



U.S.

IMPACT

PLAN '22

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A letter from our Chair and CEO, Paul Knopp



Since 1897, KPMG U.S. has inspired confidence and empowered change—solving our clients’ and communities’ most complex challenges, rising to the occasion during pivotal moments in history, and evolving to meet the needs of our people, clients, and society. As we look to the future, we are guided by our purpose and values—integrity, excellence, courage, together, and for better.

Our first Environmental, Social, and Governance (ESG) Impact Plan is an important milestone as we consider how our firm intersects with people, impacts our planet, fosters a prosperous society, and embeds good governance. And while this report is the first of its kind for us, our work in this space is not new. For 125 years, we have been committed to supporting our clients and our communities, and now, we are leading on critical ESG issues, as exemplified through our work with the World Economic Forum on international ESG standard setting. From fostering a diversified workforce and neutralizing our carbon emissions to expanding our community engagement and instilling an ethical business culture, we are committed to driving progress, and most importantly—impact.

Our diversity, equity, and inclusion (DEI) efforts and our commitment to attract, retain, and advance underrepresented talent are at the heart of our ESG efforts. To achieve our future growth and trust ambitions, we must unlock the power of our people—developing the best and most diverse talent, providing

access to meaningful opportunities, and creating an environment where everyone can succeed both personally and professionally.

When we think about how we operate, and our impact on the planet, we recognize that we all have a role to play in tackling climate change. Through advancing the procedures and technologies needed for decarbonization and providing our people with the knowledge and ability to make sustainable choices, we aim to better our world by innovating and investing in the future of our business and planet.

To drive community impact and foster a prosperous society, we promote equity and access, cultivate lifelong learning, and protect the environment through partnerships with companies, nonprofits, governments, and non-governmental organizations. In honor of KPMG U.S.’ 125th anniversary this year, our firm and the KPMG U.S. Foundation will collectively commit more than \$125 million over the next five years to support organizations, programs, and initiatives that advance equity and access among underrepresented groups who historically have faced systemic barriers in our communities.

At this exciting moment in our ESG journey and firm’s history, we are working together to take tangible, transformative steps to drive a more equitable and sustainable society. It is our responsibility to do our part and support our clients as they work to do the same. We are dedicated to maintaining transparency and accountability; setting and executing ESG aspirations that deliver for our business, people, communities, and planet; and continuing to evolve, adapt, and innovate as we develop tools and strategies that we can share with our clients.

We are committed to championing ESG and are pleased to introduce our 2022 U.S. Impact Plan. Thank you for joining us on this ESG journey.

A stylized, handwritten signature of Paul Knopp in black ink.

Paul Knopp (he/him/his)
Chair and CEO,
KPMG U.S.

About this report

At KPMG, we believe that prioritizing environmental, social, and governance (ESG) principles makes business better by unlocking new value, building resilience, and driving sustainable growth today and tomorrow. As part of our U.S. firm's ESG journey, we are releasing our initial U.S. Impact Plan, a report designed to consolidate our reporting, foster transparency, enhance accountability, and share our ESG vision for the future.

The information within this report represents a consolidation of our past reporting efforts including the [2020 KPMG Community Impact and KPMG U.S. Foundation, Inc. Report](#), [2021 U.S. DEI Transparency Report](#), and our [2020 Audit Quality Report](#). As a result, this report includes some information that was previously reported during the past year. The consolidation of our reporting allows us to show how we have integrated our commitments into our business priorities and operations to meet stakeholder expectations and outline a path for future activation.

We have prepared the metrics in this report in accordance with the World Economic Forum (WEF) International Business Council (IBC) Stakeholder Capitalism core metrics. Namely, we detail our commitments and actions to date across the four pillars of People, Planet, Prosperity, and Principles of Governance. These standards provide a clear framework to measure our annual progress against the United Nations (UN) Global Compact Principles and the UN Sustainable Development Goals (SDGs).

A detailed list of our disclosures and a high-level summary of our data can be found here on our [methodology web page](#). As our ESG commitments and reporting evolve, we will appropriately expand our disclosures to evidence our progress.

Unless indicated otherwise, this report covers activities of KPMG U.S. (referred to as "KPMG" throughout the report) for the fiscal year from October 1, 2020, to September 30, 2021, abbreviated as "FY21" in the report. The information included in this report aligns with KPMG International's [Our Impact Plan](#) released in March 2022 and includes some complementary information and commitments with clear distinctions in specific areas.

Guided by materiality

Our ESG efforts have been, and will continue to be, informed by the results of a stakeholder materiality assessment that was conducted to better understand the ESG topics where KPMG can make the most impact. Through extensive research, including internal and external stakeholder interviews, internal documentation review, analysis of ESG standards, peer benchmarking, and a media analysis, a team of KPMG professionals with ESG expertise analyzed a list of ESG topics using a materiality framework specific to KPMG. This analysis determined, on a relative basis, the ESG issues that were most important to our stakeholders and our business to highlight KPMG's ESG priorities.

The list below displays the issues deemed material by this assessment, grouped by reporting pillar. Topics in purple were deemed a top priority due to their importance to core stakeholders and the business and were used to guide our reporting.



We are leveraging our business to serve the public interest and drive positive outcomes for our people, communities, planet, and society. By focusing on our material topic areas, we can effectively incorporate ESG efforts into the most meaningful and impactful aspects of our work, strategically deploying resources and amplifying our efforts."

Laura Newinski (she/her/hers)
Deputy Chair and
Chief Operating Officer,
KPMG U.S.

Areas of material impact for KPMG U.S.



People

- Diversity, equity, & inclusion
- Talent attraction, development, & retention
- Employee health & well-being
- Education
- Labor practices
- Workplace environment
- Employee benefits
- Compensation



Prosperity

- Digital innovation
- Business model resilience
- Economic performance
- Societal impact
- Corporate citizenship
- Client satisfaction



Planet

- Climate change
- Environmental sustainability
- Greenhouse gas emissions
- Ecological impact



Principles of Governance

- Ethical culture & independence
- Regulatory excellence
- Data security
- Board & management conduct
- Transparency & disclosure
- ESG risk management
- Quality service delivery



People

Commitments

Enhance diversity, equity, and inclusion (DEI) at all levels of our firm through Accelerate 2025, our long-term strategy and commitment to DEI centered on attracting, retaining, and advancing underrepresented talent.

Our aspirations for 2025 include:

50% Partner and managing director representation from underrepresented groups, including doubling our Black representation



Significant increase in representation from underrepresented groups in client and firmwide leadership roles

50% Increase in our Black and Hispanic/Latinx workforce

Increase the representation of women in senior leadership (partners and managing directors) to 33%, as part of KPMG International's global goal

Improve our people's experience by continuing to build on our culture through the intentional embedding of KPMG culture into each stage of our people's careers, including incorporating accountability for values-based behavior into our performance development process, hiring, and promotions

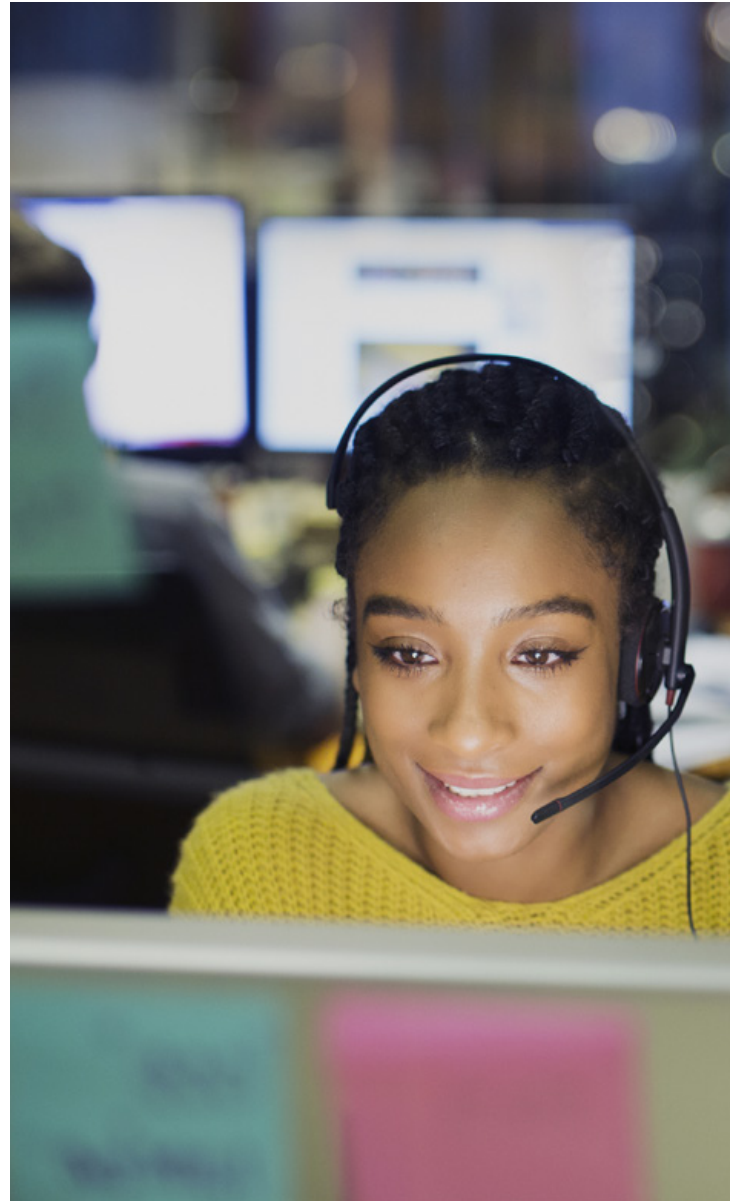
Together, for better

Diversity, equity, and inclusion are foundational to our firm's purpose, values, and strategy. Our approach to DEI is designed to unlock the power of our people and grow our firm the right way. To drive our ambition, we launched Accelerate 2025, ensuring that we are doing all we can to contribute to an equitable society and workplace.



To date, we have made the following progress across our priority areas:

- **Expanding our efforts** to attract and retain diverse talent through strategic relationships that increase our pool of underrepresented candidates and successfully integrate new joiners into the firm's culture.
- **Analyzing how work is distributed** amongst associates and senior associates to promote meaningful work opportunities for all, including launching several pilots to study and enhance how we align talent with credentialing work.
- **Improving the managing director and partner pipeline** across the firm by reviewing talent and performance and identifying targeted development opportunities to prepare our people with the skills to perform at the next level.
- **Enhancing accountability for DEI progress across the firm**, including at the Chair and Deputy Chair levels, and incorporating DEI into the performance development system through individual business objectives, leadership competencies, and culture commitments.
- **Launching a DEI speaker series on topics that had not been discussed at our firm before**, including 'isms', modern-day caste, psychological safety, and embedding a DEI concentration within ethics and integrity training.



