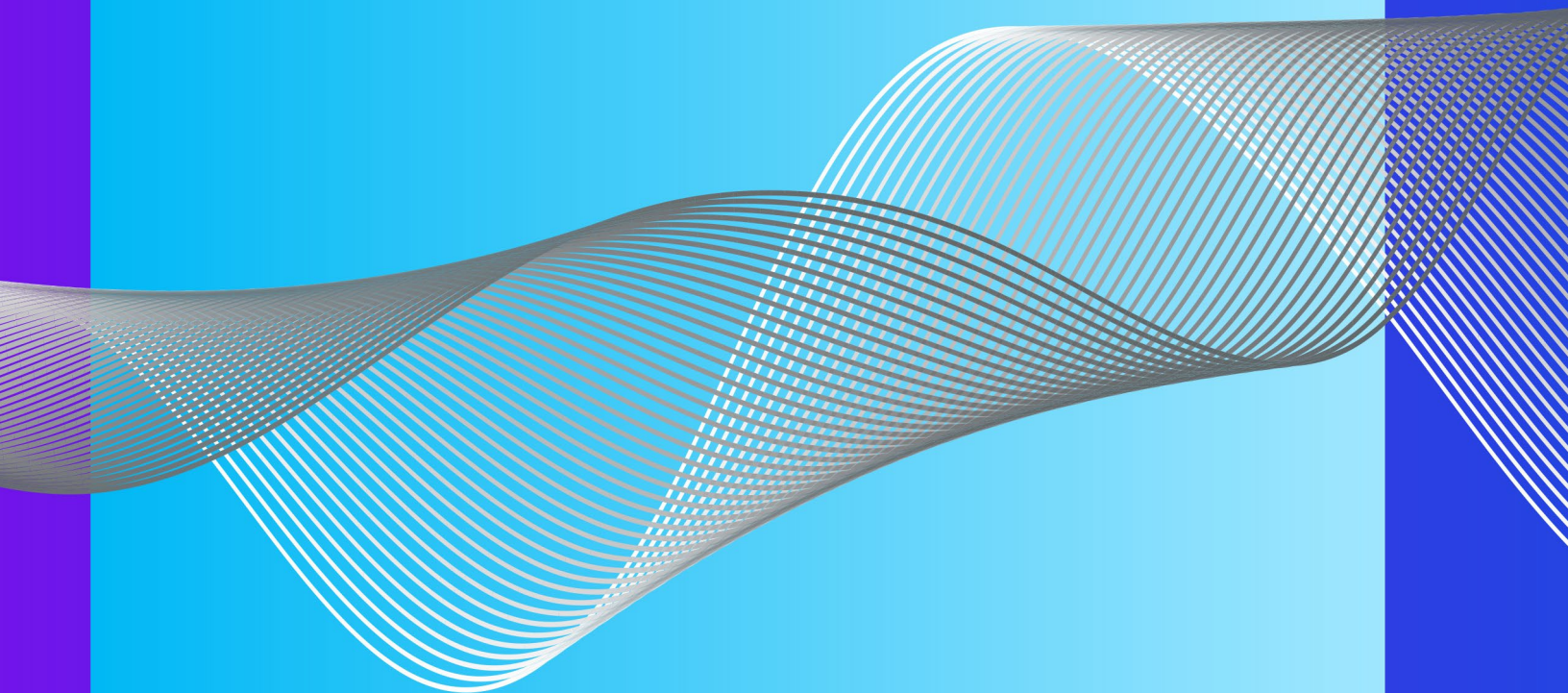




# Annual Report

pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act*

May 2024



# Purpose

This joint annual report for the financial reporting year of October 1, 2022 to September 31, 2023 (the “**2023 financial reporting year**”) has been created by KPMG LLP and KPMG Management Services LP (collectively referred to as “**KPMG**”), for the sole purpose of meeting their obligations and reporting requirements for entities pursuant to the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the “**Act**”).

# Commitment

KPMG is committed to preventing and reducing the risk that forced labour or child labour is used at any step in the production of goods in Canada or elsewhere, including goods that KPMG imports into Canada.

# Categorization, Sector, and Industry

## ***KPMG is an entity under the Act***

KPMG LLP is a professional services firm that delivers Audit, Tax and Advisory services. KPMG Management Services LP provides management and administrative services to, and is wholly owned by, KPMG LLP. Collectively, KPMG has more than 40 locations across Canada and is headquartered in Toronto, Ontario. KPMG employs more than 10,000 people and is home to a diverse workforce that inspires confidence, empowers change, and drives innovation.

KPMG delivers the latest insights, trends, and resources to help support and inform clients’ financial, operational, and strategic objectives. KPMG believes in the power of diversity and is passionate about creating a more inclusive and sustainable future for all. KPMG has aligned its impact strategy to the UN Sustainable Development Goals.

