



2024 KPMG U.S.  
**Impact**  
Plan





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# Letter from our Chair and CEO

At KPMG, our Values—Integrity, Excellence, Courage, Together, and For Better—are at the core of everything we do. Our continued hard work and investments propel the progress we’ve made so far toward our commitments. This year, the 2024 KPMG U.S. Impact Plan continues to highlight the actions we’ve taken to enhance accountability and transparency in our work.

Each pillar of this report—People, Planet, Prosperity, and Principles of Governance—is crucial to our success in this business environment. The world is growing increasingly complex, and the future leaders of our industry will be those who attract the most innovative and skilled people, create diverse and well-managed teams, and build connections based on trust with their clients and our society.

That’s why we are continuing to invest for the future, including through more sustainable business operations and by supporting the resilience and well-being of our people and communities. From investing in the talent pipeline during a time when professional services and accounting firms are seeing fewer CPAs pursue the profession, to creating more sustainable offices so that we can continue to do our work for decades to come, our aspirations reflect our strategy, strength, and future as a trusted advisor for our clients and the C-suite.

Our success as a leader in our industry also hinges on trust. As stewards of the capital markets, trust is the foundation of all our efforts. In an increasingly complex environment, building and maintaining trust with our people, clients, and society continues to guide how we approach our services, operations, and collaborations.

When we began this journey, we focused on the areas that we believed were essential to our success as an industry leader, as well as where we could make the most meaningful difference. We are proud of the progress we have achieved toward our aspirational goals, and we remain committed to advancing them in the future. The ambition, investment, and rigor we’ve implemented over the past three years have laid the groundwork for us to capitalize on new technologies and all they have to offer in support of our commitments. Amidst all this change, our multidisciplinary model, our Values-driven culture, and our commitment to the capital markets remain strong.

As we continue to drive progress toward our commitments, I’m proud of how far we’ve come and what the future holds in store. I’m pleased to be able to share these efforts with you, and to introduce the 2024 KPMG U.S. Impact Plan.





*Laura*

Laura Newinski

Deputy Chair and COO, KPMG LLP

# Letter from our Deputy Chair and COO

I'm proud to reflect on our progress as a firm as we move toward our aspirations. This journey is rarely a straight line, and yet it's rewarding to see the continued and growing impact we have at our firm, for our clients, and for our communities.

Transparency, integrity, and accountability are the foundation of our work as stewards of the capital markets. This past year, we took an important step forward by obtaining independent assurance over our greenhouse gas (GHG) emissions. As our clients and the industry continue to navigate an evolving regulatory landscape, we're proud to provide this reflection on the accountability and transparency in the data we report to you, our clients, people, and stakeholders.

This update helps us to explore more deeply the goals that make us not only a preferred employer but a leader in our industry. If our industry is facing a shortage of skilled talent, how can we improve our approach to motivate the next generation of the professional services workforce? When our clients look for new ways of incorporating sustainability into their operations, how can we leverage the power of our full firm to bring that value to the market? This is why we are committed to measuring, understanding, and reporting our data as well as why we are investing in the governance foundations needed to lead on technology and trusted AI.

This report is part of a larger story around quality service and transformation of our business. We see it across our organization and at every level: from the integration of technology and AI to support our quality service delivery to the preparations for our forthcoming New York headquarters, which will embed our principles into the innovative and sustainably designed building. In all these ways, our core operating and business strategies support our aspirational goals and connect them to the foundation of trust, integrity, and the Values-driven culture that defines KPMG.



# About this report

In 2021, we conducted our first comprehensive materiality assessment and intend to continue refreshing the assessment as we monitor the changing regulatory environment. We wanted to employ a rigorous process that helps us transparently and consistently report on the most important topics that align with our principles and business strategy. Every few years, we plan to conduct full materiality assessments, keeping these topics and our reporting in line with the changing risk landscape and market conditions.

This year's report is organized according to our materiality assessment. We report directly in alignment with the areas of greatest relevance to our business, which are, in many cases, the areas where we are able to have the greatest impact. More information on the assessment [is available here](#). Our Impact Plan is overseen by a steering group, which brings together cross-functional KPMG LLP leaders to support our people, environment, community impact, and principles of governance. This report also complements the KPMG International (KPMGI) [Our Impact Plan](#).

This year, our FY2023 greenhouse gas (GHG) emissions data were independently reviewed by Grant Thornton LLP, which provides limited assurance on the amounts and disclosures subject to their review. Readers can find Grant Thornton LLP's Report of Independent Certified Public Accountants in our [Statement of GHG Emissions](#). This supplements our ongoing practice of preparing data with reference to World Economic Forum (WEF) International Business Council (IBC) Stakeholder Capitalism core metrics. For greater details on our alignment with WEF metrics and to find additional updates on data included in last year's Impact Plan, an [appendix](#) is available. The information in this report and the appendix cover the activities of KPMG LLP (henceforth "KPMG") for fiscal year 2023, which runs from October 1, 2022, to September 30, 2023, unless indicated otherwise.

For further updates, and to see our methodology, letters from our leaders, and data included in this report, access our U.S. Impact Plan digital hub [here](#).

## Areas of material impact for KPMG

This year's report is structured in alignment with our material topics. Below is the outcome of our materiality assessment, grouped by reporting pillar. **Items in bold were identified as the most relevant priorities through our materiality assessment.**

### People

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

### Planet

- Climate change and emissions**
- Environmental sustainability
- Ecological impact

### Prosperity

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

### Principles of Governance

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



# People



# Trust and accountability, innovation, and quality services—all of it begins with our people.

Trust and accountability, innovation, and quality services—all of it begins with our people. That's why "People" serves as the first pillar of this report, and why we begin this section by considering how we can best support our people, the components of the KPMG workplace that help our people create the careers they want, and how we can further cultivate the workforce of tomorrow. Our people drive the quality of each service we provide—and in a competitive talent landscape, supporting our people's well-being, being an employer of choice, and contributing to a diverse, inclusive, and equitable workforce is a business imperative.

This year, we've invested in our talent pipeline to help foster a stronger future workforce. These measures include creating new entry points to the accounting and professional services pipeline and supporting high school, college, and post-college candidates as they explore our industry and firm. We continue to unlock the power of our people through ongoing learning and development, career mobility, and well-being support.

More details on these efforts, and others in support of our areas of material impact, are included throughout this report.



# Diversity, equity, and inclusion

Supporting a diverse, inclusive workforce and an equitable workplace is embedded across many of our material topics. We support all our people through a variety of programs that nurture skills and leadership readiness. One of these cornerstone efforts is Accelerate 2025, an initiative launched in 2020 that grounds our strategy for a more diverse workforce and inclusive work environment.

## Accelerate 2025 aspirations:

50%

partner and managing director (MD) representation from underrepresented groups\*, including doubling our representation of Black partners and MDs

50%

increase in our Black and Latinx workforce



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

Since 2020, we've continued to see progress toward our aspirations. We have continued to invest in expanding our talent pipeline amid headwinds like the CPA shortage and the decreasing number of students pursuing accounting. One way we're doing this is by enhancing our relationships with historically Black colleges and universities (HBCUs) and Hispanic-serving institutions (HSIs), as well as broader programs that introduce candidates from all backgrounds to careers in professional services.

We've also integrated more career support into our offerings, working to ensure all our people have access to the resources, mentorship, and enrichment opportunities that create a fulfilling KPMG career. As we continue to invest in talent priorities, our robust succession planning process helps ensure our people are ready for leadership roles at the firm, with various programs supporting our people through coaching, skills development, and networking.

\*Underrepresented talent in the aggregate refers to a historical underrepresentation of select groups that broadly speaking have a smaller percentage within the KPMG workforce as compared to the available external population, and includes people of color, women, LGBTQ+ individuals, people with disabilities, and military service members.



We are at our best when our people are engaged and thriving. From inclusive benefits that acknowledge career and life priorities to an increased focus on accessibility, we are intentional with enabling our people to reach their full potential – a commitment that goes beyond 2025.”



Elena Richards

Chief Diversity, Equity, and Inclusion Officer, KPMG LLP



Progress toward our  
Accelerate 2025 aspirations

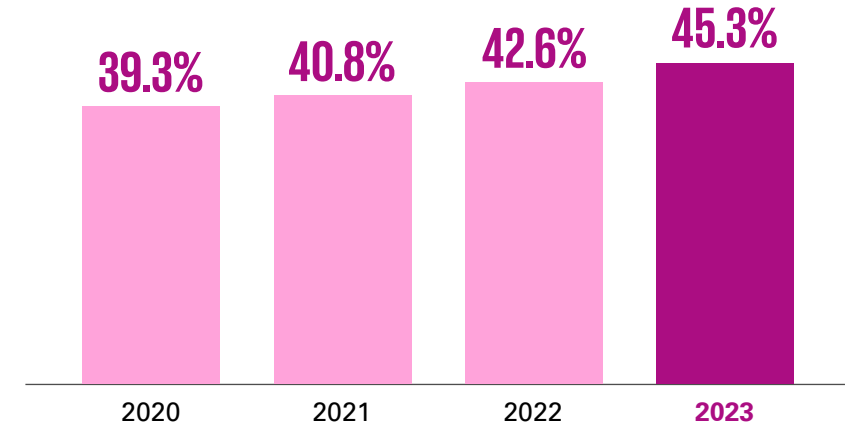
# 50% partner and MD representation

from underrepresented groups,  
including doubling our representation of  
Black partners and MDs

Partner and MD

## Underrepresented talent representation

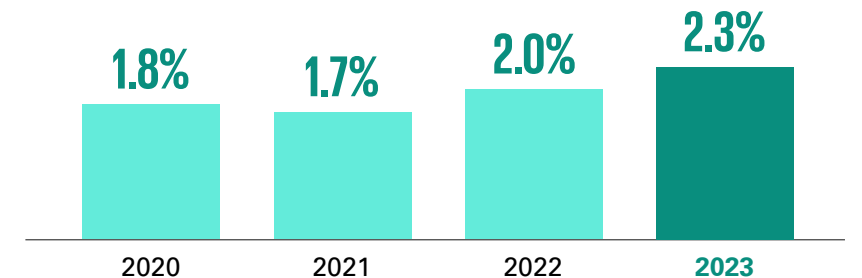
We continue to see progress here, with 45.3% of our partners and MDs identifying as members of underrepresented groups. This representation reflects a 2.7 percentage point increase from FY2022 to FY2023, and a 6.0 percentage point increase from FY2020, when we set this aspiration and began to collect data accordingly.



Partner and MD

## Black partners and MDs

This year, with Black partners and MDs comprising 2.3% of our total partners and MDs, we continue to see progress: a 0.3 percentage point increase from FY2022 to FY2023, and 0.5 percentage point increase from FY2020, when we announced this aspiration.



