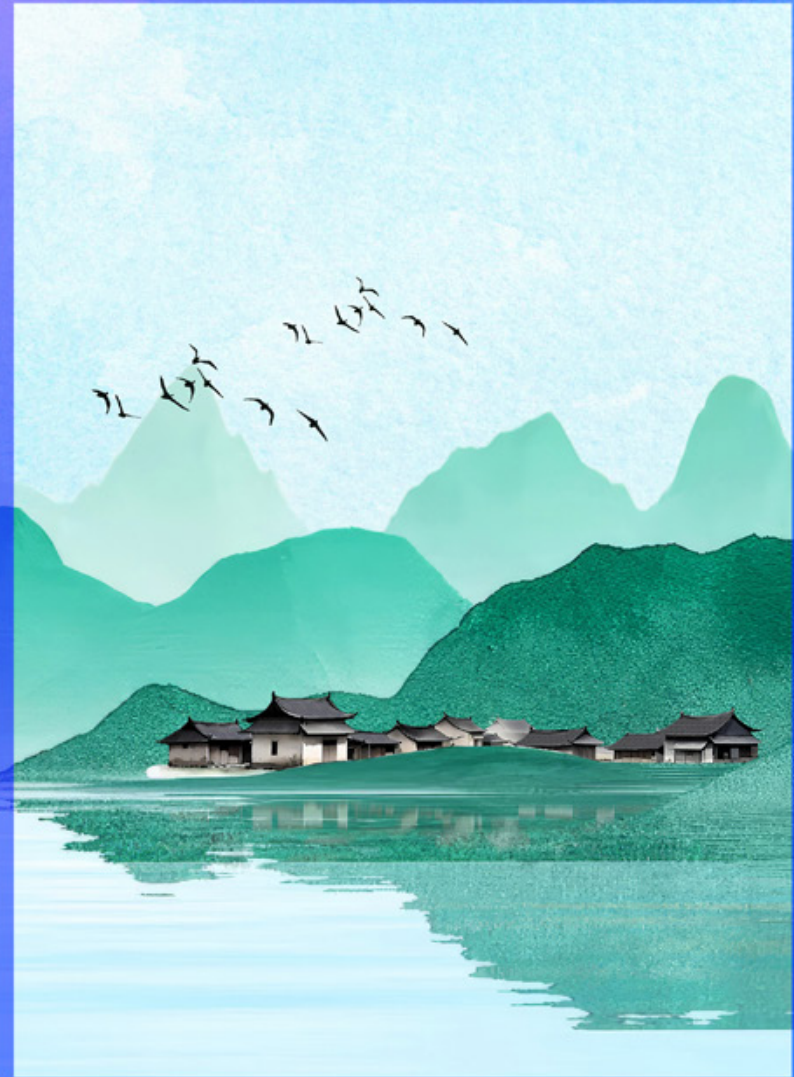






KPMG China: Our Impact Plan FY2023



April 2024

KPMG China | kpmg.com/cn

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About Our Impact Plan

We are pleased to publish KPMG China's fourth annual ESG report, Our Impact Plan (OIP). This report highlights our key performance and progress for FY23 in four key pillars: Governance, People, Planet and Prosperity.

At KPMG China, we believe the OIP is not just a report, but an important part of our core strategy. We are committed to making ESG a watermark running through our organisation and to working with key stakeholders to build a more sustainable and resilient future.

Reporting period

The report covers KPMG China's 2023 financial year (from 1 October 2022 to 30 September 2023, abbreviated as 'FY23' unless otherwise specified).

KPMG China has published 'Our Impact Plan' annually since FY20.

Report scope

The scope of the report covers ESG-related performance and progress across all of KPMG China's operating entities (see p. 19) in 31 cities.¹

Reporting reference

The report has been prepared based on the white paper titled Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation, issued by the World Economic Forum's International Business Council, with a view to reporting on the topics that are most material to KPMG China. This report has also been informed by the Global Reporting Initiative (GRI) Standards (2021 update) and discloses KPMG China's contribution towards the UN Sustainable Development Goals (SDGs).

Amid an evolving ESG reporting landscape, we have been closely monitoring the latest developments in international and national ESG disclosure standards. By aligning with world-leading standards on information disclosure, we aim to continue to improve the transparency and credibility of our ESG reporting.

Your feedback

The report is available on our corporate website at <https://kpmg.com/cn/en/home/about.html>. We welcome your suggestions and comments about this report and our ESG performance. To get in touch with us, please contact oip.cn@kpmg.com.

¹ Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR

Chairman's message

There is no doubt that over the past year, the world's economy, environment and society have grappled with a number of challenges – including those related to climate change, extreme weather and geopolitical risks. It is therefore vitally important that established businesses and industry models respond to these difficulties to address the rising expectations of stakeholders and society when it comes to ESG.

A steadfast journey rooted in purpose

Against this backdrop, our belief remains unwavering that corporate resilience and sustainability are pivotal keys to addressing the global challenges facing mankind. Enterprises should pivot from short-term profits to long-term performance, embracing a quality-driven mindset for development. Sustainability not only shapes the future of commercial success, talent development, climate change and other key ESG issues, but it also forms an essential aspect of the Chinese path to modernisation. This path calls for harmony between humanity and nature and promoting the high-quality development of the country's economy and society.

With this in mind, we are committed to embedding ESG principles into our daily operations and services, particularly through our dedicated efforts in Our Impact Plan (OIP), our firm's own ESG strategy. OIP plays an instrumental role in our firm's Trust and Growth ambition, aiming to build trust in society and drive business growth with a long-term perspective.

To integrate ESG as a driving force for corporate development, our focus lies in robust corporate governance, aligning with our vision of becoming the most trusted and trustworthy professional services firm. As an example, under the Governance pillar, our Values continue to guide us in all that we do and drive us to improve our corporate governance. In 2023, we established the National Quality and Risk Leaders (QRLs) Committee to help engagement teams proactively and effectively manage risks.

Information security also represents a key focus area for the firm. To align with world-class standards, KPMG China has earned the latest certifications from international and national information management systems; winning an award that recognises the quality of our privacy information management system and underscores our efforts to safeguard information security.

Sustainability through harmonious coexistence

Since the 18th National Congress of the Communist Party of China, the country has upheld the development of ecological civilisation as the fundamental strategy for sustainable development. This not only leads us to act on the belief that clear waters and lush mountains are invaluable assets, but also recognises our responsibility to build and maintain a beautiful world for future generations.

KPMG China is fully supportive of the national Beautiful China initiative. Over the years, we have collaborated with various local and global non-profit organisations (NPOs) to support conservation projects dedicated to restoring our freshwater, wetland, forest and marine ecosystems, promoting the transition to become 'nature positive'.

One of the initiatives in which the firm has taken part is a freshwater conservation project in Xiadong village, Guangdong province. This project has protected freshwater resources, improved the living environment, boosted the local economy and contributed to rural revitalisation.

In response to the national carbon peak and neutrality goals (the 'dual carbon goals'), we are focusing on reducing emissions from our own operations by taking active measures, while collaborating with our business partners to decarbonise along our value chain. For example, our new KAMPUS office in Shanghai has integrated green, low-carbon and human-centred design concepts. The new office manages energy efficiency, carbon emissions and other indicators in an effective way, offering an environmentally-friendly and comfortable workplace.

The power of collective impact

For an ambition to come true, everyone needs to participate and take action. At KPMG China, our people are our most important asset. We recognise the importance of cultivating an extraordinary culture for our people. As such, we have been committed to developing and retaining talented individuals and continue to invest in them. We do this through building a platform for our people to thrive, not only in their career growth but personal development. Our commitment to inclusion, diversity and equity helps to cultivate an environment for our people to come as they are, enabling them to unleash their potential. KPMG China takes pride in the substantial representation of women in leadership positions, which reached 44% in FY23.

Committed to our core value of 'For Better', KPMG China is actively embracing our social responsibilities. We're harnessing our resources and expertise, joining forces with our people, non-profits, and forward-thinking businesses to explore new approaches in three critical areas: Advancing Sustainability, Lifelong Learning, and Promoting Inclusive Development. Our aim is to narrow inequalities, tackle climate change, and cultivate trust in our communities, all with an eye toward a brighter future. We encourage our people to actively participate in volunteering. In FY23, more than 1,700 of our people leveraged their professional expertise and skills and dedicated over 16,700 hours to volunteer activities organised by the firm related to education, environmental protection, diversity and inclusion, which reached over 91,000 direct beneficiaries to support those in need and deliver a positive impact on society.

Through this report and the stories of our people, we would like to take this opportunity to pay tribute to those whom have demonstrated their commitment to our Values, their hard work and their efforts to put OIP into action. We would also like to thank our clients and other external stakeholders for their continued support for our effort to deliver on the firm's OIP commitments. Through collaboration we can make a greater impact in this challenging yet extraordinary journey.

Joining forces for a sustainable future

Through OIP, we persistently integrate ESG principles into everything that we do, making ESG a watermark running through our organisation. Upholding our unwavering purpose to inspire confidence and empower change, we believe that by collaborating alongside our stakeholders, we can create value for society and contribute to the vision of building a beautiful China with a shared and sustainable future.



Honson To

Chairman
KPMG Asia Pacific and China

Key highlights in FY23

Governance

Upgraded the firm's information security management system to **the latest standards, winning certification and recognition** for our privacy information management system



Achieved 100%



completion rate in anti-corruption training for our Board and Executive Committee members

Established the **National Quality and Risk Leaders Committee** enabling our business to manage risk proactively and efficiently



Contributed to the establishment of the Shenzhen Corporate Compliance Association as the **founding deputy chairman**, demonstrating and fostering better corporate compliance



² Guangdong-Hong Kong-Macao Greater Bay Area (GBA)

People

Boosted female representation in leadership:

44% of leadership (partners and directors) (**↑2%** from FY22)

47% of newly promoted partners (**↑3%** from FY22)



Total training of full-time employees **exceeded 1 million hours**



Launched the **ESG 201: Transformation Curriculum e-Learning** to broaden understanding of ESG across the firm



Released KPMG China's first **Inclusion Guide**, with the goal of creating a more inclusive culture



Launched the **GBA² GoGoGo** city tour series to enhance our people's awareness and understanding of the GBA, and its associated opportunities



Planet

Completed the first year of charging of the **internal carbon price (ICP)**



Continued to fulfil the **100% renewable electricity** commitment first made in FY21



Net greenhouse gas emissions: 80,017tCO₂e

↓ 24% in per capita net carbon emissions against the FY19 baseline



Announced **16 eligible Green Routes** to encourage lower carbon travel options



Engaged with **28 suppliers** through the CDP³ Supply Chain programme (↑ 22% against FY22)



Leveraged Earth Day, World Environment Day and other major events to **drive staff engagement in environmental volunteering activities**



³ CDP was formerly known as the 'Carbon Disclosure Project'.

Prosperity

Extended market presence to **31 cities** with a newly opened office in Wuxi and a new KPMG Delivery Centre (KDC) in Chengdu



Grew total community investment

- RMB **33.3 million+** in financial value (↑ 29% vs FY22)
- **91,000+** direct beneficiaries reached (↑ 140% vs FY22)
- **16,776** volunteer hours devoted (↑ 145% vs FY22)
- **11,874** pro bono professional service hours devoted (↑ 14% vs FY22)



Supported the completion of **the fifth rural primary school** and delivered school missions throughout the year to further promote rural education



Supported the Running Water Plan to enhance the professionalisation of over

100 grassroots non-profit organisations, indirectly benefiting around 116,000 people



About KPMG China

KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. KPMG firms operate in 143 countries and territories with more than 270,000 partners and staff working in member firms around the world. Each of the member firms is a separate legal entity.

KPMG China is one of the member firms within KPMG's global network of independent firms. KPMG China has offices in 31 cities in China, with over 15,000 partners and staff in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR.

Working collaboratively across all these offices, KPMG China deploys experienced professionals efficiently, wherever our clients are located. We are dedicated to meeting client needs across various industries and sectors. Beyond our commitment to providing high-quality professional services, we aspire to be a responsible corporate citizen, making a positive impact on the environment and society.



31 cities
(↑ 1 city vs FY22)



14,775 partners and staff
(as of 30 September 2023)

Main services:

Audit and Assurance

We are committed to providing exceptional audits in the interest of global capital markets, individual investors, and the public, leveraging cutting-edge technology to deliver superior audit quality and a wider range of insights.

- Financial Statement Audit
- Capital Markets Services
- Accounting Advisory Services
- ESG Reporting, Measurement and Assurance Services
- Information Technology Audit
- Other Forms of Assurance and Attestation Services

Tax

Our high-quality tax services help clients implement effective tax risk management and compliance practices, supporting tax-efficient business and investment structures that are aligned with client strategies and goals.

- Corporate Tax Advisory (including Business Tax Advisory, International Tax, Tax Policy Advisory, Capital Markets Tax, Research & Development (R&D) Tax)
- Private & Enterprise
- Inbound & Outbound Mergers and Acquisitions (M&A) Tax
- Transfer Pricing Services
- Supply Chain Optimisation (including Trade & Customs, Indirect Tax)
- Tax Technology & Transformation
- Tax Managed Services

Advisory

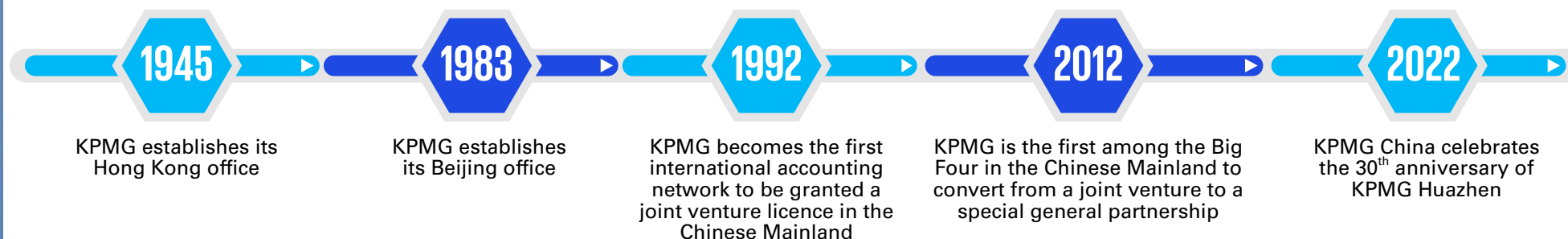
KPMG's Advisory professionals provide clients with a range of services, including strategy and operations consulting, management consulting, risk consulting and deal advisory. These services help to address client needs in terms of growth (creating value), performance (enhancing value) and governance (managing value).

- Strategy & Operations
- Management Consulting
- Risk Consulting
- Deal Advisory



[Click here to learn more about KPMG China](#)

History



“

KPMG China strives to lead by example, using our professional expertise to make a meaningful contribution to our society's sustainable development. We continue to amplify OIP's positive impact, both internally and externally, empowering our people to catalyse ESG transformation, embodying sustainability in our daily work and lives. By changing our own behaviour and inspiring those around us to join in, we cultivate an ESG ecosystem, paving the way for a more sustainable future.

”



Wilson Pang

Head of Our Impact Plan, KPMG China
Head of GBA Strategy and Development Office, KPMG China
National Philanthropy Steering Committee Member, KPMG China

Awards and recognition

We are proud to have received various awards and accreditations in FY23, including the following:



Governance

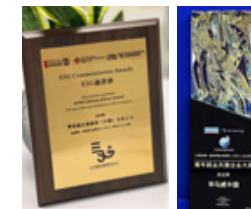


- Annual ESG Corporate Governance Awards 2022/23
Pacific Basin Economic Council
- ESG Commendation Awards and Outstanding ESG Social Performance Awards in the 'Outstanding ESG Enterprises Recognition Scheme 2023'⁴
Sing Tao News Corporation Limited, the Centre for Sustainable Economy and Entrepreneurship Finance (CESEF) of the School of Accounting and Finance at Hong Kong Polytechnic University
- Outstanding Gold Award in the 'Privacy-Friendly Awards 2023'
Office of the Privacy Commissioner for Personal Data in Hong Kong SAR
- MLPS 2.0 Level III certification
Beijing Municipal Public Security Bureau
- ISO/IEC 27001:2022 Information Security Management System Certification
British Standards Institution (BSI)
- ISO/IEC 27017:2015 Security Controls for Cloud Services Certification
British Standards Institution (BSI)
- ISO/IEC 27701:2019 Privacy Information Management System Certification
British Standards Institution (BSI)
- ISO 9001 Quality Management System Certification
British Standards Institution (BSI)

People



- China's Top Employers (for five consecutive years)
Top Employers Institute
- Best Companies to Work for in Asia (for seven consecutive years)
HR Asia
- Caring Youth Employer Outstanding Award
The First Greater Bay Area Election of Outstanding Social Responsibility (ESG) Enterprise
- 2023 Hong Kong LGBT+ Inclusion Index Silver Standard
Community Business
- Most Popular Professional Services Employer for Graduates and Most Popular Professional Services Employer for Internships
Top100 Hong Kong
- Inclusive Employer 2023
CareER Disability Inclusion Index
- ISO 45001 Occupational Health and Safety Management System Certification
British Standards Institution (BSI)



⁴ Award received in November 2023 (FY24)



Planet



- 2023 Financial Associated Press Zhiyuan Award-ESG Pioneer Award⁵
Co-organised by Financial Associated Press and All-China Environment Federation

- Green Practice Performance Award – 2022 Corporate Carbon Neutrality Performance Ranking
YiCai, Research Institute of Carbon Neutral Development, Shanghai Jiao Tong University and Shanghai Environment and Energy Exchange

- Hong Kong Awards for Environmental Excellence: Services and Trading – Silver Award⁶
Environmental Campaign Committee and the Environment and Ecology Bureau in Hong Kong

- Green Office Label
World Green Organisation

- Eco-Healthy Workplace Label
World Green Organisation

- Silver Corporate Member
World Wide Fund for Nature Hong Kong

- ISO 14001 Environmental Management System Certification
British Standards Institution (BSI)

⁵ Award received in December 2023 (FY24)

⁶ Award received in December 2023 (FY24)

Prosperity



- Excellent Volunteer Service Team Award⁷

Organised by the Horizon Corporate Volunteer Consultancy and co-hosted by the Chinese Social Work Association's Committee on Corporate Citizenship and Social Work, Zhikun Public Welfare and Charity Foundation

- 2023 Charity Partner of the 'Guan Jia Fu' Project
Guan Jia Fu

- Volunteer Partnership of the Year
E-Youth

- 10 Years of Partnership Award
Guangzhou Qi Chuang Social Work Service Centre

- 2022 Outstanding Corporate Blood Donor
Shanghai Blood Management Office

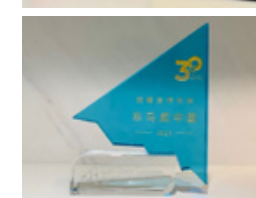
- 20th Anniversary of Humanitarian Assistance Tribute Cup and Certificate
China Foundation for Rural Development

- Strategic Partnership Award
China Foundation for Rural Development

- 20 Years Plus Caring Company
Caring Company

- Annual Diamond Partner
Plan International

⁷ Award received in January 2024 (FY24)



Stakeholder engagement

We strive to maintain open, honest and regular communication with all our stakeholders to ensure that their views and opinions form an integral part of our ESG business strategies and initiatives.

Based on the features of our industry and operations, we have identified the following stakeholder groups as most relevant to our business. Throughout the years, we have used multiple channels to communicate and engage with them to understand their needs and expectations.