In the years ahead, we plan to continue to leverage data and our integrated strategies to not only reach our Accelerate 2025 goals, but also expand our efforts with intentionality—making sure our people feel supported throughout the pivotal moments in their careers.

Accelerate 2025

In 2020, we introduced Accelerate 2025, our long-term strategy and commitment to DEI, to tackle one essential dimension of our overall DEI agenda: ensuring that more individuals from underrepresented groups choose KPMG as their employer of choice, build careers at KPMG, and advance to leadership positions within our firm and the profession.

Accelerate 2025 has three core components:

1

Getting here

- Attracting more individuals from underrepresented groups to the profession
- Making KPMG the clear employer of choice
- Onboarding talent with intentionality to prepare them to succeed here

2

Succeeding here

- Creating consistency of experience for all
- Engaging everyone in our firm to foster an environment of diversity, equity, and inclusion
- Providing access to development and advancement opportunities

3

Leading here

- Creating clear paths to managing director and partner
- Cultivating talent to rise to senior leadership positions within our firm, profession, and marketplace
- Serving our communities through stewardship and board service

Who we are

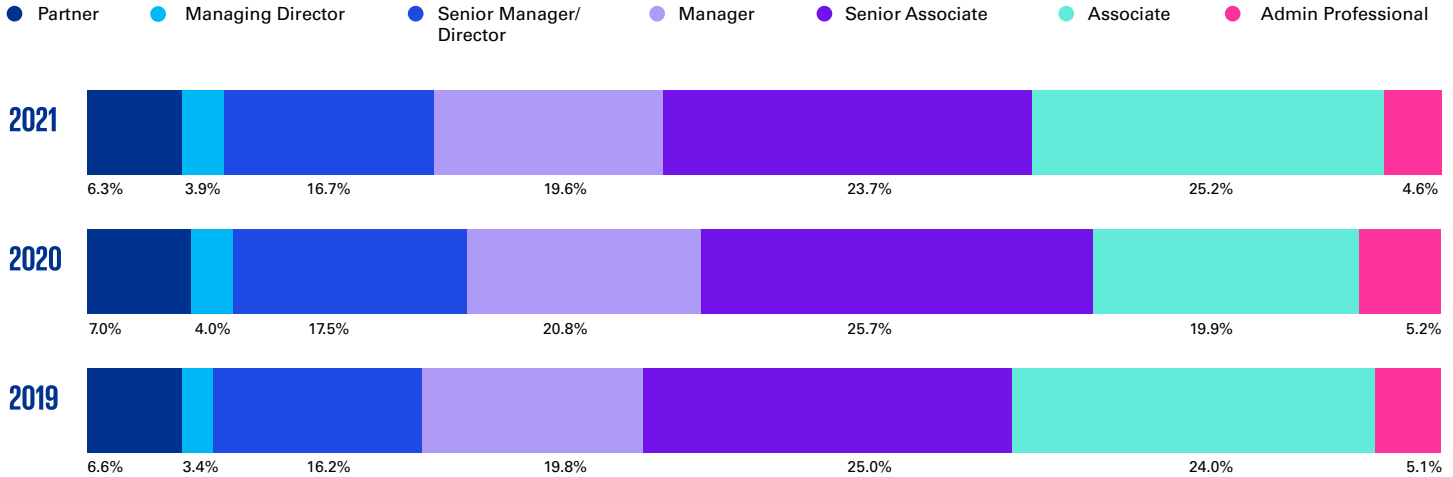
Headcount

2021:
35,266

2020:
33,180

2019:
34,455

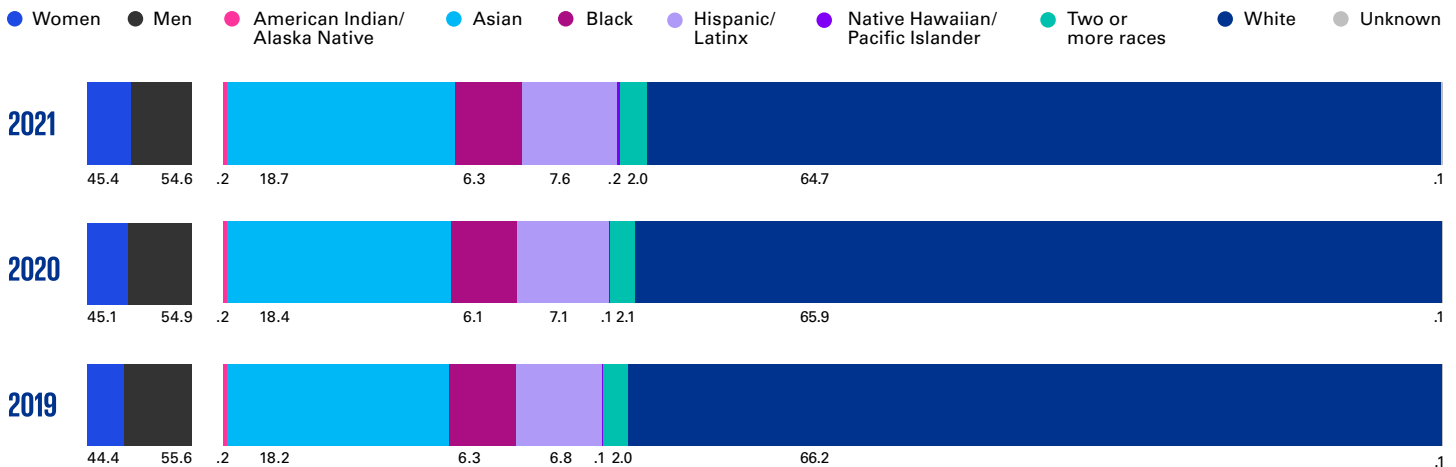
Our people by employee category



Firmwide

Gender by %

Race/Ethnicity by %



Women in manager roles and above

2021:
40.0%

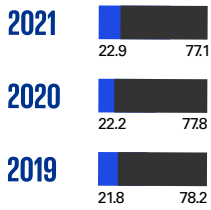
2020:
39.4%

2019:
38.6%

Partner

Gender by %

● Women ● Men



Race/Ethnicity by %

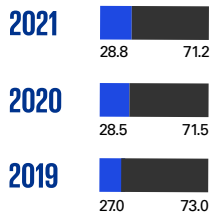
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Managing Director

Gender by %

● Women ● Men



Race/Ethnicity by %

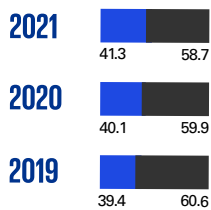
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Senior Manager/Director

