Directors Quarterly

Insights from the Board Leadership Center

October 2022

On the rise: Turbulence and transparency

Heading into the final quarter of a tumultuous year, one thing is clear: The more challenging and opaque the operating environment becomes, the more intense the focus—by investors, stakeholders, and regulators—on corporate transparency.

In this edition, we explore the role of management's disclosure committee in helping to ensure the quality and relevance of disclosures—particularly around ESG-related issues. We also consider the evolving expectations of the chief audit executive as the "eyes and ears" of the audit committee and a champion of the company's risk and compliance culture. And WilmerHale Partner Ronald Machen shares his views on civil rights audits as more companies take a deeper, unvarnished look at whether their policies and practices support their efforts around diversity, equity, and inclusion (DEI).

A lingering question is whether (and to what extent) an economic downturn will impact the momentum and priority that ESG issues—including employee empowerment, climate, and supply chain sustainability—have attained since the pandemic began. As our 2022 KPMG U.S. CEO Outlook survey shows, CEOs have their hands full: Aside from preparing for a recession, CEOs cite ongoing pandemic fatigue, political uncertainty, disruptive technology, talent and workforce issues, and supply chain as top worries on their agendas. To help boards think through some of these issues, we include recent conversations with Eurasia Group President and Founder Ian Bremmer on the state of geopolitics, and with author and venture capitalist Matthew Ball on what the metaverse means for business and the future.

We also provide an overview of the financial reporting and auditing developments that audit committees should watch this quarter.

John H. Rodi
Leader
KPMG Board Leadership Center (BLC)

What's inside

2 Financial reporting and auditing update

5 ESG and management's disclosure committee

8 Audit committee expectations of the chief audit executive

11 What to know about civil rights audits

15 The metaverse is arriving

18 Ian Bremmer on geopolitical risk

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

Financial reporting and auditing update

Current quarter financial reporting matters

All eyes are on the SEC as it sorts through the voluminous feedback on its climate disclosure proposal and moves toward final rulemaking. Significant changes in tax policy due to new legislation also made headlines this quarter. Key provisions include a new 15% corporate alternative minimum tax, a 1% excise tax on stock repurchases, and new options for monetizing certain credits.

ESG reporting: Proposals from the SEC and others

Three sets of sustainability standards are under development by the SEC, the International Sustainability Standards Board (ISSB), and the European Financial Reporting Advisory Group (EFRAG). The comment periods on the proposals have now closed, and companies await the outcome of redeliberations and the final rules or standards.

SEC developments

The proposed climate rules are intended to provide more consistent, comparable, and reliable information so that investors can better evaluate the impact of climate-related matters on an issuer. Specifically, the proposal would require new disclosures in the annual report (Form 10-K or 20-F) or registration statements and in the financial statements. The extended comment period closed on June 17.

The SEC received over 4,000 unique responses, with the vast majority coming from individual members of the public. KPMG analyzed 150 responses that represented a variety of industries and respondents, but weighted toward issuers (including foreign private issuers) and industry groups.

Although over three-quarters of these respondents supported climate-related standard-setting in general, this did not translate to general support for the SEC's proposal, and concerns were raised in all areas. Key findings included the following:

- 63% believed that the financial statement disclosure threshold should be based on investor materiality and not a bright line.
- 87% that commented on the disclosure of Scopes 1 and 2 greenhouse gas (GHG) emissions were in support.
- 92% that commented on the time required for transition requested a delay in implementing at least some disclosures (e.g. GHG emissions).

The SEC's Spring 2022 regulatory agenda shows publication of the final rule this month. This timing appears ambitious in view of the volume of feedback received.

Regardless of the outcome, issuers should expect continued scrutiny of climate-related disclosures based on the SEC staff guidance issued in 2010 and following the sample comment letter published in September 2021. To date, over 200 comments have been sent to more than 40 issuers, with nearly two-thirds of issuers being asked about the consistency of disclosures in their sustainability reports versus their SEC filings.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

ISSB developments

Earlier this year, the ISSB released proposals on (1) general sustainability-related matters and (2) climate-related matters. Under the proposals, companies would report—as part of general-purpose financial reporting—on all relevant sustainability topics across four content areas (governance, strategy, risk management, and metrics and targets), and include industry-specific disclosures. The aim of the ISSB standards is to create a global baseline for investor-focused sustainability reporting that local jurisdictions (e.g., the U.S.) can build on.

The comment period ended July 29 and the ISSB received more than 1,300 responses that are now being analyzed. In August, the IFRS® Foundation appointed four new members to the ISSB, bringing the total to 14 and completing composition of the full Board ready to deliberate final standards. It is expected that the final standards will be issued early next year. The ISSB held its first meeting in September and discussed the themes of comment letters received; the ISSB agreed on areas where change is needed before the standards are finalized, and discussed in more depth financed emissions and the scalability of the standards for all types of global companies.

Once the ISSB finalizes the standards, the International Organization of Securities Commissions (IOSCO) will start its review. At its latest board meeting, IOSCO discussed the ISSB's proposed standards and the criteria it will use to decide whether to endorse the final standards. If the ISSB standards pass this endorsement assessment, IOSCO will recommend the standards to its 130 members.

European Union (EU) developments

In April 2021, the European Commission adopted a legislative proposal for a Corporate Sustainability Reporting Directive (CSRD). One of the proposal's provisions would require companies to report sustainability information based on European Sustainability Reporting Standards (ESRSs). In May 2022, EFRAG issued the first set of proposed ESRSs. The comment period ended August 8, with more than 750 submissions received. Following redeliberation, the European Commission is expected to consider final standards in November 2022.

In June 2022, the European legislative bodies reached a provisional agreement on the CSRD, which includes clarification about how it would apply to non-EU companies. In general, the ultimate non-EU parent company would provide a sustainability report (beginning in 2029, for information as of 2028) if it:

- has generated net turnover (revenue) of €150M or more in the EU for each of the last two consecutive years; and
- has at least:
  - one subsidiary that meets the general scoping requirements of the CSRD; or
  - one "branch" that generates net turnover (revenue) of more than €40M in the EU.