Staff

- Annual Global People Survey
- Annual performance review
- Staff engagement programmes and platforms
- Volunteering activities
- Training programmes
- In-depth discussions and meetings with senior management and departmental representatives
- Feedback collection channels (e.g. Your Voice Matters platform)

NPOs

- Community programmes
- Fundraising activities and sponsorships
- Appointments to the boards of NPOs

Clients

- Client Care programme
- Service offerings
- Joint publications
- External marketing events
- Meetings with clients

Potential employees and alumni

- Recruitment programmes
- Internship programmes (e.g. Basecamp)
- Alumni News and gatherings

Government, regulators and professional bodies

- Interaction with regulators
- Appointments to external roles and committees
- Involvement in open communication and activities

Suppliers and other business partners

- CDP Supply Chain programme
- Sustainability supplier check



92% of our people
shared valuable
feedback in KPMG's
annual Global People
Survey

Source: KPMG China's Global People Survey results 2023



83% of our people
indicated that they have
a good understanding of
KPMG China's Our Impact
Plan

Source: KPMG China's Global People Survey results 2023

Materiality assessment

We regularly review our material topics as they guide the development of our OIP strategies and reporting practices. Through our five-part materiality assessment, we thoroughly analysed the topics of most relevance to our internal and external stakeholders. These topics were further validated by our Executive Committee.



Our key ESG focus

Based on our materiality assessment, we have introduced 'sustainable supply chain management' as a new material topic, highlighting its critical importance within our ESG strategy and responding to the evolving expectations of our stakeholders.

In addition to this new topic, we have reviewed and confirmed the relevance of our 15 existing material topics, ensuring they continue to align with both our business objectives and stakeholder interests. To enhance clarity, we have further updated and elaborated on two of these topics to better articulate their direct or potential impacts:

1) 'Alignment with government priorities' has been revised to 'public policy engagement and alignment' and 2) 'Circularity' has been changed to 'circularity and sustainable operations'

Following these updates, KPMG China's Executive Committee has thoroughly reviewed and approved the 16 material topics outlined in this report.



Governance

Purpose, culture and values

Our Purpose – to inspire confidence and empower change – guides our way of doing business. Our corporate culture and values help drive consistency in how we make our decisions every day.

Relevant quality services in the public interest

Providing services that align with the public interest allows us to create a positive impact for our stakeholders.

Ethics, integrity and independence

By acting with integrity and maintaining independence, we become trustworthy and shape how we are viewed by the world.

Transparency and accountability

We maintain transparent and open communication with our stakeholders. We hold ourselves accountable for our actions.

Information protection

Cybersecurity and data privacy represent significant risks if they are not closely monitored. Protecting information is fundamental to every service that we offer to our clients.

Public policy engagement and alignment *(updated)*

We actively participate in the public policy process, fostering trusted relationships with government authorities and regulators through sharing recommendations and insights that address societal and industry challenges. Our strategies and efforts are closely aligned with national policies and directions.



People

Talent attraction, development and retention

Attracting, nurturing and retaining our people is key to the sustainability of our business. Employment conditions are crucial to our people's satisfaction at work.

Staff health and well-being

Taking care of our people's health and well-being continues to be a top priority of our people agenda.

Inclusion, diversity and equity

Fostering an inclusive, diverse and equitable workplace encourages open communication and allows our people to flourish, regardless of individual differences.



Planet

Climate action

To support our global climate goals, we strive to decarbonise our operations and work with business partners to reduce emissions across our value chain.

Sustainable supply chain management *(new)*

We strive to promote sustainable sourcing practices and continuously optimise our procurement strategy to drive carbon reduction in the supply chain, to meet KPMG China's sustainability and (environmental) expectations.

Circularity and sustainable operations *(updated)*

Integrating circular economy principles into our operations optimises resource use efficiency, curbs consumption and improves end-of-life treatment, reinforcing our commitment to operational sustainability and advancing our climate goals.

Nature and biodiversity

Business activities contribute to nature loss directly and indirectly. Protecting and restoring nature and biodiversity helps to reduce carbon emissions and aligns with our net-zero target.



Prosperity

Financial and brand resilience

Ensuring healthy financial performance and a positive brand image is essential for building a resilient business in the long run.

Technology and innovation

Embracing the benefits of technology and innovation gives our business a cutting edge and helps address social and environmental issues.

Impactful community initiatives

Providing support through philanthropic investment, volunteering and pro bono services, and collaborating with non-profit organisations, has a positive impact on our communities.



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Actively engaging and supporting China's national policies is a vital thread in our ESG journey, enabling us to make a contribution to addressing some of society's key issues and challenges. We are dedicated to working hand-in-hand with our stakeholders, channelling our knowledge and efforts to contribute to the country's modern socialist development and to play our part in the great rejuvenation of the Chinese nation.

”

**Tracy Yang**

Head of Corporate Affairs
Senior Partner, Eastern and Western Region
KPMG China



Governance

Putting our Values at the heart of the way we do things



Our commitments



Purposeful business

- Always act with a clear purpose
- Lead the profession in audit quality
- Drive a responsible tax practice



Acting transparently with integrity and accountability

- Act lawfully, ethically and in the public interest
- Work against corruption in all its forms, including extortion and bribery



Human rights

- Respect human rights



Our management approach and progress

Governance bodies and composition

KPMG China

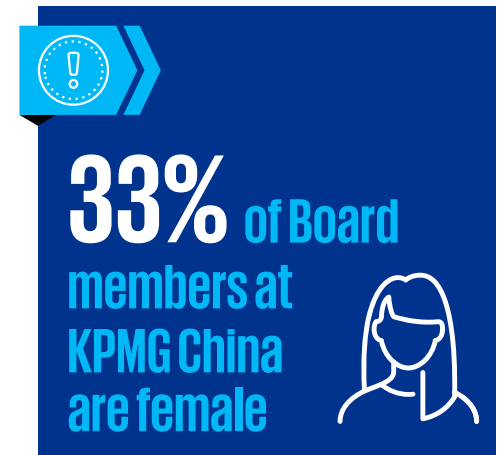
KPMG is the brand under which the member firms of KPMG International Limited ('KPMG International') operate and provide professional services. KPMG's member firms and affiliates operating in the Chinese Mainland, Hong Kong SAR and Macau SAR work together on a collaborative basis, subject to local applicable laws, and together are referred to as 'KPMG China', 'firm' or 'we' throughout this report, unless otherwise specified.

KPMG China is not a legal entity and does not hold share capital or have shareholders. The legal entities operating under KPMG China include KPMG (a Hong Kong SAR partnership), KPMG (a Macau SAR partnership), KPMG Advisory (Hong Kong) Limited, KPMG Huazhen LLP, and KPMG Advisory (China) Limited, each of which is a legally distinct and separate entity and describes itself as such. Each KPMG member firm is responsible for its own obligations and liabilities.

KPMG China's Board and Executive Committee

At KPMG China, governance is upheld by two fundamental bodies: the Board and the Executive Committee. The Board, serving as the principal governance and oversight body, comprises elected partners from diverse business sectors, holding the primary responsibility for overseeing and advising on the firm's strategic direction and related matters. Meanwhile, the Executive Committee, composed of primarily partners leading our four key regions and core business functions in China, acts as the core management body of the firm. Its collective goal is to advance the firm's vision of becoming the most trusted and trustworthy firm in society.

Our Board comprises partners with expertise in ESG-related domains such as climate change, energy and natural resources, in addition to their professional qualifications and industry knowledge in relevant fields. Our Head of ESG, who is also a Board member, plays a pivotal role in bringing crucial ESG-related expertise to our discussions and services. In addition, members of both the Board and the Executive Committee hold significant positions within the firm and actively engage in external roles and activities, such as industry associations, professional bodies, and non-profit organisations.



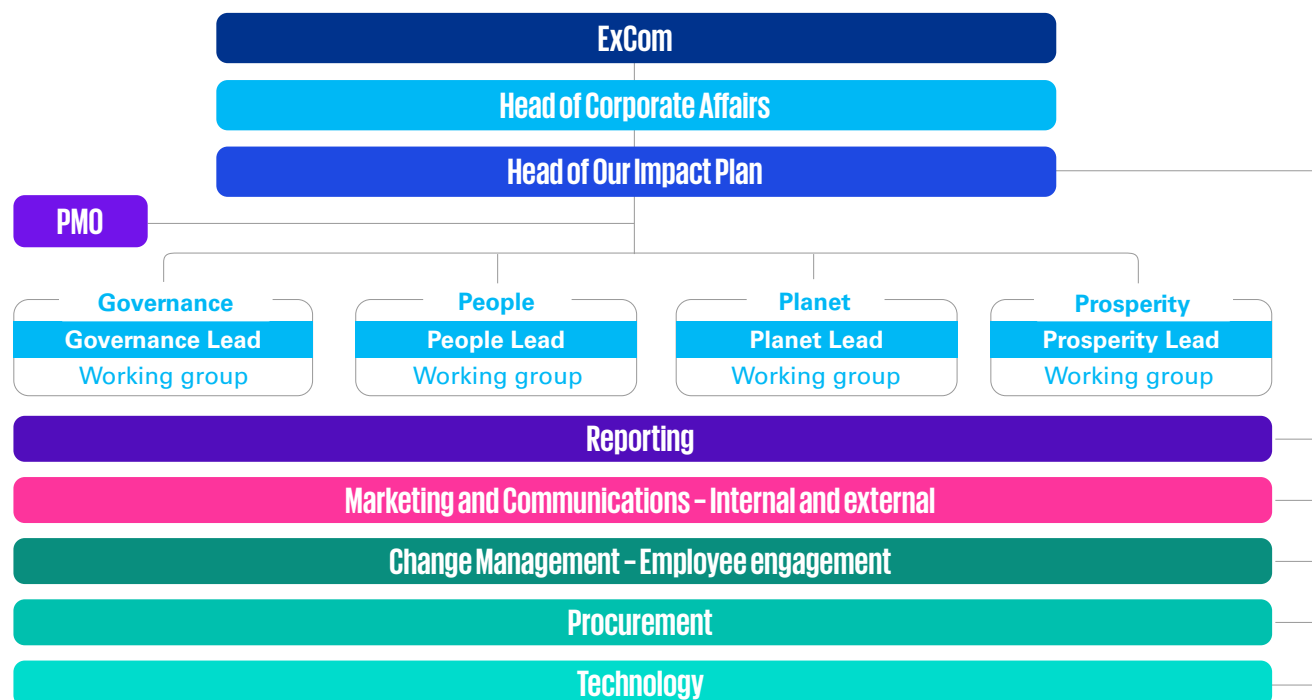
Our Impact Plan (OIP) department

The OIP department is responsible for driving the implementation of KPMG China's OIP strategies and initiatives, advancing the fulfilment of the firm's ESG commitments across the organisation. The department sits under the Corporate Affairs function headed by Tracy Yang and is led by the Head of OIP, Wilson Pang.

The OIP team reports regularly to the Executive Committee, which oversees the strategic direction and development of OIP strategies. The team also works closely with our four OIP pillar leads, relevant department representatives and other key stakeholders to ensure smooth planning and execution.

Each of our four OIP pillar leads collaborates closely with different working groups and departments to drive meaningful change on key focus areas, such as anti-corruption, inclusion, diversity and equity (IDE), decarbonisation and community investment.

In recent years, the OIP team has also worked closely with our client-facing ESG service teams to fortify our internal and external ESG strategies. Together, we have jointly enhanced our firm's decarbonisation measures and strategies and co-organised related events, solidifying our position in the ESG market. We recognise that these efforts are not just about strategy setting or branding, but about walking the talk to achieve KPMG China's ESG commitments, and optimising the positive impact we create for our clients and stakeholders.



Awards

ESG Corporate Governance Award

KPMG China was a 2022/23 winner of the Pacific Basin Economic Council (PBEC) ESG Corporate Governance Annual Awards. This award recognises our efforts in implementing sustainable practices within the organisation, evaluating our supply chain, and successfully integrating corporate governance and ESG issues into our corporate values, strategies and operations.





Purposeful business

Our commitment: Always act with a clear purpose

KPMG China strives to become the most trusted and trustworthy professional services firm. In a world where unprecedented changes are the norm, we seek to inspire confidence and empower change in all we do. We act with a clear purpose, guided by our Values, and adhere to the highest standards of personal and professional behaviour, with a view to maintaining the trust of clients, stakeholders and the public.

Going forward, we will continue to act with integrity in our pursuit of innovation and professional excellence, and we will strive to safeguard capital markets and create exceptional value for our clients and society as a whole.



Business success isn't solely measured by financial metrics, but also by long-term, multi-dimensional value creation. We place purposeful business at the heart of our efforts, serving as a strategic imperative that not only cultivates trust through our high-quality services but also drives us towards a sustainable future.



Ivy Cheung

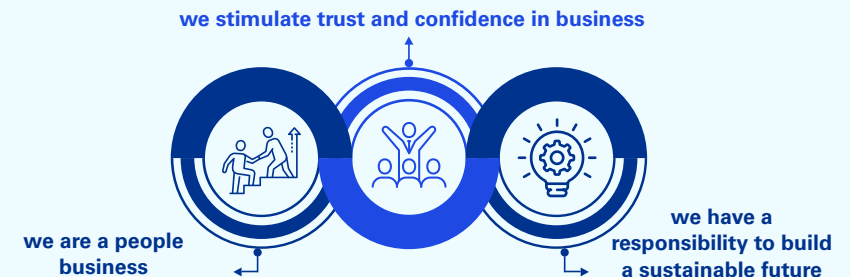
Senior Partner, Hong Kong SAR
KPMG China



83% of our people stated that
we uphold our Values at KPMG China, even when under pressure

Source: KPMG China's Global People Survey results 2023

Our Purpose: Inspire confidence and empower change



Our Values



Integrity
We do what is right.



Excellence
We never stop learning and improving.



Courage
We think and act boldly.



Together
We respect each other and find strength in our differences.



For Better
We do what matters.

Risk management

At KPMG China, we take a rigorous approach to the Enterprise Risk Management (ERM) process, which helps identify the top risks that may impact our firm in achieving its strategic objectives. Our Executive Committee, as the owner of the ERM process, leads and implements the ERM to identify and manage the top risks, while the Board provides oversight and monitors the robustness of the ERM process. This provides the Executive Committee and the Board with the information they need to best determine if, and to what extent, firm resources should be reallocated, and strategy reassessed.

The consistent ERM approach is also adopted for Functional Risk Profiling conducted in Audit, Tax and Advisory, which helps functional leaderships identify the top risks that affect the achievement of their strategic objectives and business plans. This process includes development and implementation of action plans to address the top risks identified at the functional level, as well as identification of any risks that should be aggregated to the firmwide level. In 2023, Sector Focused Risk Profiling was initiated through a tailored ERM approach with the aim to identify sector-specific critical risks.

All of our functions and people at KPMG China are obliged to identify, assess and manage risks, as well as to ensure the quality of our work. To drive consistency and accountability, we have a central team (the 'Central Team') composed of dedicated professionals with key responsibility for overseeing and promoting a culture of quality and integrity across the firm. The Central Team is led by the Head of Quality and Risk Management, who reviews and enforces compliance through policies and procedures relevant to professional risk management, ethics and independence, quality control and compliance.

The Central Team also considers the impact of key findings from integrated quality monitoring and compliance programmes, as well as the adequacy of recommended remedial actions. In addition, the Central Team offers continuous guidance into quality monitoring/compliance; regulatory inspection liaison; information protection and data privacy; contracting; ethics and independence; client and engagement acceptance; and general quality and risk management. The Central Team develops policies and guidelines that enable KPMG professionals to assess the risk level of a client or an engagement before accepting business engagements or relationships, as well as supporting our daily operations and enabling the business to manage risks proactively.

“

Being committed to becoming the most trusted and trustworthy professional services firm, we maintain an unwavering reputation for integrity and professionalism. We do this by holding ourselves to stringent standards, leading by example, placing KPMG's Values at the centre of what we do, ensuring adherence to our Code of Conduct and full compliance with laws and regulations in all our actions, while continuously improving our transparency and accountability.



Terry Chu

Partner, Head of Quality and Risk Management
KPMG China

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Nationwide Quality and Risk Leaders community

Since 2016, KPMG China has been running the Quality and Risk Leaders (QRLs) Programme, as part of the firm's effort to promote proactive risk management and drive more efficient, high-quality and timely decision making across the business. More than 100 QRLs serve as a bridge between the business and the Central Team, and this programme also advances our QRLs' career development and equips them with the quality and risk mindset to be trustworthy leaders of the firm.

In 2023, we further established a National QRLs Committee, comprising of QRLs from different service lines and regions, as well as some members of the Central Team. The committee leads the National QRLs community to develop and implement action plans in key areas related to risk management pain-points and challenges the business encounters. The committee is also strengthening the build-up of a cohesive National QRLs community to contribute to the firm's Trust and Growth goals.



People story

Reddy Xiao

I'm Reddy Xiao, Director of Climate Change & Sustainability. I'm mainly responsible for developing sustainability strategies and governance systems for my clients, enabling them to achieve their sustainability visions and goals. Within my role, I lead my team to address ESG related challenges faced by my clients, enhance their ESG awareness and management capabilities, and help them incorporate ESG concepts into their business strategies.

The profound sense of achievement I experience when assisting our clients in mitigating risks, creating value and driving sustainable change within the dynamic regulatory and business landscape is what drives me in my ESG career.

In a broader context, ESG concepts are instrumental in shaping new ecosystems for sustainable development, promoting business for good, and transforming the model of the national economy from high-speed growth to high-quality development.

After working on diverse engagements, a key learning for me is the ubiquity of risks, whether dealing with climate change or sustainability issues. At the beginning of each engagement, I thoroughly analyse potential risk factors, including those related to policy changes, technological progress and market demand. This comprehensive approach is integrated into our ESG strategic advisory services, rendering our advice more practical and enabling our clients to tackle different complex challenges more effectively.

To enhance effective risk management, and deepen the necessary skills for professional development, the firm provides diverse training and empowerment programmes, including KPMG China's Quality and Risk Leaders (QRLs) programme.

Through the QRLs programme, I had the opportunity to learn and implement a comprehensive risk management process including risk assessment and risk control. This enabled me to identify potential negative impacts on engagements at an early stage and take timely measures to manage risks. By introducing innovative methodologies and tools for process optimisation, I have enabled our team to respond swiftly to client needs, elevating both work quality and efficiency. This, in turn, facilitates the execution of ESG advisory engagements in a more structured manner, aligning with our pursuit of "Excellence".

Participating in the QRLs programme has profoundly impacted me, reinforcing my awareness of quality and risk. It has also empowered both me and my team to identify and manage business risks promptly, leading to more effective delivery of our engagements. Building on this experience, I believe my team and I will be able to provide better services to our clients, contributing to the advancement of sustainable development 'For Better'.





Information protection

We live in a digital era in which data security and privacy are paramount. As a professional services firm, KPMG China has always been committed to protecting the confidentiality, security and privacy of the information of our clients and people. We have put in place advanced technology and robust information security systems, which enable us to safeguard the information security and data privacy of our clients, our people and other stakeholders, and strengthen the public's trust in KPMG China.

Data security

At KPMG China, data security governance is a strategic priority. The firm adopts a rigorous management approach and follows national cybersecurity standards in respect of data security governance, processes and procedures.

We regularly review and improve our security measures to reflect current technologies and industry-standard practices. In 2023, while continuing to be governed by ISO 27017:2015 for cloud coverage, KPMG China received ISO/IEC 27001:2022 certification on our information security management system and became one of the first professional services firms in the Chinese Mainland to be certified against the most up-to-date international standard. Moreover, we expanded the scope covered by the firm's Multi-Level Protection Scheme (MLPS) 2.0 Level 3 accreditation. Overall, KPMG's proprietary tools enable us to practise our profession while also strictly fulfilling the data security requirements of our regulators.

To detect potential cybersecurity risks, the firm's processing facilities are continually monitored through our well-established mitigation procedures and various sources of intelligence. In addition, we have put in place a business continuity plan, including regular resilience testing, to ensure the sustainability of the operating model with minimal interruption.