Gender by %

● Women ● Men



Race/Ethnicity by %

● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



People of color in manager roles and above

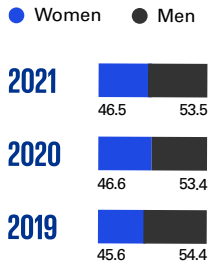
2021:
29.4%

2020:
28.2%

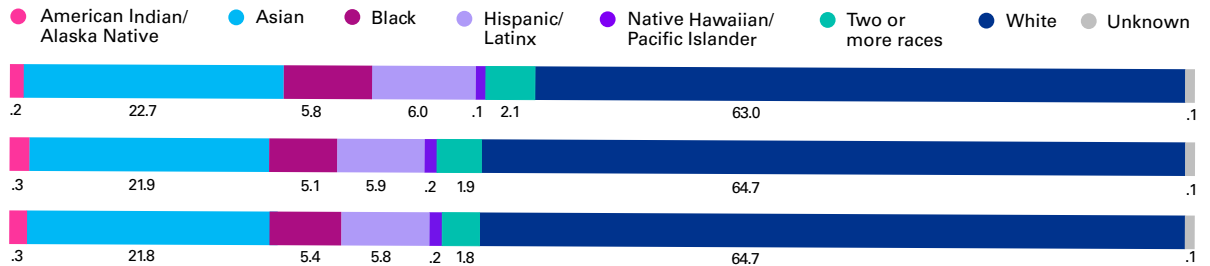
2019:
27.8%

Manager

Gender by %

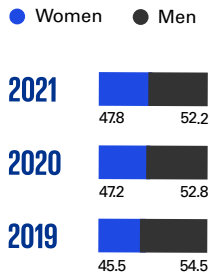


Race/Ethnicity by %

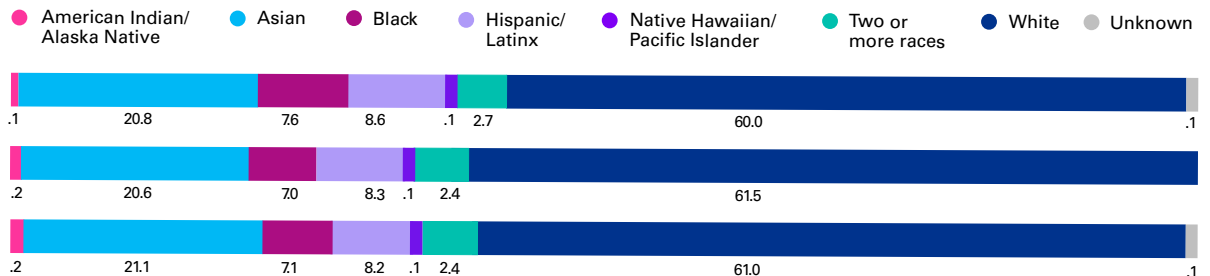


Senior Associate

Gender by %

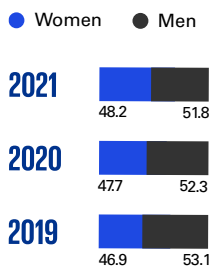


Race/Ethnicity by %

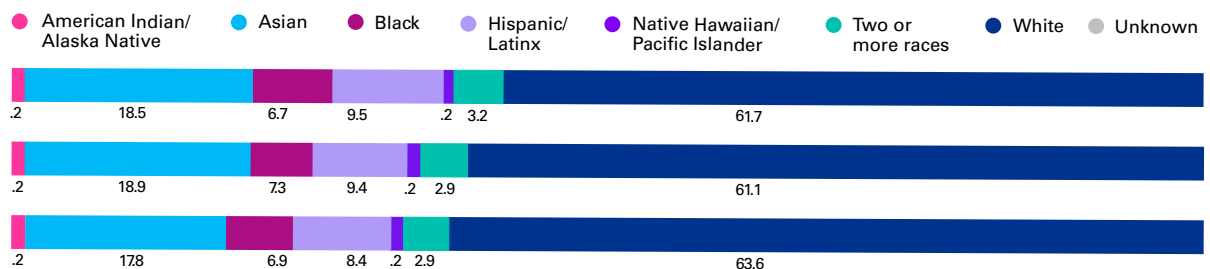


Associate

Gender by %



Race/Ethnicity by %



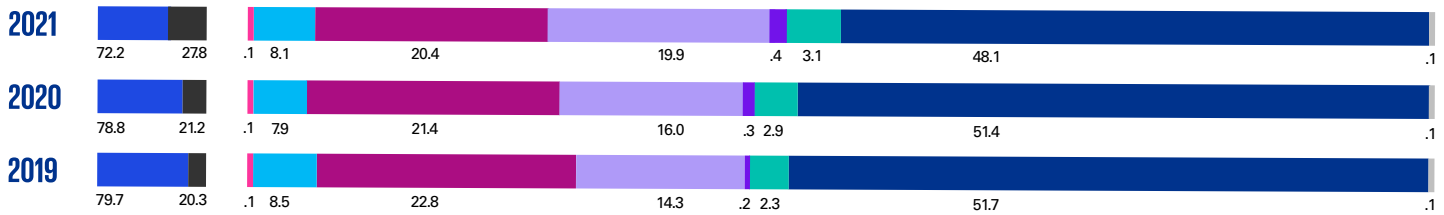
Administrative Professional

Gender by %

● Women ● Men

Race/Ethnicity by %

● American Indian/ Alaska Native ● Asian ● Black ● Hispanic/ Latinx ● Native Hawaiian/ Pacific Islander ● Two or more races ● White ● Unknown



Unless otherwise noted on the chart, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, and employees whose race/ethnicity is Unknown make up <0.1%.

LGBTQ+:¹	2021: 1.7%	2020: 1.6%	2019: 1.5%
Military service:¹	2021: 3.6%	2020: 3.1%	2019: 3.1%
People with disabilities:¹	2021: 2.8%	2020: 2.1%	2019: 2.0%

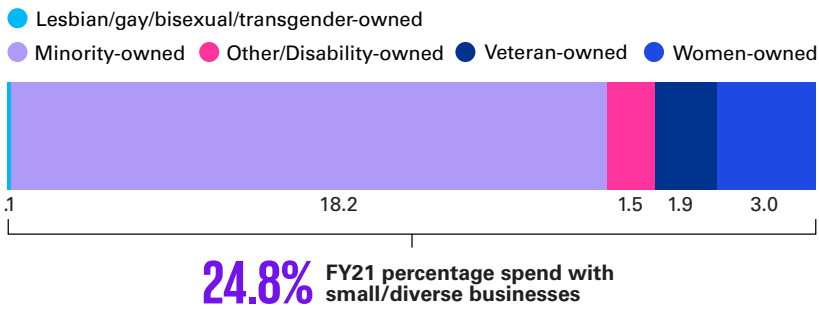
This data is denoted differently from the data included in our [2021 U.S. DEI Transparency Report](#) due to a recategorization of partners and professionals on unpaid leaves of absence or currently working in other markets, reflecting a slight decrease in our firmwide headcount (from 35,588 to 35,266). Additionally, employee level categories are denoted differently from those reported by KPMG International.

¹Self-identification in these diverse groups is voluntary. We continue to enhance our voluntary self-identification process and further integrate these updates across our firm.

Our ESG strategy is designed so that everyone has a role in helping our firm achieve our Accelerate 2025 goals.

We believe that transparency leads to accountability and acknowledge that we must be swift and agile as we continue to make progress toward our Accelerate 2025 commitments. We have a relentless focus on these efforts and are committed to growing talent at KPMG. We will continue to approach our DEI efforts with intentionality and inclusivity, taking actions to improve our firm for the future—this includes better monitoring gender beyond the binary.

Supplier diversity



We have increased our percentage of supplier diversity spend from 18.8% in FY20, a **32% increase**.

Percentage of supplier diversity spend is the total spend with small and diverse suppliers (following *DiversityInc* criteria), including Tier 1 and Tier 2 spend, divided by addressable firm spend. Non-addressable spend, such as taxes and intercompany payments, is excluded.

Our supplier diversity strategy is designed to help our firm better embrace businesses that are qualified and certified as minority-owned (MBE), women-owned (WBE), disability-owned (DBE), veteran-owned (VBE), service-disabled-veteran-owned, and lesbian/gay/bisexual/transgender-owned (LGBTBE). This strategy seeks to ensure that our suppliers endorse inclusive supply chains and help us build relationships that reflect the market, clients, and communities we serve.

We also recognize our role in helping suppliers advance their own DEI, sustainability, and human rights commitments. This is why we require our suppliers to commit to KPMG's values and [Code of Conduct](#), including committing to making positive, sustainable change in our communities and society. We use these commitments to consciously manage supplier oversight and engagement.

We are committed to expanding the firm's supplier diversity program. By the end of 2025, we strive to have 30% of our reportable spend with diverse suppliers.



→ In line with [KPMG International's commitments](#), [Global Code of Conduct](#), and our [Code of Conduct](#), we expect all our clients and suppliers to respect internationally recognized human rights and the principles concerning fundamental rights and labor standards set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. As a U.S. firm, we are committed to supporting human rights in all forms, including through our support of the [Business Coalition for the Equality Act](#) and other efforts that enhance human dignity.

Getting here

Joining us today

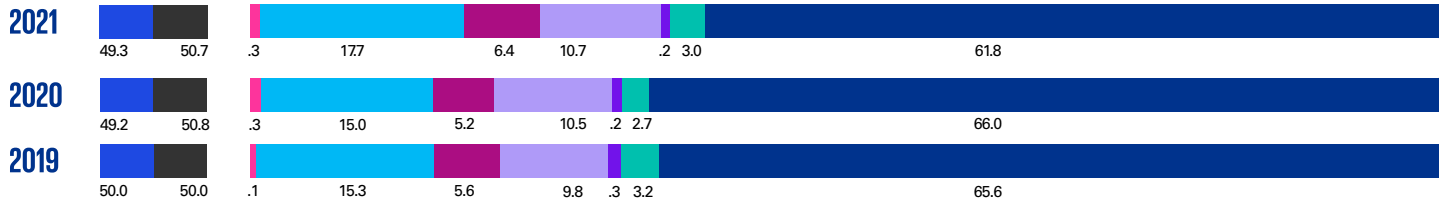
Interns

Gender by %

● Women ● Men

Race/Ethnicity by %

● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Embark interns

Gender by %

● Women ● Men

Race/Ethnicity by %

● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



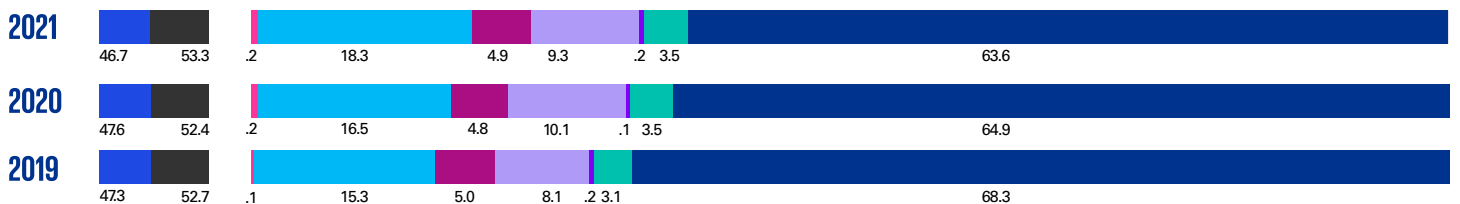
University hires

Gender by %

● Women ● Men

Race/Ethnicity by %

● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



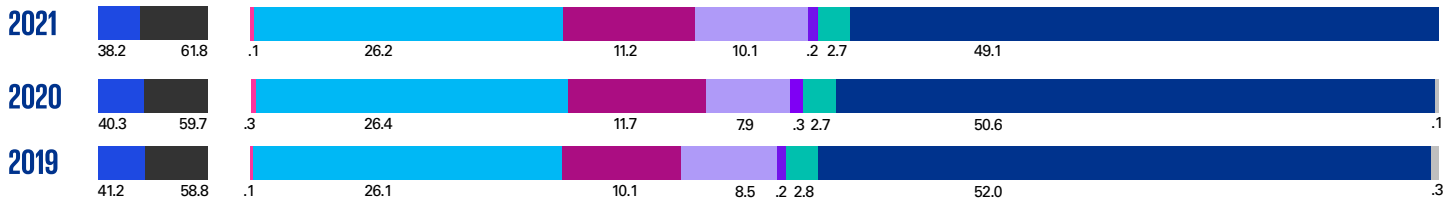
Experienced hires

Gender by %

● Women ● Men

Race/Ethnicity by %

● American Indian/ Alaska Native ● Asian ● Black ● Hispanic/ Latinx ● Native Hawaiian/ Pacific Islander ● Two or more races ● White ● Unknown



Unless otherwise noted on the chart, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, and employees whose race/ethnicity is Unknown make up <0.1%. Statistics in this table reflect KPMG's hires in the calendar years 2019–2021 to better align with varying school calendars and graduation dates.

→ We are committed to our aspirational goal of increasing the representation of women in senior leadership (partners and managing directors) to 33% by 2025 as part of KPMG International's commitment to advance women's leadership across member firms. As a signatory to the UN Global Compact Principles and UN Women's Empowerment Principles, our entire global network is working to progress gender equity using a gender gap analysis tool. To reach our goal in the U.S., we are focused on enhancing our talent pipeline, continuing to refine our promotion strategies, embracing a hybrid work environment, and ensuring our Total Rewards offerings meet the needs of our diversifying workforce.



Getting here

To be a leader in developing a diverse, equitable, and inclusive workforce that drives innovation, trust, and quality, we are enhancing our efforts to make sure that people from diverse backgrounds are choosing KPMG to advance their careers. These efforts begin with strengthening our recruiting processes, channels, and partnerships to maximize connection with talent from a variety of backgrounds and experiences, and promoting opportunities that foster connection, access, and development along the way.