New tax legislation

The Inflation Reduction Act (IRA) of 2022 and the CHIPS and Science Act of 2022 (CHIPS) were signed into law by President Biden in August. The IRA introduces a new 15% corporate alternative minimum tax (Corporate AMT) and includes a substantial package of energy and climate-related provisions, among other revenue raisers and incentives. CHIPS adds a one-time investment tax credit equal to 25% of a company's investment facilities that manufacture semiconductors or semiconductor manufacturing equipment.

The new laws also introduce mechanisms for monetizing some credits that are novel to U.S. tax law—including elections for "direct pay" and third-party transfer. The IRA also allows for bonus credits if a company meets certain criteria.

Accounting impacts

Although no changes have been made to the U.S. federal corporate statutory tax rates, several provisions in the new laws may affect companies' forecasts of future income tax liabilities and the realizability of deferred tax assets. Considerations for preparers include the following:

- **15% Corporate AMT.** Companies should account for the incremental tax owed under the Corporate AMT as it is incurred and continue to measure their deferred taxes at regular tax rates—at enactment and going forward. A company's AMT status also may affect its ability to realize deferred tax assets under the regular tax system. The Corporate AMT is effective for tax years beginning after December 31, 2022.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

- **1% excise tax on stock repurchases.** The excise tax is levied on a non-income-based measure and is therefore not in the scope of Topic 740 (income taxes).
- **New options for monetizing certain credits.** Companies in the energy space may elect a transferability election through which they can sell certain tax credits to third parties. In addition, both the IRA and CHIPS introduce a direct pay mechanism for certain credits and certain taxpayers under which the credits are considered a direct payment of tax and are refundable.

SEC adopts final amendments to require pay versus performance disclosures

The SEC has issued a final rule that amends Reg S-K Item 402 to require registrants to disclose—in proxy or information statements—executive compensation information ("pay") and financial performance measures ("performance") over the most recent five years in a tabular format, and describe key relationships between the two. Smaller reporting companies are subject to scaled disclosure requirements.

The final rule is effective on October 11, 2022. Registrants must comply with the new disclosure requirements for fiscal years ending on or after December 16, 2022. ■

For more detail about these and other issues potentially affecting you in the current period or near term, see the KPMG Q3 2022 Quarterly Outlook.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

ESG puts management's disclosure committee in the spotlight

By Patrick A. Lee

Demands for higher quality ESG disclosures—particularly in the SEC's climate proposal—should prompt boards and management teams to reassess and adjust their governance and oversight of ESG risks and disclosures. As investors, regulators, ESG rating firms, and other stakeholders seek ESG information that is accurate, comparable, and decision-useful, clarifying the role and responsibilities of management's disclosure committee, including coordination with any related ESG disclosure and control activities at the company, should be front and center.

In light of SEC proposals for climate and cybersecurity disclosures, anticipated proposals on human capital disclosures, recent ESG-related SEC enforcement actions, and shareholder proposals on an array of ESG issues, companies require robust systems and procedures to collect and maintain high-quality ESG data. Adding to that challenge, such data is often dispersed across the organization and the SEC's climate rule would require collecting new data, some from third parties (e.g., for Scope 3 emissions, including determining whether Scope 3 emissions are material). We're also seeing companies' customers demanding this data for their own reporting.

This presents an opportunity—if not an imperative—for audit committees to reassess the role of management's disclosure committee in maintaining ESG disclosure controls and procedures (DCP), both for ESG disclosures contained in SEC filings and for voluntary ESG disclosures in sustainability reports, on websites, or elsewhere outside of SEC filings.

To that end, we highlight five areas of focus:

The disclosure committee's role and responsibilities, including coordination with cross-functional management ESG team(s) or committee(s). Many or most public companies have management disclosure committees that are responsible for evaluating the company's disclosure controls and procedures for disclosures required in SEC filings. Given the SEC's climate disclosure rulemaking proposal and increasing demands for ESG disclosures generally (voluntary and mandatory), many companies have been assembling or expanding management ESG teams or committees charged with managing a range of ESG activities, including preparing for the SEC climate disclosure rules by, for example, identifying and recruiting climate and ESG talent and expertise, developing internal controls, and putting in place technology and systems.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

There can be potential overlap and confusion as to the responsibilities of management's disclosure committee and management's ESG committee(s); structures are evolving and may be company-specific. The experience and existing DCP of management's disclosure committee may be leveraged for gathering, verifying, and reporting ESG data, and in the maintenance of related DCP. However, a management ESG committee may also have responsibilities for gathering, verifying, and reporting ESG data, particularly for voluntary sustainability reports. Clarification of committee structures and responsibilities is critical, and committee charters may need to be updated. As a baseline matter, ESG disclosures should be reviewed with the same rigor as financial disclosures.

In reassessing the responsibilities of management's disclosure and ESG committees, it is important to consider the company's global ESG and climate reporting, both mandatory and voluntary, under various standards, such as those of the ISSB and the proposed ESRSs. The scope of these disclosures may be more extensive than, or otherwise differ from, those required by the SEC, with different definitions of materiality.

Composition of management's disclosure committee. As recommended by the SEC, management disclosure committees have historically comprised the company's principal accounting officer, general counsel or other senior legal officer responsible for disclosure matters, chief risk officer, chief investor relations officer, and other officers and employees as appropriate. Depending on the nature, size, and complexity of the business, other members may be essential, such as a senior mergers and acquisitions executive, a senior human resources executive, senior executives from each major business unit or geographic region, and the chief audit executive.

Given the SEC's climate proposal and the intense focus on ESG, companies should consider expanding management's disclosure committee to include appropriate ESG functional leaders, including the chief sustainability officer, chief diversity officer, chief supply chain officer, or chief information security officer.[1]

Of course, there may be concerns that expansion of the disclosure committee to include so many functional leaders may make the committee unwieldy, in which case these ESG functional leaders might form a subcommittee of the disclosure committee. The key is that the activities of the disclosure committee and the subcommittee (or ESG functional leaders in the absence of a subcommittee) be closely coordinated.

DCP around voluntary ESG disclosures. Given increasing stakeholder demands for information regarding ESG risks, opportunities, and activities, many companies are providing information regarding their ESG activities in sustainability or corporate social responsibility reports. According to a KPMG study, 98 percent of the top 100 U.S. companies by revenue issued sustainability reports.