Every year, our partners and staff must take training to keep abreast of the latest data security requirements. Through various internal communications channels, we periodically remind our people of the importance of maintaining the confidentiality of client data, and request them to strictly comply with laws and internal policies in relation to data confidentiality and fulfil the duty to protect the client data.

Data privacy

KPMG China upholds the commitment to safeguarding the personal data of our clients and our people while complying with applicable privacy and data protection laws and regulations at all times. We have implemented a privacy management framework and appropriate technical and organisational measures to ensure we are fully compliant with privacy protection requirements. Our privacy risk management processes and control mechanisms enable effective and efficient operation, while offering a robust protection level for personal data. From talent onboarding to client services, KPMG China is committed to maintaining the trust and confidence of our clients and staff by properly handling personal data entrusted to us.

All of our partners and staff are required to undertake mandatory data privacy training annually. Each person must also comply with KPMG China's privacy policy, guidelines and instructions, as well as the firm's Code of Conduct.

In 2023, KPMG China was awarded ISO/IEC 27701: 2019 certification for privacy information management systems, as well as the Outstanding Gold Award in the 'Privacy-Friendly Awards 2023' organised by the Office of the Privacy Commissioner for Personal Data, Hong Kong SAR. The certification and award recognise our efforts in protecting and promoting personal information privacy as well as in establishing a privacy management framework. This recognition also demonstrates our capability and accountability in protecting the privacy of our clients and people.

Certifications

- Multi-Level Protection Scheme (MLPS) 2.0 Level 3 Accreditation
- ISO/IEC 27001:2022 Information Security Management System Certification
- ISO/IEC 27017:2015 Security Controls for Cloud Services Certification
- ISO/IEC 27701:2019 Privacy Information Management System Certification
- ISO 9001 Quality Management System Certification



Awards

Outstanding Gold Award at the 'Privacy-Friendly Awards 2023' organised by the Office of the Privacy Commissioner for Personal Data, Hong Kong SAR



Supporting high-quality development through high-quality audits

Our commitment: Lead the profession in audit quality

High-quality audits represent the cornerstone of society's trust in KPMG China, and we are fully committed to delivering outstanding audit services. KPMG China unwaveringly supports the spirit of the 20th National Congress of the Communist Party of China (CPC), the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) (the 'Two Sessions'), and the Central Economic Work Conference. The firm has meticulously implemented the requirements in the Opinions of the General Office of the State Council on Further Regulating Financial Audit Order and Promoting the Sound Development of the CPA Industry and the Opinions on Further Strengthening Financial and Accounting Supervision. Under these requirements, KPMG China assists regulators in standardising their oversight of financial statement audits and audit quality, performs its responsibilities as a market 'gatekeeper' and continually works to improve audit quality, with the goal of serving the national economy.

To uphold our commitment to high-quality auditing, we constantly review and assess our existing audit processes, audit methodology and quality management system to ensure that our work meets or exceeds the firm's and the industry's

KPMG China focuses its audit quality actions in four dimensions:



Quality-based culture



Digitalisation of audit



Technical support



Internal supervision

quality standards. Over the past year, we have continued to take a proactive approach to strengthening the firm's quality management system and improving its consistency. Our actions include implementation and operation of the System of Quality Management (SoQM) in compliance with International Standard on Quality Management (ISQM) No. 1 and No. 2, Quality Management Standards for Accounting Firms No. 5101 and No. 5102, as well as the relevant requirements provided by the KPMG global network. Based on testing and evaluations conducted on the SoQM as of 30 September 2023, the SoQM has been found to fulfill the requirements set forth by the new quality management standards.

Furthermore, we continue to foster an integrity-based culture driven by talent development and training, expand our investment in digital infrastructure, including information systems and cybersecurity, and enhance our audit methodology and KPMG Clara, the firm's smart audit platform.



88% of our people stated that the culture and tone set by our Audit practice leadership promote the importance of audit quality for audit and assurance engagements

Source: KPMG China's Global People Survey results 2023

Upholding the principles of responsible tax practices

Our commitment: Drive a responsible tax practice

KPMG China's tax services are guided by the firm's Values, governed by the [Principles for a Responsible Tax Practice](#) and [Global Quality Framework](#), and driven by our Purpose to inspire confidence and empower change. Our tax professionals provide customised, comprehensive and high-quality tax services to a range of

corporate and government authorities. When liaising with tax authorities and clients, our staff are required at all times to act with integrity and in compliance with relevant legal, regulatory and professional requirements.



Fostering high-quality, sustainable development through ESG services

As the threat of climate-related risks intensifies, the shift towards sustainable practices is gaining momentum among investors, businesses and consumers alike. To remain competitive, organisations now perceive ESG not merely as something nice to have, but as an indispensable part of their business strategy.

At KPMG China, we empower our people as catalysts for sustainable progress. We have a cross-functional team of experts that helps corporates and public sector clients plan and execute ESG programmes towards their sustainability goals, enabling them to seize opportunities and navigate risks effectively to create long-term value. Our diversified ESG services encompasses ten main pillars:

ESG services

ESG Strategy, Transformation & Implementation	We help clients develop and implement ESG strategies that support their business growth objectives, while balancing their business needs with those of the environment, external stakeholders, and society.	ESG Deals & Value	We enable investors to integrate ESG into their investment strategy and maximise ESG value creation post-deal.
Decarbonisation, Climate and Nature	We provide climate risk and decarbonisation advisory services to support clients across the decarbonisation lifecycle and help them reduce emissions and achieve carbon neutrality. We also offer comprehensive risk assessment, analysis, and management services for clients.	Social	We support clients in developing socio-economic business cases, project strategies and impact assessments.
ESG Reporting	We help clients understand their ESG reporting obligations, determine their readiness for ESG reporting and be confident in complying with ESG reporting requirements.	ESG Assurance	We work with financial institutions and real economy clients across all sectors to assess their readiness for assurance and conduct high-quality, independent assurance in line with recognised local and global standards.
ESG Tax	We provide high-quality, cost-effective offerings to help clients quantify greenhouse gas (GHG) emissions, energy, and other environmental indicators for tax and other regulatory compliance purposes. We also offer assistance to businesses to obtain incentives and subsidies that are aiming to encourage the undertaking activities which can help achieving good social means.	ESG Governance	We help clients in establishing a robust ESG Governance framework that encompasses five essential layers that address the fundamental aspects of governance. This empowers companies to achieve greater structure, oversight, and transparency in their ESG initiatives through development of a sustainable governance operating model.
Sustainable Supply Chain	We offer a comprehensive solution to help companies embed sustainability in their supply chains to realise their ESG ambitions, manage risks and enhance resilience.	Circular Economy	We help clients identify and capitalise on opportunities to reduce waste, reuse and recycle; develop new circular strategies and business models; and reimagine and reinvent their existing products and services.

Awards

KPMG was rated as the global leader in climate consulting by Verdantix.



Case studies



▶ Helping a leading domestic internet company tap into rural water resources and recycling business opportunities

KPMG China has been engaged by a leading domestic internet company to study the current status of water recycling in China's rural areas and explore commercial opportunities to improve water recycling initiatives through applications of technology. During the engagement, the team analysed the pain points in two main scenarios of water recycling in rural areas: irrigation and drinking water. Through desktop research, field investigations and expert consultations, we identified the causes and solutions to the pain points and devised technology-enabled business models.

In this engagement, KPMG China helped the client to answer the call for rural revitalisation and leverage the power of technology to deliver a positive impact for society.

▶ Supporting one of the world's Top 500 companies in publishing its first ESG report for its Chinese headquarter

KPMG China was engaged by a Germany-based company, one of the world's Top 500 enterprises, to publish its first ESG report in China. Year 2022 marked the 150th anniversary of this multinational company's entry into China. During this milestone year we were involved through the entire process of launching the sustainability report – the stakeholder survey, the ESG materiality assessment, the benchmarking of topics and frameworks, and the identification of highlights – before its release at the 2023 China International Industry Fair.

This report aims to demonstrate the company's commitments and achievements in sustainability within China, extending beyond mere compliance requirements. With a focus on relevance to the business and readability for stakeholders, the company set high expectation for the report. KPMG China mobilised significant resources to support this engagement, including the supervision and guidance from the Head of Industrial Manufacturing and the Head of ESG Reporting and Assurance.

KPMG China has fostered a collaborative relationship with the company's management. Going forward, we will leverage the experience gained from this engagement to extend our ESG services to other multinational companies in China.

▶ Supporting a Hong Kong regulatory body's green and sustainable banking series

KPMG China was engaged by a Hong Kong regulatory body to assist in organising its green fintech competition and conference, with the aim of enhancing the resilience of the banking sector in the face of climate risk.

The regulatory body launched the green fintech competition to promote the adoption of green fintech solutions in Hong Kong's banking industry. Prior to the competition, KPMG China interviewed banking experts in Hong Kong and collected opinions from industry leaders on the challenges they face and how they can benefit from green fintech solutions. Based on the results, KPMG China proposed four themes for the competition:

- Net-zero transition or transition planning;
- Climate risk management;
- Green and sustainable finance; and
- Sustainability or climate-related disclosure and reporting

KPMG China provided a full spectrum of advisory services to support the competition. We also harnessed the firm's global network to draw

international attention to the event. During the competition, a total of 69 teams submitted 87 high-quality solutions.

Organised by KPMG China, the conference was held on 11 December 2023 at M+ in Hong Kong. About 400 representatives from banks, technology companies, professional bodies and academia participated at the conference, which featured three main themes: 'Building resilience with low-carbon technologies: solutions for combatting climate change', 'From concept to commercialisation: financing low-carbon technologies' and 'Leveraging technology for climate risk management: the regulatory body's physical risk assessment platform'.

The four winning teams in the green fintech competition were invited to showcase their solutions at the conference, and other shortlisted teams were given the opportunity to share information about their solutions at an exhibition booth.



▶ Supporting the ESG transformation of a wholly state-owned power grid enterprise directly managed by the central government

KPMG China assisted a state-owned power grid enterprise in integrating ESG considerations into their operations, addressing challenges in their overseas operations amid a complex international environment. The engagement, executed by a collaborative team from KPMG China's Strategy & Operations and ESG teams, with the support from global experts, exemplifies the firm's commitment to guiding clients in integrating ESG into their business strategy. The strategic approach helps our client mitigate risks, create value, and instigate sustainable, measurable change amid the evolving regulatory landscape and complex overseas operations.

Our engagement team conducted extensive research across over 40 professional databases, analysing over 200 academic papers and reviewing more than 500 industry analysis reports. This effort resulted in a comprehensive assessment framework and library of ESG indicators tailored to address business development needs, ESG regulatory requirements in different countries, global trends, and investor concerns.

▶ Assisting a leading domestic online retailer in preparing its SEC climate disclosures

KPMG China was engaged by a leading domestic online retailer to help prepare for the provision of climate disclosures under the United States Securities and Exchange Commission's (SEC) climate disclosure rules. The engagement team supported the group in performing a comprehensive review of Scope 1, 2 and 3 emissions from its companies and subsidiaries, which cover 13 sectors and 27 functions, including logistics, retail, insurance, technology and finance. Based on in-depth interviews, KPMG China helped the client identify emission sources related to its business operations and upstream and downstream activities; compile a list of Scope 1, 2 and 3 GHG emissions; customise more than 300 data collection templates; match emissions factors to more than 900 financial accounts and 1,000 product categories; and build models to estimate carbon emissions data for activities for which data cannot be directly captured, such as employee commuting and customer visits to stores. After collecting, consolidating, verifying and analysing this data, KPMG China assisted the client in building a general accounting template that can be reused in the future.

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With the release of the first set of International Sustainability Standards Board (ISSB) standards on ESG reporting, enterprises of all kinds are accelerating their adoption of sustainability-related disclosures. The introduction of these standards will play a significant role in promoting a complete, comparable and verifiable set of indicators for sustainability-related disclosures, making clear that ESG and financial disclosure will be equally important in the future. Companies should prepare by conducting internal training under a governance structure led by their board of directors, involve their process owners early, and expand their systems, processes and controls so that they can adapt quickly to these changes and embrace new situations.



Wei Lin

Partner, Head of Environmental,
Social and Governance
KPMG China

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Sharing our ESG insights

We release ESG insights publications to share the latest trends, best practices and industry insights with our clients, business partners and other stakeholders.

We delve into the issues that matter, offering practical advice to assist enterprises in effectively integrating sustainability strategies and advancing ESG development in a complex environment.



Daisy Shen, Head of Climate Change and Sustainability at KPMG China, was invited to deliver a keynote speech at the 2023 Erhai Forum on Global Ecological Civilisation Construction. She discussed the crucial role of ESG in corporate value creation, related theoretical framework, best practices and approaches for quantifying results.



In May 2023, KPMG China published a white paper on Sustainable Financial Development in China, offering professional insights on the domestic development of sustainable finance.



At the 2023 Southern Financial and Legal Summit Forum, Patrick Chu, Head of ESG Reporting and Assurance at KPMG China, was invited to deliver a speech on how to build an ecosystem of high-quality, sustainable enterprises in China from an ESG perspective.



With the support of the Shanghai Environment and Energy Exchange, in November 2023, KPMG China and the China Carbon Neutral Action Alliance jointly released their white paper on China Carbon Finance Innovation and Development.

The first Shanghai International Carbon Neutrality Expo in Technologies, Products and Achievements

As the first expo focusing on carbon neutrality in China, the Shanghai International Carbon Neutrality Expo garnered strong support from national ministries and the Shanghai Municipal Government in June 2023. During the exhibition, KPMG China held the following four sharing sessions, as well as a series of other events under the theme 'Key Pathway to Magic Green':

- Global and Chinese perspectives on low-carbon development
- Low-carbon transition pathways and development
- Technology, digitalisation and innovation
- Climate-related investment, carbon trading, carbon asset management, and carbon financing

A series of industry insight reports were published during the event. Leading experts, academics and company representatives were also invited to discuss the best practices and development trends in the field of 'dual carbon'.



Promoting green development in China through partnership and collaboration

China Carbon Neutral Action Alliance

In February 2023, KPMG China actively participated as a council member in the Second China Carbon Neutral Action Alliance (CCNAA) General Conference and Corporate Carbon Neutrality Forum. The event brought together representatives from leading companies across industries, market entities and professional institutions to discuss major issues about the CCNAA. With access to the CCNAA platform, combined with KPMG's international network and leading ESG insights, we are well positioned to support enterprises in navigating their carbon neutrality journey.



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Since joining the China Carbon Neutral Action Alliance, KPMG China has not only become an influential member, but has also offered its professional expertise to strongly support the Alliance's initiatives. In the realm of dual carbon goals, the Alliance eagerly anticipates continued use of KPMG China's expertise to drive substantial progress in advancing sustainable practices amongst Chinese companies.



Feng Peng

Secretary General, China Carbon Neutral Action Alliance

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Acting transparently with integrity and accountability

Our commitment: Act lawfully, ethically and in the public interest

Our commitment to integrity and accountability is not just something we say; it is woven into every decision we make and every action we take. We believe that only by upholding these commitments can we maintain KPMG China's professional reputation and build trust and closer relationships with our clients and stakeholders. We are committed at all times to acting lawfully, ethically and in the public interest and working against corruption in all its forms.

Code of Conduct

Founded on our Purpose and Values, the [KPMG China Code of Conduct](#) describes clearly how KPMG people are expected to treat each other and our clients, and our duty to uphold the public interest. Code of Conduct demonstrates how our Values inspire our greatest aspirations and guide all of our behaviour and actions. All of our people must follow Code of Conduct and confirm their compliance annually.

When acquiring new business engagements and maintaining existing client relationships, enhanced know-your-client (KYC) procedures will be conducted to understand and manage potential risks in accordance with our professional standards and ethical code. In addition, we provide annual training that is mandatory for all KPMG partners and client service staff on anti-money laundering and the latest KYC procedures.



Strengthening our Ethical Culture

KPMG China strives to drive an Ethical and Collaborative Culture that inspires trust. Trust is earned by doing the right thing. Our decisions shape our culture through our conduct and so they should be made ethically.

Everyone at KPMG China is expected to be able to make sound, ethical decisions to drive our day-to-day behaviour and to reinforce our Ethical and Collaborative Culture. As such, when KPMG China's staff come across any decisions made which are not consistent with our Values or contrary to our Code of Conduct, or suspect certain actions taken (or not having been taken) as acting improperly, they are encouraged to live the value of Courage and to raise their concerns. The Firm will then take very seriously such substantiated incidents, including exercising its zero-tolerance policy on certain misconducts, no matter the circumstances behind such misconduct and regardless of grade/level/title.

CARE

Ethical Decision-making Framework

KPMG's ethical decision-making framework CARE (Consider, Assess, Respond, Evolve), which was introduced in 2023, is designed to help our partners and staff navigate ethical decisions that are aligned with our Purpose, Values and Code of Conduct, centered on building and reinforcing trust. Backed by a portfolio of supporting materials and guides, the CARE framework enables us to gain confidence in making ethical decisions everyday, in particular, when faced with a challenging situation or ethical dilemma. It also reminds our people that they do not have to make these decisions alone.

Consider

what is the issue

Assessoptions to
address the situation**Respond**

with decision

Evolve

and reflect



Speaking up

At KPMG China, everyone is responsible for reporting — and is required to report — any activity that could potentially violate our Values, KPMG policies, or applicable laws, regulations or professional standards.

To make sure that people feel safe and comfortable raising concerns and speaking up in the event that they discover instances of non-compliance or unethical behaviour, we have established several anonymous reporting channels for our people, clients and other third parties, including the [KPMG China Ethics Hotline](#) and the [KPMG International Hotline](#).

Furthermore, in the event of any potential incidents which are inconsistent with our Purpose, Value or Code of Conduct, our people are strongly encouraged to ask questions and report their concerns to their line managers or escalate the issue to the next level of management timely. The KPMG China Staff Handbook sets out the 'protection against retaliation' policy, which emphasises that we have zero tolerance for retaliation against anyone who voices a potential concern if something does not seem right.



87% of our people
indicated that the people they
work for demonstrate honest and
ethical behaviour

Source: KPMG China's Global People Survey results 2023

KPMG China Disciplinary Policy & Disciplinary Committee

We have implemented the KPMG China Disciplinary Policy (the 'Disciplinary Policy'), which outlines the disciplinary processes in cases involving personal misbehaviour and misconduct. The Disciplinary Policy aims to provide KPMG China's management and staff with a clear, transparent and consistent guideline for managing disciplinary processes in a procedurally fair and legally compliant manner.

In accordance with the Disciplinary Policy, KPMG China has established the Disciplinary Committee and the Investigation Unit. The Investigation Unit, which is supervised by the Disciplinary Committee and forms part of the firm's risk management resources, is tasked with ensuring that reported or suspected misconduct issues are properly reviewed and investigated, that the root causes of identified issues are ascertained, and that mitigation measures are implemented, where appropriate, to reduce the chance of recurrence.

Maintaining independence

Maintaining independence is crucial to our business. At KPMG China, we maintain our objectivity in all the work that we do and do not allow bias, conflicts of interest or undue influence to override our professional or business judgment at any time, including in deciding to accept or continue with clients or engagements.

We have put in place independence policies and procedures that meet or exceed the standards of our professional bodies and regulators. We implement these policies and processes under the supervision of the firm's Ethics & Independence Partner, to oversee areas including firm independence, conflicts of interest, post-employment relationships, personal independence, approval of audit and non-audit services, partner rotation, and so on.

All partners and staff are required to conduct business in accordance with the highest level of ethical awareness and independence, and we have developed and released a range of tools and guidance, communications and training courses to achieve these ends.



On 23 August, 2023, the Shenzhen Corporate Compliance Association, as the first professional association on corporate compliance in China, was officially launched. Supervised by the Shenzhen Municipal Justice Bureau, the association is co-founded by well-known compliance experts and industry representatives in China. KPMG China was invited as a firm to serve as the founding deputy chairman, and Wilson Pang, Head of Our Impact Plan, was appointed as vice chairman of the association's council.