Progress toward our  
Accelerate 2025 aspirations

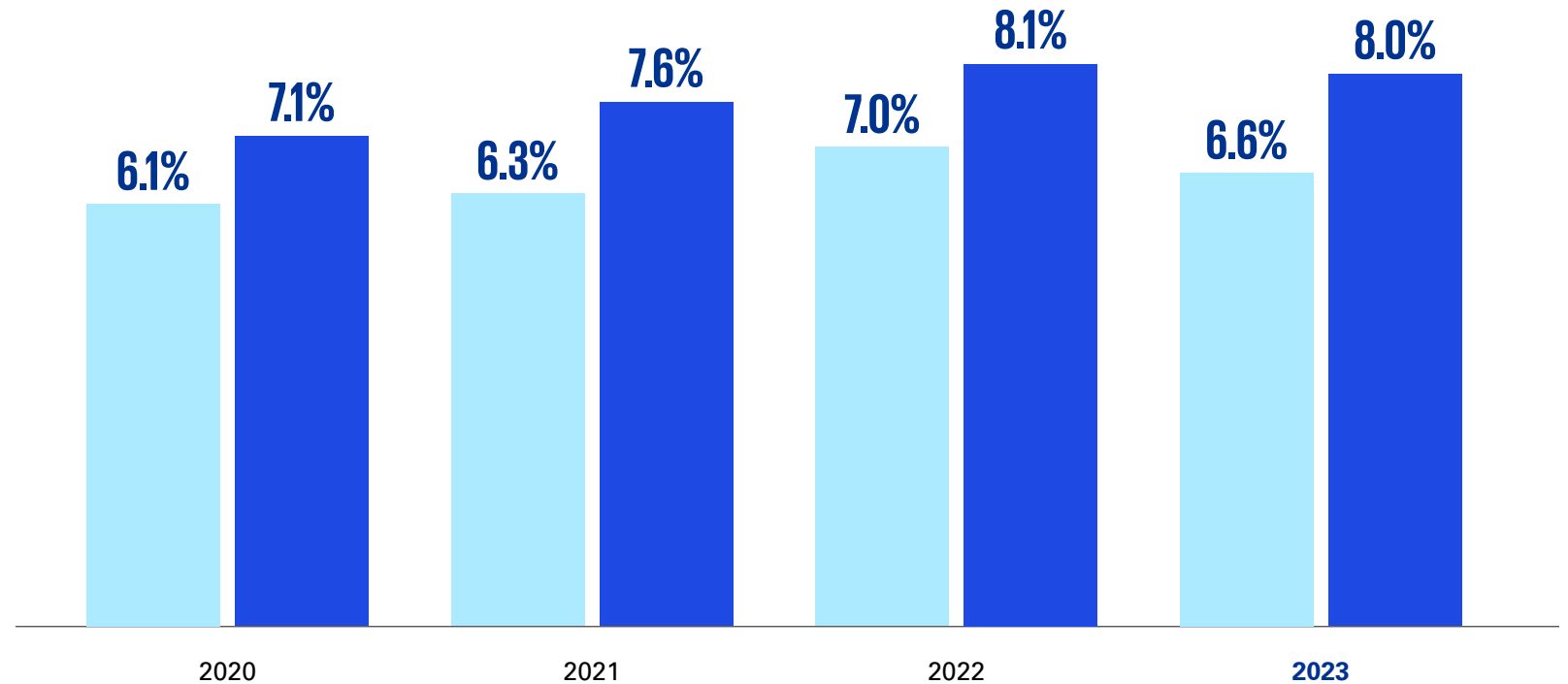
# 50% increase in our Black and Latinx workforce

Since FY2020, Black workforce representation has grown by 0.5 percentage points and Latinx representation has grown by 0.9 percentage points. While this represents progress, we still hope to do more.

In addition to sustaining an environment inclusive of all our people, understanding the experiences of our people across identities and continuing to invest in the systematic and behavioral changes that yield a more inclusive and equitable workplace help us make better decisions.

Workforce  
Black and Latinx representation

● Black representation ● Latinx representation



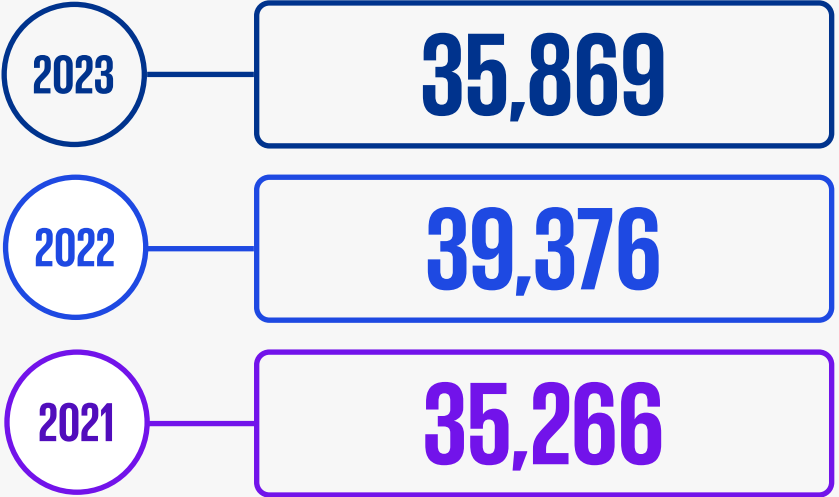


# Who we are

Increasing our awareness of the spectrum of gender identities through an expanded self-identification campaign aligns with a commitment to empower our people to bring their whole selves to work. We recognize and respect that our professionals represent a range of identities, including cisgender, nonbinary, intersex, transgender, and additional self-described gender terms, and we know these can be fluid over time. As our people continue to share their identities through self-ID, we remain committed to demonstrating the expansiveness of gender in our metrics.

Additional breakdowns of our people demographics are available [here](#).

## Headcount

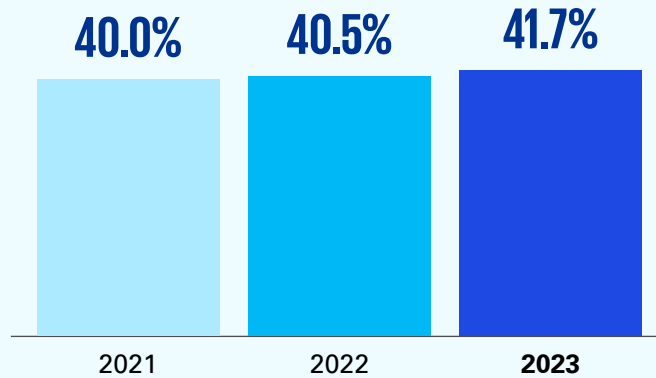


- White female 28.0%
- White male 40.3%
- Asian female 7.9%
- Asian male 11.8%
- Black/African American female 2.4%
- Black/African American male 2.2%
- Hispanic/Latinx female 2.4%
- Hispanic/Latinx male 2.8%
- Two or More Races female 0.9%
- Two or More Races male 1.0%
- Native Hawaiian/Other Pacific Islander, American Indian/Alaska Native, Unknown ~0.5%

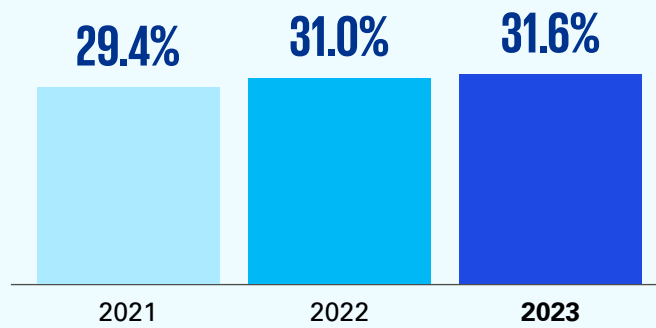
Data reflects end of FY2023.

## Manager roles and above (continued)

Women in manager roles and above

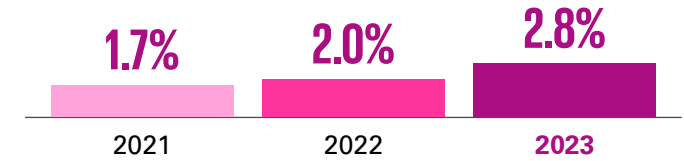


People of color in manager roles and above

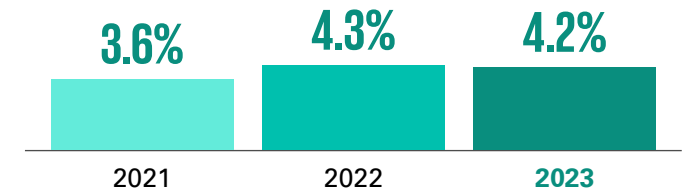


## Self-ID

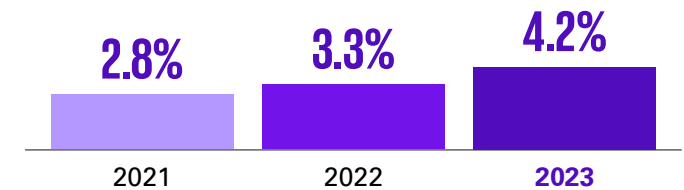
LGBTQ+



Military service



People with disabilities





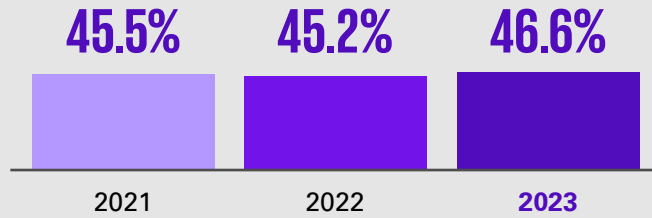
## Select self-ID categories, 2023

	LGBTQ+	Military service	People with disabilities	Bilingual and multilingual*	First-generation U.S. born*
Partner	1.7%	2.2%	2.3%	3.2%	5.5%
Managing director	2.5%	3.1%	2.4%	2.5%	5.5%
Senior manager/director	2.4%	3.0%	3.4%	2.7%	5.9%
Manager	2.8%	4.6%	4.4%	3.0%	6.1%
Senior associate	2.9%	4.7%	4.1%	3.0%	5.4%
Associate	3.3%	5.4%	5.1%	3.8%	5.5%
Administrative professional	3.9%	4.4%	8.0%	3.1%	7.7%

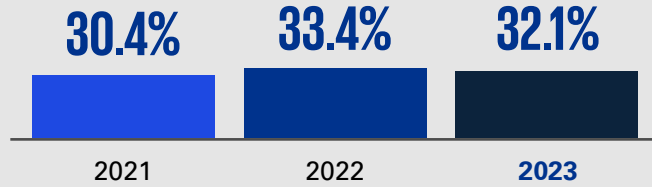
\*Bilingual/multilingual and first-generation U.S. born are new categories in our self-ID expansion during FY2023. Data was not collected for prior years.

## Promotions by manager roles and above

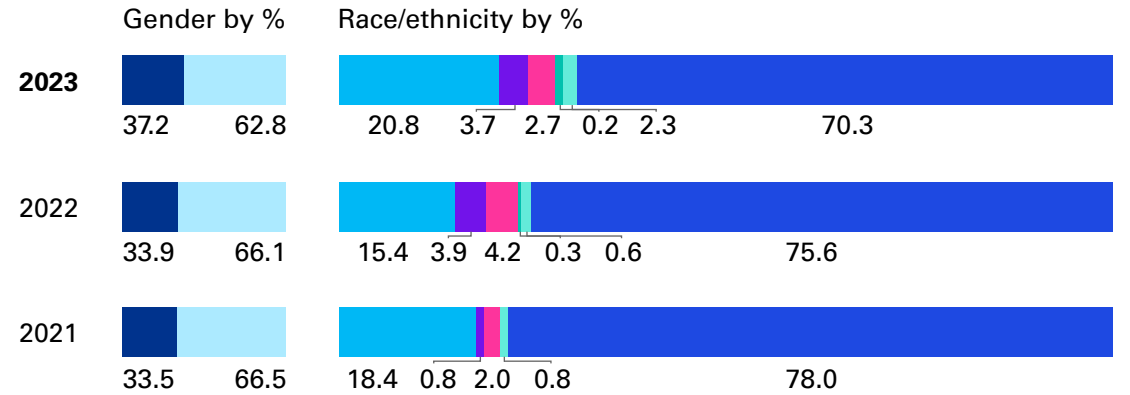
Promotions for women in manager roles and above