For voluntary ESG disclosures contained in these reports (and not included in SEC filings), the SEC requirement for the maintenance of DCP does not apply; nonetheless, a company would still be subject to the anti-fraud rules and potential liability for false or misleading statements, as well as run the risk of public relations harm even for inaccurate statements that may not be material.[2]

Given stakeholder demands for high quality ESG data, coupled with growing risks associated with voluntary ESG disclosures and commitments, audit committees should task management's disclosure committee and ESG committee with building robust DCP around the company's voluntary ESG disclosures so that the company reviews voluntary ESG disclosures with the same rigor as financial disclosures.

Preparation for proposed SEC rules on climate disclosures. Unlike the principles and materiality-based disclosures, the SEC's proposed rules would require detailed disclosures in a number of areas, including oversight and governance of climate risk by the board and management; the impacts of climate-related risks on the business, financials, strategy, business model, and outlook over the short, medium, and long term; processes for identifying, assessing, and managing climate-related risks; historical greenhouse gas emissions data (Scopes

[1] Marc S Gerber et al., Enhancing Disclosure Controls and Procedures Relating to Voluntary Environmental and Social Disclosures, June 29, 2021.

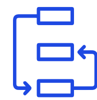
[2] David A. Bell and Ron C. Llewellyn, "Best Practices for Establishing ESG Disclosure Controls and Oversight," Harvard Law School Forum on Corporate Governance, February 3, 2022.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

1 and 2, and in many cases, 3), with third-party assurance; climate-related targets and goals, if set; and financial statement disclosure on the financial impacts of physical and transition risks. The proposed disclosures would phase in. If the proposal is adopted in 2022, large accelerated filers would not be subject to the rules until filings made in 2024 that include 2023 financial statements.

An analysis of the proposed rules is beyond the scope of this article, but the proposal is highly controversial, and the SEC received a significant volume of comments on the proposed rules. Given the scope of the undertaking, audit committees should encourage management's disclosure committee to prepare now by working with management's ESG committee to assess management's path to compliance and closely monitoring the rulemaking process. Even if the SEC rule were struck down on appeal, investor and stakeholder demands would require more extensive disclosure.



Expansion of management's sub-certification process to support CEO and CFO quarterly certifications regarding design and operational effectiveness of disclosure controls (including internal controls) and procedures. Management's disclosure committee supports quarterly CEO and CFO certifications as to the effectiveness and design of the company's internal controls and DCP that are required by section 302 of the Sarbanes-Oxley Act. The disclosure committee typically maintains a sub-certification process involving cascading sub-certifications from employees regarding the company's internal controls to support the CEO and CFO certifications. Given the intense focus on ESG disclosures as well as the scope and detail of the SEC's proposed climate disclosures, the sub-certification process should be expanded to obtain new ESG-related sub-certifications. This may require obtaining sub-certifications from employees who have not had experience with SEC disclosures. As a result, more education will be required, together with additional staffing and skills. ■

Patrick A. Lee *is a senior advisor with the KPMG BLC.*

A version of this article first appeared in the NACD BoardTalk *blog.*

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

What the audit committee expects of the chief audit executive

By Stephen L. Brown

Today's corporate environment is exceptionally challenging and presents new critical issues for boards. It is a worthwhile endeavor for chief audit executives (CAEs) to take stock of this new environment and assess and anticipate how they can be most helpful to board leaders—particularly the audit committee.

While the traditional internal audit necessities of building and maintaining an inventory of baseline responsibilities as it relates to emerging risks and strategic priorities of the firm remain unchanged, the addition of the broad and quickly evolving issues of ESG are a game changer.

Today, as more corporate valuations are derived from intangibles (i.e., creating and monetizing knowledge and intellectual property), there is an appropriately heightened focus on all elements of human capital management, including DEI, access to talent, and corporate culture. The pandemic ushered in new risk concerns related to corporate resilience, supply chain, and risks related to audit and reporting quality with respect to remote work environments. Additionally, global macroeconomic issues, increased pressure on corporations to express their voice on political and social topics, and geopolitical risks have climbed to the forefront of concerns for business leaders to manage.

Leading audit committees have had to expand their focus to ensure they are appropriately prioritizing current challenges. That said, most boards and management teams are still in the early stages of confronting the complexities of these issues. For instance, compliance with current and forthcoming regulations mandating disclosures related to ESG is only a starting point. Additionally, boards and management should define how ESG issues affect risks to their respective firms and impact long-term enterprise value. At the same time, companies must look for opportunities for competitive advantage when it comes to ESG.

There is a lot of work ahead for the audit committee to meet these challenges. The committee may seek input from those they trust within its sphere of influence such as fellow board members, independent auditors, third-party advisors, and management. Notwithstanding the key role that the company's chief executive and other C-suite officers must play here, this is an opportunity for the CAE to strengthen its function as a trusted advisor to the audit committee.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

Here are five ways for CAEs to better anticipate the needs of today's audit committee.

1. Align on priorities by standing in the shoes of the audit committee chair.

CAEs can play a role in helping the board prioritize a heavy agenda to focus attention on the right risks and opportunities. Most chairs expect the CAE to provide strategic advice here and to speak up if the committee is off base or missing something critical. "CAEs are trusted advisors and should understand the committee's priorities and aim to solve their pain points to the extent those issues are within internal audit's remit," said John Rodi, Audit Partner and Leader, KPMG BLC.

Understanding the audit committee's pain points starts with gaining alignment on what the committee believes are its pain points and, when warranted, helping to shape priorities. Your path to getting aligned with the audit committee is to stand in the shoes of the chair. Knowing the full range of the committee's issues, ask yourself what your priorities would be if you were chair. Keep in mind that directors are concerned with regulatory mandates and the strategic direction of the company, and they are accountable to shareholders. Lest we forget, with respect to publicly traded companies, shareholders are the only ones imbued by law with the right to vote on directors. Thus, knowing what the directors' constituents expect is a very effective way of standing in the directors' shoes. You will also exude competence and confidence by considering these relevancies.

Next, ask the chair, "What keeps you up at night?" In our experience, that question usually prompts both a thoughtful response as well as the chair turning the tables to ask you, "What should keep me up?" That's fair game and would be insightful for the chair to probe the thoughts of the committee's only direct employee, technically, who is considered the audit committee's eyes and ears.