To bolster our recruiting process and outreach strategy and increase the diversity of our applicant pool, we have deepened our collaboration with Historically Black Colleges and Universities (HBCUs). In FY21, hires from HBCUs increased by 40%. During this same period, we experienced an 81% increase in the number of Black and Hispanic/Latinx candidates being interviewed as an impact of expanding our HBCU strategy and moving to an open application process.

We are also improving other pathways to employment at KPMG through innovative internship, career development, and education programs.

→ Master of Accounting with Data and Analytics Program

An innovative collaboration between KPMG and leading business schools that combines learning, funding, and work experience to develop accountants and auditors for the digital age.

→ **Recent highlight:** We're including more HBCUs in this program, notably Alabama State University's Percy J. Vaughn, Jr. College of Business Administration and North Carolina Agricultural and Technical State University, with more to be added in the near future.

→ Embark Scholars Program

A multiyear internship program that develops high-performing students of color into the KPMG leaders of tomorrow.

→ **Recent highlight:** The expansion of this program has helped grow the number of Embark interns by 15% over the past year, and we've increased our acceptance rate by 15 percentage points (68% to 83%).

→ Rise Leadership Institute

A leadership program with conferences, scholarships, and career opportunities for high-performing first- and second-year college students who identify as a person of color, veteran, person with disability, LGBTQ+ individual, or first-generation college student.

→ **Recent highlight:** We've mentored over 2,500 students across the country since the launch of Rise and Embark.

Succeeding here

Our goal is for KPMG to be a place for our people to build their careers. In practice, this means creating a consistent experience for everyone, engaging our people at all levels to foster an environment of diversity, equity, and inclusion, and providing equitable access to development and advancement opportunities.

To further our inclusive culture, KPMG partners and professionals are required to include a culture commitment alongside other performance indicators in their annual performance review. This commitment makes building a culture that encourages open dialogue, compassionate candor, and a sense of belonging for all our people a prerequisite for progress at KPMG.

Our work in DEI is foundational to our strategy to navigating the future of work. As we continue to operate in an increasingly digital environment, we are also deploying a new working model called “Flex with Purpose” to foster a safe and inclusive culture in a hybrid workplace.

Flex with Purpose is centered on flexibility and purposeful collaboration to foster great work and support our people as they move between KPMG offices, client sites, and remote locations. This approach incorporates feedback from across the firm and enables our people to do their best work, while supporting collective and individual well-being, KPMG values, and an inclusive culture.



Hybrid working communities

- Our [whitepaper series](#) discusses the reality that not everyone can return to the office or travel with equal flexibility, encouraging us to pay particular attention to how women, people of color, and LGBTQ+ individuals face socioeconomic realities that often differ significantly from those of their colleagues. This series will continue to share our insights with our clients and people in the hopes of developing a more equitable work culture.

Succeeding here

>40hrs

The average hours of training employees receive

\$3,800+

Average training and development expenditure per full-time employee

47,000

Total hours of DEI training our people completed

Average hours of training per level

Partner	Managing Director	Senior Manager/ Director	Manager	Senior Associate	Associate	Admin Professional
51	43	39	35	39	59	28

ESG-specific training

We are teaming with premier institutions such as New York University Stern Center for Sustainable Business and University of Cambridge Judge Business School to develop enhanced learning frameworks for a range of ESG training programs that will be applied across KPMG, upskilling our people and sharpening our ESG capabilities.

From June 2021 to March 2022, our people engaged in **12,000+ learning and development hours** devoted to a variety of ESG topics, including Task Force on Climate-related Financial Disclosures (TCFD) and the Greenhouse Gas (GHG) Protocol.

We are investing in our learning curriculum to cultivate an intuitive, interactive, and personalized learning experience so our people can grow in ways that are best for their clients, their career, and the firm. Our learning and development investments are intended to further enhance development opportunities at KPMG through face-to-face engagement, virtual classroom options, structured coaching, mentoring, and individual instruction.

82%

think KPMG is a great place to develop their career

Lakehouse

Our most notable commitment to learning and development is KPMG Lakehouse, a purpose-built state-of-the-art learning and innovation center. Lakehouse reflects our rich 125-year history while bringing in new diversity of thought, perspectives, and backgrounds with each participant who comes through its doors. It is a place where our culture comes to life and our people can learn, innovate, recharge, give back to the community, and grow. Visit the [Lakehouse website](#) for additional information.



Promotions for people of color in manager roles and above

2021:
30.4%

2020:
28.4%

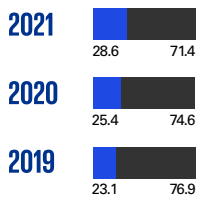
2019:
28.5%

Promotions by level:

Partner

Gender by %

● Women ● Men



Race/Ethnicity by %

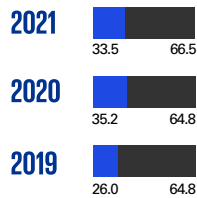
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Managing Director

Gender by %

● Women ● Men



Race/Ethnicity by %

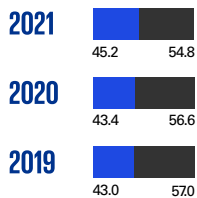
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Senior Manager/Director

Gender by %

● Women ● Men



Race/Ethnicity by %

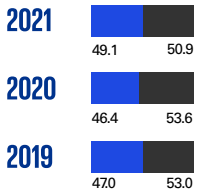
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Manager

Gender by %

● Women ● Men



Race/Ethnicity by %

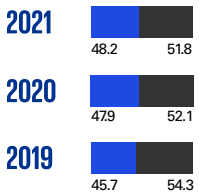
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Senior Associate

Gender by %

● Women ● Men



Race/Ethnicity by %

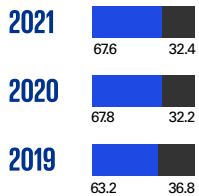
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Associate

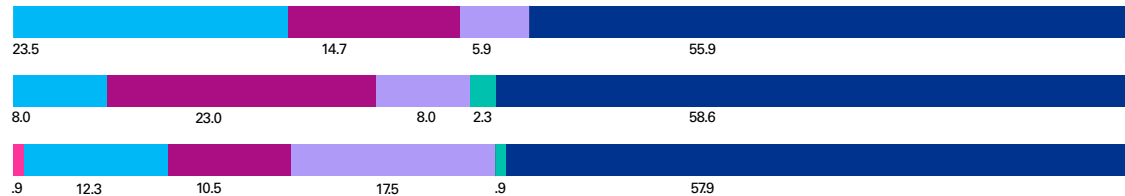
Gender by %

● Women ● Men



Race/Ethnicity by %

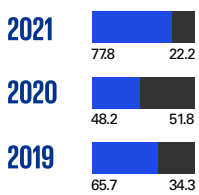
● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Administrative Professional

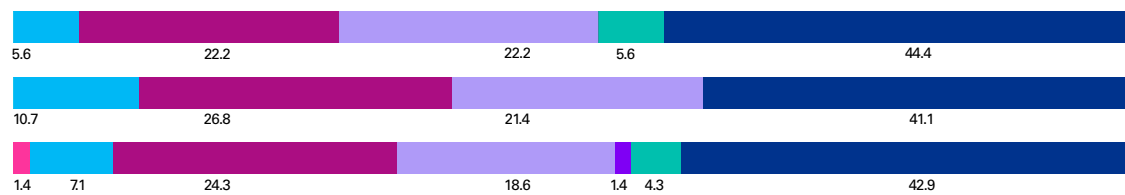
Gender by %

● Women ● Men



Race/Ethnicity by %

● American Indian/Alaska Native ● Asian ● Black ● Hispanic/Latinx ● Native Hawaiian/Pacific Islander ● Two or more races ● White ● Unknown



Unless otherwise noted on the chart, American Indian/Alaska Native, Native Hawaiian/Pacific Islander, and employees whose race/ethnicity is Unknown make up <0.1%.

Promotions for women in manager roles and above

2021:

45.5%

2020:

43.6%

2019:

42.8%



We are committed to a multidimensional approach to developing leaders at all levels of our organization. We know that diversity of background, thought, and experience makes our business better and allows us to better serve our clients and our communities, unlocking new value for our firm. By blending formal training programs, social learning, and developmental experiences, we are building a pipeline of diverse talent to make sure that senior leadership reflects the larger firm commitment to inclusivity.

This commitment doesn't stop at our firm; we want to build a pipeline for diverse leadership across our profession, communities, and industries. That's why we continue to support the KPMG Women's PGA Championship, a major golf championship with the purpose of elevating women's golf, and KPMG Women's Leadership Summit, located at the Championship. Both serve as catalysts to empower women on and off the golf course. The leadership

summit invests in women leaders aspiring to reach the C-suite by providing content, tools, and networking opportunities to encourage women's advancement. All the net proceeds fund the KPMG Future Leaders program: a charitable initiative focused on developing future generations of women leaders through college scholarships, mentorship, and leadership development. Learn more [here](#).

Caring for our people

At KPMG, we are committed to protecting the well-being of our people physically, mentally, and financially and enabling them to be effective and productive.

In the face of nationwide employee resignations, we experienced a 19% voluntary turnover rate in FY21. While this number is below the [national average](#), we are using this moment to catalyze our strategy around talent retention and the future of work.

Our commitment to pay equity is deeply embedded in our values and culture. We annually benchmark salaries to inform salary ranges, consider competitive developments, and promote equitable compensation.

Emotional well-being support

We offer several resources to support the mental and emotional well-being of our people, including the Resources for Living Employee Assistance Program (EAP). Our EAP offers:

- Virtual and in-person counseling sessions
- Online resources for daily life assistance

Additionally, the firm offers access to virtual behavioral health therapy and mindfulness and resiliency tools.

Caregiver support

We provide caregivers a range of resources to support their ability to balance their personal and professional responsibilities, including:

- A caregiver concierge service to support adult, elder, and pediatric care and working parent challenges
- A solution that helps parents raise more resilient children, including those with developmental or learning challenges

In a survey of those using our care resources, **92% said that the backup care program has enhanced productivity, and 85% would have missed work without backup care. In addition, in a survey of those using college coaching, our people overwhelmingly agreed that the program has helped reduce work/life stress.**

We actively promote these programs to ensure all of our people know how these resources can help them navigate life's journey.

At KPMG, compensation is based on relevant factors such as skills, performance, job responsibilities, level of experience in role, and applicable geographic and market considerations. As part of our commitment, we joined the [Gender and Diversity KPI Alliance](#) to advance women and underrepresented groups in the workplace and ensure pay equity.