Promotions for people of color in manager roles and above

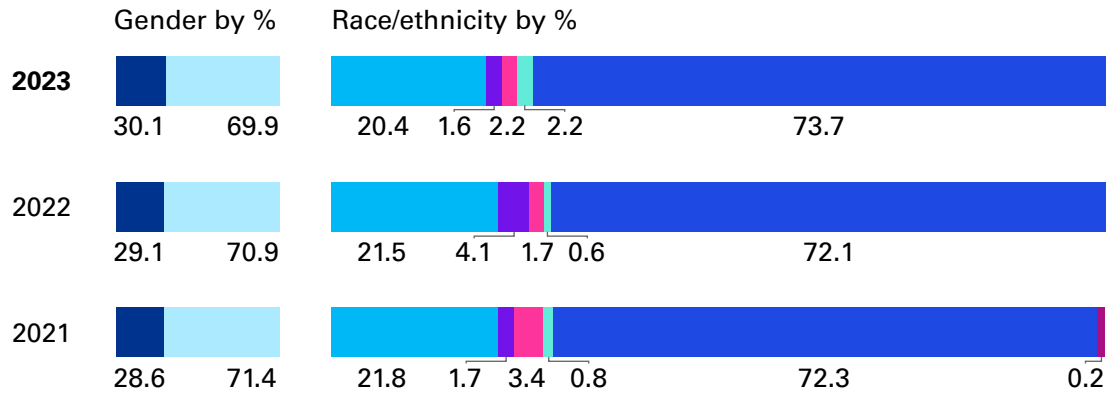


## Managing director

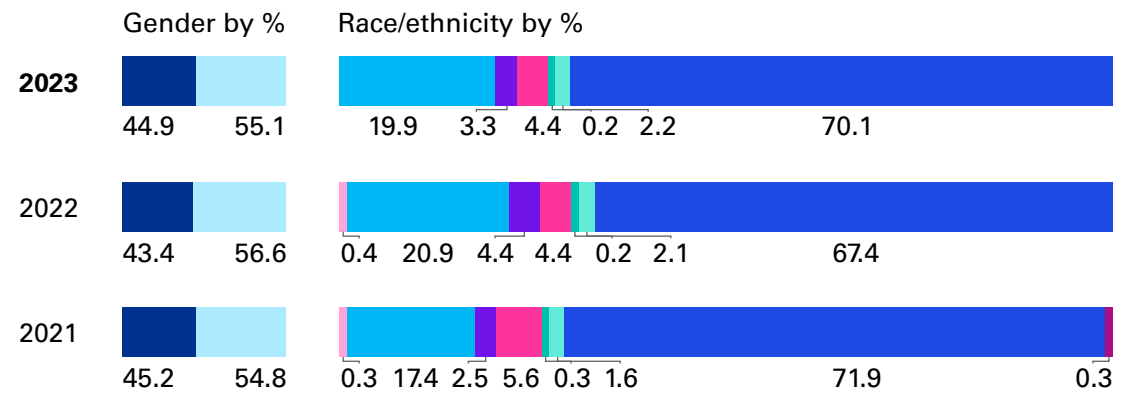


## Promotions by level

### Partner



### Senior manager/director

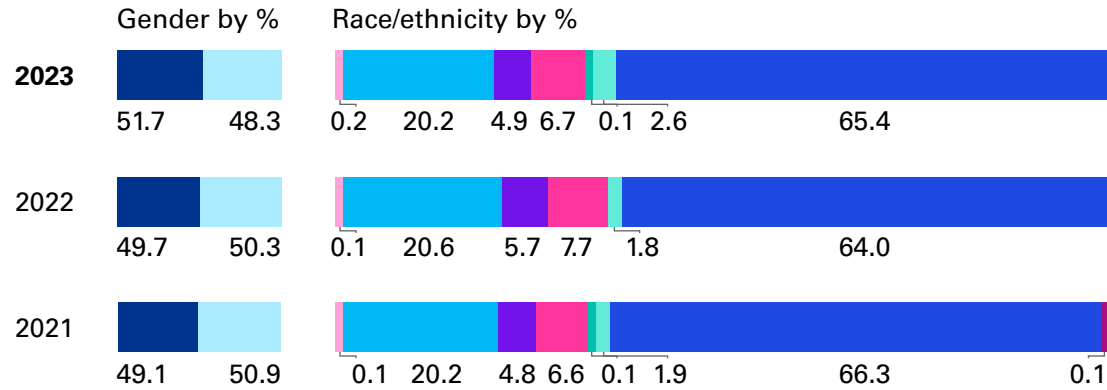


● Female 
 ● Male 
 ● American Indian/Alaska Native 
 ● Asian 
 ● Black/African American 
 ● Hispanic/Latinx 
 ● Native Hawaiian/Pacific Islander 
 ● Two or more races 
 ● White 
 ● Unknown

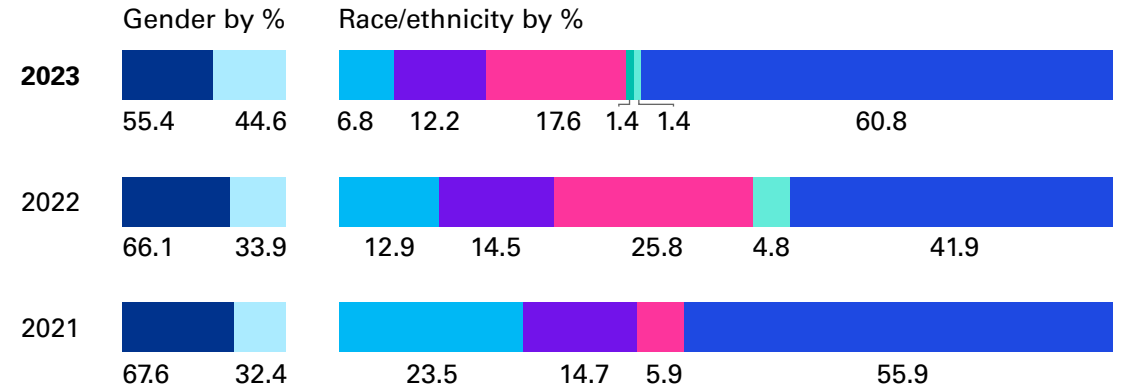


# Promotions by level (continued)

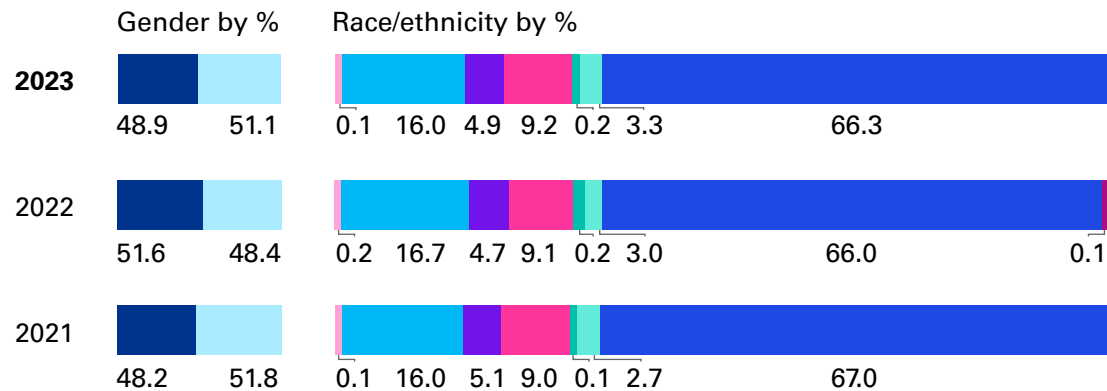
## Manager



## Associate



## Senior associate



## Administrative professional



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

# Education

Our talent acquisition efforts focus on expanding awareness of careers in accounting and professional services and developing a robust candidate pipeline, while continuing to improve the orientation, onboarding, and integration process to help our new joiners succeed at the firm.

In FY2023, we launched our **Tax Scholarship Program** to enable students to further their studies at the university of their choice. Participating students receive \$40,000 toward their master's degree in accounting/tax, gain access to KPMG mentors and networking, and join our KPMG Tax team upon completion of their degree. "Our commitment to mentoring and supporting students has been core to our business and culture for a long time," says French Taylor, global lead account partner and diversity, equity, and inclusion Tax leader at KPMG. "The evolution of our scholarship program marks an important step in nurturing young professionals committed to our great profession. Importantly, the scholarship will cultivate and accelerate the trajectory of our future leaders. Our program is an amazing opportunity for students to receive significant funding toward an advanced degree at a school of their choice and with the security of a full-time job at KPMG once they graduate."

Our Tax Scholarship Program supplements our ongoing pipeline and education efforts, including:



## Empower High School Experience

Our Empower High School Experience, a joint effort with the KPMG U.S. Foundation, which introduces high school students to careers in public accounting and professional services through a three-week paid internship.



## Embark Scholars Program

Our Embark Scholars Program for college students, which provides rotations through our Tax, Audit, and Advisory programs over the course of eight weeks.



## Master of Accounting with Data and Analytics

Our Master of Accounting with Data and Analytics Program, which has provided over \$5 million in scholarship funding since 2022 and has now expanded to 15 universities, including four HBCUs, helping students build the data and analytics skills required of the next gen auditor.



## A future-focused approach to talent

Our firm's talent aspiration is clear: Our people make the difference. In turn, we make the difference for our people by providing support for their professional development and well-being.

Our goal is to future-proof our workforce by supporting our people and their potential. This includes developing our people to meet the needs of tomorrow and reshaping, reskilling, and reorienting our workforce to take advantage of new technologies.

### We're focusing on four key areas to achieve this:

- **Growing capabilities:** Identifying future skills and supporting the various ways our people learn.
- **Working smart:** Enabling effective and agile delivery models with the best combination of teams and technology.
- **Leading at every level:** Building world-class leaders across all levels of our firm who instill trust and engage with our people, clients, and the capital markets.
- **Thrive@KPMG:** Focusing on our people's well-being through a healthy work environment and culture that supports flexibility, recovery, and respect.



# Employee health and well-being, and employee benefits

In FY2023, we focused on increasing accessibility to mental health service providers in our Total Rewards—rounding out the benefits we’ve launched in the past two years. Through new connections with Alma and Brightline, our people can search for in-network mental healthcare providers and support dependent adolescents through the provided health plans. In FY2024, we complemented these efforts by introducing Zeera, a new, innovative app where our people can access personalized resources to care for their mental health at no cost. We also continue to offer our Resources for Living program, which helps our people access mental health professionals, household assistance, and more resources.

In FY2023, KPMG U.S. CEO Paul Knopp joined the board of Project Healthy Minds to become more involved in the conversation around mental health. Additionally, the KPMG U.S. Foundation contributed \$400,000 in FY2023 to support Project Healthy Minds and the National Alliance on Mental Illness.

In addition to these changes, we also:



Developed a Benefits Guide to highlight resources available for our LGBTQ+ community members’ health and well-being needs, complementing existing resources such as our Working Parents Benefits Guide.



Enhanced virtual primary care services, as well as dermatology and behavioral health services, as part of our Aetna healthcare plans, continuing to provide preventive care at no cost to our people.



Launched a new app, Alight Well, to help our people kickstart their well-being journey through interactive programs to set and track individual goals, engage with colleagues, and participate in firmwide challenges.



# Workplace environment

An inclusive environment and consistent experience for our people can make all the difference. For example, our new joiners begin their careers with us by gathering at our Lakehouse campus in Lake Nona, Florida for Launch@Lakehouse. At the state-of-the-art learning and innovation center, our people focus on our Values, their well-being, and their professional development to support their success at the firm. Learn more about KPMG Lakehouse [here](#).

Our people are also supported by resources like Team of Choice, a set of tools to promote well-being, schedule predictability, and awareness of the daily commitments that matter most for our people. These frameworks help us provide a more inclusive and equitable experience for all our professionals.

We are actively working to create a more accessible and inclusive workplace for all, including people with disabilities. To achieve this, we prioritize listening to our KPMG community and identifying any potential barriers. We collaborate with employees and internal stakeholders seeking to enhance the experiences of our entire community and enable their success. Our approach includes centralizing the accommodation process, enhancing digital accessibility, utilizing assistive technology and universal design, and raising awareness about the experiences of people with disabilities and how to support them in the workplace.

Starting in January 2023, we expanded our self-ID program to include five disability categories: chronic illness, mental health, neurodivergent, physical mobility, and sensory.

Employees who choose to self-identify provide valuable insights that help us identify new benefits, test digital assets for accessibility, develop training content, and make suggestions for improving the physical environment and streamlining accommodation requests.







# Talent attraction, retention, and development

Investing in our culture means continually improving the pathways our people have to the careers they envision—and supporting our vision for a robust workforce and thriving business. We make sure our people have access to Career Mobility Services, where they can explore options across the firm; opportunities to return to the firm through our support of “boomerangs”; and a clear understanding of our approach to tracking, evaluating, and preparing talent for advancement at the firm.

We’ve also expanded programs such as **Rising Stars**, one of the firm’s leadership development initiatives. The 10-month program, which includes both in-person and virtual sessions, engaged more than 80 director-level professionals viewed as the next-generation leaders.

**This program supplements other opportunities, including:**

- **Audit 90**, a holistic 18-month experience that provides 360-degree assessments, one on-one coaching, interactive workshops, networking, and cohort support.