By communicating to audit committee chairs those issues that are keeping them awake at night, CAEs can provide valuable input to help the committee and the board identify critical areas for discussion and action.

2. Embrace the various challenges of ESG.

When it comes to ESG, management and boards have been overwhelmed with both the speed and volume of demands in this space. There is a myriad of voluntary global standards, frameworks, stakeholder expectations, and current and forthcoming regulations for companies to understand and consider.

Anticipating the challenges facing audit committees with respect to ESG starts with being familiar with the evolving regulatory landscape and with any voluntary reporting and disclosures the company has chosen to make. Then, it is helpful to translate what those mandates mean in the language of risk and controls. For example, if the company has made voluntary disclosures—public comments and commitments on ESG and DEI—are these statements reviewed with the same rigor and controls as with those controls around financial disclosures filed with the SEC?

Additionally, management may seek guidance from the board on the extent to which they should go beyond minimum regulatory mandates to voluntarily disclose certain ESG information consistent with stakeholder requests or as part of a management strategic initiative. In this situation, internal audit has a role in reporting on whether the firm is indeed meeting those stated challenges, the veracity of statements made (protecting against "greenwashing"), anticipating opportunities for related fraud, and assessing if the appropriate controls are in place.

3. Articulate the company's fitness and capacity to handle anticipated crisis management risks.

With today's heightened uncertainty, it is important for companies to assess their resilience. The ability to quickly align, execute, and bounce back can be the difference between failing to be a going concern or thriving beyond your competitors. This has never been truer than it is today in this era of pandemic, deep economic uncertainty, competitive pressures, and heightened geopolitical volatility.

Audit committees should understand what those emergent issues may be and assess the company's preparedness to respond. CAEs can anticipate some version of this ask by contemplating scenarios and readiness assessments to respond to those critical emergent issues that they may face. Such issues range from cyber incidents, high-profile current social and political issues, and health-related

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

crises (e.g., pandemic) to ESG and DEI-related matters, and, of course, audit quality. CAEs' fitness assessment should be backed by both anecdotal and empirical information from internal and external data sources.

Audit committees should understand how management is addressing ongoing challenges related to possible talent shortages and remote working environments in order to avoid those issues impacting audit quality. Thus, there is a heightened importance on quality controls and procedures to maintain the quality of the audit and reporting.

Questions that audit committees may ask include:

- Given the tight labor market and the "Great Resignation," does the finance organization have the talent capacity to do its job?
- Have we experienced any degradation of audit quality given the move to remote work?
- Are the teams working on new ESG initiatives fit for purpose and do they have the right skill sets?
- Are we comfortable that we have the appropriate disclosure controls and processes around ESG and DEI-related statements?
- Is our cyber hygiene sufficient with the appropriate response processes in place?

4. Assess the fitness of the internal audit organization.

Internal audit is not immune to the current talent pressures and the "Great Resignation." Thus, CAEs should stand ready to answer audit committee questions as to whether their teams have the capacity and tooling to perform its duties. Such assessment should be revisited at least annually during the internal audit strategic planning cycle. This may also include internal audit's capabilities related to ESG and whether and how your team is building its ESG bona fides to effectuate its duties.

Be ready to articulate the bench strength of your team and its succession plans, which may include how training and critical development experiences are provided. This may be best captured in the CAE strategic roadmap to evolve the function over the longer term.

Further, CAEs should be able to communicate how they ensure an inclusive environment within internal audit and to articulate the culture of the team. And don't hold back any concerns: An authentic and honest assessment bodes well for the audit committee's confidence in the CAE's leadership capabilities.

5. Demonstrate the breadth and depth of your internal and external relationships.

Show your breadth of reach and relationships throughout the company and beyond. Audit committees want to know that you and your team are respected within the organization and that you have strong relationships with leaders in the finance, technology, cyber, legal, sustainability, and supply chain functions. Without thoughtful internal stakeholder engagement strategies, trust and relevance may erode.

Demonstrating that you have line of sight with key internal stakeholders and outside organizations and/or regulators that are germane to the enterprise builds confidence for the audit committee. Similarly, with respect to publicly traded companies, it is worth displaying your understanding of the shareholder community and their expectations of the board and audit committee.

Moments when you are one-on-one with the audit committee chair or with the full audit committee in executive session should be seen as prime time to instill confidence and trust. They are looking for guidance and want a confident, competent leader who they can trust as their eyes and ears. According to Mike Smith, KPMG LLP Partner and Internal Audit Leader, "Don't waste executive sessions. There's always something on the CAE's radar or something of value to engage with the audit committee." ■

Stephen L. Brown *is a senior advisor with the KPMG BLC.*

This article originally appeared on Diligent.com.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

What to know about civil rights audits

Q&A with Ronald Machen

In the aftermath of the murder of George Floyd and others, many companies made public statements on and commitments toward social justice. During the proxy season that followed, shareholders began filing proposals requesting that companies conduct civil rights or racial equity audits in an apparent effort to hold issuers accountable for those commitments.

In 2021, the year such proposals debuted, 13 were filed and none received majority support. In 2022, at least 40 companies received such proposals during the proxy season. Eight received majority support and a number of others were withdrawn—in some cases, following negotiations with the proponent. Some of those companies have already announced plans to conduct an audit.[1]

Before shareholder proposals were filed on this subject, a handful of large companies had conducted civil rights audits or reviews in response to publicized reports of discrimination. For example, in 2016, Airbnb conducted an audit after hosts and guests reported they were discriminated against due to their race, sexual orientation, and gender identity when attempting to book listings.[2] Interest in these audits over the last two years has grown, even absent such public incidents. Against the backdrop of this larger movement and the push for stakeholder primacy, these audits may be viewed as a means for companies to demonstrate their commitment to upholding civil rights and racial equity through an examination of their policies, practices, and impact on internal and external stakeholders.

To gain more insight about such audits and the board's oversight role, the BLC spoke with Ronald Machen, partner and co-chair of the White Collar Defense and Investigations Practice at WilmerHale and lead author of *How to Advance Corporate Diversity in Compliance with the Law*, a toolkit for companies dedicated to improving diversity and addressing systematic bias while minimizing legal risks.

Ronald Machen

Below is an edited excerpt of the conversation.

KPMG BLC: Is there a difference between the terms "racial equity audit" and "civil rights audit"?