Additionally, we offer a comprehensive suite of benefits and programs for our people, as well as their eligible dependents, to support the unique well-being needs of everyone within our diverse and evolving firm.

KPMG Foundation Employee Relief Fund

Through our relationship with Emergency Assistance Foundation (EAF), we have established the KPMG Foundation Employee Relief Fund to help our people who are facing unexpected financial hardship from a disaster, emergency, or other unforeseen hardship. The KPMG U.S. Foundation works with EAF to independently award grants to those in need by administering all activities, including accepting donations, reviewing grant applications, and distributing grants.

- A resource that helps manage personal, family, and household challenges by providing:
 - Emergency backup child and elder care
 - Free access to an online care database
 - Discounts on childcare centers, virtual tutors, and nannies
 - Free access to college coaching to help navigate the college application process

Being there for our people

To meet the needs of our people during the pandemic and to adapt to the rapidly evolving landscape, we have increased investments in our people's well-being. Prioritizing our people's health and well-being, we:



→ Created a Coronavirus Resource Center

Created a Coronavirus Resource Center with real-time updates, information, policies, and resources for employees, such as childcare and mental health and physical wellness resources

→ Provided flexibility

Provided a flexibility resource to professionals to help address personal commitments and challenges related to COVID-19

→ Prioritized safety

Prioritized the safety of our people by closing all U.S. offices and issuing a mandatory work-from-home policy at the onset of the pandemic

→ Extended paid leave

Extended paid leave for those affected by COVID-19 and supported our people with opportunities to connect virtually and build firmwide resilience

→ Consulted with Mayo Clinic

Worked with the Mayo Clinic for guidance, and continue to use them as an ongoing resource as the pandemic evolves

In early FY22, we refreshed our Total Rewards program to promote mental, physical, social, and financial well-being.

→ **For our people's well-being**

We reduced employee healthcare premium contributions by 10% in 2022, with no change in the benefit levels. We also launched Thrive, a firmwide effort composed of programs, activities, and resources to support well-being, celebrate success, strengthen connections, and foster our collective sense of community.

→ **For the future**

We replaced our KPMG 401(k) match and pension programs with a single, automatic firm-funded contribution within the 401(k) plan equal to 6–8% of eligible W-2 pay. Our people will now receive the contribution without any requirement to make their own contributions.²

→ **For families**

We provide up to three weeks of additional paid caregiver leave, separate from PTO, and offer two new caregiver concierge programs that can help our professionals navigate a wide range of needs.

→ **For new parents**

All parents receive 12 weeks of paid parental leave to bond with a newborn, newly adopted child, or new foster child.

→ **For all**

Twice a year, we take a firmwide break, giving our people at least nine consecutive days to disconnect and spend time with family and friends, complementing a generous PTO program and paid holiday schedule.

→ **For connection**

We increased the ways our people can recognize one another's extraordinary achievements by offering financial awards, electronic gift cards, and experience-based rewards.

→ **For financial health**

At the beginning of 2022, we announced a nearly \$160 million investment in our people with across-the-board salary adjustments for all KPMG professionals in addition to our annual salary review process.

To learn more, you can read our Chair and CEO's discussion about our Total Rewards changes [here](#) and compensation announcement [here](#).

² This is a summary of certain plan benefits which are more fully described in the official plan documents. Benefits are subject to change.



Planet



Commitments

Achieve net-zero carbon emissions by 2030 while also achieving a 50% reduction of direct and indirect GHG emissions

Continue to source 100% renewable energy for all of our operations

Factor the cost of carbon into business decisions, including tools to track—and reduce—emissions for each client engagement

Building a more sustainable and resilient future

We take a holistic total-firm approach to addressing our most material environmental concern: climate change. We acknowledge that our travel, energy consumption, water usage, supply chain decisions, and other sustainability factors are all interconnected in addressing this issue.

We are continuing to learn, evolve, and adapt along our sustainability journey. Where possible, we have fostered partnerships with other environmental leaders to heighten our own efforts. We have important alliances and relationships with organizations such as Appian, Global Reporting Initiative, Johnson Controls, Microsoft, NYU Stern School of Business, Salesforce, ServiceNow, Unqork, and Workiva, to create new tools, standards, and solutions that can be applied both internally and externally with our clients.

From procuring renewable energy and advancing climate reporting tools to protecting our planet's biodiversity and reducing emissions, we are prioritizing environmental sustainability at all levels of our firm.



Our carbon footprint

		FY19	FY20	FY21
Scope 1 GHG emissions	tCO2e	6,756	4,687	3,449
Scope 2 GHG emissions (location-based)	tCO2e	17,629	20,249	13,680
Scope 3 GHG emissions	tCO2e	758,215	647,544	854,697
Carbon emissions reported	tCO2e	782,600	672,480	871,826
Scope 1 and 2 carbon emissions per individual ³	tCO2e	0.7	0.7	0.5

- In 2021, as part of having our net-zero goals verified by the Science Based Target initiative (SBTi), we rebased our FY19 performance to include additional categories of emissions from our supply chain, upstream and transmission, hotel stays, and employee commuting.
- To learn more about our environmental metrics and methodology, visit our [ESG digital hub](#).

³This represents the reported Scope 1 and 2 carbon emissions per individual at KPMG.

As a global network, KPMG has a clear role to play in a just transition to net zero. In 2020, KPMG International committed to a science-based target (SBT) aligned with a 1.5°C trajectory. The KPMG International carbon-reduction target was validated by the Science Based Targets Initiative (SBTi) in 2021, committing the global network to reduce emissions by 50 percent by 2030. As a U.S. firm, we are committed to doing our part to meet these targets for our own operations.

Our approach is clear: We are working to decarbonize our operations through technological deployment, better monitoring and measurement, modified internal and external procedures, and factoring the cost of carbon into business decisions.

The COVID-19 pandemic contributed to the decrease of office electricity use and business travel. As we review the lessons learned from the past two years, we are identifying emissions reduction pathways for the years ahead.

→ While we continue to decarbonize our own operations, we are working with KPMG International and other member firms to develop a TCFD report that we plan to issue later this year, detailing our climate-related risks and the governance and risk management processes put in place to address them in the future. This is in addition to KPMG International's annual CDP reporting and a physical risk assessment of most KPMG member firm offices and real estate assets that is currently underway. You can learn more about how we manage climate risk as a global network [here](#).

Internal price on carbon

As part of our commitment to be net zero by 2030, in collaboration with KPMG International, we have established an internal price on carbon to operationalize sustainable behavior, fund green investments, and account for our carbon impact. This price is used to charge business groups for certain business activities that release carbon emissions.

NET

→ What will the fee be used for?

The fee is designed to fund green investments that decarbonize our operations, such as renewable energy, lighting retrofits, technological deployment, energy efficiency measures, and the purchase of high-quality offsets.

→ What does it look like in practice?

One example of the price on carbon in action is charging a carbon fee proportional to the emissions of each airline ticket booked, which is then allocated to the business group responsible for the travel emissions. This year, we are expanding our price on carbon to apply to our Scope 1 and 2 emissions, along with Scope 3 emissions associated with business travel.

ZERO

2030

Innovating with tools and processes to embed sustainability

Sustainability goes beyond the firm; we want to equip our people with the tools and insights to champion sustainability in their professional and personal lives. We have recently launched two tools to help our people and client teams estimate and reduce their carbon footprint incurred during business engagements and play a part in advancing our decarbonization strategy:

→ Engagement Emissions Calculator

This tool helps engagement teams model the environmental impact of their client engagements by calculating their carbon footprint and highlighting the emission consequences for specific types of travel or activity. Our client teams use this tool to explore how they can reduce greenhouse gases while driving down costs for clients and internal operations.

Given that travel has historically contributed to a significant share of firmwide emissions, we have instituted new processes, procedures, and technologies to limit emissions beyond these two tools. In December 2021, we amended certain air travel preapproval requirements, implementing an air travel preapproval tool to verify compliance with the new KPMG air travel policy. We also updated our events and meetings policy to reduce travel for internal meetings and ensure our people are choosing the most effective option from the full suite of hybrid, virtual, and in-person meeting technologies.

→ MyCarbon Dashboard

Our people use this tool to understand their personal carbon footprint from their expensed business travels and compare it with that of others in their role.

Our air and car travel has decreased over 95% since the beginning of the pandemic, and these new tools and policy changes will promote emissions reductions in the future. Paired with our new hybrid work model, [Flex with Purpose](#), our integrated, technology-driven strategy for travel empowers our people, promotes sustainability, and drives better outcomes for our clients and communities.

Powering our operations sustainably

In 2016, we committed to sourcing 100% renewable energy by 2020. For the past three years, we have met this goal, procuring 100% of our energy from renewable sources through the purchase of Green-certified Renewable Energy Certificates (RECs). We also own and operate a 500 kW solar installation on our Montvale, New Jersey campus.

While we are proud of our success in this space, we want to do more to add renewable energy sources to our nation's electricity grid. In the coming years, we are exploring ways to finance the development of new renewable energy projects and continue to power our operations with clean energy sources.

As we make decisions about our real estate footprint, we will maintain a holistic ESG approach while considering factors such as cost and proximity to transit, clients, and colleagues. We will prioritize energy efficiency, accessibility standards, environmentally responsible buildings, and overall impact on our people's wellness.



Protecting nature and biodiversity

It is paramount that we all do our part to protect our planet's natural and biological diversity and limit nature loss. At KPMG, we found that 53 of our offices (72% of our real estate) are in the vicinity of key biodiversity areas and 32 offices (55% of our real estate) are near water-stressed areas. While we continue to develop strategies to manage our footprint, we are also taking additional steps to preserve biodiversity. These include partnering with National Audubon Society through its Lights Out program to prevent nighttime bird collisions with buildings. Every year, millions of birds die from building collisions while migrating. We work with this group to turn off unnecessary building lights at night and promote adoption among other organizations. Buildings that adopt the approach can reduce bird collisions by over 70%.

→ Enhancing biodiversity reporting standards

In alignment with KPMG International, we joined the [Taskforce on Nature-related Financial Disclosures](#) (TNFD) and are supporting the development of a framework to report on nature-related risks. We also support the Global Reporting Initiative's Biodiversity Reporting Standard, lending our ESG expertise to the development of standards that will help protect our natural environment.

→ Developing a circularity framework within KPMG U.S.

Factoring circularity into the economy is the future of business, and we are in the process of enhancing data collection and policies to better manage the use of single-use plastics, waste, recycling, and water. We are working with KPMG International and our global network to build this strategic approach to circularity within our operations.