With respect to the Act’s threshold requirements, KPMG LLP and KPMG Management Services LP have each generated at least \$40 million in revenue for at least one of their two most recent financial years and have each employed an average of at least 250 employees for at least one of their two most recent financial years.

## ***Our Operations***

KPMG LLP is an Ontario limited liability partnership and a member firm of the KPMG global network of independent member firms affiliated with KPMG International Limited (“**KPMG International**”), a private English company limited by guarantee. The global KPMG network of firms individually provide



Audit, Tax, Legal, and Advisory services to a wide variety of public and private sector organizations. Each KPMG member firm is a legally distinct and separate entity and describes itself as such. For more information, see [kpmg.com/ca](http://kpmg.com/ca). KPMG Management Services LP is an Ontario limited partnership that provides management and administrative services to KPMG LLP. The general partner is KPMG Management Services Inc. The limited partners are KPMG LLP partners or their family trusts.

During the 2023 financial reporting year, there was an average of 961 partners at KPMG (In 2022, 890 partners). KPMG LLP has two principal governing documents: a Partnership Agreement and Operating Procedures. Together, these documents establish the structure and principal procedures of governance for the firm. The key governance and management bodies of the firm are the Management Committee and the Board of Directors.

As part of KPMG's operations, KPMG sells a very limited range of goods directly in Canada, and imports goods into Canada that are produced outside of Canada, that are utilized for KPMG's merchandising store, marketing and informational materials, and office use.

## ***Structure, Activities, and Supply Chains***

### ***Our Supply Chain***

KPMG looks to source the majority of goods domestically, including most office supplies and office furnishings. Where this is not possible, KPMG will source certain limited goods internationally and act as importer of record for these goods. This does not constitute a major portion of the procurement activities of KPMG.

KPMG LLP imported goods include, but are not limited to, printed books, brochures, leaflets and similar printed matter, office supplies, assorted articles of clothing, and kitchen items. The goods are imported from several jurisdictions including the United Kingdom, Europe, the United States, Asia, and Australia.

KPMG Management Services LP imported goods include, but are not limited to, articles of clothing, automatic data processing machines, magnetic or optical readers, machines for transcribing data onto data media in coded form and machines for processing such data. The goods are imported from several jurisdictions including South America, Asia, and the United States.

### ***Steps Taken by KPMG in 2023***

To prevent and reduce the risk that forced labour or child labour is used at any step of the importation of goods into Canada, KPMG undertook an internal assessment of the risks of forced labour and/or

child labour in its activities and supply chain. Specifically, KPMG and its leadership started the process of reviewing and evaluating its internal policies and procedures with respect to the issues of child labour and forced labour.

## **POLICIES AND DUE DILIGENCE PROCESSES**

### ***KPMG's Policies and Processes***

During the 2023 financial reporting year, KPMG maintained several policies and processes which affirm KPMG's commitment to abide by applicable forced labour and child labour laws, including:

- a.** KPMG's Canadian Code of Conduct (the "**Code**"). KPMG is committed to the highest standards of personal and professional behaviour throughout the firm in everything KPMG does. Ethics and integrity are core to who KPMG is and why everyone at KPMG is held to this promise of excellence. KPMG's Code outlines the responsibilities all KPMG personnel have to each other, KPMG's clients, and the public. It shows how KPMG's values inspire its greatest aspirations and guide all of KPMG's behaviours and actions. It defines what it means to work at and be part of KPMG, as well as KPMG's individual and collective responsibilities.
  
- b.** KPMG's Ethics and Compliance Hotline (the "**Hotline**"), a grievance mechanism established to facilitate confidential reporting of possible illegal, unethical, or improper conduct when the normal channels of communication have proven ineffective or are impractical under the circumstances. This encompasses reporting concerns surrounding forced labour or child labour. The Hotline is available to KPMG personnel, as well as clients, contractors, vendors and other parties. An important part of KPMG's culture of integrity is setting up an efficient means for all personnel to come forward with legal, compliance, and ethics questions and concerns without fear of retaliation. KPMG is committed to taking appropriate action in response to meritorious complaints and implementing necessary action plans.
  
- c.** KPMG's Respect at Work Policy (the "**Policy**"), which outlines KPMG's commitment to providing a respectful workplace that is free from violence, harassment and discrimination. It also identifies the responsibilities that KPMG personnel have in maintaining this workplace. The Policy ensures that workplace harassment, discrimination and violence is minimized against employees, contractors, clients, visitors to KPMG or other third parties. The Policy calls for an investigation promptly and in a manner that is appropriate in the circumstances and consistent with KPMG's legal obligations. The obligations under the Policy are in accordance with KPMG's Workplace Harassment & Violence Program (the "**Program**") (for instances of violence or harassment) and KPMG's Incident Form (for instances of discrimination). All KPMG personnel are required to undertake training in the Program, Policy and Incident Form.