Ronald Machen: Among companies conducting these audits, some are terming them "civil rights" audits while others are terming them "racial equity" audits. However, there is a distinction. The term "civil rights" is generally understood to be a U.S.-based term that encompasses protection from discrimination on the basis of race, sex, sexual orientation, religion, disability, and other protected classes. Civil rights audits are thus understood to evaluate a company's impact on all groups that have been historically subject to discrimination—including, but not limited to, on the basis of race and sex. Racial equity audits, on the other hand, are more specifically focused on a company's impact on groups that have been historically subject to discrimination on the basis of their race. And while the term "audit"—or "assessment," which is sometimes used—is not a defined term in this context, at bottom it means an examination of the impacts of a company's internal and/or external practices.

[1] Tania Faransso and Andrew Stauber, 2022 Proxy Season Review: Increased Shareholder Focus on Racial Justice, Wilmer Cutler Pickering Hale and Dorr LLP, June 9, 2022.

[2] Laura W. Murphy, Airbnb's Work to Fight Discrimination and Build Inclusion: A Report Submitted to Airbnb, September 8, 2016.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

BLC: Could you talk about the purpose of a civil rights or racial equity audit and how companies may benefit from conducting such an audit?

Machen: Today, it's routine for companies to say they're committed to DEI [diversity, equity, and inclusion], but how do you demonstrate that? Companies often will need to take a step back and evaluate their policies and practices to determine whether they are actually promoting DEI internally and externally. Unintentionally, a company's policies and practices might be tainted by implicit bias that is not apparent but that has an adverse impact on the hiring, promotion, and retention of diverse talent throughout the organization. The NFL's Rooney Rule, for example, was adopted to ensure that at least one diverse candidate was considered when hiring for head coaching positions. This was done because even when those who are making hiring decisions are not engaging in intentional discrimination, implicit bias and other factors could be hindering progress on the DEI front.

After the murder of George Floyd, many companies made statements on racial equity, including commitments to donate money to and to promote equity-focused causes. However, the question has become whether those companies actually fulfilled their promises for promoting a fair and inclusive workplace as well as a more inclusive and just society at large. To answer these questions, organizations are starting to examine not only whether they have followed through on their own commitments but also whether the initiatives they have undertaken have had the desired impact. A civil rights or racial equity audit may help a company evaluate how it is doing in meeting its public commitments—not just to its own internal workforce but to its external stakeholders, such as its customers, franchisees, and suppliers.

Among companies undertaking these audits, it is typical to engage a third party—usually a law firm—to conduct the audit. There is a lot of value in this. A third party, particularly one that has civil rights expertise and relationships with the civil rights community, can bring credibility to the audit. And, importantly, a law firm can conduct the audit under privilege to protect the results of the audit from discovery in litigation.

BLC: Generally speaking, what types of mandates have you worked on? How might the focus of these audits vary by industry?

Machen: The particular focus of an audit depends on the nature of the company's business. It also depends on the specific issues the company is trying to address. An audit may include internal components—such as examining policies and practices with respect to a company's workforce—and external components, with a focus on the company's impact on external stakeholders. Internally, an audit might look at workforce policies and procedures, talent management processes, and internal DEI efforts. The question is whether a company is living up to what it has said it is doing and engaging in efforts to meet the goals it has set for itself. Many companies have stated a goal of developing an inclusive and diverse workforce but in order to do so, they must first understand where the gaps are within your organization and then come up with a plan to resolve them. For example, is a significant percentage of the workforce composed of persons of color but only a small percentage of company leadership? An audit may help companies identify areas such as these for improvement and ensure that there are policies and practices in place to address those areas going forward.

In addition, an audit will often examine a company's impact on external stakeholders—including suppliers, franchises, customers, and shareholders. For example, an audit might assess a company's efforts to promote diversity among its suppliers. Or, an audit may look at customer experience—whether the company is creating an inclusive experience for its customers. A tech company may need to consider the impact of its products and platform on consumers, including by looking at any bias in artificial intelligence, whereas a financial services company may need to look at its lending and investment business lines through an equity lens.

Every company is unique, and we work with our clients across an array of industries to identify and scope audits based on their specific business, as well as any relevant issues they are facing as an organization.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

BLC: What do you think has prompted the increase in interest for civil rights/racial equity audits this past proxy season? What have you heard from clients about what their shareholders are asking for in regard to civil rights audits?

Machen: It's not surprising that we began seeing proposals for civil rights and racial equity audits during the 2021 proxy season, following George Floyd's murder and the momentum of the Black Lives Matter movement. In fact, many of the proposals we saw in 2021 and 2022 explicitly referenced recent events in explaining the basis for the proposed audit.

The shareholder proponents that have been most active in this space have made clear that they view these audits as a way to identify and remedy any adverse impacts of a company's business, and to keep companies accountable for statements and commitments they are making to the public regarding equity and inclusion.

BLC: What steps can boards and management teams take to protect civil rights and racial equity at their companies? What should board members seek to understand about these issues at their companies and how they fit into the broader picture about demands for greater transparency and accountability on DEI, bias in AI, corporate culture, etc.?

Machen: Companies should consider their options for proactive engagement. They shouldn't wait for shareholder proposals to engage with these issues. And they shouldn't assume that, if a proposal for an equity audit has failed, they won't face another proposal next proxy season. This trend is not going away.

Companies may want to voluntarily consider conducting an equity audit—even when they haven't yet received a shareholder proposal or when a proposal has failed. Doing this voluntarily gives a company the flexibility to control the scope and timing of an audit.

At a minimum, companies should focus on getting their house in order. They should ensure that any statements or commitments they are making on ESG are consistent with their practices, think through any areas of the business that require review through an equity lens, and get the resources in place to address issues that arise.

Companies should also pay close attention to sentiments among shareholders, particularly institutional shareholders who might have made public statements on these issues recently. Companies should establish an open dialogue with shareholders to prevent unanticipated criticism. Ideally, companies should not be hearing about shareholder concerns for the first time when they receive a shareholder proposal. Instead, there should be ongoing communication and engagement so that companies have visibility into any concerns that are percolating. This engagement should be year-round so that there are no surprises leading up to the proxy season.