Promoting environmental sustainability across our communities

Our ESG strategy for environmental sustainability goes beyond our operations, supply chain, and clients and into the communities where we live and work. At KPMG, this begins on day one: In collaboration with the Arbor Day Foundation, we plant a tree for every new hire as a symbol of the positive impact we want all our people to leave behind. Since 2013, we have planted over 52,000 trees.

We also have an active Living Green network, a national initiative with local chapters across the country dedicated to education, volunteering, and programming to reduce our firm's environmental impact and support grassroots sustainability efforts. Chapters plan and participate in community activities throughout the year, including cleanup events, composting clinics, tree plantings, pro bono support for local nonprofits, and environmental resilience projects.

As we look for areas where we can make the largest tangible impact, we are increasingly pursuing activities that support environmental justice in our communities. For our future to truly be sustainable, there must be an equitable and affordable energy transition for all communities, especially those that have been historically underserved. Since 2011, we have supported [GRID Alternatives](#), a nonprofit that works to build community-powered solutions to climate change by advancing economic and environmental justice through renewable energy. Our support has helped install over 2,000 kW of solar power for underserved communities. This is just one example of the equitable community engagement we want our people and organization to pursue in the years ahead.





Prosperity

Commitments

Mobilize our resources, including the unique skills of our people and a \$125 million commitment over five years from our firm and KPMG U.S. Foundation to collectively support organizations, programs, and initiatives that advance equity and access among underrepresented groups who have historically faced systemic barriers in our communities

Act with urgency, purpose, and stewardship to impact our communities for better, including celebrating the 125th anniversary of KPMG U.S. by providing our people with the opportunity to serve our communities, thereby investing thousands of hours of service and an expected \$1.25 million into the markets where we operate

Return our community engagement activity to pre-pandemic levels and contribute to KPMG International's commitment to economically empower 10 million disadvantaged young people by 2030 through education, employment, and entrepreneurship

Working toward a more equitable and prosperous world

Driven by our purpose, inspired by our values, and with every function, skill, and background working together, we bring the depth and breadth of our firm to each and every engagement. Whether we're revitalizing low-income communities, driving innovation, combating terrorism and cybercrime, or helping companies obtain tax credits for research and development, we are driven by our purpose:

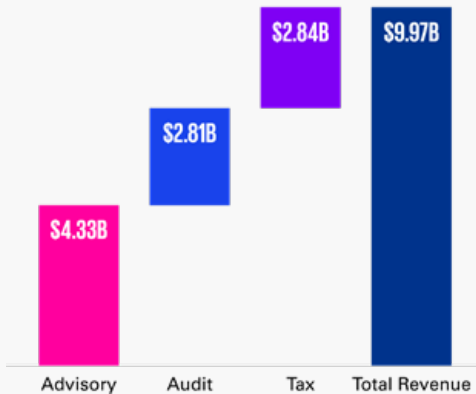
*"Inspire confidence.
Empower change."*



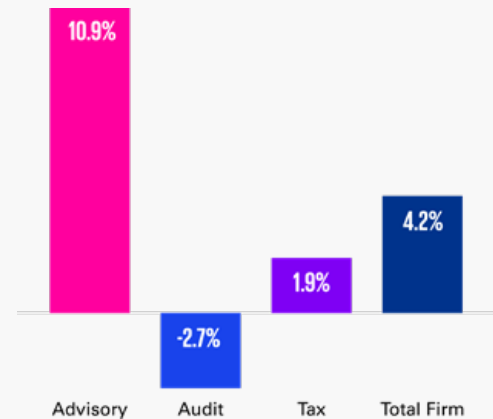
Our work

The work we do for our clients should also benefit our people, communities, and world. As a leading professional services firm, we design our strategy to perform quality work, create long-term value for our clients, turn risk and compliance into opportunities, improve performance, uphold ethical business standards, and meet the needs of key stakeholders. Our three business lines—Advisory, Audit, and Tax—all offer comprehensive solutions to some of the most pressing challenges of the current and future business environment.

KPMG'S contribution to the U.S. economy



Revenue by function



Annual growth percentage by function

KPMG IMPACT

[KPMG IMPACT](#) is our holistic ESG solution for clients, focused on guiding clients toward sustainable innovations across their business and helping them gain a competitive edge. We go beyond strategy, working side by side at each step of the ESG transformation to help clients enhance trust, mitigate risk, and unlock new value.

→ Last year, KPMG International [announced](#) a three-year, \$1.5 billion investment to advance ESG solutions, with a focus on training and expanding our workforce, harnessing data, accelerating the development of new technologies, and driving action through partnerships, alliances, and insights.

Deploying ESG solutions

→ Human rights assessment

In partnership with KPMG Banarra, a dedicated business and human rights consultancy based in KPMG Australia, we worked with a multinational payments company to conduct a thorough supply chain human rights assessment to help its leaders better understand the risks in product and service sourcing across its global supply chain and identify key gaps in the organization's human rights management. Using these findings, we developed an action roadmap outlining strategies to enhance the company's governance structure and modify existing programs, systems, and processes to mitigate risk exposure to modern slavery, forced labor, and other human rights issues.

→ ESG assurance

KPMG has been involved with a large American clothing brand and retailer as its ESG assurance provider for over five years, working with the company to obtain reasonable assurance over much of its sustainability reporting. This level and scope of assurance is uncommon in the industry and in ESG reporting more broadly. By applying rigorous review to its sustainability reporting, this work has helped establish the company as a leader in the ESG space and highlighted its commitment to transparency through detailed data disclosures and calculation methodology.

→ Digital portal development

Using a \$40 million grant from the U.S. Department of Health and Human Services, KPMG collaborated with Morehouse School of Medicine to build a national health portal using Salesforce technology for members of the National COVID-19 Resiliency Network. This digital portal was designed to provide communities around the country a front door to critical resources and data on COVID-19 so that underserved populations have access to culturally and linguistically appropriate information and services.



→ ESG strategy engagement

KPMG guided a leading U.S.-based confectionery company through a comprehensive strategy review to assess its existing organizational alignment and outstanding challenges on various ESG factors. Using this analysis, the KPMG team developed a roadmap to operationalize an ESG strategy to better integrate into the company's corporate strategy, help meet its ESG targets, and accelerate its enterprise-wide ESG efforts.

Evolving the KPMG U.S. Foundation

The KPMG U.S. Foundation, Inc. (“the Foundation”) is a nonprofit organization that functions as the charitable arm of KPMG U.S. Working together, KPMG and the Foundation strive to focus on areas where we can have the greatest impact on society, mobilizing the unique strengths of our business, people, knowledge, and experience to address some of the largest social challenges and drive systemic change.

As part of our firm’s commitment to advancing equity in our workplace and society, we are evolving the strategy and focus of our philanthropic investments through the Foundation. KPMG and the Foundation are committing \$125 million over five years to support organizations, programs, and initiatives that advance equity and access among underrepresented groups who have historically faced systemic barriers in our communities. These strategic investments will specifically target collaborations in the areas of

education, community healing, and mental health, starting with efforts to engage children at the pre-kindergarten level to effectively address systemic inequities early in life. This work will be embedded across the Foundation’s pillars of Education, Equity, Community Resilience, and Relief.

Investment in education and equity is the first and most essential step to improving college access and success for all students, which is why the Foundation is also evolving its matching gift program to be inclusive of all higher education institutions. This expansion directly supports our firm’s Accelerate 2025 efforts to provide access to meaningful opportunities and develop the best and most diverse talent. This is only the beginning of a much broader effort to ensure we are doing right by society and keeping diversity, equity, and inclusion at the heart of our philanthropy.

KPMG Foundation: the four pillars of focus

Education

We will increase access and equity in education, literacy, and digital skills

Community resilience

We will support the health and sustainability of our communities

Equity

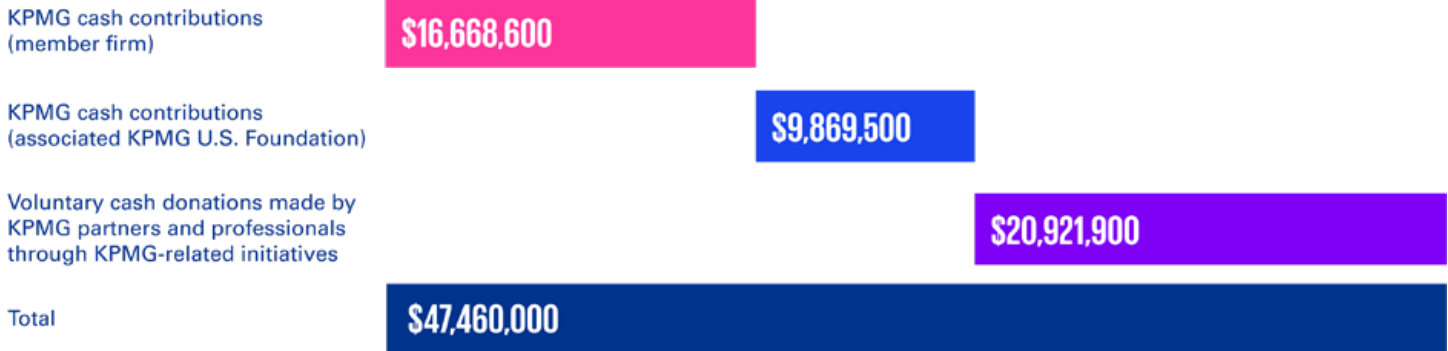
We will champion diversity, equity, and inclusion and help underrepresented groups thrive

Relief

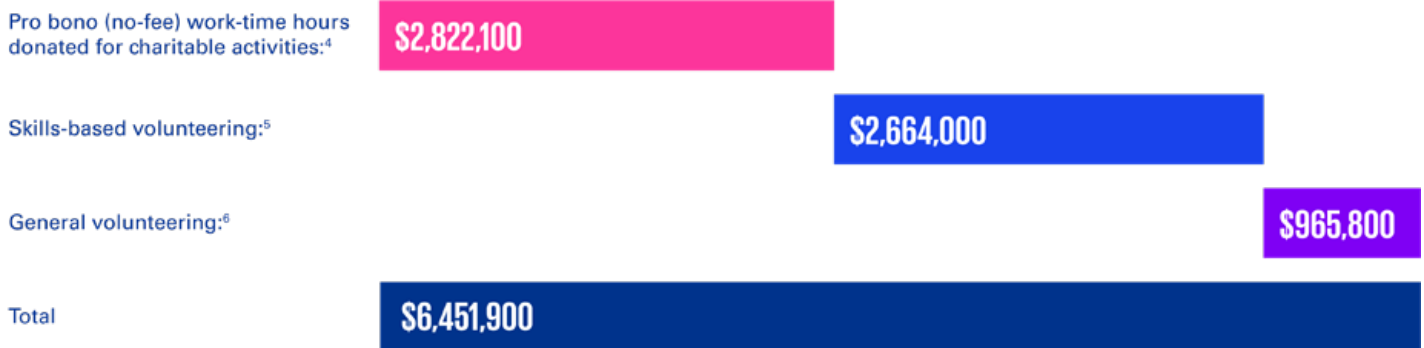
We will care for our employees and help our communities when disaster strikes

Supporting our communities

Community investment



Volunteer activity and pro bono services



⁴This was calculated by applying the average standard KPMG bill rate per hour to the hours of engagement.