Compliance management is a key part of corporate governance. KPMG China, as one of the leading professional service organisations, has always maintained robust compliance practices and high standards of corporate governance, devoted to providing clients with quality services.

Taking the opportunity of joining the association, KPMG China will continue to leverage our professional knowledge, skills and experience in finance, tax, advisory and other relevant fields, helping companies to improve their compliance, governance and risk management capabilities in the GBA and other cities in China. We will work towards building a sound business environment for enterprises and society as a whole, with a view to promoting high-quality and sustainable development.



Transparency and accountability

At KPMG China, we take responsibility for our daily actions, consistently upholding the utmost moral and ethical standards. We strive to maintain transparency and accountability at all times, with examples as follows:



People

We aim to live our Values and uphold the firm's ethical standards throughout the organisation. Our people are free to express their views through various communication channels, including the Your Voice Matters platform, Global People Survey and other employee engagement channels mentioned in the People chapter.



Clients

We place a high priority on open, honest and transparent communication and working relationships with our clients. Through direct engagement and independent surveys, we solicit reviews and feedback from our clients. In addition, our global smart audit platform, KPMG Clara, provides clients with real-time, transparent access to the status of their audits and the insights gained from the audit process.



Regulators and others

We are committed to developing professional and respectful relationships with national and international regulators, standard-setting agencies and other professional bodies across the Chinese Mainland, Hong Kong SAR and Macau SAR. KPMG China has been working together with regulators based on open and transparent communication. We also publish this annual ESG report, Our Impact Plan, to demonstrate our transparency and accountability for the impact that we have.

Acting with integrity and demonstrating zero tolerance against corruption

Our commitment: Work against corruption in all its forms

We have zero tolerance for bribery and corruption in any form by any party. Our Code and comprehensive anti-bribery and corruption requirements are enacted to ensure that the highest standards of integrity are maintained across the firm.

Every year all partners and staff are required to take the 'We Do What is Right: Integrity at KPMG' mandatory training course to keep abreast of our firmwide anti-bribery policies and enhance understanding in relation to the importance of complying with regulations, professional standards and laws.

Furthermore, we put forward clear requirements and procedures for our people regarding situations in which inducements (gifts or entertainment) are provided or received.

Respecting human rights

Our commitment: Respect human rights

At KPMG China, we respect human rights, and continuously monitor and evaluate our operational processes to ensure they align with our human rights commitments. As stipulated in Code of Conduct, we do not tolerate behaviour that is illegal or unethical or otherwise breaches human rights standards, whether by KPMG people, clients or suppliers, or by public officials with whom we have working relationships.



FY23

100%

of our partners and staff are required to complete anti-corruption training

100%

of our Board and Executive Committee members completed anti-corruption training

People

Creating a caring, inclusive and values-led culture for our people



Our commitments



Inclusion, diversity and equity

- Have an inclusive culture built on trust
 - Advocate for equal opportunity
 - Foster an educated, empathetic workforce
-



Health and well-being

- Protect the health of our people, both physically and mentally, and enable them to be effective and productive
-



Continuous learning

- Develop a continuous learning culture
-



Our management approach and progress

Find opportunity everywhere with KPMG

A strong and cohesive workforce is critical for KPMG China to develop, innovate for our clients and society, and change for better. KPMG China is a place that values inclusion and diversity, offering lifelong learning for talent to grow with us, and a place full of opportunities where our people can do important work that helps to build a better future, and be recognised for their contribution.

Our KPMG – Our Employee Value Proposition

The firm's Employee Value Proposition (EVP) outlines the distinctive attributes and opportunities that KPMG China, as an employer, offers to our people. It represents the joint commitment of all the KPMG global network under the collective statement – 'Find opportunity everywhere with KPMG.'

Do work that matters



Every day, in ways big and small, we make a meaningful and positive difference for clients, people and the communities we serve. We help create opportunity in a world of increasing complexity.

Come as you are



Unique experiences and perspectives are valued at KPMG China, both individually and as a team, leading to stronger insights and innovation.

Thrive with us



Build relationships with colleagues who take care of each other. We provide the support our people need to perform at their best and create opportunities for themselves and others.

Learn for a lifetime



In an environment where learning is continuous, talent can grow their own way. With KPMG China, our people are encouraged to explore, and work with the best, on emerging practices and technologies, and gain an advantage for life.

Make your mark



Our people are recognised for the impact they make, the leadership they show, and the success they create with others, wherever they are.

Awards

- Caring Youth Employer – Outstanding Award by The First Greater Bay Area Election of Outstanding Social Responsibility (ESG) Enterprise
- Best Companies to Work for in Asia 2023 by HR Asia
- China's Top Employers in 2023 by Top Employers Institute



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Our Employee Value Proposition — Our KPMG highlights the distinctive attributes and opportunities that KPMG China offers as an employer. We are dedicated to cultivating an inclusive, diverse and equitable work environment where our people feel valued for their uniqueness, empowered to reach their potential, and recognised for their impactful contribution.

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Linda Lin

Partner, Head of People, Performance and Culture
KPMG China



Inclusion, Diversity and Equity

Our commitments:

- Have an inclusive culture built on trust
- Advocate for equal opportunity
- Foster an educated, empathetic workforce

Putting Inclusion, Diversity & Equity (IDE) into action

At KPMG China, we are committed to building an inclusive, diverse, equitable and trust-based workplace for our people, fostering a diverse pool of talent, and integrating the concept of inclusion into our firm's management [#ComeAsYouAre](#).

In 2023, our IDE strategy continues to focus on Gender, Generation, as well as promoting an inclusive culture that embraces a variety of themes and communities, including LGBTQ+, mental health, disabilities, and more.



Inclusion

Inclusion is about belonging and creating a safe environment built on trust



Diversity

Diversity is about embracing and respecting individual differences

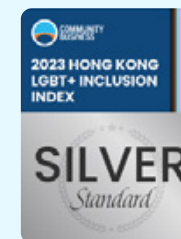


Equity

Equity is about access to opportunities and levelling the playing field

Awards

2023 Hong Kong LGBT+ Inclusion Index: Silver Standard by Community Business



Inclusive Employer 2023 by CareER





Embracing equal opportunities and diversity

KPMG China advocates equal opportunities and strives to provide each individual with equitable opportunities for growth and development, free from any form of discrimination. We encourage the inclusion of diverse values and we listen to the distinctive voice of each individual to create a supportive and friendly working atmosphere.

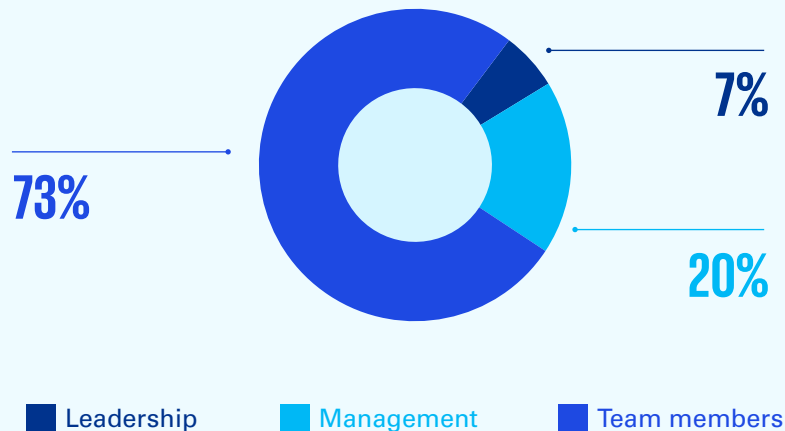
Our IDE policy requires that all our people are treated equally in every aspect of our human resources policies, particularly in processes involving recruitment, training, career development and promotion. All of our recruitment, advertising and selection processes are based on the actual job requirements. Job applicants are selected using merit-based criteria regardless of individual backgrounds and characteristics such as gender, gender identity, marital status, religion, race, nationality, disability, and family status.

KPMG China Inclusive Interview Guide

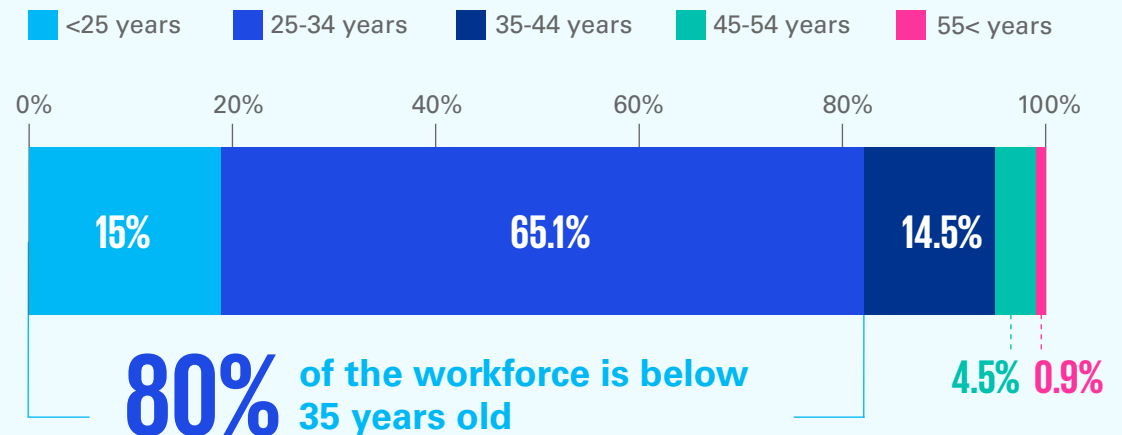
We introduced the KPMG China Inclusive Interview Guide in 2023, providing a set of guidelines for all hiring managers and interviewers who could impact decisions on hiring. Inclusive Interview Guidelines help to mitigate unconscious biases when interviewing and recruiting the talent we want. The purpose is to focus on abilities – adopting a competency approach during recruitment – and to conduct interviews in a fair and consistent way.

FY23


Workforce by level



Workforce by age





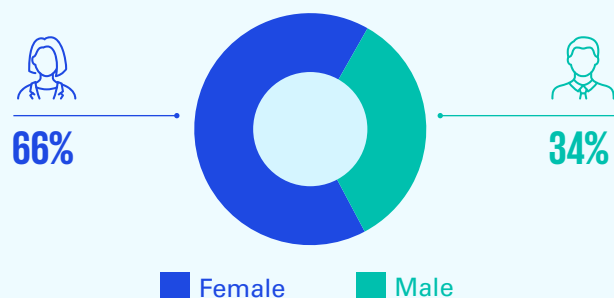
Promoting gender equality

As a signatory to the UN Women's Empowerment Principles (WEPs), KPMG China supports the achievement of UN SDG 5: Gender Equality and strives to enable and empower all women in unleashing their potential. To this end, we have developed policies to ensure equitable opportunities for women and anti-sexual harassment policies to provide women with an environment in which to flourish.

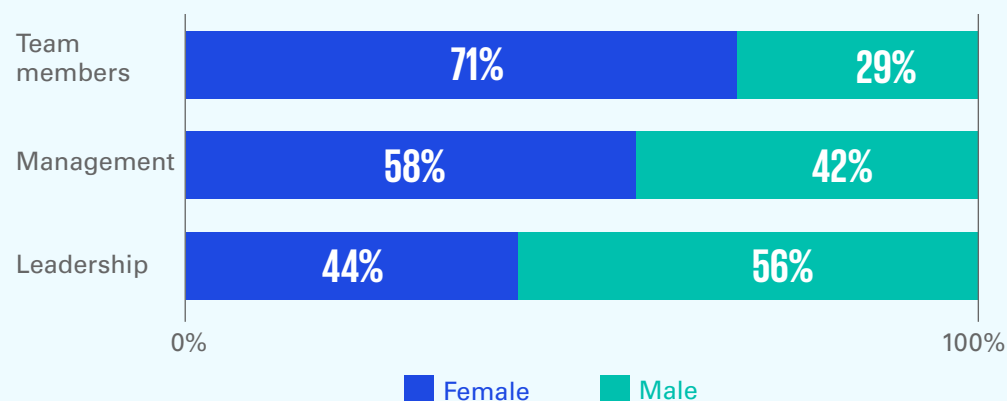
At KPMG China, 66% of partners and staff are female, and 44% of partners and directors are female (as of 30 September 2023). Globally, KPMG International has set a target in which at least 33% of partners and directors are female by 2025.

FY23

Workforce by gender



Workforce by gender by level



66% of partners and staff are female
(flat change from FY22)

44% of partners and directors are female
(↑ 2% from FY22)

47% of newly promoted partners are female
(↑ 3% from FY22)

66% of new hires are female
(↑ 2% from FY22)

Data above as of 30 September 2023.



Corporate culture centred on diversity and inclusion

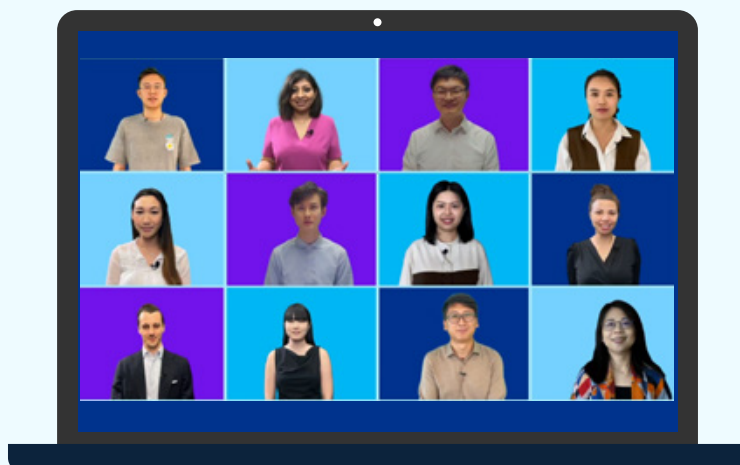
Cultivating an educated and empathetic workforce and building an inclusive culture based on trust is our relentless pursuit. We firmly believe that a corporate culture with diversity and inclusion at its core can stimulate innovation and cohesion in the team. We understand that a thriving workplace is one that benefits from a mix of backgrounds and perspectives, as well as providing diverse opportunities for the growth and success of our people.

Inclusion Month

At KPMG China, IDE is an integral part of our people experience. In July 2023 we launched Inclusion Month with the theme of 'Everyday Allyship,' providing a series of immersive activities and learning opportunities across our China offices to help colleagues learn about what everyday allyships means. During the month, we published the first KPMG China Inclusion Guide, introducing practical tips and guidance on how to use inclusive language and exhibit inclusive behaviours to build a more thriving workplace.

Everyday Allyship video for Inclusion Month

We value the unique experience and insight of each individual. To encourage our people to show their true selves and become everyday allies of others, 12 colleagues shared stories about their different backgrounds and unique experiences.



Next Generation Council

As our flagship IDE programme, the Next Generation Council (NGC) engages with our younger generation, listening to different voices and fostering an appreciation of diverse views.

Following the success of the inaugural cohort in 2021, the second cohort gathered more than 30 next-generation colleagues from different regions, functions and backgrounds in China. During the first 18 months of the programme, members will be exploring innovative solutions across three key pillars of the OIP – Planet, Prosperity and People – providing a platform and opportunity to [# DoWorkThatMatters](#).



International Women's Day

To celebrate International Women's Day in March 2023, we embraced the theme of 'DigitALL: Innovation and technology for gender equality,' and engaged with our partners, colleagues and communities through a number of initiatives, including workshops, seminars and local community empowerment activities.





People story

Athena Tam

I'm Athena Tam. I joined KPMG China in 2018 as part of the Strategy & Operations team and am currently focused on delivering ESG advisory engagements for our financial services clients. At the moment, I am working in the Netherlands as part of a two-year secondment under KPMG's global mobility programme.

At KPMG, we're given various opportunities and resources to grow and thrive, such as the chance to broaden our international exposure within our global network. My secondment is more than just a new chapter in my career. It's a unique opportunity for me to further develop my professional expertise in the Sustainability space and expand my personal perspective on the world. Given our diverse client base and dynamic European ESG regulatory landscape, this new role is both challenging and rewarding.

My prior experience gained in Hong Kong has proved to be an invaluable asset in helping me to adapt quickly to the new role. My managers in China and the Netherlands have been encouraging and continued to act as trusted mentors during my secondment. The support I received from the global mobility teams in China and in the Netherlands also played a crucial role in ensuring a seamless internal transfer process. I felt welcomed and I moved countries with minimal administrative hassle, thanks to the well-thought-out process.

I was also happy to find familiar faces in the Netherlands – such as colleagues who had previously worked in Hong Kong and a fellow member of our Global Next Generation Council (NGC). Being part of the NGC in KPMG China and at the Global level has been an honour and an eye-opening experience. The programme allowed me to collaborate with colleagues across different levels, functions and locations – from other cities in China, such as Beijing and Guangzhou, to the Netherlands and Mexico. We all worked together on our firm's strategic priorities – including Our Impact Plan – and took pride in ensuring that the voices of our peers from the respective offices were heard by the Senior Leadership at KPMG China and KPMG International. We were also given the freedom to explore topics that were core to not only KPMG, but also my personal values – such as how we may build a more diverse, equal and inclusive working environment. It was particularly rewarding when we presented our ideas to the KPMG China Executive Committee and KPMG Global Board Members.

Throughout this incredible 18-month journey with the NGC, another personal highlight for me was co-hosting the KPMG China Annual Conference for Partners and Directors in 2022 as one of the emcees. The event was a fun and enlightening experience, where I was able to learn first-hand about our strategic directions for the upcoming year across the firm and was partnered with one of my fellow NGC members.

As my journey continues, I am grateful for my experiences with the NGC and my ongoing secondment. At KPMG, opportunities are always within reach.





Health and well-being

Our commitments: Protect the health of our people – both physically and mentally – and enable them to be effective and productive

Caring for our people's health and well-being is a profound concern for us. We have dedicated considerable resources to safeguard our people's health and promote their well-being – both physically and mentally. Our efforts extend beyond fostering a pleasant and dynamic workplace that stimulates inspiration and creativity, enabling our people to unleash their full potential. We are equally committed to providing a workplace that not only prioritises physical health, but also offers robust initiatives for mental wellness.

Health and safety policies and guidelines

Our principles and requirements for different health and safety issues, such as office safety, indoor air quality and fire precautions, are stated in our Staff Handbook. The Health and Safety Guidelines, which are also available in our Staff Handbook and agile working guidebook, shed light on the firm's considerations and guidelines for staying healthy and protecting our people when working outside of KPMG's offices. These guidelines cover topics ranging from workstation arrangements and electrical and fire safety to emergency and crisis management. In addition, we have acquired ISO 45001:2018 certification for our occupational health and safety management system, which demonstrates our commitment to providing a healthy and safe workplace.

Certification

**ISO 45001:2018
Certification for
Occupational Health and
Safety Management**





Comprehensive health and wellness benefits

We are committed to protecting our people's well-being by adhering to local social security regulations while striving to provide even more comprehensive protection. Recognising that the health of our people is integral to the long-term growth of our firm, we have crafted comprehensive policies aimed at safeguarding their well-being. These encompass salary and benefits, healthcare, and personal development and growth, among others. Through our efforts, we aim to create a stable, comfortable and trusting environment where our people can thrive and devote themselves to our collective goals.

To promote health and well-being, KPMG China provides the following support:



Well-being channel

This informative portal provides practical tips about mental well-being, workplace ergonomics, immunity management and more.



Employee Assistance Programme (EAP)

A 24-hour support hotline offering professional and confidential counselling services.



Interest groups

Our myLife wellness initiative offers both physical and virtual activities to support mind, body and social wellness. The firm funds over 40 staff-led interest groups, which run different activities, ranging from football, hiking and photography to parenting activities.