- **Chair’s 25 (C25)**, an advanced leadership development experience designed to deepen skills, broaden perspectives, and foster relationships among our highest potential partners in preparation for future senior leadership roles within the firm.

We also work across our profession through the Center for Audit Quality (CAQ) on **Accounting+**, a national brand awareness campaign focused on reaching Black, Hispanic, and Latinx students at the high school and early college levels. Accounting+ provides students with access to resources and continued support along their journeys. In the future, we believe the CAQ has a critical role to play in developing the next generation of auditors. We’re excited to support this as Paul Knopp, KPMG U.S. Chair and CEO, has been elected Chair of the CAQ’s Governing Board effective April 1, 2024.



For our people at all stages of their career, our **Business Resource Groups (BRGs)** provide a source of connection, informal and formal mentorship, and larger ally networks for more than 16,000 partners and professionals. Our BRGs held Leadership Essentials, a summit gathering of nearly 500 professionals at KPMG Lakehouse in August 2023 that accompanied abridged summits at the Association of Latino Professionals for America, Ascend (supporting the Pan-Asian community), and the National Association of Black Accountants conferences, to hear from business leaders, discuss career navigation skills, and network across functions and geographies.

In FY2023, we also brought Living Green – our community of environmental champions across the firm – into our BRG community.

**Our BRGs include:**

- Abilities in Motion
- African Ancestry
- Asian Pacific Islander
- KPMG Network of Women (KNOW)
- Living Green
- pride@kpmg
- Somos KPMG
- Veterans

In FY2024, we introduced Middle East North Africa (MENA), Interfaith, and Jewish Ancestry BRGs.



# Compensation

We base compensation on a combination of factors, including skills, performance, job responsibilities, level of experience, and geographic and market considerations. We annually benchmark salaries to inform salary ranges, consider competitive developments, and promote equitable compensation.



# Labor practices

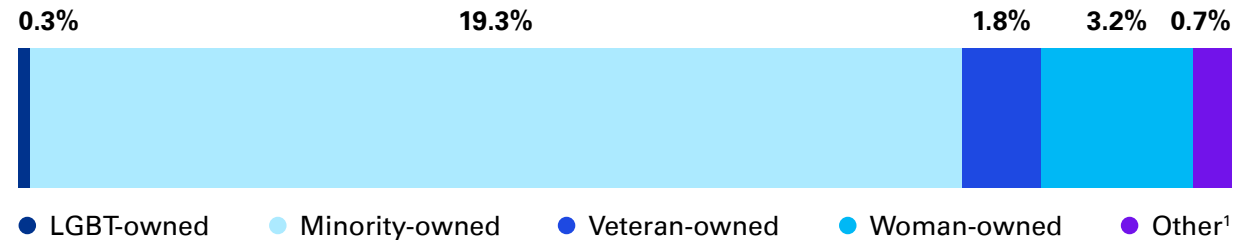
We ask that our suppliers commit to our KPMG Values, including commitments to making positive, sustainable change in our communities and society. In line with the KPMGI Global Code of Conduct, as well as our U.S. Code of Conduct, we expect our suppliers to respect internationally recognized standards for human rights and the principles concerning fundamental rights and labor standards. Read more about our policies to prevent human trafficking [here](#).

We build relationships with suppliers that embrace our Values, reflecting the diversity of our markets, clients, and communities, and through a strategy designed to identify

diverse owned businesses that are qualified and certified as minority-owned, women-owned, disability-owned, veteran-owned, service-disabled-veteran owned, and lesbian/gay/bisexual/transgender-owned enterprises. Our purchasing decisions have economic impacts as well as social ones, and we understand the benefits of including diverse businesses in our strategic sourcing process. Read more about our [supplier diversity](#) and our [third-party code of conduct](#).

Learn more about our sustainable supply chain [on page 29 of the report](#).

## Supplier diversity



# 25.4%

**FY2023 percentage spend with small/diverse businesses**

Percentage of supplier diversity spend is the total spend with small and diverse suppliers (following Fair360 criteria), including Tier 1 and Tier 2 Spend, divided by addressable firm spend. Non-addressable spend, such as wages, taxes and intercompany payments, is excluded.

<sup>1</sup> Other includes disability-owned enterprises, disadvantaged business enterprises, HUBZone eligible enterprises.



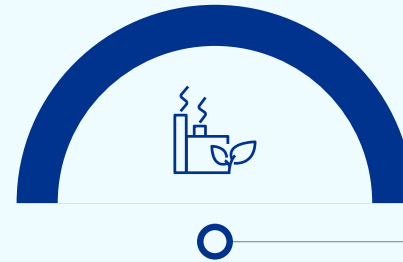


# Planet

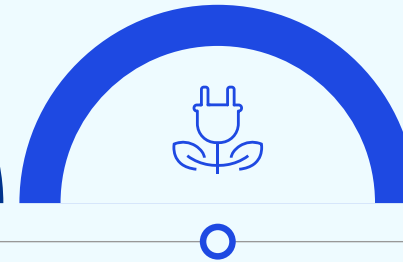
# Driving positive environmental impact through our business strategy is one critical way we make the difference.

Within this pillar, we highlight our contributions to a resilient future through our investment in sustainable business operations and renewable energy.

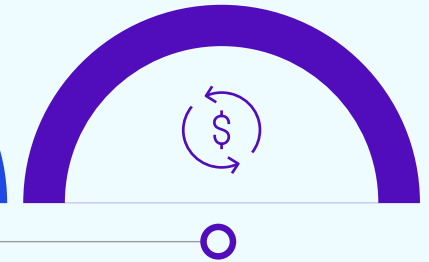
## Commitments:



Contribute to KPMG International's commitment to achieve net-zero carbon emissions by 2030 while also achieving a 50% reduction of direct and indirect greenhouse gas (GHG) emissions



Continue to source renewable energy for our U.S. operations



Factor the cost of carbon into business decisions

# Climate change and emissions

## Reducing our greenhouse gas emissions

At KPMG, as part of our global ambition to become a net-zero organization, we are committed to reducing our GHG emissions by 50% by 2030 compared with our 2019 base year.\* In order to meet this goal, we will focus on supplier engagement, air travel and other green travel policies, and renewable energy investment.

As part of our greenhouse gas emissions reductions strategy, the sum of our scope 1 and 2 emissions has decreased 28% in FY2023 compared with our base year.\*

GHG emissions		FY2019 Base year*	FY2021	FY2022	FY2023
Scope 1	mtCO <sub>2</sub> e	6,756	3,448	3,531	2,860
Scope 2 (location based)	mtCO <sub>2</sub> e	17,629	13,680	13,349	14,739
Scope 3	mtCO <sub>2</sub> e	753,856	854,697	241,273 <sup>1</sup>	440,319
<b>Total GHG emissions reported</b>	<b>mtCO<sub>2</sub>e</b>	<b>778,241</b>	<b>871,825</b>	<b>258,153</b>	<b>457,918</b>
<b>Scope 1 and 2 GHG emissions per individual (average headcount)</b>	<b>mtCO<sub>2</sub>e/individual</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>

\* In 2020, KPMG International committed to a science-based target aligned with a 1.5°C trajectory. That carbon-reduction target was validated by the Science Based Targets initiative (SBTi) in 2021, committing the global network, including the U.S. firm, to reduce emissions by 50% by 2030.

<sup>1</sup> As a result of a change in methodology implemented in FY2023 for certain scope 3 categories, certain FY2022 scope 3 emissions were recalculated from the prior report; FY2021 was not revised.

Refer to the [Statement of GHG Emissions](#) for additional detail and metrics, as well as the Report of Independent Certified Public Accountants.

Like many companies, we experienced significant emissions reductions over the past three years, a result that began in FY2020 with the prohibition of all air travel during the COVID-19 pandemic. As we have moved back to a hybrid model, welcoming our people back into our offices and at Lakehouse, we have seen our emissions rise, as anticipated.

As part of our commitment to lower our emissions, we are taking measures to manage business travel. Through our travel policy,

we monitor the purpose of travel and its duration to align with our firmwide emissions reduction strategy, focusing on areas where we can have the largest tangible impact.

One crucial tool to control emissions from business travel is our **internal carbon price (ICP)**, as it sets up a framework for holding leadership accountable for business travel emissions. Our ICP is set at \$15 per metric ton of CO<sub>2</sub>e, charged to the business unit when travel occurs.



## Innovation

It takes more than top-level decisions to define a culture of sustainability. That's why we equip our people with innovative resources and tools to support sustainable practices and decision-making. Tools such as our **Engagement Emissions Calculator** help our engagement teams calculate their carbon footprint, informing how they can reduce GHG emissions from travel and other activity while driving down costs for our clients. In addition, MyCarbon Dashboard shows carbon footprints for individuals so that our people can benchmark their footprint against their peers', with guidance on lower-emissions alternatives.

### Additional resources include:

- **ESG Acumen**, which integrates data from best-in-class third-party suppliers to understand our own sustainability performance, as well as our clients', and benchmark it to peers and industry.
- **Climate EnVision and Climate IQ**, our proprietary physical and transition risk tools that identify and compare the risk associated with an organization's asset portfolio and business model, including our own.

## Factoring the cost of carbon into business decisions

Since 2019, we have been sourcing renewable energy for our U.S. operations. With the funding our ICP provides, we signed two renewable power purchase agreements with NextEra Energy Resources to generate 29 MW of renewable energy from two new solar projects in Texas. Together, these investments will meet 100% of our energy needs, including the electricity required for our remote work. The first solar farm is expected to be operational in FY2026, with the second expected to be operational in FY2027. These agreements mark a crucial step in our sustainability journey.

We have also taken critical steps on our own campuses with ICP funding: In FY2023, we installed 1,700 solar panels at Lakehouse, which are fully operational as of January 2024.

These solar panels are critical for the continued reduction of our scope 2 emissions. Similarly, we have implemented other operational efficiency measures to reduce our scope 1 and 2 emissions. At our Lakehouse facility, we use technology to monitor abnormalities in energy consumption, giving our team real-time alerts about increased energy usage for immediate awareness and action. With our ongoing real estate optimization strategy, focused on our New York footprint, we will be uniting our three Manhattan locations into a single, more energy-efficient headquarters at 2 Manhattan West.

Additionally, KPMG has used the ICP to support a project in the U.S. that replants native forests along the Mississippi River. This reforestation project will add new, nature-based carbon removal capacity. The project is certified by the American Carbon Registry and managed by Arbor Day Carbon and its partner, GreenTrees.





# Environmental sustainability

## Engaging our people

Our green-focused BRG, Living Green, enables our people's activation around sustainability at a local level. With 4,000 members and growing, Living Green is one of our largest BRGs today. In FY2023, Living Green and the KPMG U.S. Foundation worked together to award grants to select national and local nonprofit organizations, supporting a breadth of programs and initiatives across environmental protection, biodiversity, climate action, decarbonization, renewable energy, responsible consumption, and community resilience.

**The next generation of leaders driving a sustainable future:** At the start of FY2024, KPMG U.S. launched Leaders 2050 – a KPMG-led, external network of young professionals with an interest in climate, energy, and sustainability. Following the program's notable success in KPMG UK, 26 KPMG member firms have now established a Leaders 2050 program, building a network of future leaders across KPMG. These future leaders are collectively working together to build connections, collaborate across industries, address critical sustainability issues, and make meaningful climate impacts.



Sue Jayne, talent acquisition manager, has volunteered with Utah Open Lands since 2015—organizing and facilitating a seed bomb workshop with KPMG, hosting discussions about the benefits of open space and mental health, and educating our community on sustainable land use practices. Not only did Utah Open Lands receive a local grant, but now Sue is also our lead for the Salt Lake City office's Living Green chapter. We know that volunteers play a critical role in achieving conservation goals, and we recognize the value of Sue and our Living Green BRG's dedication to community involvement.