BLC: How involved is the board in determining whether to conduct a civil rights audit? What do you recommend the board and management consider when weighing this decision? What is the board's role in ensuring the audit is carried out effectively?

Machen: Every situation is different but if a company is conducting an audit as a result of a shareholder proposal, the contours of the audit are typically negotiated with management. Management will report to the board and provide updates on the audit, but the board will generally take a hands-off approach.

For any audit, the board and management should ensure that the third party that conducts the audit has a commitment to civil rights issues and understands the civil rights community.

BLC: What are the risks to conducting a civil rights/racial equity audit that the board should consider?

Machen: One risk is that external stakeholders may be critical of the audit and its scope—and may demand that the company do another audit. There is also the risk that the audit will result in findings that are less than flattering. As I mentioned, one consideration is whether the company that wishes to perform the audit should do so in a privileged setting in order to prevent the full audit results from being discoverable in any ongoing or subsequent litigation.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

BLC: How do you foresee civil rights/racial equity audits evolving going forward?

Machen: We don’t see this trend dissipating any time soon. We expect to see continued momentum for shareholder proposals of this kind, particularly given the success of these proposals during the 2022 proxy season. And we expect that the key shareholder proponents in this space will remain active, and that institutional investors will remain focused on this issue.

As we saw in the 2022 proxy season, we expect that some companies will engage in negotiations with shareholder proponents and ultimately conduct an audit, rather than risk facing a successful vote. And we expect that other companies will consider conducting a voluntary equity audit in the hopes of preempting future proposals and retaining more flexibility to control the scope and timing of an audit. ■

The views and opinions expressed herein are those of the interviewee and do not necessarily represent the views and opinions of KPMG LLP.

KPMG LLP does not provide legal services.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

The metaverse is arriving

The implications are game-changing

The term "metaverse" is everywhere. But what does that mean, practically and strategically—for businesses and boardroom discussions? The BLC invited venture capitalist Matthew Ball—CEO of Epyllion, venture partner at Makers Fund, and author of *The Metaverse: And How It Will Revolutionize Everything* (Liveright, 2022)—to share his thoughts on what the metaverse means and how boards can help their companies assess their readiness for this game-changing virtual world that's rapidly taking shape.

KPMG BLC: The metaverse is still a fairly abstract concept to many people. Do you have a relatively simple, go-to example of what the metaverse is and why it stands to "revolutionize everything"?

Matthew Ball: The metaverse is often portrayed as an infinitely sized and diversified virtual plane where we all co-exist. It would be a place of both labor and leisure, commerce and art. Certainly, the metaverse will produce that in some form. But we should really think of the metaverse as a "synchronous," "real-time," and "3D" version of the internet.

Today, the internet is a global networking system that digitally connects millions of individual applications, hundreds of millions of companies, billions of people, and tens of billions of devices all around the world—while powering tens of trillions of dollars in spending. Though this system is wide-ranging and powerful, it is almost exclusively asynchronous and static (that is, we are not co-experiencing it, but all receiving static copies of information on the internet), with its content and experiences 2D.

Matthew Ball
Venture capitalist, CEO of Epyllion, author

To "upgrade" the internet to support these capabilities, we will need to overhaul much of what we rely on and which operates the world today: computing systems, networking infrastructure, payment rails, the devices we use and software on top of them, the Internet protocol suite, etc. History tells us that such changes typically lead to widespread change, socially, politically, commercially, etc. This is because it changes who accesses computing and networking resources, when, where, why, and how, while enabling us to solve longstanding computational problems and even dream up new ones.

BLC: How should companies be thinking about the metaverse in terms of how it's rolling out—i.e., weighing the near-term "hype" versus the current use cases and the longer-term outlook? Will the arc be similar to the internet or mobile internet roll out? Are there any bellwethers for companies to watch for that indicate the metaverse is starting to disrupt or taking hold in an industry?

Ball: They should be mindful of the hype. The metaverse will unfold over decades, but narratives reduce to immediacy. Most experts and operators in the field talk about the metaverse in decades, some 5–10 years, but the loudest voices, including those of many press outlets, talk about today or tomorrow. It isn't today, nor tomorrow, or really

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

overmorrow. But all of the leading signals are growing on a secular basis: time in 3D-rendered worlds, spend on them, the cultural impact of these environments, their technical and creative sophistication, and their deployment outside of leisure.

Mobile is a helpful frame. The first wireless digital network launched in 1991, the first smartphone in 1992, by the late 1990s we had mobile-only protocols (WAP), then BlackBerrys, with many mobile-first media companies and product emerging in Japan in the early 2000s. But it wasn't until 2008, which had both the second iPhone (the first to have both 3G and an app store) and the first Android phone, that, for many, the mobile era truly began. In the years that followed, many new giants were formed specifically for the mobile era—and, of course, matters—but most of today's leaders were at work long before it. To this end, it's notable that many of today's metaverse leaders—Epic, Nvidia, Roblox, Unity—are two to three decades old. Their leadership is no accident.

But for most companies considering the metaverse, such as brands, automotive companies, engineering firms, we are still mostly at the hypothesis, skill-building, and investment/testing stage. There's no clear business case for doing "Thing X," no "Best Practices A-Z," or "Revenue Y," and that often discourages investment. But, in fact, this same stage produces everything strategists love: first-mover advantages, emergent best practices, differentiated but informed perspectives on the future.

BLC: What industries or categories do you think will be most impacted by the metaverse—soonest and/or most significantly?

Ball: I'm most excited about the potential in education. This sector is not only of critical financial and social importance, but it's also the single sector with the greatest cost increases since the Internet's flag day[1]—over 1200%, compared to 600% for healthcare. This is because it has seen no measurable productivity improvements, despite its use of digital technology. We do not teach faster than before, more students per teacher at the same effectiveness, nor with fewer resources overall. And we learned during the pandemic how inadequate remote education is today—the loss of immersion, tactility, a peer beside you, eye contact—all matters. On-demand video and interactive multiple-choice are no substitute for the real thing.

I hope that with virtual simulation, holography, and [extended reality] XR devices, we can make real the Magic School Bus, a dream of children, while also enabling educators to reach more students, at a lower cost, and more effectively, no matter where they are or the resources of the local school district. This latter vision has long been a dream of teachers, as well as governments, and parents.