Wellness campaigns and activities

Each year we raise awareness of the importance of mental health and work-life balance during World Mental Health Awareness month. We also organise other year-round wellness activities, such as yoga and massage sessions.



Human-centred workstation design/provision

To support physical well-being and productivity, we have introduced human-centred furniture and equipment, such as adjustable desks and computer monitor mounts.



People's welfare

We offer comprehensive coverage for our people in the areas of medical, life, personal accident and business travel. Meanwhile, we continue to explore more diversified wellness options for our people, such as the Flexible Wellness Plan, which offers a wide range of benefit options.



➤ A futuristic office offering a human-centred experience – KAMPUS

Newly opened in Shanghai, KPMG Campus (KAMPUS) is estimated to be the largest office space in the firm's global network. KAMPUS will also serve as a training hub and an incubator for creativity, providing personal development opportunities across the firm.

Based on the design principles of 'greener', 'younger', 'caring' and 'digital', KAMPUS offers a space that is intelligent, digital, agile and efficient, heralding a future-orientated style of work.

Every detail in the KAMPUS project reflects our human-centric philosophy. Throughout the design phase, we actively collected feedback from our people through surveys and cross-functional, cross-level employee groups. This allowed us to incorporate their needs seamlessly into the blueprint of the new office design.

○ Fostering collaboration through a smart, flexible workspace

In this new office environment, we emphasise agility and efficiency. The layout and configuration of the office facilities have been carefully planned and equipped with multi-functional office furniture. People can choose between private workspaces, independent workspaces and open collaboration areas according to their work needs, and easily book meeting rooms, workstations, and control environmental settings via mobile devices.

The ideation hub and co-working area provide a public space for our people to interact and collaborate, and KAMPUS's digitalised office tools and collaboration platforms further facilitate information sharing and teamwork across regions and departments. We hope the new office will serve as a hub for interaction and sharing, allowing people to 'team up' flexibly across geographical and functional boundaries.

○ Embracing health-oriented office design

We have also infused principles that promote physical and mental health into every detail of our new workplace. Smart air quality systems create a fresh and airy indoor environment. Dining options, coffee shops, a fitness space, an outdoor terrace and other facilities are in place to ensure that our people feel content at work. KAMPUS is designed to serve as an ideal workplace that cultivates a healthy and dynamic style of living for our people.

Looking ahead, we hope that everyone will be able to enjoy the possibilities brought about by the new office's first-rate environment and facilities. For details on the green practices associated with the KAMPUS project, please refer to page 68 in the Planet chapter.





An intelligent platform for the promotion of well-being

The Wellbeing App is a one-stop platform that gives our people access to an array of services and functions that promote work efficiency and better living. They can sign up on the app for well-being events and interest groups, as well as gain access to the firm's well-being resources. Health-themed challenges are regularly organised, with a view to helping our people relieve stress and stay healthy by developing regular exercise habits. Winners of the challenges are awarded exclusive sports gifts.

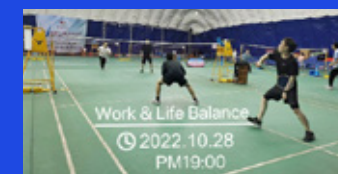


Work-Life Balance Week

During the Work-Life Balance Week in October 2022, we ran various wellness activities, including free Chinese medicine consultations, singing bowl healing session and stress relief seminars, across 23 cities in China. The activities aim to help our people find a good work-life balance, maintain a positive attitude and improve their well-being at work.

Captivating moments from in-person activities

At KPMG China, we are dedicated to fostering a positive and healthy environment for our people. Each year, we bring our people together through activities such as annual dinners and family fun days, providing opportunities for them to relax and connect with others. In 2023, we were excited to bring back more in-person activities in our offices across China to encourage communication and promote the well-being of our people.





Continuous learning

Our commitments: Develop a continuous learning culture

We are committed to fostering a culture in which our people can [# LearnForALifetime](#). We firmly believe that continuous learning is not only pivotal for our people's individual career success, but also serves as a catalyst for positive change, allowing them to [# ThriveWithUs](#). To this end, we offer diversified and forward-looking knowledge and skill development solutions, with tailored development paths that align with specific business areas and stages of career development in an ever-evolving environment. We also took the opportunity to hold more in-person learning events in FY23 to enable our people to learn from each other and grow together.

ESG knowledge - empowering our people as catalysts for sustainable progress

Enabling and empowering our people as agents of positive change is a key part of our ESG ambitions. Following the introduction of the firm-wide ESG 101 course, KPMG collaborated with a world-class business school and launched ESG 201 to strengthen our people's knowledge on this important topic. This programme brings top academics, thought leaders and industry experts together to deliver insights on topics such as environmental trends, societal impact, governance practices and sustainability strategies. These in-depth insights, coupled with our expertise shared internally, help position KPMG at the forefront of ESG capability and empower our people to make a difference in ESG in every role.



Total training of full-time employees

exceeded **1 million** hours

“

‘Find opportunity everywhere with KPMG’— our Employee Value Proposition sums up how we excel at providing our people with high-quality experiences and exciting development opportunities, giving each individual an excellent platform to reach their full potential and thrive at KPMG.

”



Carmen Ting

Partner, Head of Organisation and Talent Development
KPMG China

Developing future leaders – Leaders Developing Leaders

The Leaders Developing Leaders (LDL) programme embraces cross-generational exchange of experience and insights, enabling our senior leaders to pass on their wisdom and inspire the next generation to unleash their full potential and [# ThrivewithUs](#). It also serves as an open collaboration platform for people from different backgrounds and generations to share their perspectives, reinforcing our commitment to inclusion and diversity.



Case study

“ We had the opportunity to exchange views with colleagues from different functions and generations, I really appreciated the help and practical advice from our Partner Mentor. ”

—From a programme participant

“ Serving as a Partner Mentor is a valuable learning experience for me as well. Observing the determination, curiosity, and growth ambition in the younger generation is truly inspiring. ”

—From a programme mentor



80% of our people agreed that the people they work for take an active role in their learning and development

Source: KPMG China's Global People Survey results 2023

Diversified career opportunities – Mobility programme

KPMG China's talent mobility programme aims to promote continuous growth for our people, offering opportunities for internal secondments or transfers across regions and departments, and even the chance to work abroad in overseas offices. Through these talent mobility initiatives, our people have the chance to experience different work environments, enhance their professional skills and [# ThrivewithUs](#).

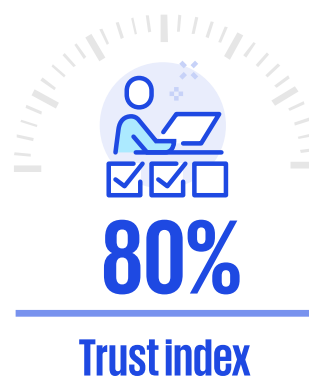
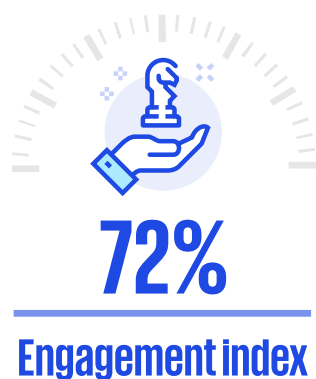


Employee engagement and recognition

Global People Survey (GPS)

We value the opinions and experience of our people. To ensure that every voice is heard and considered, we administer the Global People Survey (GPS) every year. This allows us to collect opinions and feedback about the experience of working at KPMG and provides the basis for internal changes in the following year.

In FY23, we continued to launch and optimise people-related initiatives in key areas such as the Everyone Agile programme, work enablement, IDE and connectivity with the next generation. We are focusing our GPS actions on issues mentioned in the survey feedback, including at the departmental level, with the goal of improving the work experience offered by the firm.



Promoting a culture of recognition and appreciation

Each year, we hold Recognition Week and run the enCORE rewards programme to recognise and show appreciation for those who demonstrate Values-based behaviours. Through these initiatives, we aim to emphasise that KPMG China is a place where our people can **# MakeYourMark**. Our people are also encouraged to show their appreciation for others on the firm's digital Values Recognition Wall, which promotes collaboration and teamwork.

Service Milestone Awards



In December 2022, KPMG China launched the Service Milestone Awards to show appreciation for our people in milestone years. These awards celebrate dedication to the firm and reward people for their years of hard work at KPMG China.

Strengthening employee engagement with the GBA Development through the GoGoGo city tour

The GBA GoGoGo city tour initiative offers our people the opportunity to explore the GBA, fostering a deeper understanding of its major cities while establishing relationships with local authorities and enterprises. KPMG China introduced this initiative in 2023, starting with Dongguan as its inaugural destination. The initiative seeks to enrich our people's understanding of regional development and elevate the quality of our professional services through visits to government authorities and enterprises. Ultimately, this initiative contributes to the advancement of high-quality development and talent cultivation within the GBA.





Talent-driven development that inspires innovation

In our pursuit of talent-driven development, KPMG China has implemented a national quality workforce strategy, adopting a strategic mindset characterised by openness and innovation. We strive to strengthen our communication with different sectors of society to accelerate the development of a robust talent pool.

Going forward, we will capitalise on our talent and skill advantages, strengthen our ability to [#LearnForALifetime](#), and explore innovative models for training and talent development. Through these endeavours, we aim to cultivate future-ready professionals capable of providing support for high-quality economic and social development.

Cooperating with schools to build tomorrow's workforce

Education, science, technology and talent serve as the foundational and strategic pillars for constructing a modern socialist nation.

KPMG China champions a quality workforce strategy in line with China's innovation-driven development goals. We prioritise strong school-company partnerships to support national strategies and boost regional economic growth.

Strategic alliances with universities

In FY23, we launched the following school-company cooperation programmes, with a view to integrating industrial development with education.

KPMG China:

- Worked with Nankai University to cultivate data intelligence talent and jointly practice audit innovation.
- Signed a strategic cooperation agreement with Beijing Jiaotong University to develop an innovative new mechanism for talent training.
- Signed a framework cooperation agreement and internship base agreement with Guangdong University of Foreign Studies to cultivate high-quality accounting talents.
- Signed an internship base agreement with the United International College of Beijing Normal University and Hong Kong Baptist University to jointly cultivate interdisciplinary talents in the Greater Bay Area.
- Signed a Memorandum of Understanding with City University of Hong Kong to jointly promote innovative development of education.
- Partnered with Xi'an Jiaotong-Liverpool University to complete licensing for a teacher training hub.
- Signed a memorandum of understanding with Hong Kong University Business School to nurture accounting and business analytics talent.
- Entered into a formal agreement with the Sydney Institute of Language and Commerce (SILC) Business School of Shanghai University to establish an internship programme and deepen cooperation in talent development.
- Established a comprehensive strategic partnership with Hefei University of Technology, with the two parties formally launching their internship programme for university students.
- Established an internship base in collaboration with Duke Kunshan University to empower talent cultivation in Suzhou.

Strengthening collaboration to create a talent hub in the GBA

The Central Committee of the Communist Party of China and the State Council have issued an Outline Development Plan for the GBA. This plan advocates for the creation of a technology innovation system driven largely by companies, market dynamics, and the integration of industry, academia, and research.

Against this backdrop, KPMG China has been forming alliances with leading universities in China to deepen cooperation in areas such as student internships, industry-academia exchanges and digital innovation in the GBA.

In FY23, we entered into cooperation agreements with several prominent institutions including Central University of Finance and Economics, Guangdong-Hong Kong-Macao Greater Bay Area, Beijing Normal University-Hong Kong Baptist University United International College, Guangdong University of Foreign Studies, City University of Hong Kong, and the Hong Kong University Business School. Going forward, we will collaborate with these institutions to drive talent development in the GBA.

KPMG China also serves as a corporate partner to the GBA Fintech Talent Initiative, providing university students with the chance to learn from experts about the latest fintech developments and opportunities in the GBA.





Basecamp

The Basecamp programme is our flagship talent programme, enabling students to explore multiple roles within KPMG China and [# MakeYourMark](#). The programme also gives university students the opportunity to gain significant internship experience, learn valuable skills and develop a clearer vision of their future career path.

Business case competitions

In FY23, KPMG China continued to collaborate with universities on business case competitions. At these events, the firm's professionals engage with university professors and students with the goal of boosting young people's digital innovation skills. From the KPMG Ideation Challenge (KIC) and the Audit Innovation Competition (AIC) to the KPMG Innovation Sharing (KIS) programme, each initiative is designed to empower students with future-ready skills.

KPMG Innovation Sharing (KIS)

In 2023 KPMG China launched KPMG Innovation Sharing (KIS), inviting university professors and students to explore emerging solutions for the two topics of 'Process Mining' and the 'Task Force on Climate-related Financial Disclosures (TCFD)'. At the event, students have improved their ability to analyse and solve practical problems in the form of teams. After fierce competition, eight teams stood out from their peers, qualifying for the KIS National Summit, as well as receiving internship opportunities under the guidance of experienced KPMG partners. Participants will have the opportunity to witness their ideas transformed into practical solutions that accelerate progress and create value.



KPMG ESG Case Analysis Competition

In September 2023, the KPMG ESG Case Analysis Competition was launched in collaboration with Renmin University of China and MioTech. With the aim of "analysing cases and connecting with business", first-class universities in China were invited to participate in the competition. The competition focuses on improving students' understanding of business cases through the analysis of ESG indicators and behaviours of enterprises.

The competition was also designed to enrich students' understanding and application of economic management theory, while fostering ESG awareness. A total of 11,071 students signed up to form teams to participate, resulting in more than 2,000 submissions from 3,662 teams across 760 universities. Furthermore, #KPMG ESG Case Analysis Contest related videos garnered more than 15 million views.



Planet

Reducing our impact on the environment to build a more sustainable and resilient future



Our commitments



Decarbonisation

- Achieve net-zero carbon emissions by 2030 (KPMG Global goal)
- Source 100% renewable electricity through purchasing renewable energy certificates (RECs) and sourcing renewable energy supply
- Report our climate performance
- Drive behavioural change to improve environmental practices in our workplace



Climate risk

- Give financial markets and our clients clear and comprehensive information on the impact of climate change



Nature and biodiversity

- Understand our impact on nature and biodiversity, and make positive improvements

Our management approach and progress

Decarbonisation

Our global commitment: Achieve net-zero carbon emissions by 2030

Amid mounting concern about extreme weather events and rising global temperatures, decarbonisation is taking centre stage. Reducing carbon emissions is not only crucial for protecting the environment, but also serves as a pivotal strategy for future-proofing business continuity.

Since the 18th National Congress of the Communist Party of China, the country has been placing ecological advancement in a prominent position on the agenda, and taking long-term steps to advance the Beautiful China Initiative and to realise the 'modernisation of harmony between humanity and nature'.

Despite a rebound in carbon emissions due to the resumption of business activity in FY23 after COVID, KPMG China remains steadfast in our commitment to advancing our global team's near-term science-based target (SBT) to decarbonise our business by 50 percent across all scopes by 2030, compared to the FY19 baseline. KPMG China is also determined to champion and promote green development by actively implementing environmental strategies on decarbonisation, circularity, nature conservation and more.



Certification

- ISO 14001 Environmental Management System certification

Awards

- Green Practice Performance Award – 2022 Corporate Carbon Neutrality Performance Ranking awarded by YiCai, Research Institute of Carbon Neutral Development, Shanghai Jiao Tong University and Shanghai Environment and Energy Exchange
- Hong Kong Awards for Environmental Excellence: Services and Trading – Silver Award from the Environmental Campaign Committee and the Environment and Ecology Bureau
- Green Office Label & Eco-Healthy Workplace Label awarded by the World Green Organisation (Hong Kong)



Our climate strategy

To contribute towards our global climate goals, our climate strategy concentrates on reducing carbon emissions from our own operations and driving emissions reductions with our business partners and suppliers along our value chain.

These efforts involve proactively implementing our environmental policy, improving energy efficiency, purchasing 100% renewable electricity through Renewable Energy Certificates (RECs), promoting green travel, reducing carbon emissions in our supply chain, promoting a circular economy, and protecting biodiversity. These strategies are essential components of our decarbonisation pathway, aimed at reducing negative environmental impact within our operations and along our value chain.

Supported by our professional ESG Advisory team, we also conduct an annual climate simulation analysis which provides crucial insights for refining our climate strategies and propelling us towards our climate goals. Merging environmental and business priorities, our commitment to decarbonisation is both a serious responsibility and a vital pathway to a sustainable future.

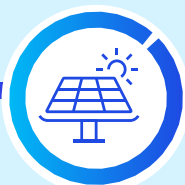
Roadmap for climate action

Decarbonisation



Energy efficiency

Our efforts focus on reducing emissions through enhanced energy efficiency across operations.



Renewable energy

KPMG China purchases 100% renewable electricity through buying RECs.



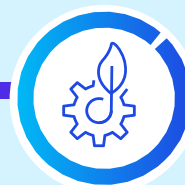
Business travel

Focusing on transitioning to sustainable travel is key to reducing our carbon footprint.



Supply chain

With 'purchased goods & services' making up close to 50%* of net carbon emissions,⁸ we continually strive to improve our procurement strategy.



Circularity

Circularity, which includes reducing waste and conserving resources, is a key enabler in our decarbonisation strategy.



Nature positive

Championing biodiversity conservation and integrating nature-based solutions is pivotal for enduring sustainability.



Carbon removal

Investing in high-quality carbon removals can support net-zero by removing emissions we cannot address through emissions reduction activities.

Internal carbon price

KPMG China implemented an internal carbon price on 1 October 2022 (see p. 69 for details).

Internal environmental policy

To support our climate targets and commitment to reducing our environmental impact, KPMG China developed a dedicated Environmental Policy in 2021, which sets out the principles and requirements for our stewardship in key environmental areas such as energy, greenhouse gas emissions, waste, water and our supply chain.

⁸ Net carbon emissions are the total GHG emissions after deducting RECs.

* Based on FY23 data

Climate risk

Our commitment: Give financial markets and our clients clear and comprehensive information on the impacts of climate change

As climate change accelerates, businesses are experiencing an unprecedented convergence of challenges and opportunities, from supply chain disruption caused by extreme weather, to increasing scrutiny and demand from environmentally conscious clients and customers. As a result, the assessment of climate risk has become a strategic imperative for businesses worldwide.

In March 2024, KPMG released the first global Climate Risk Report aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The report includes a climate scenario analysis utilising the Climate IQ tool to examine our exposure to physical and transition risks across the largest countries and territories in which KPMG firms operate (including KPMG China). The assessment financially quantifies the risks and opportunities arising from climate change and low-carbon transition. The report helps shape the development of our climate strategy, enabling us to improve our adaptability in addressing challenges and leveraging the opportunities stemming from climate change. In addition, KPMG actively participates on the TCFD Board, contributing to the development of consistent climate-related financial disclosure standards.

In light of the growing concern over climate risk, the ESG team at KPMG China has been assisting our clients with ESG services to manage risks and harness opportunities arising from climate change, integrating these factors into their business operations and strategic decision-making.

“

Mankind is facing severe climate challenges and the time to act on climate change is running out. In the face of pressing climate challenges and an evolving business landscape, KPMG China's commitment to sustainability remains steadfast. We have forged various decarbonisation strategies to move us towards our climate goal, decarbonising our operations and value chain, and paving the way for a high-quality, low-carbon transition.



Jeffrey Wong

Chief Operating Officer
KPMG China

”

Reporting our climate performance

Our commitment: Report our climate performance

Our annual Global Climate Performance (GCR) initiative to collect emissions data follows the Greenhouse Gas Protocol guidelines and provides detailed insights into our climate disclosures for FY23. This analysis has enabled us to identify the key factors contributing to the change and develop corresponding strategies for climate action.