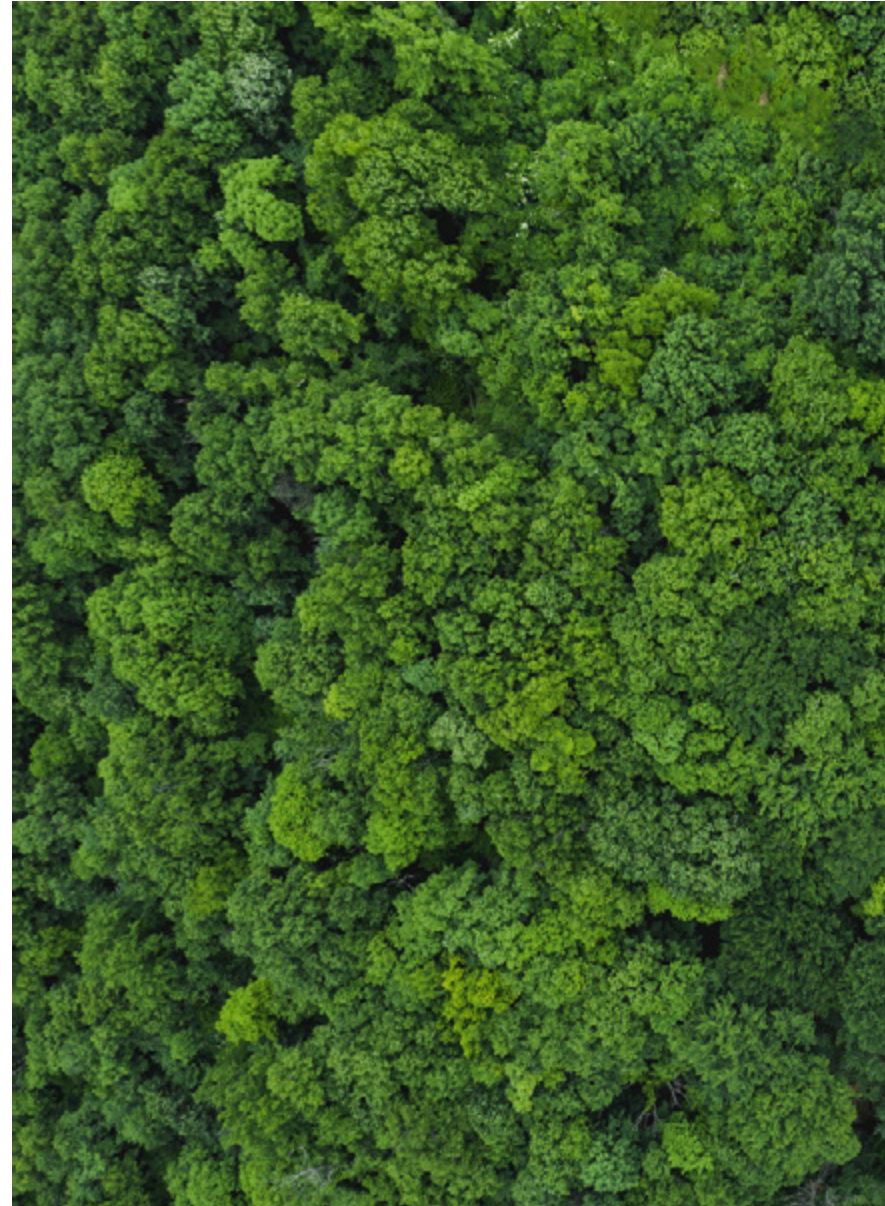
This program supplements our ongoing collaborations with Arbor Day Foundation, National Audubon Society, GRID Alternatives, Ocean Conservancy, the Climate Initiative, and the Recycling Partnership.



# Ecological impact

Our ICP supports sustainability initiatives throughout our firm. At our locations in San Francisco, Chicago, Montvale, and Lakehouse, we've cultivated native gardens and bee habitats; at Lakehouse, our ICP funded a composting program that reduces food waste and associated GHG emissions while improving soil health on the campus.

We've also continued to improve our offices' efficiency, sustainability, and climate risk mitigation. We have funded further efforts to decarbonize business operations, as well as a [watershed risk assessment](#) at Lakehouse and Montvale with The Water Council. This analysis focused on our firm's water use at owned properties to better understand our water impact. Today, we're completing the WAVE program to improve our water stewardship performance and reporting. This effort complements KPMGI's global effort to develop a climate risk assessment for all member firms.



At KPMG, we are committed to promoting sustainability and biodiversity. As part of this commitment,

**KPMG has collaborated with the Arbor Day Foundation to plant over 200,000 trees since 2013 to protect local watersheds, improve wildlife habitats, and address climate change.**

Through this collaboration, we dedicate the planting of a tree for every partner and employee joining our firm.



## Sustainable supply chain

Our goal is to drive sustainable procurement practices that support our commitments. We have established a procurement working group with representatives across our procurement function to leverage leading practices, share experiences, and define standards. Our suppliers commit to the U.S. firm's Values and Code of Conduct. We monitor and measure key suppliers' sustainability performance against our goals and objectives.

Our greenhouse gas emissions from scope 3 purchased goods and services continue to be our most significant source of emissions. To progress toward a low-carbon supply chain, we work together with our suppliers to collect data and reduce their emissions.

KPMGI engages with the CDP Supply Chain program, inviting more than 500 global suppliers to disclose their carbon footprint data through CDP. We at KPMG U.S. have encouraged increased supplier participation and collaborated with suppliers to identify where in our supply chain we can reduce carbon impact. We are building requirements into our contract language to add more visibility and importance to our sustainability efforts.

Learn more about our [third-party code of conduct on page 22 of the report](#).





## Innovating in technology, data and analytics, and reporting

In FY2023, we announced strategic expansions with several collaborators to combine our core capabilities and drive data-based insights for both KPMG and client engagements around sustainability and related technologies.

### These collaborations include:

- Our **landmark agreement** with Microsoft to reshape professional services across business-critical areas including workforce modernization and the safe and secure development and use of artificial intelligence (AI) solutions for clients, industries, and society more broadly.
- Our **expanded commitment** with ServiceNow, where we are reimagining finance, supply chain, and procurement operations through joint investments.
- Our **relationship** with Watershed, which bridges Watershed's platform for carbon data with KPMG Audit and Advisory services to draw meaningful insights into sustainable change.
- Our **expanded collaboration** with Workiva, through which we are accelerating, automating, and advancing reporting and climate data management and analytics.
- Our **alliance** with Context Labs, where we're leveraging advanced data and analytics, enabled by machine learning and AI, to enhance the credibility and rigor of environmental measurement and reporting so we can better quantify and reduce environmental footprints.

Read more about our strategic alliances [here](#).



## Bringing solutions to our clients

We collaborate with our clients on their sustainability journeys by bringing leading technologies and deep knowledge to bear.

### \$1.25B

KPMG Advisory supported the Center for Houston's Future in securing up to \$1.25 billion in funding for Houston's HyVelocity hydrogen hub. The result? The hub was selected by the U.S. Department of Energy as one of seven locations countrywide to receive \$7 billion collectively in federal funding from the Bipartisan Infrastructure Law to develop clean hydrogen technologies to reduce greenhouse gas emissions.

### \$7B

In FY2023, KPMG served the State of Florida by facilitating coordination among state officials, local governments, and private contractors in the wake of Hurricane Ian. By providing a new disaster response financial model, real-time data to inform key stakeholders' decision-making, and a coordinated effort across hundreds of government and private entities, we supported a prompt and effective response to the fifth strongest – and third most expensive – hurricane to strike the U.S.







**Prosperity**

# We believe the work we do should make a difference for our communities and generations to come.

By focusing on how we allocate our investments and the areas where our people can leverage their skills and experience, we bring the full suite of KPMG capabilities to organizations who are on the front lines, working to solve some of the most pressing challenges in our society.

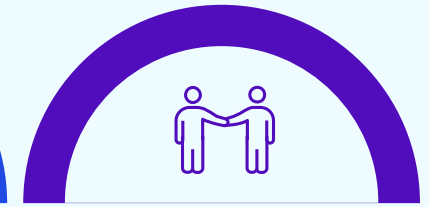
## Commitments:



Mobilize our resources, including the unique skills of our people and our commitment to support organizations, programs, and initiatives that advance equity through a \$125 million aggregate commitment over five years from KPMG and the KPMG U.S. Foundation



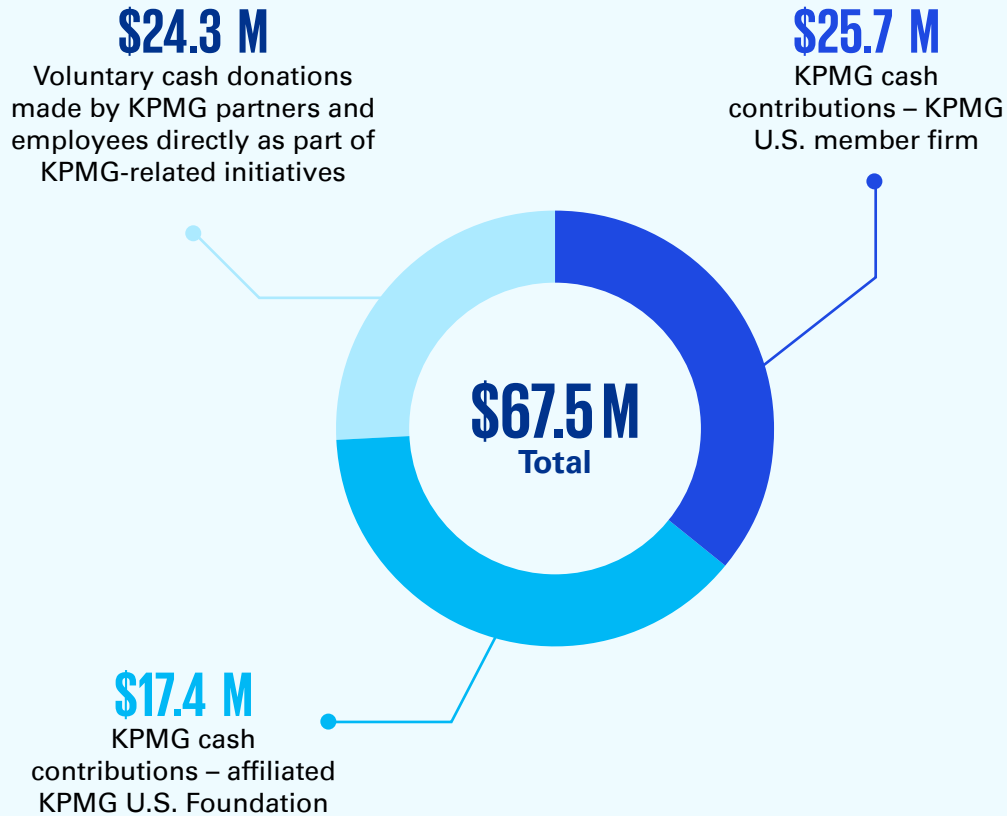
Act with urgency, purpose, and stewardship to better serve our communities



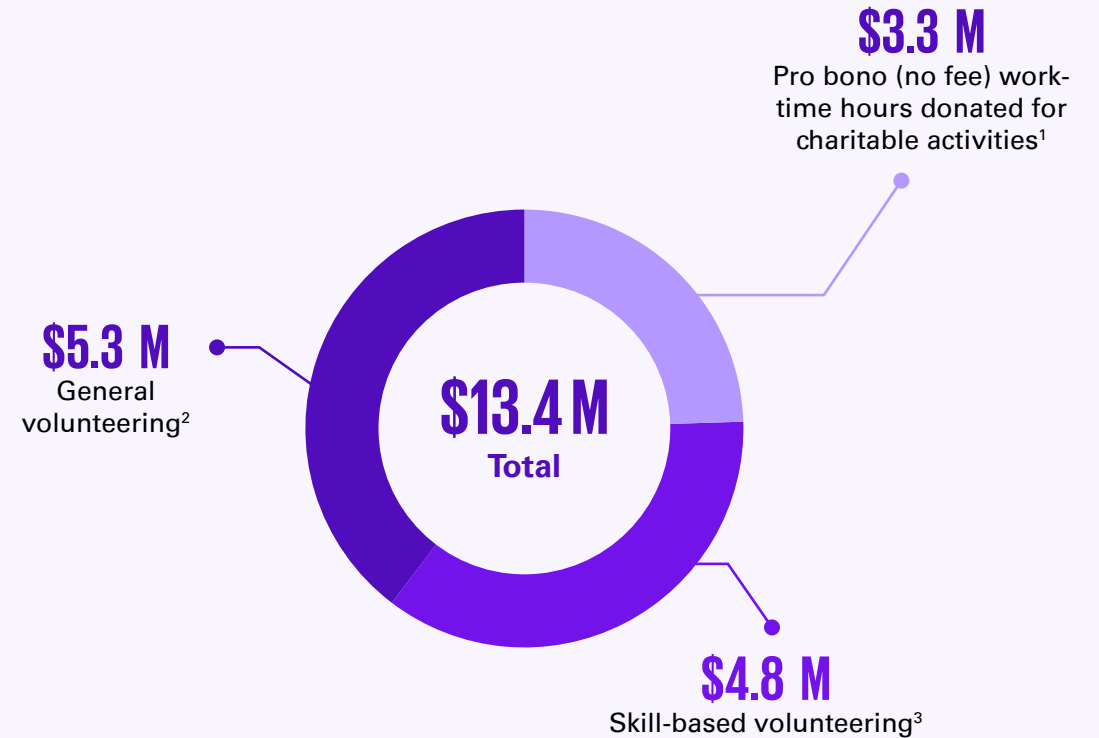
Through our programming in support of these commitments, we also continue to contribute to KPMG's goal to economically empower 10 million disadvantaged young people by 2030 through education, employment, and entrepreneurship. This year, 41% of our total community investment supports equitable access to education.