BLC: For a typical company that wants to position itself to capitalize on the metaverse as it unfolds and becomes clearer, what does "good positioning" look like in terms of strategy and proactivity? Are there 2–3 critical questions that boards should be probing with management? And are there specifics that investors will be looking for to gauge a company's posture/readiness for the metaverse?

Ball: I believe the metaverse is a multi-trillion-dollar transformation that will ultimately affect every country, sector, and business. This makes answering this question tough—it's either too broad, or too specific for a given company. But the core point is that we are talking about a 3D-network, which, though rapidly developing, does not yet exist, and which runs through a mishmash of different, not-yet-settled, and sometimes incompatible standards. In addition, technological transformation is a recursive process. The "metaverse of 2032" cannot yet be known because it is the culmination of many interlocking technologies, which in turn inspire new innovations and either unearth or create new user behaviors. This is why I said we are mostly at the hypothesis stage.

A few things are possible, though. The first is people. Changing tech, changing times, changing customer behaviors, means that new people are needed from the bottom to the board. Everyone knows this, but it never happens on time or as extensively as it needs to.

Second, executives need to be more than just familiar with the relevant technologies. That doesn't mean spending an hour in Fortnite or buying an NFT [non-fungible token]. It means understanding how these spaces, their tools, their culture and communities all work—and how they change throughout the year and sometimes week to week. When the internet and mobile internet matured, most executives were at least amateur users of its less complicated products (e.g., email). Most [executives] today have no real comfort with Unreal, Roblox, or a VR headset, just a passing awareness of it. And as such, everything about

[1] January 1, 1983, marking the start of the modern internet. Source: Internet Society, accessed August 25, 2022.

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

these platforms feels more foreign and harder than they do to those who have grown up using them.

Last, I believe most companies are going to find their metaverse ambitions are ultimately held back by the technical choices they're making now. Tech debt isn't "new," but data sanitization and system changes are much harder in 3D than 2D text. And so many companies must evaluate whether they're using the tools, services, formats that are optimized for today's use cases (and defined business cases), or those which are more likely to support 3D networks in the future. This is classic disruption—today's vendors are doubtlessly better suited for today's implementations, whereas "tomorrow's" currently underserve them. And so decision-makers need to look beyond the clear business case and business-as-usual processes.

BLC: In the absence of common standards for operating in the metaverse, are there some guiding principles that can help companies navigate user privacy, ethical issues, and reputational risks posed by this largely opaque virtual world? Does most of this fall under the category of data governance, or is that too narrow?

Ball: What I find most inspiring about this transition is the elevated role of trust building. The Web3 movement, for example, is powered by a belief that the last 15 years of the social/mobile/cloud era was too exploitative. Yes, we received incredible services and often for free, but that doesn't mean the exchange was just, nor that the net impact of the company that provided it was positive. Many outside the Web3 movement hold similar views, even if their answer isn't to go to fully trustless systems such as blockchain.

And so I think generally, demonstrating why you're worthy of trust (through policy/products/ratings etc.) is more important than ever. But this is especially true when it comes to metaverse-specific experiences. Today, most online social platforms provide a window into our "real life" (e.g., Instagram), even if it's heavily curated and designed, or lets us peer through another's. Yet, many imagine that our lives will themselves unfold in the metaverse—that we will work and play, create, and express in it, rather than share those typically offline activities through it. The distinctions here are all blurry, but there's a clear difference between typing on a keyboard into a word processor or peering through a video camera, existing inside virtual space and building a virtual business inside of it. It stands to reason the trust that's required for these sorts of operations will be far greater than those required today, even when you put aside changing societal expectations.
To this end, some companies, such as Epic, are voluntarily giving up key parts of their TOS [terms of service] and EULA [end-user license agreement] contracts and placing them under the rights, processes, and enforcement policies of the judicial system.

BLC: Along with your book, *The Metaverse: And How It Will Revolutionize Everything,* which is a great primer, are there other resources or organizations that you would suggest to help corporate directors stay abreast of the metaverse as it evolves?

Ball: Start by spending time in virtual spaces—lots of time. Time to the point where a keystroke in Outlook feels as natural as opening a chest in Fortnite. ■

The views and opinions expressed herein are those of the interviewee and do not necessarily represent the views and opinions of KPMG LLP.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

Ian Bremmer on geopolitical risk

"Every quarter." That's the prescription Ian Bremmer gives for a discussion of geopolitical risk on the board agenda. Bremmer, founder and president of geopolitical risk consultancy Eurasia Group, said on a recent KPMG BLC webcast that the best companies explicitly task a board member with real-time monitoring of geopolitical activity, especially those companies with more than 10 percent of their revenue earned outside of the United States.

Joined by KPMG BLC Senior Advisor Susan Angele, Bremmer delivered a high-level take on the current state of geopolitics and the issues on which directors might query management. "From energy security to cyber security, these risks intertwine and multiply, but they also create opportunities for global businesses," said Angele.

Watch the webcast replay

1. **Globalization adrift.** "Fifty years of globalization are not over, but the trajectory is slowing," said Bremmer. As goods, services, and the movement of people was happening faster and more easily across international borders, global growth surged and helped to create a global middle class. While grass-roots protectionism has taken hold around the world, it is incremental. At the same time, new trade agreements are being implemented and tariffs are coming down, even amid a U.S. dollar surge. In this climate, Bremmer said, "It is critical that your CEO and/or chair are aware and are building relationships geopolitically that matter for the outcomes for the company."

2. **Impact of the Russia-Ukraine war.** "Russia has been forcibly decoupled from the G7 economically, diplomatically, culturally," said Bremmer. Europe is going to go through a significant recession as Russia cuts off remaining energy supply. Bremmer said he expects a 2–3 percent contraction in EU economies, but not a reduction of sanctions. The EU is economically more vulnerable, but politically stronger. "Over the last 6 months, Russia went from being a small China to a large Iran—completely cut off by advanced industrial economies," said Bremmer. Food and fertilizer prices will continue to move higher. Distribution challenges could lead to food stress and forced migration in developing economies.