The reopening of the borders in January 2023 resulted in an expected increase in carbon emissions. This was mainly due to the resumption of business travel, with emissions in this category experiencing a moderate increase compared to the FY19 levels. In FY23, our net carbon emissions totalled 80,017tCO₂e, up by 30.3% compared to FY22 and 1.3% compared to the FY19 baseline year. However, when factoring in the 33% growth in our workforce between FY19 and FY23, our net emissions per full-time employees (FTE) fell by 24%, from 6.7tCO₂e to 5.1tCO₂e.



Net GHG emissions per FTE
(net of RECs) in FY23

5.1 tCO₂e
-24.0% compared with FY19



Scope 1 emissions

With our operational activities regaining momentum, we witnessed an increase in emissions from fuel consumption of vehicles owned or under our direct control. In FY23, 199tCO₂e was generated, representing 0.2% of total net emissions.



Scope 2 emissions

As we purchased 100% renewable electricity through RECs, our Scope 2 emissions amounted to zero.



Scope 3 emissions

The Scope 3 emissions cover a wide range of emissions sources, including purchased goods and services, business travel, employee commuting, upstream leased assets and other miscellaneous sources.

In FY23, our Scope 3 emissions totalled 79,818tCO₂e, representing a 30.3% increase from FY22. While an increase in headcount resulted in higher emissions associated with the purchased goods and services category, the resumption of regular business activities in FY23 also led to an increase in business travel emissions compared to FY22, causing an overall increase in Scope 3 emissions.



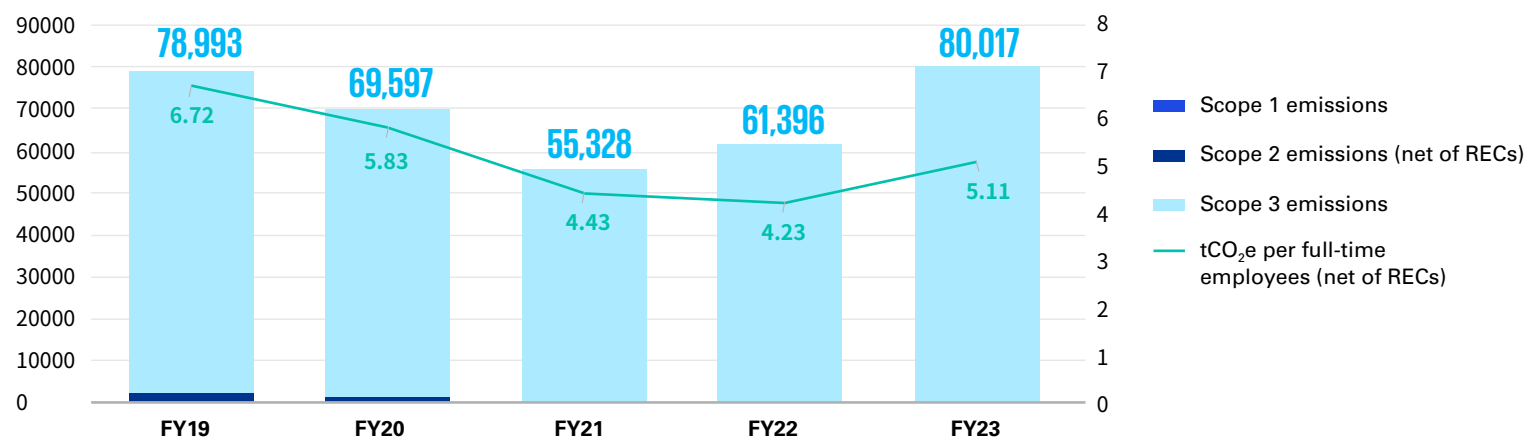
Greenhouse gas (GHG) emissions (tCO₂e)

	FY19	FY20	FY21	FY22	FY23
Total GHG emissions (location-based)	85,700	76,198	63,980	69,910	88,781
Total GHG emissions (net of RECs)	78,993	69,597	55,328	61,396	80,017
Scope 1 emissions	146	130	142	133	199
Scope 2 emissions (location-based)	9,092	7,998	8,653	8,515	8,764
Scope 2 emissions (net of RECs)	2,385	1,397	0	0	0
Scope 3 emissions	76,462	68,071	55,185	61,263	79,818
tCO ₂ e per full-time employees (location-based)	7.29	6.38	5.12	4.82	5.67
tCO ₂ e per full-time employees (net of RECs)	6.72	5.83	4.43	4.23	5.11

Note: Restatement of GHG emissions

There has been a restatement of our previously reported GHG emissions, details of which can be found on p. 105 of this report.

% change of GHG emissions (net of RECs) (tCO₂e)





Improving energy efficiency

We continue to strive for improvements in energy efficiency in our existing and new offices. From building selection and refurbishment to infrastructure upgrades, we aim to install energy-efficient equipment such as motion sensors and timers, while transitioning to LED lighting wherever possible.

In FY23, we also upgraded our printing facilities and services to reduce energy consumption and paper waste. Furthermore, the opening of our new office in Shanghai, KAMPUS, is another demonstration of our aspirations for more sustainable workspaces (see next page).



Sourcing renewable electricity

Our commitment: Source 100% renewable electricity

KPMG China's commitment to sourcing 100% renewable electricity has been fulfilled through the purchase of renewable energy certificates (RECs) since FY21. In FY23, we continued to purchase approved International Renewable Energy Certificates (I-RECs) and, subject to the development of the green electricity market in China, we will seek to purchase more Green Electricity Certificates (GECs) in future to support national renewable energy projects in China.

Eco-friendly printing upgrade

With a sustainable mindset driving our actions, we upgraded our printing facilities to reduce emissions and waste in FY23. Through these improvements, including the replacement and reduction of multifunctional devices across offices, emissions can be reduced substantially.

Additionally, we have introduced a CO₂ emission indicator on printer screens which helps to empower conscious printing decisions. In tandem, the disabling of direct printing, as well as the default setting to double-sided printing, reduces paper waste, while the implementation of dark mode on monitor screens reduces power consumption. These improvements exemplify our ongoing journey towards creating a sustainable workplace and fostering a greener future.



A green, low-carbon office building – KAMPUS

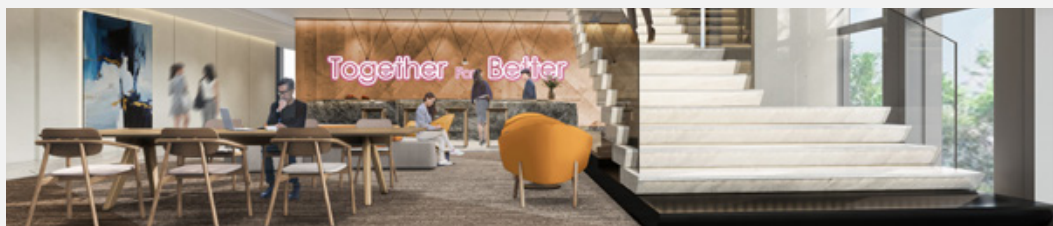
The design of our new Shanghai office, KAMPUS, is rooted in the concept of sustainability. The Workplace department has worked in close collaboration with the Procurement team, our sustainability colleagues and other departments to integrate the ethos of environmental awareness into the project.

With a focus on reducing environmental impact, the Procurement team took care to select designers and contractors who could fulfil our requirements. It was also important that KAMPUS be situated in a green building, with our chosen site being a LEED GOLD-certified green building.

We have endeavoured to infuse the principles of green living and low-carbon practices into the design and layout, optimising the use of energy, land, water and materials. Our furniture selection also aligns with our low-carbon ethos, favouring durable, mobile and flexible furniture options.

Energy efficiency has been addressed through intelligent lighting control linked to light-sensitive curtain control systems; CO₂ monitoring linked to the building ventilation system; photovoltaic power generation; and other energy-efficient measures aimed at curbing electricity consumption. Class I water-saving appliances and direct water dispensers have also been installed to reduce water consumption.

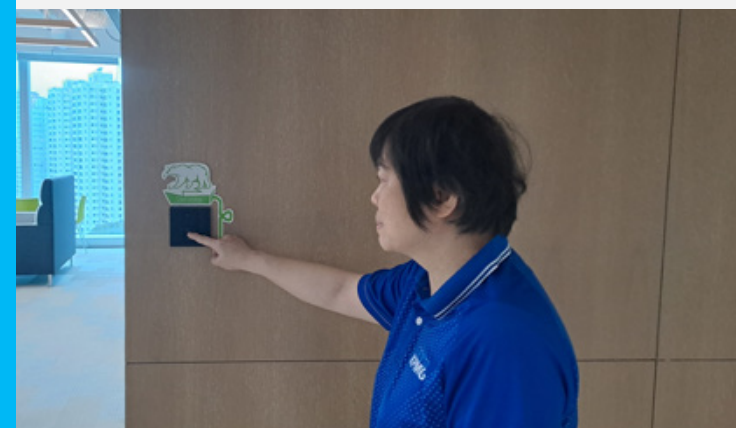
In addition, circularity is prominent in the new KAMPUS building, where a dedicated Green Corner and recycling facilities have been established to promote resource conservation.



Raising awareness of energy saving with an extra Earth Hour

For over a decade, KPMG China has been a proud supporter of WWF's Earth Hour initiative, working with our building management teams to ensure the turning off of all non-essential lights across our offices. For Earth Hour in 2023, we took an additional step forward – switching off the majority of the lights in our offices over lunchtime the day before Earth Hour and giving our people the opportunity to get involved.

Added an additional Earth Hour on a weekday in all offices to raise staff awareness



Implementation of an internal carbon price

Our commitment: Drive behavioural change to improve environmental practices in our workplace

As an important enabler of decarbonisation, the internal carbon price (ICP) initiative was officially launched on 1 October 2022. The ICP applies the 'polluter pays' principle and is a fee charged to responsible departments based on business travel emissions from air travel, rail travel and hotel accommodation.

The significance of the ICP lies in its ability to integrate carbon considerations into our business decisions, while funds collected from the ICP will be used to finance decarbonisation projects to help us better contribute to our global climate goals.

Though quantifiable progress may take time to materialise, the initiative actively engages our people, fosters environmental awareness and empowers sustainable actions across all levels. Assigning a carbon cost to business travel aims to discourage our people from non-essential travel, nurturing a culture of conscious decision-making when travelling.



A greener approach to business travel

As the world returns to business as usual and the desire for face-to-face interactions increases, we find ourselves at a pivotal juncture. Balancing the benefits of in-person engagements with the pressing need for decarbonisation has led us to advocate for a more sustainable approach to business travel. This includes promoting the use of virtual meetings and collaboration tools to reduce the requirement for extensive business travel, and encouraging our people to opt for rail travel rather than air travel.



Announcement of Green Routes

As an enabler to achieve our climate goals, we advocate for the promotion of rail travel for business trips within the Chinese Mainland. This option can offer benefits such as better comfort and also aligns with our determination to mitigate our environmental footprint.

For example, a one-way trip from Shanghai to Beijing on an economy-class flight will generate much higher emissions compared to taking the high-speed railway on the same route. This means that when travellers switch from air to rail travel, it will drive down our carbon emissions and less ICP charges will be paid.

With that in mind, on Earth Day in 2023 we announced 16 frequently travelled Green Routes. These routes, all less than 1,200km and taking five hours or less to travel by train, have been identified to encourage our people to choose lower carbon travel options.



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Air travel was once my default choice for its speed and convenience. However, after learning more about its significant carbon emission, and learning more about sustainable travel, I've come to understand the importance of considering the environment impact of my personal travel choices. We all owe a great deal of responsibility to our planet.

Recognising that each of our individual actions or behaviours contribute to the firm's carbon footprint, I believe it's essential to not remain passive in this regard. Leading by example, I've embraced the switch from air to rail travel, a decision that's not just environmentally responsible, but comes with several additional benefits. One notable advantage is the stability and comfort that trains offer throughout the entire journey without any disturbances such as turbulence, while I can also enjoy a more scenic trip. Another major benefit is the significantly shorter check-in and boarding times.

While it might seem that one person's decision is inconsequential, when we act collectively, our decisions can drive meaningful change. By opting for rail travel, I contribute to lower carbon emissions which is critical for a better and more sustainable future!



Wilson Pang

Head of Our Impact Plan, KPMG China

Head of GBA Strategy and Development Office, KPMG China

National Philanthropy Steering Committee Member, KPMG China

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Reducing our supply chain emissions

Sustainable supply chain management is crucial to our decarbonisation efforts. It addresses the significant portion of emissions originating from the supply chain and aligns with our commitment to tackle climate change.

Our strategy for sustainable supply chain management

We strive for continuous improvement in our procurement to meet our firm's sustainability and environmental expectations.

- We work closely with KPMG's global sustainable procurement network to ensure synergy in operationalising our OIP commitment in supply chain management.
- We translate sustainability principles into actionable guidelines and establish criteria for procurement to foster more sustainable purchasing decisions.
- We monitor carbon reduction resulting from our initiatives and refine our strategies for optimal impact.
- We also monitor the progress of suppliers and offer actionable suggestions to enhance sustainability.
- We encourage vendors to integrate sustainability and decarbonisation-related elements into the product or service they are providing for KPMG China.

Promoting supplier engagement and collaboration

We are actively taking steps to engage our suppliers and enhance supplier management, aiming to provide them with a deeper understanding of how they can align their operations with our sustainability objectives.

- **CDP Supply Chain programme:** We continue to engage suppliers through the Global CDP Supply Chain programme. In addition to the top multinational suppliers approached by the KPMG Global network, we also invited 28 local suppliers to submit their carbon footprints for this programme. This collaborative, data-driven approach helps us identify areas for improvement, enhances risk management and provides targeted support to suppliers themselves.
- **Sustainability supplier check:** We have established a standard sustainability check process for our critical sourcing projects. Through this process, we evaluate sustainability status and performance to select quality suppliers who are not only commercially strong but also support KPMG China's ESG principles through their actions. In FY23, we engaged 89 suppliers and examined the top 49 suppliers' sustainability performance.
- **National supplier webinar:** In July 2023, we initiated a national supplier communication webinar to equip 59 suppliers with a sustainability mindset and introduce them to our approach towards sustainability. Through informative sessions, we introduced KPMG China's OIP strategies and expectations, as well as shared our CDP Supply Chain programme and sustainability check requirements, which has assisted our suppliers in embarking on their own sustainability journeys.



Engaged **28** selected local suppliers to submit their environmental data through the CDP Supply Chain programme



Promotion of circularity

Embracing the circular economy is vital for our decarbonisation efforts, and we are mindful of the items we use and where they end up. We continuously strive to reduce waste, improve resource efficiency and implement sustainable practices, particularly in three areas – IT equipment, offices and property services, and events and catering.

01 IT equipment



Our attention in this area is focused on the responsible management of hardware, from laptops to electronic accessories such as mice and keyboards. Our retired laptops are given a second life through reselling or are donated to non-profit organisations and schools. Additionally, we work with our printer supplier to recycle toner and printer cartridges, with 1,848 toner and printer cartridges recycled in FY23.

02 Offices and property services



We also incorporate the principles of circularity into our office refurbishments and relocations, in line with our Green Fit-out Guide. This involves prioritising green-certified buildings for leasing, collaborating with eco-certified contractors, selecting refurbished furniture and procuring low-carbon materials. Our flagship KAMPUS project stands out as a prime example (see p. 68).

We promote the 'Reduce, reuse, and then recycle' approach to curb the amount of waste sent to landfills. Recycling bins for different waste streams are available in our large offices, and we run seasonal collection campaigns for items such as mooncakes, clothing and red packets. Moreover, we strive to reduce water consumption from our operations by displaying water-saving signage.

14 Green Corners set up in our offices nationwide



67% of our office floor area is located in buildings with green and/or wellness-related certifications

- 16 offices with LEED certification
- 2 offices with BEAM Plus certification
- 3 offices with WELL certification
- 3 offices with other green certifications



03 Events & catering



As in-person events resumed in 2023, we leveraged the opportunity to launch our refreshed Green Events & Souvenirs Guidelines for Earth Day.

These refined guidelines serve as a framework to steer our people towards reducing the environmental footprint of our events. Our focus is on promoting sustainable choices, including aiming for 50% plant-based food (which has a lower carbon footprint than animal products), selecting zero-waste souvenirs and avoiding single-use plastic products. These measures are integrated into an array of events, including our annual conference.

To expand the implementation of these guidelines, our Events team has received training to familiarise them with the updated guidelines, enabling them to incorporate sustainable practices into event planning. Additional training sessions are being offered to other stakeholders who are involved in organising events.

Giving furniture a new life

To ensure our office furniture continues to serve others, our Workplace team in Hong Kong made a considerable effort to ensure each piece of furniture in storage found a new life. The furniture, which had been stored from our earlier office move, was repurposed through three different channels – reuse in other offices, donation to charities and schools, or repaired and resold.

Around 9% of items were reused in our offices, while charities were offered anything they might need. Tables, cabinets and more were donated, making up about 11% of the items. All remaining furniture and parts were collected by a furniture repair and resale company, and readied for reuse or resale. By reducing waste, we were able to support others and keep resources in use for longer.

Similarly in Shanghai, our surplus furniture, including chairs, workstations, cabinets and more, was shared with NPOs. The remaining items were sent to an organisation for resale, and instead of accepting payment for the furniture, the money was donated to charities on our behalf.



We strive to embed the concept of 'green events' into KPMG China's event planning and execution wherever possible. Taking KPMG China's 2023 Partners and Directors Conference as an example, we introduced initiatives such as serving plant-based meals, donating leftover food to charity, and implementing food waste management practices to actively promote this concept.



Anita Chau

Marketing and Events Director
KPMG China



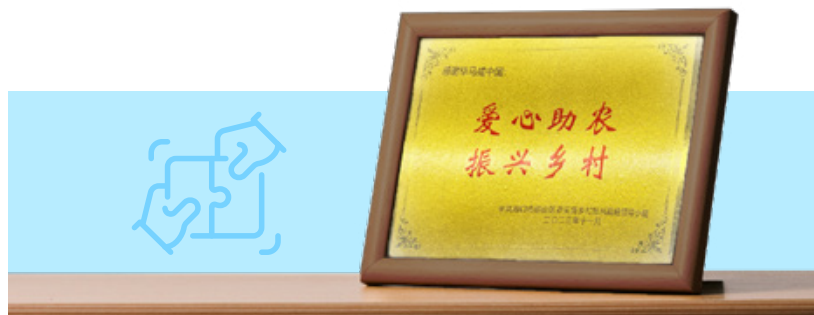
Empowering communities through circularity

By donating useful and usable items that have served their initial purpose in our offices, we are able to extend their lifecycles. This includes donations of furniture, bikes from our Leaders Developing Leaders workshop (see more on p. 54), and retired laptops through the Pad for Hope programme. Through partnerships with non-profit organisations and schools, we have channelled these resources to those in need, benefiting both the recipients and the environment.

Creating a virtuous cycle of sustainability, community support and empowerment

In collaboration with Pad for Hope – a charity focusing on narrowing the information and technology gap between cities and villages by leveraging technology – we were able to merge our volunteering efforts and in-kind donations. By donating retired laptops to this organisation, we were able to repurpose them while bridging the digital divide, empowering underprivileged children to explore, learn and dream beyond their immediate surroundings. A great merging of the ‘E’ and ‘S’ of ESG!

In 2023, we also donated 80 laptops to the Administration for Rural Revitalisation for Qiongsan District of Haikou to support local farmers’ e-commerce businesses. In addition, 79 laptops were donated to Guangzhou Qichuang Social Work Service Center and Beijing Stars and Rain Education Institute for Autism, while 50 laptops and 130 desktops were sent to Little Swan Migrant School as educational tools for underprivileged youths.



Nature and biodiversity



Embracing nature and biodiversity for a sustainable future

Our commitment: Understand our impact on nature and biodiversity, and make positive improvements

Our journey towards sustainability is guided by the principle of becoming 'nature positive'. KPMG China is dedicated to protecting biodiversity by gaining a better understanding of our impact on nature and improving our focus on biodiversity. Collaborating with well-established NPOs, we channel resources into meaningful projects that preserve and restore the delicate balance of freshwater, wetland, forest and ocean ecosystems.