## Community investment, FY2023:



## Volunteer activity and pro bono services, FY2023:



1. This was calculated by applying the average standard KPMG bill rate per hour to the hours of engagement.
2. This was calculated by applying the value of volunteer time defined by Independent Sector to the number of hours recorded.
3. This was calculated by applying an average internal cost per service per hour to the number of hours recorded.

# FY2023 KPMG U.S. Foundation year in review

We work jointly with the KPMG U.S. Foundation, a nonprofit affiliate that functions as the charitable arm of KPMG. The charitable efforts focus on increasing access to education and opportunity, as well as investing in healthy, thriving communities.



**\$17.4 M**

Funds to organizations in support of the KPMG U.S. Foundation's mission and vision of a world underscored by equity and access to opportunity



**\$1.1 M**

Funds raised from the KPMG U.S. Foundation, as well as KPMG LLP partner and employee donations, to help communities affected by natural disasters



**\$351,000**

Grants awarded through our Employee Relief Fund



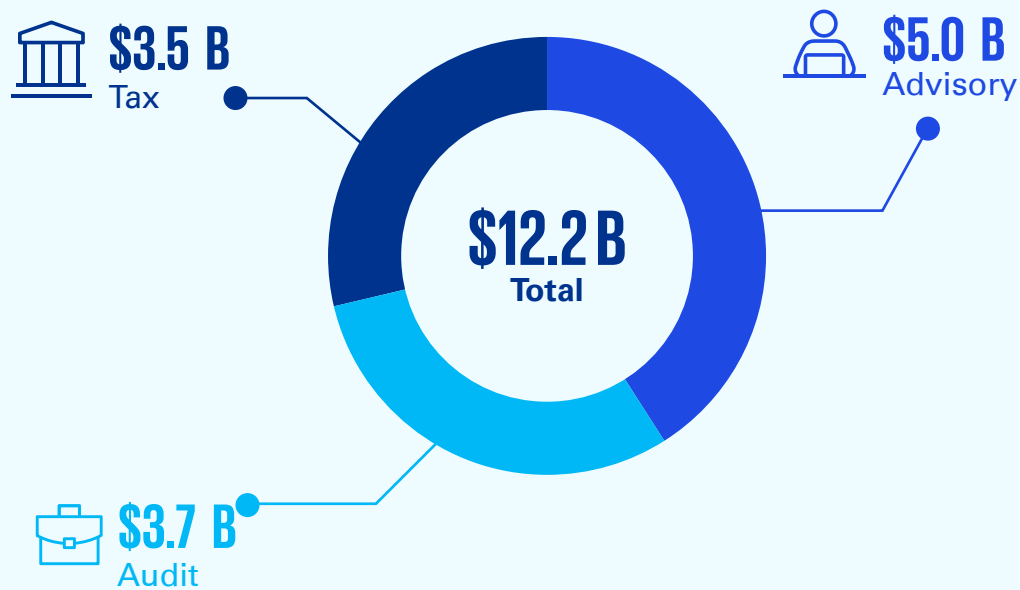
**232,249**

Total hours given to volunteering and charitable activity

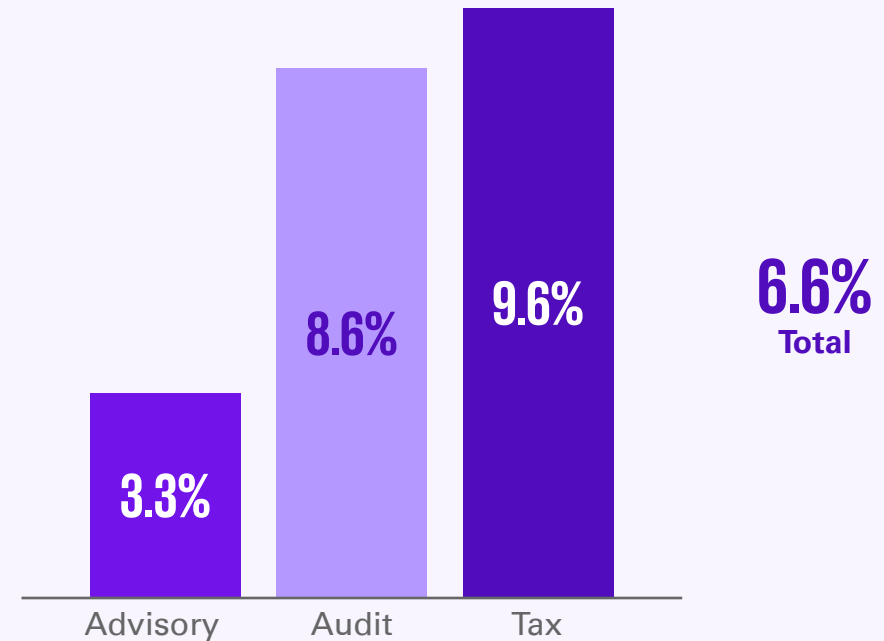
# Economic performance in FY2023

We're proud of the contributions we make in our communities and the broader economy. Through professional services work with our clients and over \$12 billion in revenue annually, we support the strength of the capital markets.

### Revenue by service line



### Annual growth percentage by service line



This data reflects a reclassification of Actuarial to Audit, which was not reflected in last year's Impact Report.





# Societal impact

## Sustainability and resilience

As we look for areas where we can make the largest tangible impact, we are increasingly pursuing activities that support long-term resilience in our communities. In addition to fifteen local organizations that received grants (such as Utah Open Lands), we awarded funds to nine national nonprofits. One of them was **GRID Alternatives**, a nonprofit that we've supported since 2011. It builds community-powered solutions to climate change by advancing economic and environmental justice through renewable energy.

We also help cultivate tomorrow's sustainability leaders. KPMG is the founding sponsor of the **University of Texas at Austin's undergraduate minor concentration in sustainability**, providing guest lectures from our professionals and clients in subject areas ranging from corporate sustainability and decarbonization to diversity and equity, supporting the development and enhancement of sustainability curriculum, and allocating funding of \$75,000 annually for 2023 to 2025.

We also invest in the **Global Sustainability Leadership Institute (GSLI)** at the McCombs School of Business at the University of Texas at Austin. The GSLI's mission is to lead and develop solutions that address critical sustainability challenges and shape an inclusive, regenerative global economy and society. Through research, courses, and experiential learning programs, the institute teaches and researches effective models of sustainability leadership in all sectors. It specializes in sustainable finance, impact infrastructure and innovation, sustainability communications, and corporate sustainability. KPMG is the GSLI's founding Advisory Council member and the founding sponsor of the minor in global sustainability leadership. Our investment efforts are focused on providing support for the work of the GSLI and its various programs.

## Access to education and opportunity

As a leading professional services firm, we invest in access to education and opportunities to not only meet our societal commitments but also strengthen the core of our business. Quality education is a societal good, and the ability to access it is essential for the long-term success of the workforce. We focus on a range of programs, from college prep and career upskilling and reskilling to professional development and support for educators at all levels. Each of these efforts is part of our commitment to equity through the mobilization of \$125 million in aggregate over a five-year period.

These programs include:



### Reaching New Heights

We launched Reaching New Heights last year to support five institutions in funding new or existing programs to support and strengthen a diverse talent pipeline for the workforce. In FY2023, we continued our collaboration with each college, knowing that longer-term support would allow us to explore greater student engagement. These recipients were Wagner College in Staten Island, NY; Central Washington University in Ellensburg, WA; LaGuardia Community College in Queens, NY; Seton Hill University in Greensburg, PA; and Springfield Technical Community College in Springfield, MA.



### KFFL First Book

KPMG Family for Literacy (KFFL) was founded in 2008 with the goal to eradicate childhood illiteracy and develop the next generation of young leaders through reading. In collaboration with the nonprofit First Book, KFFL celebrated its 15th anniversary last year with the KFFL Lighting the Way for Literacy program, which addressed educational inequity. In FY2023, 65 KPMG offices participated in this milestone program by distributing 80,000 books and over 6,500 booklights to First Book educators across the country. As a result, 90% of the educators we heard from said that the KPMG-supplied resources and materials helped to close the achievement gap for the students they serve.



### The PhD Project\*

Founded thirty years ago by the KPMG U.S. Foundation, The PhD Project works to diversify corporate America by diversifying the role models in front of the classroom. Through collaborations, networking, mentoring, and unique events, The PhD Project helps its members earn business PhDs so they can inspire and educate the next generation of leaders. Because of this support system, 90% of PhD Project members complete their doctoral degrees, compared to the national average of 70%. Since its launch, The PhD Project has been responsible for sextupling the number of Black/African American, Latinx/Hispanic, and Native American business PhDs in the United States, from 294 to more than 1,700 today—transforming business and society.

\*The PhD Project is no longer part of the KPMG U.S. Foundation, although the Foundation remains one of its primary sponsors. The PhD Project is a separate public charity under section 501(c)(3) of the Internal Revenue Code.



## Healthy, thriving communities

Our people and our offices are intertwined with our communities. As Values-driven community members and constituents, we believe that supporting the locales and communities where we work and live can make a difference beyond the clients served by the KPMG network.

### Some of the programs under this pillar include:

- **Beyond Housing**, a nationally recognized, comprehensive community development organization dedicated to transforming the St. Louis region's under-resourced communities. Like many of our investments, Beyond Housing has a local lens and a resident-led approach to improving the daily lives and long-term economic prospects of community members. Our funding supports the organization's holistic approach to community development, and its mission to strengthen families and transform communities. This work complements our ongoing support for community development with Lift Orlando.
- **Purpose Built Communities** is a nonprofit dedicated to revitalizing distressed neighborhoods across the U.S. through a holistic approach focused on three core principles: high-quality mixed-income housing, cradle-to-college education pipelines, and community wellness programs. Our funding supports strategic implementation and progress, the growth of additional network members, and pilots of new collaborative efforts with geographically focused partners.

- **USAA's Face the Fight coalition** takes a public health approach to suicide prevention among veterans. Recognizing that suicide risk among U.S. military veterans is a national crisis, this effort brings together nonprofit and for-profit experience to increase access to screenings in clinical settings, train mental health clinicians, and provide grants to organizations with evidence-informed interventions.
- **Health and wellness programs:** At KPMG, we collaborate with nonprofits committed to strengthening minds and bodies to help build stronger, healthier, and sustainable communities. In FY2023, more than 6,300 KPMG professionals volunteered with at least one of our national health and wellness nonprofit collaborators—the American Cancer Society, American Heart Association, and National MS Society—with our firm and our people contributing \$1.7M to support these three organizations.

Many of our commitments to healthy, thriving communities also contribute to the larger KPMGI goal to economically empower 10 million disadvantaged young people by 2030. One of our efforts in Orlando is our ongoing collaboration with 4Roots, a 501(c)(3) nonprofit organization dedicated to the balance between community and nature. Its focus on regenerative farming, sustainability, and the relationship between food and wellness informs educational programs, expanding access to healthy food for schools and neighborhood centers, and connecting local farmers and consumers. At KPMG Lakehouse, our culinary team works with 4Roots to purchase produce, with a portion of proceeds going to support Orlando farmers. Its division O-Town also became our composting source in FY2023, helping us divert waste.