- d. KPMG’s National Health & Safety Policy (the “**Health & Safety Policy**”), which outlines KPMG’s commitment to ensuring the health and safety of all KPMG personnel and to comply with laws, regulations and standards to provide a safe and healthy work environment no matter how, where or when KPMG’s people work. The Health and Safety Policy is a component of KPMG’s overall Health & Safety Management System.
- e. KPMG’s standard Request for Proposal (“**RFP**”) online form, which is used by all those who wish to submit work proposals for KPMG’s consideration. Pursuant to the RFP online form, KPMG reserves the right to disqualify or cease business with any party who breaches or has breached any applicable laws.
- f. KPMG’s Corporate Card General Policies and Procedures, which ensures that those with access to KPMG’s credit cards retain receipts and provide justification for business card transactions. This permits KPMG to verify the vendors that do business with KPMG. KPMG’s Expense Reimbursement Policy contains similar requirements for receipts and justification for transactions on expense reports.
- g. KPMG’s New Hire Screening Process, which requires new hires to provide government ID for verification of their age, Social Insurance Number (“**SIN**”) and other information. All new hires are also required to undergo a background check to verify their age and SIN. This helps verify that no workers are under the applicable legal working age.
- h. KPMG International’s Global Code of Conduct (the “**Global Code**”), which KPMG is bound by as a member firm in the global KPMG network. This includes not tolerating behaviour within KPMG or by suppliers that is illegal, unethical, or that is in violation of KPMG’s values, policies, applicable laws, regulations, or professional standards, including breaches of human rights. Everyone at KPMG is required to comply with the Global Code and to confirm their compliance with the Global Code. All KPMG personnel in the global KPMG network are to undertake regular training covering the Global Code.
- i. KPMG International’s Hotline (the “**International Hotline**”), in which individuals can confidentially report concerns they have relating to any KPMG International entity, other KPMG firms or their personnel.
- j. KPMG International’s Business and Human Rights Statement (the “**Statement**”), prepared in accordance with the UN’s Guiding Principles on Business and Human Rights. KPMG International monitors human rights across the global KPMG network as part of the Global Quality & Risk Management process. The Statement highlights the availability of the International Hotline as a reporting mechanism for monitoring human rights issues, which implicitly includes forced labour and child labour concerns. The Statement emphasizes that



all KPMG member firms, including KPMG, seek to prevent or mitigate adverse human rights impacts that are directly related to KPMG's operations, products or services through business relationships. In accordance with the Global Code, KPMG will only work with suppliers that live up to KPMG's core ethical standards and KPMG will not tolerate behaviour by suppliers that is illegal, unethical or breaches human rights.

## ***FORCED LABOUR AND CHILD LABOUR RISKS***

KPMG has begun the process of identifying risks of forced labour and child labour. KPMG has mitigated risk of both child and forced labour in its own organization and supply chain through KPMG's policies and processes described above, including the Code, Hotline, Respect at Work Policy, Workplace Harassment & Violence Program, Health & Safety Policy, Health & Safety Management System, RFP online form, Corporate Card General Policies and Procedures, Expense Reimbursement Policy, and New Hire Screening Process. KPMG is further informed by KPMG International's established policies and principles, including the Global Code, Business and Human Rights Statement, and International Hotline.

## ***REMEDATION MEASURES***

KPMG has not identified any forced labour or child labour in its activities or supply chains. As such, KPMG has not undertaken any remediation measures.

## ***REMEDATION OF LOSS OF INCOME***

KPMG has not identified any loss of income to vulnerable families resulting from measures taken to eliminate the use of forced labour or child labour in its activities and supply chains. As such, KPMG has not undertaken any remediation measures related to income loss.

## ***TRAINING PROVIDED TO EMPLOYEES***

Presently, all new personnel are assigned a mandatory onboarding training package which includes training on KPMG's Code and Global Code, Accessibility Standards Regulations and the Human Rights Code, Occupational Health & Safety, and the Respect at Work Policy. KPMG personnel are also required to certify their abidance with our Code. In 2023, KPMG did not provide training to its employees on forced labour or child labour specifically, however, moving forward, KPMG will be assessing what related training may be appropriate.

## **ASSESSING EFFECTIVENESS**

As outlined above, KPMG's current policies and procedures act to reduce the risk that child labour and/or forced labour is present in KPMG's activities and supply chain, including the Code, Hotline, Respect at Work Policy, Workplace Harassment & Violence Program, Health & Safety Policy, Health & Safety Management System, RFP online form, Corporate Card General Policies and Procedures, Expense Reimbursement Policy, and New Hire Screening Process, as well as KPMG International's established policies and principles, including the Global Code, Business and Human Rights Statement, and International Hotline. KPMG is currently working towards establishing additional policies and processes that will further prevent and reduce the risk that forced labour or child labour is used in KPMG's activities and supply chains.







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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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