⁵This was calculated by applying an average internal cost per service per hour to the number of hours recorded.

⁶This was calculated by applying the value of volunteer time defined by Independent Sector to the number of hours recorded.

We match community engagement efforts with business interests and our people’s passions to drive societal progress. We recognize our connections to the places where we live and work and the importance of improving opportunities within historically marginalized communities. The past two years have placed a spotlight on the importance of equity and access across society, and as a firm, we direct our community investments to address these systemic challenges.

While our efforts have been limited by the ongoing impacts of the COVID-19 pandemic, KPMG partners and professionals still volunteered nearly **82,000 hours** of service in 2021. To expand the reach of these efforts and leverage the full force of our firm, all our people will be encouraged to serve our communities on August 2, 2022, the 125th anniversary of KPMG U.S. On Community Impact Day, KPMG will **invest thousands of hours and an expected \$1.25 million into the markets where we operate**. This is part of our ongoing commitment to return our community engagement activity to pre-pandemic levels.

Data Citizens with Purpose

Nonprofit organizations collect a variety and volume of data, but often lack the bandwidth to conduct analysis and gain insights from the data. This is where Data Citizens with Purpose comes in, working directly with nonprofits to analyze data. Our program is designed to deepen our people's understanding of data, analytics, and artificial intelligence (AI) while providing tangible benefits to nonprofits across the country.

During 5- to 10-week pro bono engagements, our professionals use their knowledge, skills, and tools to analyze data and gather insights anchored in a structured analytic approach. These insights address how to measure impact, where to focus volunteers and donors, and other important topics that make the nonprofit more effective in their work.

Through this program, we have:

- Helped more than 80 nonprofit organizations across the country tackle a broad range of social, inclusion, diversity, and environmental issues
- Dedicated over 5,100 pro-bono hours to support these organizations

Work in practice



The Data Citizens with Purpose team helped us accomplish a data analysis project that we hadn't yet been able to do on our own, which is identifying communities of color that we don't currently reach with our services but really should be... So that we can now grow our membership in these areas and ensure more educators working in these communities have access to these diverse books and resources."

Jules Appleton,

Director of Research & Insights, First Book

→ Watch more about the impact of this work:



▶ Jules Appleton,
First Book

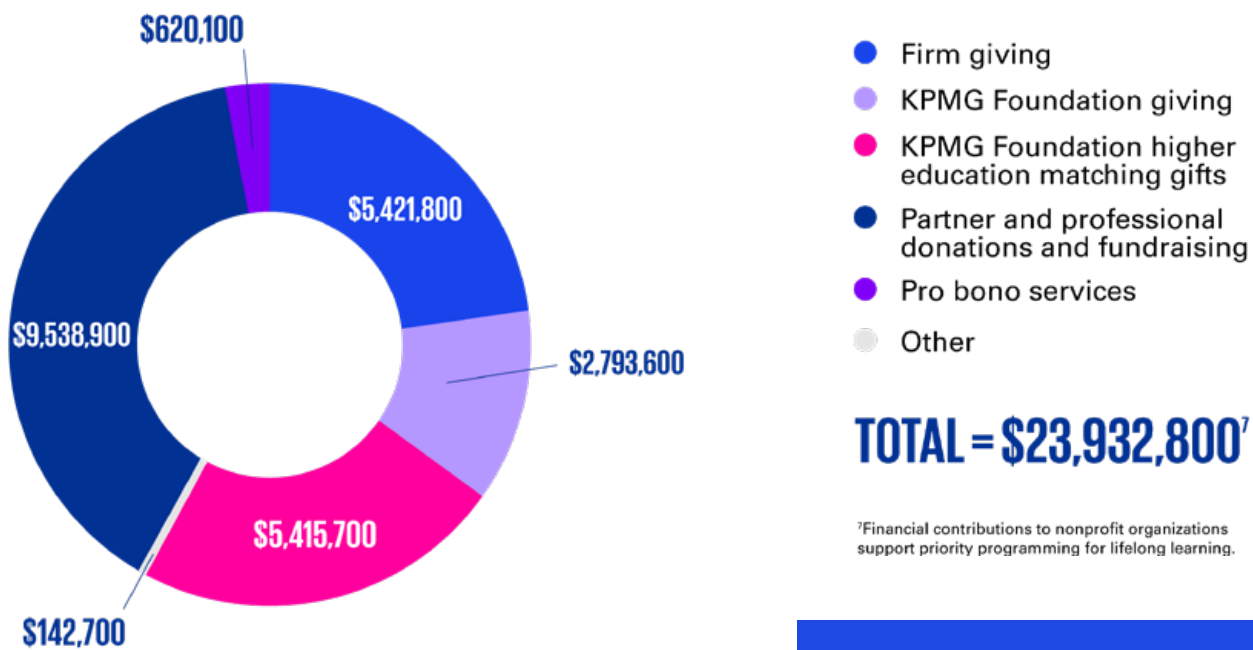


▶ Jennifer McClave,
Foundation for
the Carolinas

Promoting equitable access to opportunity and empowering the workforce of tomorrow

Access to education and an early embodiment of lifelong learning are crucial to promoting equity and providing students with the skills and knowledge necessary to develop the business leaders and engaged citizens of tomorrow. Access to high-quality education can change the trajectory of students' lives, addressing systemic inequalities, closing the skills gap, and preparing students to take on the challenges facing business and society. This has become even more clear over the past two years as we have seen the tangible impacts of education disruption on students across the country.

Lifelong learning contributions:



⁷Financial contributions to nonprofit organizations support priority programming for lifelong learning.

→ To help our young people rebound from the challenges presented by the pandemic and beyond, we, alongside KPMG International, are committed to doing our part to help economically empower 10 million disadvantaged young people globally by 2030. Our core approach is continued and targeted educational support. Lifelong learning is integral to our identity at KPMG and the work we deliver for clients every day, and we are committed to providing resources to inspire and empower youths across the country.

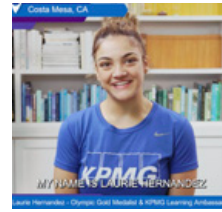
→ KPMG Family for Literacy Summer HEAT Program



This past summer, our people answered the call to support our communities by providing students with books and learning materials as well as resources to promote exercise and healthy eating.

[Watch](#) firsthand some of the impacts of the program and share [some virtual recordings](#) to help continue this work in our communities.

→ Virtual field trips to stay connected



Recognizing how disruptive the pandemic has been on learning, and that students have missed out on many traditional in-person experiences, we created a series of award-winning, virtual field trips with recognized leaders across sports, entertainment, and business. Our official guide for these field trips is KPMG Learning Ambassador and Olympic gold medalist Laurie Hernandez. Check them out [here](#).



Manager, Audit Growth Shelby Edmondson with her mentee of seven years, Re'Nah, part of the Big Brothers Big Sisters of America (BBBS) village



Enhancing impact measurement

To help ensure our Foundation and community investments are achieving their desired impact, we are adopting a new strategic results framework to measure monetary and indirect outcomes. In FY21, five of our lifelong learning nonprofit collaborators—First Book, Junior Achievement, NAF, Enactus, and Special Olympics—began to report on their alignment with our firm's strategic results framework. In the coming years, we plan to report these findings and increase our monitoring and tracking for other organizations to better target our investments and meet our goals.

Nonprofit Board Service

To help improve our communities and expand our people's business skills and networks, we launched the Nonprofit Board Service program. This program:

- **Drives opportunity in our communities**
- **Nurtures talent and builds leadership competencies for our people**
- **Showcases our firm's values in action**

Hours of nonprofit board service: **26,000+**

Number of partners & professionals who serve on nonprofit boards: **1,400+**

Number of nonprofit boards supported: **1,800+**



I would recommend nonprofit board service to others because it is a great way to volunteer your time and service, especially—in my case—to an organization that truly makes a difference in the lives of others. I simply wanted to give back to those whose lives can't be given back to them. It was very important for me to be a voice for the underrepresented, and by serving as a member of the board of directors and on the marketing and development committee at Prism Health, I have a seat at the table and ensure those voices can be heard."

In action:

Morgan Grant
Manager, Data and Analytics
Nonprofit: Prism Health North Texas





Principles of
Governance

Commitments

Set the bar for ethics and integrity in professional services by fostering a culture where all our people behave ethically and feel empowered to speak up without hesitation to address difficult situations, hold each other accountable, and ensure we constantly improve

Continue to enhance our governance model centered on integrity above all else

Lead the profession in audit quality

Governance oversight: the Board

The KPMG U.S. Board of Directors is one of two principal governing bodies of KPMG and is responsible for the policies of the firm, oversight of the firm’s management, and succession planning for the Chair and Deputy Chair. The KPMG U.S. Management Committee is responsible for overseeing the day-to-day business, property, and affairs of the firm and implementing firm policies.

The Board, composed of 13–18 member directors and up to three independent directors, serves our core stakeholders. Directors are elected

in staggered five-year terms, and the Board is constantly balancing its membership and committee composition to ensure directors have a diverse set of skills. These include business, organizational strategy, and financial competencies; leadership ability; regulatory expertise; risk management; data and cybersecurity knowledge; and ESG experience, including in DEI. While many directors have additional commitments, they are required to adhere to our firm’s rigorous [independence standards](#).

Board membership⁸

15 Member directors

2 Executive board members
→ Paul Knopp and Laura Newinski

3 Independent directors
→ Linda Addison, Roel Campos, and Janet Wolfenbarger

Board of Directors

50% Members from underrepresented groups

33% Women

17% People of color

Management Committee

55% Members from underrepresented groups

45% Women

27% People of color

⁸Member directors and executive board members are not mutually exclusive.