# Digital innovation

**Data Citizens with Purpose® (DCwP)** is our pro bono program that provides data-driven insights to help nonprofit organizations better serve their stakeholders. Last year, DCwP supported the [Mile High United Way 211 Help Center](#)—a multilingual, confidential service based in Denver that connects individuals in need to critical resources, including food, shelter, childcare, rental assistance, and more. Mile High United Way sought to extract full value from its wealth of data—the individuals requesting support and the providers to which individuals are referred. That’s where KPMG was able to provide support. By connecting various Mile High United Way data sets, KPMG developed a series of visualizations that uncovered critical trends and patterns leading to new protocols for call center representatives. Further, by sharing data with community organizations—including nonprofits serving Denver’s immigrant community, governments and school boards—this effort has created a positive ripple effect, amplifying the value of the data.





# Corporate citizenship

## Community Impact Day

In our second annual Community Impact Day, 22,561 volunteers across the country supported 528 nonprofits in our local communities. Our people embodied our KPMG Values by sponsoring educational sessions with nonprofit collaborators, providing online resources for our volunteers and external community members, and engaging in a mix of in-person and virtual volunteering opportunities.

## Nonprofit board service

Our nonprofit board service program connects our people to opportunities in our communities, in alignment with our rigorous independence standards. The increasing number of our people taking part in nonprofit board service demonstrates the interest of our people and our firm in engaging meaningfully with our communities.

This year, 1,499 partners and employees served across 1,967 nonprofit boards—supporting their own learning and development in addition to the projects they care most about. Nonprofit board service helps our people learn key leadership and business competencies, including gaining strategic perspective, fostering innovation, building collaborative relationships, and applying adaptability and critical thinking skills.



# Business model resilience

Our multidisciplinary model brings together the unique skills of our people across Audit, Advisory, and Tax to deliver quality services. In an era of compound volatility, firms that invest in and bring together various disciplines—and especially those that can scale investments in technology to accelerate innovation—will drive better solutions.

Through our model, we not only improve our work today but attract, retain, and develop the best talent needed to tackle tomorrow's challenges. Our people choose KPMG knowing they can get exposure to different skill sets and take advantage of diverse career paths. For example, our financial statement audit teams regularly tap into tax and technology expertise outside of the Audit practice in order to drive audit quality. And in recent years, thousands of our people have taken advantage of our Career Mobility Services to move from one function to another within the firm.

Our model also enhances the power of our firm by positioning KPMG to invest in artificial intelligence and cloud capabilities while scaling innovation across the business. Our five-year \$2B+ global investment in AI and cloud platforms builds on foundations set by our 2021 \$1.5B global investment in ESG capabilities and 2019 \$5B global investment in digital capabilities.

## \$5B

Our 2019 global investment in digital capabilities

## \$1.5B

Our 2021 global investment in ESG capabilities

## \$2B+

Our 2023 global investment in AI and cloud







# Principles of Governance

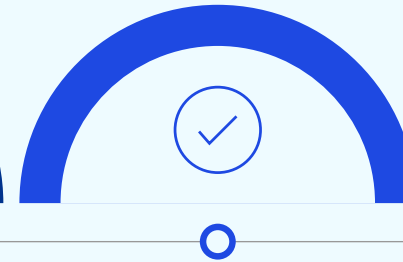
# Our commitments to people, planet, and prosperity are only made possible by our firm grounding in ethics and integrity.

By rooting our work in accountability and transparency, and enabling our people to make decisions in line with our Values, we're able to meet the needs of our clients and act as responsible stewards of the capital markets.

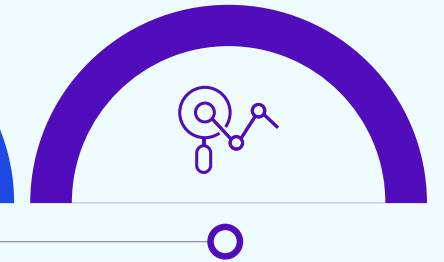
## Commitments:



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 one another accountable, and help ensure we constantly improve



Continue to enhance our governance model centered on integrity



Drive trust in the capital markets by delivering high-quality audits

# Board and management conduct

The KPMG U.S. Board of Directors is one of two principal governing bodies of KPMG, and is responsible for firm policies, oversight of firm management, and succession planning for the firm's chair and deputy chair. The second governing body, the KPMG U.S. Management Committee, is responsible for day-to-day operations management and firm policy implementation. This work includes identifying and understanding material environmental, social, and governance risks and opportunities, and ensuring the firm takes relevant action.

All data represents end-of-FY2023 for consistency.



## Board and management committee

Our board is composed of member directors and independent directors, elected to staggered five-year terms. Board members' skills range across business, organizational strategy, financial competency, leadership, regulation, governance and risk management, data, and cybersecurity. Directors (both member directors and independent directors), like all partners, are required to adhere to our firm's rigorous independence standards.

### Board membership (18 members):

**15 member directors** (including the chair and deputy chair) and **3 independent directors** (Linda Addison, Roel Campos, and Janet Wolfenbarger). We aim for our leadership to represent our employees and the people we serve.



### Management committee membership



## KPMG U.S. Foundation board

The KPMG U.S. Foundation is recognized as a separate 501(c)(3) tax exempt organization and is a public charity.

### Board membership

We aim for our leadership to represent our employees and the people we serve.





# Ethical culture and independence

Building trust—with our clients, with participants in the capital markets, and with our colleagues—is the foundation of how we make the difference. Trust is essential to how we as a firm create relationships with our clients, and how we continue to grow. That’s why we center our firm Values and embed our ethical culture throughout all we do.

Psychological safety is a critical aspect of an ethical culture, which is why we introduced new enrichment courses to build our people’s foundational knowledge of the topic. We also released a psychological safety toolkit so our teams can take action to enhance team dynamics with easy-to-access strategies and resources.

These resources supplement our core ethics offerings to our people:



12 hours of mandatory ethics and integrity training each year—a requirement that began in FY2020



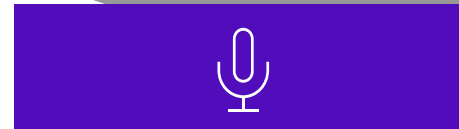
Ethics & Compliance portal with a deep library of tools, reference materials, and links for our people



[U.S. Code of Conduct](#), which aligns closely with the KPMGI Global Code of Conduct and is regularly reviewed and updated Ethics



Ethics & Compliance [Hotline](#), which is available 24/7 and hosted by a third party, enabling our people to make anonymous reports via the web or phone



Speak Up portal, featuring podcasts in which some of our most senior leaders role-model how to successfully speak up, sharing their own real-life stories as well as more information regarding raising concerns and investigations

Read more about our Ethics & Compliance offerings [here](#).

## Our most elected optional Ethics & Integrity courses in FY2023:

- AI ethics – Key principles
- Data ethics – Managing your private customer data
- Psychological safety – A conversation with Adam Grant and Sandy Torchia
- AI ethics – An introduction
- Speak up for diversity, equity, and inclusion
- Your role in creating an inclusive culture
- Radical candor
- Diversity, equity, and inclusion: Seeking stories that look beyond bias TEDTalk
- Exploring the value of ethical culture – Global business ethics survey series
- Unconscious bias

## Success case method survey

KPMG's multiyear Ethics & Integrity learning strategy is focused on training courses that strengthen learners' ethical decision-making, speaking up, and ethical leadership skills. In FY2023, the Learning & Development and Ethics & Compliance teams implemented an ethics curriculum success case method survey. This measurement model allows us to examine the most and least impactful ethics resources we offer to better understand what is working well, and what can be improved.

**Nearly 97% of respondents agree that the trainings and tools positively impact their ability to understand potential ethical dilemmas they may face while working.**

Across the board, our people agreed that our resources help them recognize ethical issues, have better knowledge about the possible outcomes of a dilemma if not handled properly, evaluate ethical issues by considering solutions to resolve them, and analyze common reasons used in unethical decision-making.



# Quality service delivery and regulatory excellence

## Training our people

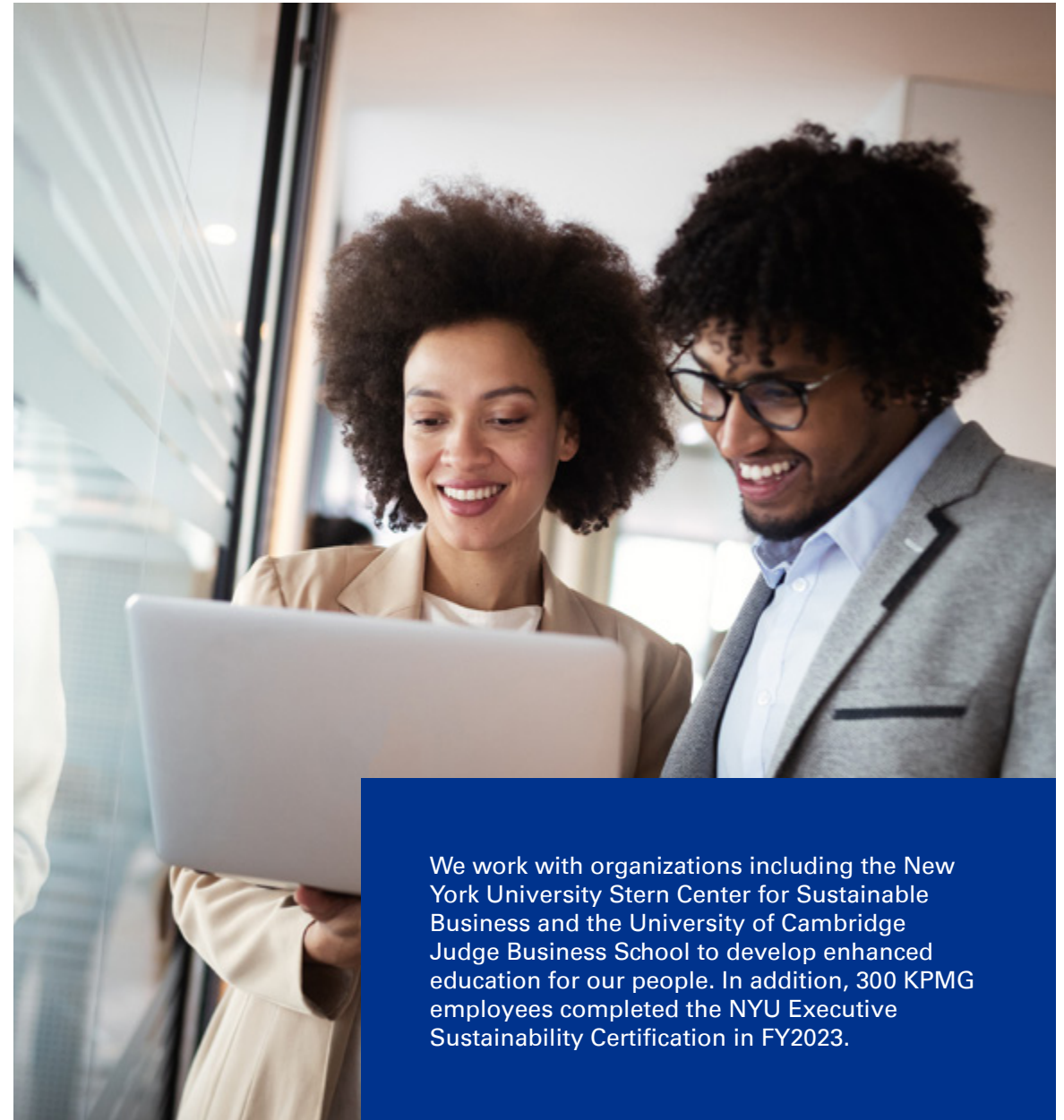
Upskilling our people makes the difference for the clients they serve and the careers they build. In FY2023, we spent an average of \$4,737 on formal training per person, augmenting a culture of everyday coaching and experiential learning.