Globally, KPMG is a member of the Taskforce on Nature-related Financial Disclosures (TNFD). We will continue to align with leading practices through supporting initiatives such as the TNFD to help ensure our approach to business considers our impact and dependency on nature.



Protecting freshwater resources in Guangdong Province and promoting ecological revitalisation

In collaboration with Conservation International, KPMG China supports a freshwater conservation project in Xiadong village, – which is in Xinhuilong located in Dongyuan county in Heyuan city, Guangdong province – and aims to protect water resources in the Dongjiang Basin and enhance the water quality of a vital water source in the GBA. In addition, the project fosters villagers' self-reliance and improves the water environment through community capacity building and the funding of the construction of an artificial wetland. By supporting the development of rural nature protection and cultural experience projects, the project explores rural development in an environmentally friendly way to support rural revitalisation.

In March 2023, to celebrate the project's second anniversary, KPMG China donated a set of large-scale solar photovoltaic power generators to the freshwater park to support the electricity consumption of the freshwater park, fully leveraging the advantages of green energy, fostering energy conservation and carbon reduction, and furthering rural ecological revitalisation efforts.

Freshwater park highlights

- Processes a maximum of 15 tonnes of wastewater daily
- Removes up to 90% of pollutants
- Promotes participation of local villagers in the wetland construction
- Benefits 250+ direct beneficiaries



“

We would like to thank KPMG China for their tremendous support to Xiadong village. Today, our village has not only witnessed significant improvements in its ecological environment, but the villagers' lives have also been greatly improved through the development of local eco-tourism. These changes have had a notable impact, bringing more happiness and satisfaction to the lives of our villagers.

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Yanghui Dai

Memembr of CPC general branch committee
Xiadong village

Supporting the ecological conservation of wetlands and helping to build a beautiful GBA

As part of China's commitment to building a harmonious coexistence with nature on the path to Chinese modernisation, we are proud to be significantly expanding our conservation endeavours in partnership with the Shenzhen Mangrove Wetlands Conservation Foundation (MCF).

Leveraging the momentum generated by our successful two-year conservation programme initiated in 2020 to safeguard and manage the Shenzhen Bay ecosystem, we supported MCF to launch the 'Green GBA – Outlook for the Future' Forum in March 2023, extending our efforts to support the sustainable development of the GBA.

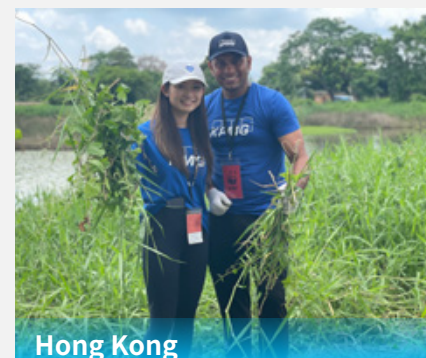
The partnership with MCF echoes the core tenets of China's green transition policies to help achieve higher-quality development, while safeguarding our planet's intricate biodiversity.



World Environment Day 2023

The theme of World Environment Day 2023 in China was 'Building a modernisation of harmony between humans and nature.' To celebrate this initiative, KPMG China collaborated with a number of non-profit organisations to organise 16 biodiversity conservation activities in 11 cities and mobilise our people to take practical actions to protect the environment.

In addition to a series of green workshops and environmental-themed volunteering activities held in different offices, we also collaborated with MCF and WWF-Hong Kong to carry out environmental protection and conservation activities in Guangzhou, Shenzhen, Hong Kong and Shanghai. Together, we removed invasive plants and marine litter from mangrove wetlands to reduce the loss of indigenous species and promote sustainable ecosystem development.



Encouraging environmental volunteering

Active staff participation is pivotal in promoting nature conservation programmes.

WWF-Hong Kong

KPMG China has been a long-term supporter of the World Wide Fund for Nature (WWF) and collaborated with WWF-Hong Kong on various conservation programmes. These include a forest ecosystem restoration programme in Northeast China and a sustainable seafood programme in Hong Kong. In FY23, we organised several educational workshops and a coastal clean-up with WWF in Hong Kong, encouraging our staff to volunteer, thereby deepening their awareness of nature conservation.

KPMG China has been a Silver Corporate Member of WWF-Hong Kong since 2014.



Earth Day 2023

For Earth Day in April 2023, KPMG China launched a series of activities focusing on the theme of 'Building a sustainable workplace'. These included climate-themed webinars and workshops, as well as volunteer opportunities such as beach clean-ups, recycling initiatives and more.

The focus of the 2023 campaign was on raising awareness among our people and providing practical tips on topics related to our workplace – such as how to host more sustainable events, how to be part of the circular economy and how to travel in a more sustainable manner – to encourage our people to take action to protect the planet.

5,400+ hours
devoted to environmental volunteer work



People story

Jane Chen

I'm Jane Chen, a manager in the Corporate Social Responsibility (CSR) team at KPMG China. I've been working at KPMG China for nine years. When I first joined, I volunteered to be a member of the CSR Committee in the Guangzhou office, and since then I have played an active role in organising volunteer campaigns at the firm. In early 2019, a transfer opportunity arose and I moved to the CSR department, with the support of the Tax partners. Since then, I have been mainly responsible for organising environmental protection and volunteer campaigns in the Southern region.

The projects that I am involved in bring a positive impact to the community and the environment, which has been a source of motivation to stay passionate about my work. Currently, I'm heading up work on the environmental protection and nature conservation aspects. Through this role, I have come to deeply appreciate the vital role of education in raising environmental awareness, which is crucial for the conservation of nature and biodiversity.

One of the projects that has had the greatest impact on me is the artificial wetland project at the freshwater park in Xiadong village. We worked with our environmental and community partners to provide education and training on protecting water sources, as well as offered guidance to the villagers on the formation and management of the wetland. This approach allowed us to build villagers' ownership of the project and some of them took the initiative to make recommendations that ultimately made the freshwater park more community-friendly and sustainable. Since the completion of the project, we have been pleased to see that the water source in Xiadong village is cleaner, the ecological environment has improved, and the overall living standards of the villagers have risen.

Rome was not built in a day, and this is also true of sustainability. In my daily life, I strive to be a role model for green practices. From cutting down my consumption of single-use disposables and bringing reusable utensils, to organising internal environmental campaigns and training sessions, I want to make a gradual but persistent impact on the people around me. Meanwhile, I participate in internal and external meetings and forums to share the firm's latest practices in sustainable development, hoping to influence a wider range of stakeholders.

I believe that the environmental and educational charitable programmes that my team works on have positively impacted our society, aligning with the firm's Value of 'For Better'. Looking ahead, I hope to further enhance my professional skills to support our sustainability goals and contribute to building a better, more sustainable future.



Prosperity

Making a positive social and economic impact and driving good corporate citizenship



Our commitments



Contribute to the economic development of China



Support the communities in which we operate

Staying deeply rooted in China and promoting high-quality development

Against the backdrop of a slowing global economy, China has been shifting its economic focus towards domestic growth and harnessing a 'dual circulation' development model in which domestic demand plays a dominant role, while remaining open to the international economy. KPMG China continues to be optimistic about China's economic future while growing our business in China in an effort to contribute to high-quality development.

Our commitment: Contribute to the economic development of China

2023 marked the first year in which the spirit of the 20th National Congress was implemented, as well as a critical year for the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035. Going forward, KPMG China will focus on honing our professional skills so that the firm can better integrate into the national development plan, contribute to the country's modernisation and offer support for the great rejuvenation of the Chinese nation.

Keeping pace with the times and providing support for development

- Starry Lee, consultant of KPMG China, and Peter Kung, former vice chairman of KPMG China, attended the annual plenary sessions of the National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC) (the 'Two Sessions'), serving as a deputy to the NPC and as a member of the national committee of the CPPCC, respectively. Starry and Peter participated in discussions and provided recommendations on important topics, including talent development, tax reform, and the development of the GBA. In addition, during the local Two Sessions, nearly 30 professionals from KPMG China served as deputies to the People's Congress and as members of CPPCC committees. In their capacities, they had the opportunity to provide advice on issues related to high-quality economic development in various regions.
- KPMG China carefully studied the spirit of the Two Sessions and issued the Takeaways from China's 2023 Two Sessions report, which provided a detailed interpretation of the 2023 Government Work Report and the Two Sessions. In addition, several KPMG China partners provided analysis and insights on hot topics from the Two Sessions, which generated attention from the media.



Party building in celebration of the 20th National Congress

To celebrate the 20th National Congress of the Communist Party of China and study its spirit, KPMG China organised 630 Party members from 27 Party organisations to watch the opening session of the 20th National Congress and listen to the report delivered by President Xi Jinping on behalf of the 19th Central Committee of the Communist Party of China.

KPMG China organised an array of Party building activities to celebrate the 20th National Congress in various offices in China, emphasising our strong determination in this journey of a new era. In these activities, Party members and cadres were encouraged to remain true to their original aspiration and mission, and to communicate the spirit of the 20th National Congress to others.





Contributing to China's Regional Coordination Strategy – Creating business and employment opportunities

In FY23, KPMG China continued to pursue our regional penetration strategy, setting up a new office in Wuxi, and establishing the KPMG Delivery Centre (KDC) in Chengdu. These office openings expanded the firm's presence to 31 cities across China, with a total workforce of 14,775 people, among which 2,913 were new hires (as of 30 September 2023).

We believe this expansion will not only help to foster a local talent pool and boost the local economy, but also help to strengthen our relationship with local governments, regulators and clients, driving high-quality development in local markets collaboratively.



Newly hired
in FY23:

2,913 people

Percentage of
newly hired:

19%

Supporting integration in the Yangtze River Delta: Establishing a new office in Wuxi

The Yangtze River Delta boasts leading infrastructure, public services, industrial clusters and innovation capabilities; and for this reason, the integrated development of the region has been made a strategic goal by the national government. With Shanghai as the base, KPMG China leverages our offices in the region's major cities to reach surrounding areas, covering the entirety of the Yangtze River Delta.

On 2 November 2022, the firm opened an office in Wuxi. In the coming years, we will assist Wuxi in building special industrial clusters and innovation centres, with the goal of fully integrating Wuxi into the development of the Yangtze River Delta and making it a competitive hub for modern industries.





Supporting the Chengdu-Chongqing Economic Circle – Opening a new KPMG Delivery Centre in Chengdu

In June 2023, the firm's new KPMG Delivery Centre (KDC) officially opened in Chengdu. The third KDC in China will mainly perform middle and back-office work and assist the Audit, Advisory, Tax and business support functions, which are contracted by business units and partnerships nationwide. The new office will adhere to high standards and deploy intelligent technologies to optimise the firm's internal processes and drive efficiency. Our professionals at the Chengdu KDC will play their part in the construction of the Chengdu-Chongqing Economic Circle, offering their support for the high-quality development of market players in the country's western region.



Driving high-quality development in the GBA – Setting up the GBA Strategy and Development Office

The GBA is a key area in the country's national strategy and one of the most open and economically vibrant regions in China. In recent years, as the GBA strategy has made steady progress, Guangdong, Hong Kong SAR and Macao SAR have become increasingly integrated in terms of infrastructure, institutions and rules, and cultures. With its rich heritage, unique advantages and economic strengths, the GBA has huge potential for further development.

To support this critical national strategy, KPMG China set up the GBA Strategy and Development Office in FY23. Our goal is to leverage our professional advantages to serve as a think-tank for the GBA and support the region's high-quality development.

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The GBA stands as a pivotal component of China's national strategy, championed by President Xi. The GBA today exudes a sense of prosperity, innovation and dynamism. It brims with opportunities and our firm is actively participating in its progress, harnessing our professional expertise to deliver customised, first-class services to local enterprises, and contributing to the region's high-quality development.

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Ivan Li

Senior Partner, Southern China Region
KPMG China



2023 China International Consumer Products Expo (CICPE)



Under the theme of growth and vitality, KPMG China hosted several highlight sessions on topics such as the metaverse, government and public affairs, consumer services, ESG, life sciences and finance. These sessions showcased our cutting edge insights and solutions for the future from multiple perspectives.



Boao Forum for Asia 2023



Ricky Wong, former Senior Partner of the Southern China region; Reynold Liu, Head of Advisory; and Michael Jiang, Head of Clients and Markets at KPMG China, represented the firm at the event, offering their insights into key issues such as the global economic recovery, the Belt and Road Initiative, the GBA, the Hainan Free Trade Port construction and digital transformation.



Sharing cutting-edge insights and new opportunities

2023 China International Fair for Trade in Services (CIFTIS)



With the theme 'Beyond Insights - Society, Environment and Technology', KPMG China showcased our latest industry insights and innovation achievements across five themed days: Embracing Nature, Driving the Times, Rooted in the Regions, Advancing amid Risk and Developing Green Co-Prosperity.



2023 China International Import Expo (CIIE)



At the 2023 CIIE, KPMG China's exhibition booth, themed 'Make the Difference,' centred on topical challenges in corporate growth, featuring daily themes of Foresight, Intelligence, Innovation, and Dedication. We presented the latest industry insights and hosted discussions with experts from various sectors and research institutions, focusing on strategies for businesses to excel in a competitive landscape.





Driving high-quality development through technological innovation

Innovation drives development and shapes the future. The report to the 20th National Congress of the Communist Party of China underscores the significance of science and technology as China's primary productive forces, outlining the nation's dedication to exploring new realms of development and fostering new growth drivers and strengths.

With the accelerating trend of innovation-driven development in China, KPMG China has been guiding our clients to adapt to development trends, helping them navigate new challenges and facilitating their digital transformation journey.

Our digital transformation team is made up of multi-functional professionals specialising in various fields, including KPMG Lighthouse, digital enablement, digital operations, deal advisory, and people and change consulting. Through our professional teams and technological services, we empower our clients to pursue business transformation and create shared value.



82%

of our people
agreed that they are
encouraged to suggest
new and better ways of
doing things

Source: KPMG China's Global People Survey results 2023



KPMG's Yushu ESG platform and Climate IQ digitally empower corporate ESG practices

In December 2022, KPMG China launched the Yushu ESG platform which transforms ESG information management. This innovative platform replaces traditional, inefficient manual data collection models with modern management and digital statistical tools. Its primary goal is to fulfil our client's needs for effective ESG data management and information disclosure.

We also launched another ESG-related digital product named Climate IQ, which is a market-leading platform for managing climate risks. It applies modelling techniques to help companies identify, quantify and manage climate risks and opportunities while meeting regulatory requirements for financial disclosures and auditing standards.

Lighthouse

KPMG Lighthouse integrates cutting-edge technologies with sector expertise. It also serves as our centre of excellence for data analytics and artificial intelligence (AI), offering targeted and practical solutions to accelerate innovation and business growth.

Case study

Harnessing AI to optimise data solutions for financial regulations

Leveraging our legal compliance professionals and cutting edge AI technologies, KPMG China has assisted a number of information service providers in optimising their data solutions and achieving financial compliance.

Our team identified relevant regulations from massive amounts of regulatory data, as well as implementing AI-based models to conduct automatic screening, analysis and annotation of the regulations. Through this process, we have made comprehensive improvements to data products that drive financial compliance, providing invaluable support to financial compliance management personnel in their decision-making and efficient work processes.

Enabling a leading bank to fine-tune offshore intelligent compliance management

KPMG China's AI Factory and regulatory technology solutions help clients to standardise, structure and label regulatory legislation from different jurisdictions, improving the connectivity and tracking of various components of compliance management such as regulatory rules and internal systems controls. In one case harnessing the capabilities of the AI Factory, the client's IT department automated AI model training, model monitoring and re-training processes, boosting the serviceability of the bank's smart products.

KPMG Digital Ignition Centre (KDi 2.0)

Since its launch in 2017, KDi 1.0 has been delivering strong results and driving the growth of the firm's technology consulting services. To support KPMG's Advisory-Implementation-Operation (AIO) business model, we are upgrading the KDi 1.0 model to KDi 2.0, which is scheduled for launch in 2024. In the KDi 2.0 concept, we focus on the role played by KPMG professionals in engagements and provide them with a clearer roadmap for development. The new model will help us to deliver quality professional services in a more effective way.

China Alliance Strategy

KPMG China has been strengthening long-term relationships with leading technology companies, such as Microsoft, IBM China, Tencent, Kingdee and Laiye, as key alliance partners. By collaborating with these partners, we strengthen our technology ecosystem, pursue technological innovation, and provide more professional and efficient services to clients.

KPMG and Microsoft enter landmark agreement

Globally, KPMG has been investing heavily in AI and cloud services in recent years. In 2023, KPMG and Microsoft announced the expansion of global relationship to reshape professional services across a number of business-critical areas including workforce modernisation, safe and secure development, and the use of AI solutions. With Microsoft's tools, KPMG will help its clients keep pace with the rapidly evolving AI landscape and solve pressing business challenges, positioning them for future success.



Pioneering technological innovation with digital, intelligent insights

2022 Global Digital Trade Expo

With the theme of ‘Enabling Businesses with Digital Technologies for a Better Future’, KPMG China held sharing sessions on a range of topics including the Metaverse, tax technology, ESG, smart government, digital finance and innovative digital services. The sessions showcased our latest achievements in emerging technologies and digital services.



2023 Mobile World Congress Shanghai

KPMG China has been paying close attention to the 5G transformation and the development opportunities for start-ups in the sector. Our report titled ‘Future prospects for the telecommunications industry’ provides recommendations on how to seize opportunities in the new era, as well as offering insights into the future development of the telecom industry.



2023 World Artificial Intelligence Conference (WAIC)

At the 2023 WAIC, KPMG China and Lenovo Group released a joint report titled ‘Generally Applicable, Intelligent Computing Power Opens a New Era of Computing’, which includes in-depth industry research and expert interviews on the future trends in computing power.



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For years we’ve been deeply involved in technological advancements, supporting our clients in areas including digital transformation, the Metaverse, AI and other cutting-edge fields. Leveraging our expertise, we provide forward-looking insights and professional services, empowering our clients and driving high-quality economic development.

”



Reynold Liu

Partner, Head of Technology and Innovation
Head of Management Consulting
KPMG China

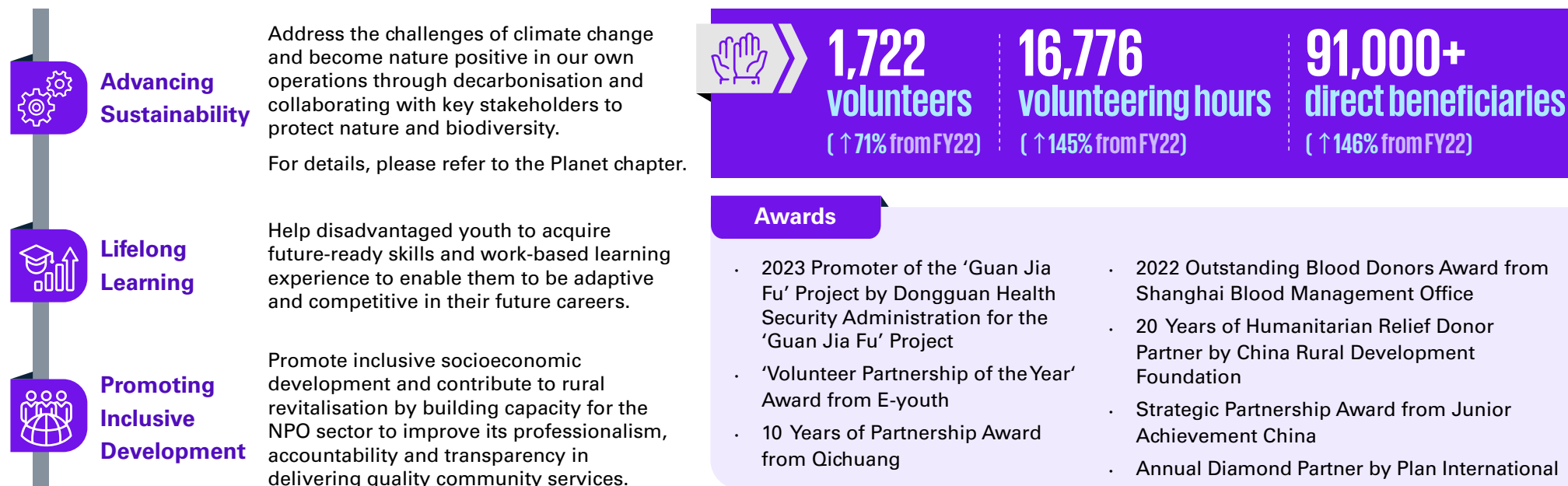
Serving as a responsible corporate citizen

Our commitment: Support the communities in which we operate

As part of our efforts to serve as a responsible corporate citizen, KPMG China is actively working to address the issues of carbon neutrality, rural revitalisation and high-quality development. In line with the KPMG Value – For Better, we are leveraging our own resources and capabilities to provide innovative solutions in addressing social and environmental needs and playing our part in building a harmonious society.