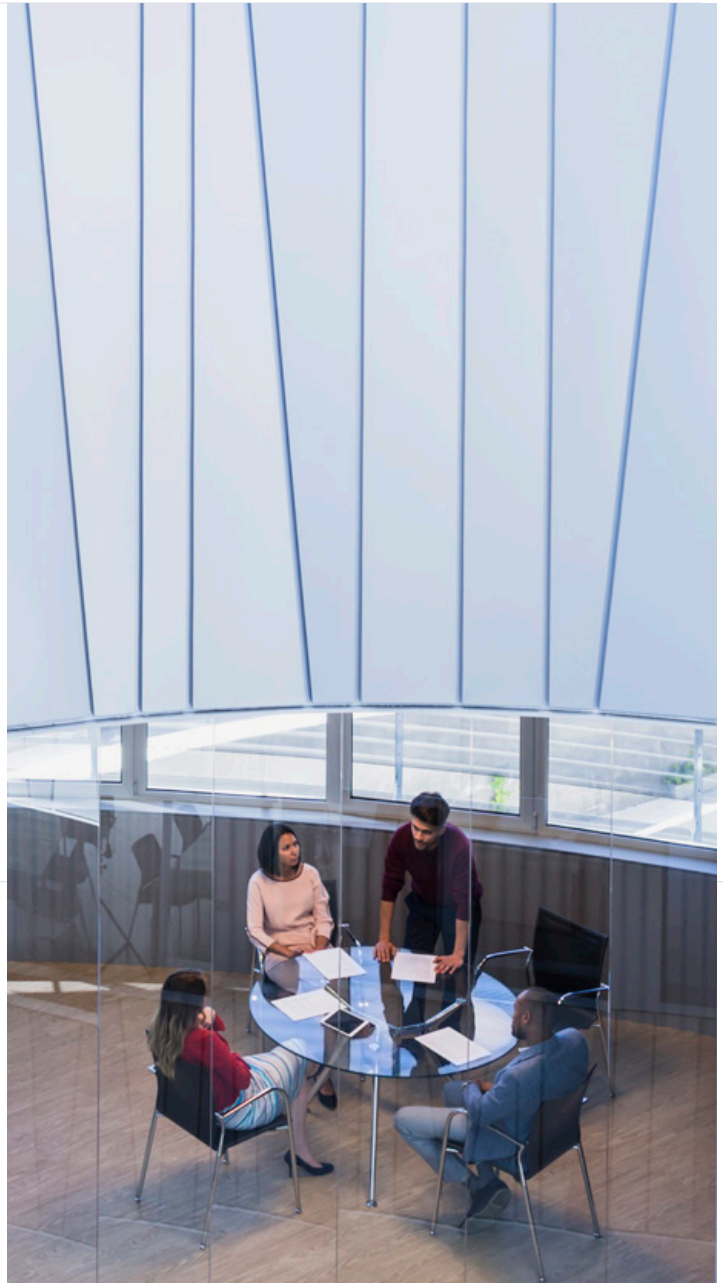
Championing an integrated governance model

We know trust is earned by consistently doing the right thing. At KPMG, we have implemented policies, practices, trainings, and oversight to ensure a strong, ethical business culture. Our governance strategy is informed by our role as a steward of the capital markets and focuses on upholding best-in-class professional standards, identifying and mitigating risks, and operating with effective controls. The systems, processes, and structures we put in place reflect our firm's purpose and values with a relentless focus on ethics and integrity.

At the core of our business, our people are central to the implementation of our governance strategy. We prioritize resources to train our people to be ethical decision-makers who adhere to laws, regulations, professional standards, and firm policies. Our emphasis on personal responsibility for integrity across the firm, at all levels, is part of our fundamental commitment to serving the public interest.

Driven by purpose

Our fundamental purpose to inspire confidence and empower change motivates us to continue evolving our ESG governance and strategies, expanding our technical processes, and strengthening our oversight and strategic integration. Adopting new knowledge, tools, and technologies will help us achieve our core commitments, including our net-zero pledge and Accelerate 2025. We are resolute in these efforts and are striving to reach these milestones in the coming years.



Inspire confidence. Empower change.

International ESG standards

Establishing a set of universal ESG reporting metrics and recommended disclosures is critical to enhancing transparency and alignment among corporations, investors, and stakeholders on material ESG commitments.

In collaboration with others, we helped build the World Economic Forum IBC Stakeholder Capitalism metrics as part of the KPMG global organization. These standards are based on a set of universal, material, and widely accepted ESG metrics to foster transparent ESG governance, greater cooperation and alignment, and progress toward a systemic solution.

As a global network, we are also playing an active role in the TCFD and Taskforce on Nature-related Financial Disclosures (TNFD). We are also working alongside the profession to support the work of the International Sustainability Standards Board (ISSB) as it develops and publishes ESG reporting standards. We are committed to helping our clients navigate the evolving ESG reporting landscape and adhering to these best practices in our own organization.



Managing risk

Our governance approach is grounded in the maintenance of an effective risk management and quality control framework to sustain high quality and integrity standards; meet legal, regulatory, and professional requirements; and protect the brand and reputation of KPMG. Every KPMG professional is responsible for helping our firm manage its risk. We call these the five lines of responsibility.

Our robust Enterprise Risk Management Process helps identify additional risks that may impact our firm at an enterprise level. The process uses our proprietary [Dynamic Risk Assessment](#) methodology to identify, connect, and visualize risks across four dimensions: likelihood, impact, velocity, and connectivity. This process provides the Management Committee and the Board of Directors with the information they need to best determine if, and to what extent, firm resources should be reallocated, and strategy reassessed.

As remote work has increased, we have continued to enhance our firmwide cybersecurity, privacy, and confidentiality protections and management. Our firm's information security framework is aligned

with a number of authoritative sources and industry standards (ISO 27001, NIST, COBIT, HIPAA, etc.) that cover physical and environmental security, logical access, incident management, business continuity management, system development, and compliance. Our framework consists of comprehensive IT policies, control objectives, procedures, baselines, and standards to secure information resources and protect confidential information entrusted to us by our clients. Our system of internal controls is consistent with the professional standards promulgated by the AICPA for public accounting firms. Additionally, KPMG complies with all applicable data protection and privacy laws and regulations.

→ This process is aligned with the risk management approach described by KPMG International and is critical to addressing the firmwide risks identified in [that report](#).

Five lines of responsibility

1 **Day-to-day management of risk**
(Front line professionals)

2 **Policy-setting, oversight, and risk insight**
(Risk management; legal, regulatory and compliance; etc.)

3 **Independent assurance**
(Internal audit)

4 **Risk appetite and mindset**
(Executive leadership)

5 **Governance and oversight**
(Board of Directors)

Audit quality

Our KPMG auditors are continually upskilling to deploy fit-for-purpose technologies in the industries they serve. More than that, they innovate with leading-edge technologies all backed by a system of quality control.

Our collaborative, people-centric approach means that our people are empowered at all levels to meet challenges with solutions that fit the particular business, team, and capital market, while grounded in our culture of innovation, leadership, and integrity.

With a focus on technology, we drive quality, efficiency, and insights in every step of the audit process. Automation, technology, and methodology all inform one another, leveraging data to give clients further insights into their business and industry. Learn more about our approach to audit quality [here](#).

Ethical behavior

We foster a culture of integrity at KPMG as we work to achieve our trust and growth ambitions. This means fostering a speak-up culture where everyone feels comfortable raising concerns, as well as developing an ethics training curriculum and resources that support our people’s decision-making.

We have several resources and procedures to promote ethical behavior.

→ Ethics & Compliance Resource Center

The Ethics & Compliance Resource Center is accessible to all partners and professionals. It provides resources designed to enhance our ethical culture, including our Code of Conduct, values, Ethical Decision-Making tool, a link to the Ethics & Compliance Hotline, and an educational series on what happens when concerns are raised and investigated, among additional resources.

→ U.S. Code of Conduct

The KPMG U.S. [Code of Conduct](#), which is closely aligned with the [Global Code of Conduct](#), is a cornerstone of our ethics and compliance program and clearly articulates the standards of professionalism and integrity expected of all KPMG partners and professionals. Every year, our people confirm that they have read the code and agree to comply with it.

→ Ethics & Compliance Hotline

The 24/7 Ethics & Compliance Hotline allows our people to make an anonymous phone or web report on any issue they may witness.

→ Risk assessments

Our robust due diligence process assesses potential clients, contractors, and suppliers to identify and avoid risks associated with bribery and corruption.

→ Ethics training

Ethics training is mandatory for all partners and professionals, with three hours required each quarter to support ethical decision-making. As part of this program:

- All of our people are required to complete the “Living the Code—Compliance with Laws & Regulations” program focused on antibribery and corruption laws and procedures
- All new hires are required to complete the “Ethics & Integrity for Newcomers” program
- A select group of our people is required to take the “Bribery and Corruption—Recognize and Respond to Risks” program designed to mitigate risk even further for professionals in client-serving positions

→ Speak Up Portal and Resource Center

The Speak Up Portal and Resource Center provides comprehensive resources for how we can strengthen our people’s voices and empower them to speak up when it comes to firm values. This portal features podcasts on real-life examples of speaking up with senior leaders and additional information to demonstrate our values-based priorities.

This ethical framework is also integral to our public policy engagements. For all public policy forums and engagements, we take positions that are consistent with our purpose and values and only address topics that are material to the accounting profession. As part of this engagement, we directly engage with groups such as the Business Roundtable, U.S. Chamber of Commerce, and Center for Audit Quality.

Looking forward

As we reflect on our ESG commitments and efforts to date, we feel a sense of accomplishment and excitement for the future, as well as humility. We are in the early stages of our ESG journey, and we are laying the foundation upon which we will accomplish our ESG ambitions today, tomorrow, and in the future. Through Accelerate 2025, Flex with Purpose, climate mitigation strategies, and community investments, we're committed to delivering a better world for our people, firm, clients, and communities.

Because our ESG strategy is core to our business, we know that these commitments go hand in hand with delivering high-quality services to our clients. In the years ahead, we hope to continue growing a firm that is more diverse at all levels, fuels an inclusive culture, and stands on uncompromising, equitable practices. We hope to see our communities and our planet thrive, fueled in part by our commitments and follow-through.

There is so much to do, but this year demonstrates clearly that the wheels are already in motion. The future of our firm relies on a strong ESG foundation, and we look forward to more efforts that inspire confidence and empower change.



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

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