Firmwide average hours of training per person

▶ 44

Average training hours (based on average headcount\*) include Continuing Professional Education (CPE) training offered by the firm to our people. Formal training spend includes spend on additional learning resources by the firm to develop our people's professional knowledge and capabilities.

\*Our methodology changed in FY2023; CPE hours were previously based on the number of distinct employees.



We work with organizations including the New York University Stern Center for Sustainable Business and the University of Cambridge Judge Business School to develop enhanced education for our people. In addition, 300 KPMG employees completed the NYU Executive Sustainability Certification in FY2023.



## Our commitment to audit quality

Audit quality is fundamental to maintaining public trust in the capital markets and protecting investors. It is the key measure on which our professional reputation stands.

We define audit quality as the outcome when audits are executed consistently, in line with regulatory requirements, intent of applicable professional standards, and within a strong and responsive quality management system.

Our multiyear practice-wide effort and investment in executing more standardized and centralized audits enabled by automation allows us to conduct work earlier in the audit cycle, enhancing audit quality and delivering our people and our clients a better experience.

In recent years, we have focused on conducting work earlier in the audit cycle. In 2023, we expanded this pull-forward effort, from only including 100% of public integrated audits, to also including public financial statement audits and private engagements greater than 2,000 hours.

Engagements subject to these processes now make up nearly 90% of total audit hours compared with about 50% in the prior year. Ultimately, this effort creates the capacity for expanded pre-issuance reviews of more areas of the audit.

This cycle makes a difference for our people as well: Pulling work forward fundamentally changes the traditional busy season. With fewer hours and freer weekends during this time, our people experience reduced stress and improved decision-making. When reviewing the most intense portion of the busy season—the eight-week period from early January through the first week of March—our Audit professionals' experience has improved dramatically compared with FY2021: Audit engagement hours per professional decreased by 11%, from 51 per week to 45 per week on average, and the percentage of people who worked no weekend hours increased from 18% to 29%. The number of people who worked a total of 50+ hours over those eight weekends declined from 31% to 17%. Finally, total utilization declined from 126% in FY2021 to 112% in FY2023.

Read more about our efforts [here](#).



# Tech assurance

In the past few years, we've integrated more than 1,000 Technology Assurance professionals into the Audit practice, enhancing collaboration, cross-training, and innovation to improve audit quality. This integration has allowed us to upskill more of our people to integrate, implement, and deploy technology tools and test techniques across increasingly complex control environments.

## In FY2023, we focused on:



Enhancing our audit platform and methodology to address internal control over financial reporting (ICFR) considerations at every layer of technology.



Building more standardized and centralized approaches and processes to allow our professionals to leverage their knowledge and experience in a more efficient way.



Expanding the testing library of assets to test controls and platform-specific configurations more comprehensively.

Critical to our ability to drive trust and deliver quality is enabling our own people to understand both the regulatory requirements and business processes to provide assurance that technology controls and data integrity are maintained. As technologies become more complex, the need for professionals who can perform highly sensitive analysis of technology environments and platforms also increases. We've developed a suite of solutions that our professionals can use to assess whether these technologies – including AI, enterprise resource planning, cloud, blockchain, and internet of things – are being effectively implemented and monitored, and whether the appropriate controls are in place to enable trust.

Our approach to driving trust in algorithms unifies global regulatory regimes and an organized approach to compliance. Auditors' skills are valuable for assessing algorithms for fairness and reliability. Their expertise can be applied to ensure that algorithms meet accepted standards and ethical considerations.

Read more about [Technology Assurance](#) in our [Audit Quality Report](#).







# Artificial intelligence

We know AI has the power to transform professional services, fundamentally reshaping how we run our firm and how our people approach their work. We are committed to being bold, fast, and responsible in how we design, deploy, and use AI. Over the course of 2023, we established our office of AI and Digital Innovation and made generative AI capabilities available to all of our professionals. We provided training and development offerings to help them effectively harness the technology to enhance the quality of client services and improve their own experience at KPMG.

KPMG has been advising clients on responsible AI for more than a decade. In early 2023, shortly after generative AI became broadly available with the release of ChatGPT, KPMG launched a global, cross-functional team charged with evolving our proven, responsible AI framework to account for both the opportunities and the risks emerging with GenAI. We publicly announced our commitments to responsible and ethical use in October 2023: we call it KPMG Trusted AI.

Trust is imperative to the adoption and integration of AI, which is why we've invested time in building our proprietary Trusted AI framework. All businesses are unique, requiring a deep ecosystem of innovation to build and deploy a full suite of fit-for-purpose solutions – but we know that a Values-driven, human-centric, and trustworthy approach makes the difference. To that end, we've focused on finding the right collaborators, empowering our people, and embedding trust along our AI journey.



## Expanding our ecosystem of alliances

KPMG's technology alliances, ranging from the world's largest tech players to AI innovators, are a critical asset to the firm in its own responsible adoption of technology and in advising clients on how to design, implement, and deploy trusted AI solutions. We're helping clients develop a Trusted AI strategy, a governance structure for GenAI-enabled automated processes and tooling, to establish accountability and drive compliance with emerging AI regulations and standards—and we're doing the same for our firm.

### Advancements in our Trusted AI alliance ecosystem include:

- In FY2023, KPMGI announced a \$2B+ global investment in our expanded alliance with Microsoft to embed AI throughout our business, and KPMG was named a member of the [Microsoft Responsible AI Partner Initiative](#).
- The firm also announced [global investments in ServiceNow](#) to embed generative AI capabilities into procurement and responsible supply chain operations, building on our long-standing work together on risk management by helping clients continuously track and identify high-impact risks, including those related to emerging technologies such as generative AI.
- We [expanded our relationship with Google Cloud](#) to help clients implement generative AI, with a focus on how to protect their data in a secure environment.
- [KPMG joined forces with Salesforce](#) to help organizations build an AI strategy for their customer relationship management that's rooted in trust, quality data, security, and transparency. As a part of this collaboration, KPMG participated in Salesforce's Einstein for Developers program.
- We joined KPMGI in working with our first [Audit global alliance relationship, MindBridge](#), to deploy advanced statistical, machine learning, and rules-based analytics technology to enhance audit quality in about 3,000 audits across more than 60 KPMG member firms.
- Leveraging our strong data alliance relationships with organizations, such as Databricks, Google, Informatica, Snowflake, and Microsoft, enables expanded capability, expertise, and access to the latest technology and trends. This ultimately helps organizations meet emerging technology needs, stay agile, and become data-forward.



## Empowering our people

By changing the day-to-day nature of the job in a way that can reduce stress and improve flexibility, AI will help attract more top talent into the profession. For example, our Advisory practice released our AI chat tool to all partners and professionals in the spring of 2023, followed shortly by our Tax practice and all firmwide teams, supported by resources and training to help our people learn the technology. After establishing processes and governance, and trialing a 500+ person pilot, we released our proprietary KPMG Audit Chat to our entire practice. More than 80 validated prompts use KPMG's audit methodology to enhance audit quality and drive efficiency.



## Embedding trust into AI

The responsible and ethical use of AI is paramount to our approach. In addition to publishing our Trusted AI value statement in 2023, we also updated our [KPMG Trusted AI framework and guiding principles](#), which we have used to support clients as they account for the new realities presented by generative AI. Our Trusted AI framework demonstrates our commitment to being Values-driven, human-centric, and trustworthy in our integration of AI. These principles are grounded in 10 ethical pillars—including fairness, security, transparency, and privacy—across the AI lifecycle.

We also recognized the importance of aligning our Trusted AI framework with our commitments, including mitigating climate change, promoting social inclusion, and improving corporate governance.

**As a result, sustainability is explicit in our ethical pillars: AI solutions should be designed to be energy efficient, reduce carbon emissions, and support a cleaner environment.**

Additionally, our Trusted AI Council, established in FY2023, brings together cross-functional leaders across the firm to continually review our foundational principles in accordance with evolving regulations and technological advancements and put our principles into practice for the firm.

We're building research relationships with leading academics; collaborating with AI ethics organizations including Responsible AI Institute, the National Institute of Standards and Technology (NIST) AI Safety Consortium, and the Ethical AI Governance Group (EAIGG); and convening a GenAI peer exchange with C-suite leaders to help all organizations stay ahead of this next wave in innovation. Going forward, we plan to measure and report on our progress regarding our Trusted AI program in our impact plans, and expect to see peers doing the same.

Learn more about [our commitment to Trusted AI](#).



# Confidentiality, privacy, and data security

KPMG prioritizes its confidentiality and privacy obligations. To that end, we maintain a comprehensive framework of policies and procedures which help to safeguard confidential client and firm data and to facilitate compliance with applicable laws, regulations, and professional standards.

With the digital and physical threat environments continually evolving in complexity, KPMG's data security framework aligns with a number of authoritative sources and industry standards (including ISO27001, NIST, and the AICPA Code of Professional Conduct) to address technical, physical, and administrative security, along with logical access, incident management, business continuity, and system and application development. The framework consists of comprehensive firmwide information protection policies supplemented by playbooks, procedures, and reference guides to secure the firm's resources and protect confidential information entrusted to us by our clients. Key elements of the framework include mandatory annual training for all firm personnel, guidance in using new AI-powered technologies, a holistic incident response program, and accountability for firm personnel to help ensure compliance with the framework. In addition, the firm adheres to strict standards for its collection and use of personal information to comply with applicable data privacy laws. Additional information about the firm's privacy practices, including the methods for individuals to exercise their data privacy rights, is set forth in our Privacy Statement.

Read more about our privacy practices [here](#).



# Transparency and disclosure

Our culture and Values help translate commitments into action. We know culture is not only about stating commitments; it's also about accountability, especially for leadership. In recent years, we have implemented compensation clawbacks as one way to demonstrate our commitment to responsibility and transparency. Our Management Committee, as well as our national and local Audit leaders, are subject to meaningful financial penalties from outcomes related to independence compliance, audit quality, and internal milestones in our Audit strategy.

## Public policy

We apply our ethical framework to our public policy engagements. We develop and communicate views that are consistent with our purpose and Values, addressing topics that are material to our business and workforce, the accounting profession, and relevant stakeholders, including the communities where we live and work as well as the broader capital markets.



# Risk management and reporting standards

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 has a role to play in managing risk.

Our total-firm approach to identifying and managing risk is called the five lines of responsibility:

01

Day-to-day management of risk, guided by our frontline professionals

02

Policy-setting, oversight, and risk insight, determined by risk management, legal, regulatory, and compliance teams

03

Independent assurance, led by Internal Audit

04

Risk appetite and mindset, set by our executive leadership

05

Governance and oversight, conducted by our board of directors

We use an enterprise risk management process based on leading practices to identify risks that could impact the firm at the enterprise level, utilizing our proprietary dynamic risk assessment tool, and engaging with senior leadership regularly. By considering the impact, likelihood, velocity, and connectivity of the identified risks, we ensure that the firm is focusing on the most significant risks through development of risk treatment plans and regular reporting to the management committee and board of directors. By continually assessing the risk profile, leadership can understand the impact on the firm's strategy and react accordingly.



## ESG reporting metrics

A universal set of ESG reporting metrics and recommended disclosures is key to transparent governance. KPMGI helped build the WEF IBC Stakeholder Capitalism metrics, which are based on a set of universal, material, and widely accepted ESG metrics to foster transparent governance, greater cooperation, and progress.

We support the work of the International Sustainability Standards Board, the Task Force on Climate-related Financial Disclosures, and the Taskforce on Nature-related Financial Disclosures. We remain committed to helping our clients navigate the evolving reporting landscape.

# Looking forward

We are proud of our strong commitments and investments in our core pillars of People, Planet, Prosperity, and Governance. As we implement more rigor and leverage more technology throughout this process, the future holds exciting opportunities for our firm.

We are intentional in how we come Together, For Better. Much of this work begins within our own workplaces by supporting our people with holistic benefits and professional development, enabling skills advancement and integrating new technology. Our people make the difference, and through the grounding of our model, our culture, and our commitment to be stewards of the capital markets, we continue to act as trusted and trustworthy advisors to our clients and communities.

Learn more about how we are progressing toward our goals and access additional supporting materials, including our Appendix and Statement of GHG emissions, [here](#).







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Learn about us:



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

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