3. **The future for China.** Amid underperformance for state-owned enterprises and the failed zero-COVID policy, China is seeing significant economic challenges amid the "worst demographic collapse of any major economy than we have experienced historically." "As I look out five years, ten years, I no longer see a

KPMG

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

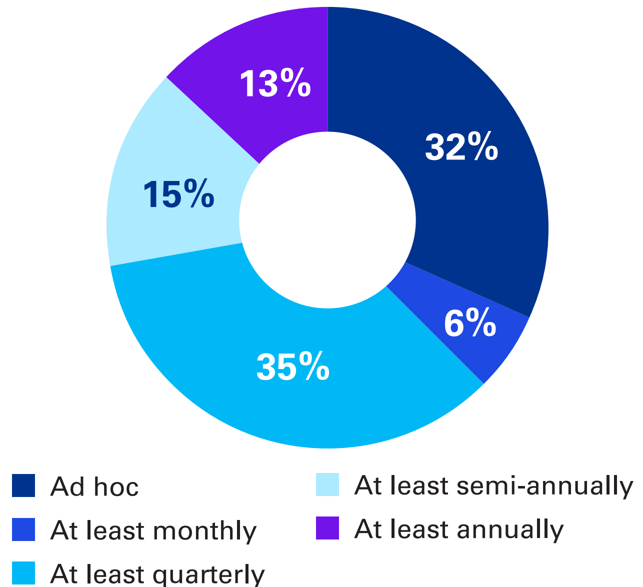
country that is going to dominate and capture the economies of other countries around the world," said Bremmer. "I actually see an economy that's going to focus more on China in some of the analogous ways that the United States—for different reasons—is focusing more on the United States … China is increasingly a developed country, oriented more toward the status quo."

4. **Climate change and the energy transition.** Momentum is shifting due to the war in Ukraine. Renewable energy costs are decreasing and even "next generation" nuclear is being explored. "When we talk about transition, we should also be talking about bridge energies such as LNG [liquified natural gas], which are absolutely critical." However, higher energy prices due to the Russia-Ukraine war will have an outsized impact on developing economies. Banks have returned to fossil fuel financing, a necessary but disappointing outcome for advocates of the 1.5°C target temperature rise (relative to pre-industrial levels). "That goal is slipping away," said Bremmer. "Ultimately, we're going to need massive redistribution to pay developing economies not to use coal."

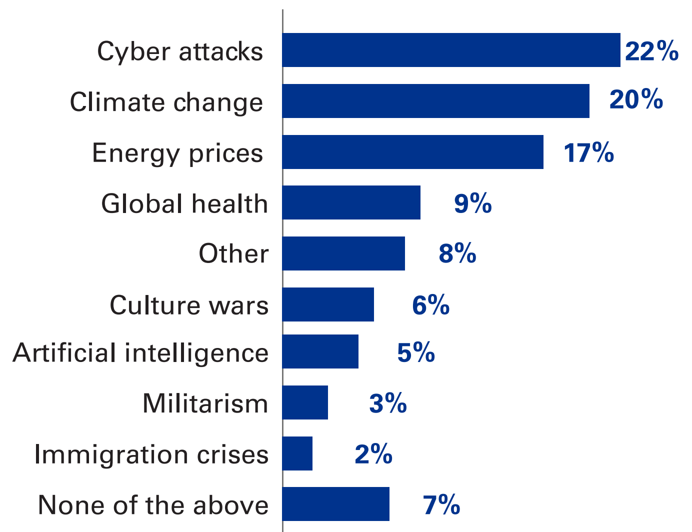
5. **Cyber defense requires coordination.** "The good news is that a number of U.S. technology companies are working closely with the U.S. government to try to improve defensive capabilities," said Bremmer. "But there are number of major Silicon Valley companies that say, 'We don't want the U.S. government, we just want to do business. But there's no question that there are a lot of softer targets out there—schools, hospitals, agricultural collectives, pipelines … If you have committed actors out there and they want to go after you, you can be taken down." Bremmer warned that state actors and international terrorist organizations will continue to attempt debilitating cyberattacks. So far, he said many haven't worked, "but they've come close."

Webcast survey results*

How frequently does your board actively assess geopolitical issues and their potential impact on strategy and risk?



Which geopolitical issue do you believe will have the greatest long-term impact on your company over the next 3-5 years?



Among 393 self-identified corporate directors surveyed in advance of the September 15, 2022, KPMG BLC quarterly webcast. Does not equal 100% due to rounding.

The views and opinions expressed herein are those of the speakers and do not necessarily represent the views and opinions of KPMG LLP.

© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP370858-1A

Mark your calendar

BLC Quarterly Webcast

January 19, 11 a.m.–12 p.m. EST

Please save the date for the KPMG BLC quarterly webcast.

Visit watch.kpmg.us/BLCwebcast.

KPMG Annual Accounting & Financial Reporting Symposium, Las Vegas

December 1–2

Designed for financial executives, the Symposium will include insights on FASB and SEC developments, audit committee issues, fostering innovative thinking, and federal tax policy.

To register, visit www.execed.kpmg.com.

KPMG Board insights podcast

On demand

Conversations with directors, business leaders, and governance luminaries to explore the emerging issues and pressing challenges facing boards today.

Listen or download now at listen.kpmg.us/BLCpodcast.

Selected reading

KPMG 2022 U.S. CEO Outlook *KPMG LLP*

S&P 500 10-K climate analysis *The Center for Audit Quality*

Asian representation on Fortune 1000 boards *KPMG BLC*

CEO succession practices *The Conference Board via HLS Forum*

Tax Reimagined 2022: Perspectives from the C-suite *KPMG LLP*

To receive articles like these from Board Leadership Weekly, register at *kpmg.com/blcregister.*

About the KPMG Board Leadership Center
The KPMG Board Leadership Center (BLC) champions outstanding corporate governance to drive long-term value and enhance stakeholder confidence. Through an array of insights, perspectives, and programs, the BLC—which includes the KPMG Audit Committee Institute and close collaboration with other leading director organizations—promotes continuous education and improvement of public and private company governance. BLC engages with directors and business leaders on the critical issues driving board agendas—from strategy, risk, talent, and ESG to data governance, audit quality, proxy trends, and more. Learn more at kpmg.com/us/blc.

Contact us

kpmg.com/us/blc
T: 1-800-808-5764
E: us-kpmgmktblc@kpmg.com

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

kpmg.com/socialmedia

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. KPMG LLP does not provide legal services.
© 2022 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization. NDP370858-1A