Corporate social responsibility (CSR) strategy

At KPMG China, our CSR strategy focuses on three key areas – Advancing Sustainability, Lifelong Learning and Promoting Inclusive Development. We aim to deploy our professional capabilities and resources in collaboration with non-profit organisations (NPOs) to narrow inequality, tackle climate challenges and build trust within our communities.



Lifelong learning

KPMG's global 10by30 strategy

KPMG has introduced the global 10by30 strategy to help economically empower 10 million underprivileged young people by 2030 through education, employment and entrepreneurship.

Under this strategy, KPMG China has adopted a needs-based approach to better serve disadvantaged young people.

KPMG China has also further refined our education empowerment strategy to focus on equipping disadvantaged youth with future-ready skills and school-to-work transition support, fostering resilience and competitiveness in their prospective careers.



Future-ready skills training

Enhance students' employability skills for future success in the labour market through employment-oriented education, training and mentorship



School-to-work transition

Support students in their transition from school to work through CV and interview workshops, career sharing, mentorship, internships, etc.

Light the future – KPMG education for empowerment

We recognise that our people are the strongest supporters of our CSR efforts. The extensive involvement of our volunteers has been the foundation of the firm's 10by30 strategy.

Launched in 2022, the 'LightThe Future – KPMG education for empowerment' volunteering initiative aims to leverage our people's professional knowledge and skills to support the 10by30 strategy and provide future-ready skills training and school-to-work transition support for underprivileged youth. Our goal is to help set them up for a brighter future.





Future-ready skills training

Targeting primary school students



Introducing digital equipment and curriculum to improve the quality of rural education

To support the rural revitalisation strategy, KPMG China has been investing significant resources in improving the quality of rural education and supporting talent development in rural areas. Since 2010, KPMG China has funded rebuilding projects for five KPMG primary schools in Yunnan, Gansu and Jiangxi provinces, and the firm has been regularly organising online and in-person school missions. Every year, more than 1,200 students receive their education in these primary schools.

Due to the substantial improvement in rural schools' infrastructure, we are now focusing our resources on supporting digital infrastructure at schools and upskilling students. To this end, we are collaborating with social organisations and harnessing the skills of our volunteers to provide systematic skills training, with a special focus on equipping rural students with future-ready skills that will better

prepare them for the future. These efforts demonstrate our contribution towards advancing rural education and rural talent development.

In order to equip rural children with digital skills and narrow the gap in educational resources between rural and urban areas, KPMG China joined the Pad for Hope project, organised by the Chengdu Pad for Hope Public Service Centre, which provides digital facilities and digital learning experiences for rural schools.

Through this project, our volunteers delivered live online courses in science, culture and life to thousands of rural children. In addition, under the Virtual Education Programme, university students and KPMG volunteers ran interactive courses to help rural primary and secondary school students gain an early understanding of careers and inspire them to think about their career development and the steps they can take to prepare for the future.





People story



Tina Wang

I'm Tina Wang, secretary of the Party Committee and Senior Partner of KPMG Huazhen's Guangzhou branch. In September 2023, KPMG China volunteers and I arrived in Tongtian Township, Fengcheng City, Jiangxi Province to participate in the opening ceremony and Smart Classroom Launch Ceremony for the fifth Primary School that KPMG China has supported in rural areas –Yanjiang Primary School. In Tongtian we also organised school missions. On this amazing journey, I was touched by the smiling faces of the children as they studied at the new campus and I gained a better understanding of the role played by education and technologies in empowering the younger generation.

Improving rural education is an important way to broaden the horizons and open the minds of children growing up in the rural areas. Our volunteers delivered interesting courses and fresh perspectives to the children, giving them a sense of the world outside their home areas. The Pad for Hope Smart Classrooms programme, which is funded by KPMG China, provides basic facilities and tools that support the delivery of information technology courses and digital literacy education, with a view to introducing children to the world of emerging technologies and bridging the educational gap between urban and rural areas.

Employee participation is of vital importance to KPMG China's programmes to empower community development and promote rural revitalisation. As a Party member, I'm constantly reminded of the importance of acting as a role model in encouraging my colleagues to get more involved in volunteer services. As a mother, I also encourage my two children to take part in volunteering activities in the sincere hope that the experiences will instil positive values in them and give them a better understanding of the commitments of the firm their mother works for.

Going forward, I will continue to act as a role model in serving the public and put my mission as a Party member into practice. Moreover, I will take the lead in organising and participating in volunteer activities and public service to deliver a positive impact on society.



Tina Wang was one of the recipients of the 2023 Chairman's Awards.

About the Chairman's Awards: The KPMG China Chairman's Awards are given to outstanding colleagues and teams who have displayed a sustained commitment or made a significant impact to improving social or environmental issues. In 2023, 11 individuals and 5 teams were honoured with Chairman's Awards.

Boosting social skills for young students from low-income backgrounds

Since 2003, KPMG China has collaborated with the Society for Community Organisation (SoCO) in Hong Kong to improve the English proficiency and other essential skills of students from low-income families in Hong Kong. This collaboration aims to bolster students' educational foundation, equipping them to become more future-ready.

In the past year, we curated a series of activities dedicated to meeting children's diverse development needs. Alongside general English classes and English volunteer tutoring programmes, we also organised children's sports days to foster teamwork, enhance communication and nurture self-confidence. These events not only provided exercises that promote physical and mental development, but also cultivated essential soft skills.

Case study

“ When I was in primary school, I was a member of the Society for Community Organisation (SoCO) and a participant in KPMG-organised activities, and these initiatives introduced tremendous changes to my life. I grew up in a disadvantaged family and, at that time, those conditions were the only world I knew. By taking advantage of KPMG China-funded scholarships and participating in various activities, I embraced a diverse and beautiful world and was inspired to move forward. I am also grateful to KPMG China for the opportunity to work as an intern at the firm. My internship made me more confident in facing the future and more motivated in my studies. I have now been working as an auditor for six years and my goal is to become a partner. These valuable experiences will have a long-lasting impact on my life and career. ”

—A beneficiary of a partnership programme



Targeting secondary school students

Strengthening students' entrepreneurial and financial management skills

Since 2019 KPMG China has been supporting the Junior Achievement (JA) 'I'm an Entrepreneur' and JA Personal Finance programmes, which provide long-term courses that inspire financial awareness and entrepreneurship. These programmes have benefited about 20,000 students across 77 secondary schools and vocational schools in 20 cities. Our people have served as volunteer teachers in the programmes to empower the students and prepare them for future success.





Targeting migrant youth

Increasing employment prospects for young migrant women

KPMG China and Plan International jointly inaugurated the Her Skill Her Power Migrant Youth Employment Support Programme in March 2023. The majority of participants are young migrant workers that have lacked stable employment for three consecutive months or failed to meet the minimum wage standards in Chengdu. The programme delivers market-focused vocational education, life skills training and employment guidance specifically tailored for female migrant workers. Its objective is to facilitate quality job placements and improve the employment prospects of migrant youth. By the end of November 2023, 120 migrant female workers had joined the programme and completed the training, after which more than 100 trainees successfully secured employment.



Case study

One ambitious job seeker Gang Yinghua enrolled in the Her Skill Her Power programme to learn new skills that would help her find a job. Through vocational training and interactive workshops, she acquired new makeup skills. Inspired by the information shared by volunteers, Yinghua broadened her horizons and decided to set a new goal: to open a beauty studio of her own. Under the teacher's guidance, Yinghua revamped her resume and secured employment as a makeup stylist at a wedding photography studio. Now she is working steadily towards her goal.





School-to-work transition

Targeting secondary school students



The Opinions on Promoting the High-quality Development of Modern Vocational Education, issued by General Office of the CPC Central Committee and the General Office of the State Council in 2021, state that general education and vocational education should be strengthened in all stages of education, and that primary and secondary school students in particular should receive vocational education to raise their awareness of career planning. Aligning with this national direction, KPMG China has introduced and supported various career planning programmes for students as follows:



Facilitating career planning and all-round development for migrant youth

KPMG China continues our steadfast support for the 'Shishiyoudao' migrant youth programme implemented by the Guangzhou Qichuang Social Work Service Centre. This programme is designed to empower migrant youth by guiding them in career planning, fostering personal growth and acquiring new skills.



Strengthening early vocational education for youth

In Hong Kong, KPMG was one of the first of the Big Four to join the Business-School Partnership Programme (BSPP), launched by the Education Bureau of Hong Kong SAR. BSPP provides Work Experience Programme, career sharing sessions and other opportunities for students so that they can better understand employers' requirements and plan their careers. For several years, we have also been working with Project WeCan to equip secondary school students with skills related to business operations, data management, and business and finance, with the goal of preparing them for careers in the corporate sector.



KPMG China was awarded the '10 years Partnership Award' for our continued support of the 'Shishiyoudao' migrant youth series activities.



Around 140 students from five secondary schools attended the career sharing sessions of BSPP and were inspired by the stories of growth shared by KPMG colleagues.



As a long-term supporter of Project WeCan, we were invited to be the guest speaker at the orientation session of the job tasting programme to teach students basic business etiquette.



Targeting university students



To address the employment difficulties currently faced by university graduates in China, KPMG China initiated a number of programmes to provide school-to-work transition support including job seeking tips and interviewing skills, work-based learning, and mentoring and internship opportunities to over 6,000 university students in the reported year.

Enhancing future-oriented employability and innovation

KPMG China has joined hands with the Non-Profit Incubator (NPI) Foundation to launch the Career Up internship programme, which provides career development opportunities to students with limited resources. In addition, we initiated the Power Mentor programme and held innovation project workshops and career interest exploration workshops to coach university students and enhance their employability and innovation skills. We have also been working with E-Youth to hold the STEM x Business Innovation Summer Camp, offering university students industry insights through virtual courses to help them better understand real business scenarios.

Nurturing future talent in finance

To cultivate fintech talent and promote the high-quality development of the GBA, the Hong Kong Monetary Authority, Bloomberg and the Hong Kong United Youth Association launched the GBA Fintech Talent Initiative in early 2023. KPMG China served as a corporate partner, providing university students with insights from experts on the latest fintech developments and opportunities in the GBA.

In October 2023, KPMG China, Standard Chartered and the CFA Institute co-organised the GBA Financial Career Trainee Programme, offering insights to university students to help them pursue careers in finance, as well as guidance on how to combine theoretical knowledge with hands-on experience, laying a solid foundation for their future employment.



In February 2023, we successfully conducted the Career Up Internship Mentoring Workshop in three offices to help new interns better prepare for their positions and improve their skills in the workplace.



In May 2023, the Power Mentor Programme concluded its final innovation project coaching workshop in Shanghai, where more than 200 students received career development and innovation coaching.



An online panel discussion on 'STEM talents: Those who create AI not to be replaced by AI' was held in June 2023, attracting more than 1,000 students from different universities.





Promoting inclusive development

We persistently leverage our professional expertise and core competences to aid grass-roots non-profit organisations in improving their operational capabilities and the quality of their service delivery to make a meaningful contribution towards rural revitalisation.

Supporting rural revitalisation

The 20th National Congress mapped out new plans for advancing rural revitalisation and modernising agriculture, with the goal of shaping a brighter future for China in the new era.

KPMG China strives to implement the spirit of the 20th National Congress, supports the national policy of prioritising the development of agriculture and rural areas, and contributes to efforts to eliminate poverty and achieve prosperity in rural areas.

We pay close attention to the development of underserved social organisations and empower them to better serve rural development. KPMG China also takes measures to improve educational offerings for rural children and to this end we have made efforts to upgrade educational infrastructure and enhance education quality in rural areas. Meanwhile, in response to the national call to develop a beautiful countryside, we support waste management projects to improve the living environments of rural households.



Empowering non-profit organisations

Building capacity and improving the quality of service delivery by NPOs



Empowering human capital development

Upgrading educational infrastructure and enriching curricula in rural China



Promoting ecological revitalisation

Supporting ecological projects that improve the rural living environment



Case study



Paired assistance programme in Yongsheng County, Lijiang City, Yunnan Province under the coordination of the Ministry of Finance (MOF)

To promote educational development that meets the people's expectations and advances rural revitalisation, as called for by President Xi, KPMG Huazhen and the Yongsheng County government entered into a strategic partnership in February 2023. Under the coordination of the MOF's paired assistance team, and with guidance from KPMG Huazhen's Party Committee, the firm contributed to upgrading digital infrastructure and organised a series of educational programmes at selected rural schools in Yongsheng County, Lijiang City, in June. These initiatives are aimed at advancing science and technology education in the region.

“

KPMG China steadfastly supports the country's rural revitalisation efforts, aiming to foster liveable and thriving villages, and advancing prosperity through high-quality development. Through the careful implementation of our corporate social responsibility strategies, we bolster rural revitalisation by supporting rural organisations, nurturing talent and preserving the environment. In doing so, we are also contributing to China's great rejuvenation.

”



Jacky Zou

Senior Partner, KPMG Huazhen LLP
Senior Partner, Northern Region, KPMG China
Chairman, National Philanthropy Steering Committee, KPMG China



Capacity building for NPOs and social enterprises

The key to achieving rural revitalisation goes beyond undertaking poverty alleviation alone – it lies in providing people in rural areas with quality training so they have the tools to succeed. We provide training and other support for social organisations that are serving rural development to upskill their personnel and enable them to provide higher quality services.

Running Water Plan

As the capacity building partner to the Running Water Plan initiated by the China Foundation for Rural Development (formerly the China Foundation for Poverty Alleviation), KPMG China supports the development of social organisations in underdeveloped regions and builds channels to direct resources to these areas. Leveraging our expertise and strengths, KPMG China has helped improve the professional capabilities of over 100 underserved social organisations, indirectly benefiting approximately 116,000 people. In this way, we are promoting rural revitalisation by developing talent and enhancing organisational management.



Case study

Since joining the Running Water Plan, a social organisation in Tanchang, Gangsu, has made significant progress. Previously it faced staff shortages, a lack of projects and funding shortfalls. With the platform and resources shared by the Running Water Plan, the organisation's personnel attended courses on financial management and organisational governance, resulting in significant improvements in financial management and operations. The organisation recently recruited three full-time staff proficient in a KPMG-developed research application that has allowed a transition away from paper records to electronic record-keeping. It also recently developed a programme that directly benefits over 100 local orphans and children without family support. In addition to its positive local impact, the organisation is being recognised as a national brand. Moreover, under the guidance of the Running Water Plan it has become more sustainable, with KPMG China's Tax team also raising funds that will be used for one-on-one assistance and material donations.

Inclusive finance

With the support of KPMG China, the China Association for NGO Cooperation invited domestic microfinance experts, practitioners and supporters to develop the Training Manual for Microfinance Promoters and Regulators. The manual mainly targets microfinance regulators and investors, as well as giving a clearer understanding of microfinance and inclusive finance. We hope that the manual will help to promote the healthy development of the microfinance industry and inclusive finance system and contribute to the country's poverty alleviation and rural revitalisation efforts.



Pro bono professional services

We are dedicated to utilising our professional expertise and skills to provide pro bono services, including pro bono audits, to NPOs. Our goal is to enhance these organisations' capacities, assisting them to make a more significant impact in the diverse communities they serve. Through these services, we aim to generate shared value for society.

In FY23, we devoted 11,874 hours to pro bono professional services.

11,874 hours to pro bono professional services



Case study

Established in 2009, the Shanghai United Foundation (SUF) is a 5A-graded social organisation. Due to increased scale and complexity in its operations in recent years, it faced the challenge of improving its internal risk controls and processes. In February 2023, KPMG's Advisory team reviewed SUF's business processes and management status and identified internal control issues. Based on the review, we provided recommendations regarding in-kind donations, project management, human resources and other processes to assist SUF's management in making improvements. These suggestions helped the SUF management team to further streamline internal controls and mechanisms, which should lay a solid foundation for the years ahead.

Emergency relief

KPMG China has rallied humanitarian efforts to support emergency relief and post-disaster relief efforts for disasters at home and abroad, including donating funds to support humanitarian relief efforts in the Turkey-Syria earthquake.

Donations to support flood victims

In August 2023, the Beijing-Tianjin-Hebei region suffered extreme rainfall, triggering severe flooding, disruption and damage in many areas. KPMG China closely monitored the situation and donated RMB 200,000 to the Beijing Changier Education Foundation to fund emergency relief and post-disaster clean-up work in the severely affected areas of Fangshan and Mentougou in Beijing.

Data tables

Governance: purposeful business

○ Governance structure by gender

	FY23	
	Female	Male
Board members	33%	67%

○ Anti-corruption training

	FY23
	Percentage
Board and Executive Committee members that completed anti-corruption training	100%
Partners and staff requested to complete anti-corruption training	100%

People: Inclusion, diversity and equity

○ Workforce by level

By level	FY23	Percentage
Leadership	1,026	7%
Management	2,930	20%
Team members	10,819	73%
Partners and staff	14,775	100%

○ Workforce gender by level

By gender by level	FY23		
	Total	Female	Male
Leadership	1,026	44%	56%
Management	2,930	58%	42%
Team members	10,819	71%	29%
Partners and staff	14,775	66%	34%

○ Workforce by age

By age	FY23				
	<25	25-34	35-44	45-54	55+
Partners and staff	2,220	9,617	2,145	664	129
Percentage	15%	65.1%	14.5%	4.5%	0.9%

○ Workforce by region

By region	FY23		
	Chinese Mainland	Hong Kong SAR	Macau SAR
Partners and staff	12,475	2,280	20
Percentage	84.4%	15.4%	0.1%

○ Partner promotion diversity

By gender	FY23		
	Total	Female	Male
Total	38	47%	53%

○ Staff participation (Global people survey)

	FY23
Engagement index	72%
Trust index	80%
Growth index	80%

People: Continuous learning

○ Training provided

Training provided	FY23
	Hours
Total training hours for full-time employees	1,056,655

Planet: Climate change performance

○ Total GHG emissions (tCO₂e)

	FY19	FY20	FY21	FY22	FY23
Total GHG emissions (location-based)	85,700	76,198	63,980	69,910	88,781
Total GHG emissions (net of RECs)	78,993	69,597	55,328	61,396	80,017
By scope					
Scope 1 emissions	146	130	142	133	199
Scope 2 emissions (location-based)	9,092	7,998	8,653	8,515	8,764
Scope 2 emissions (net of RECs)	2,385	1,397	0	0	0
Scope 3 emissions	76,462	68,071	55,185	61,263	79,818
By source (location-based)					
Fuel use (car travel)	146	130	142	133	199
Purchased electricity	9,092	7,998	8,653	8,515	8,764
Purchased goods and services	39,102	44,334	25,396	37,460	39,619
Business travel	30,548	18,156	23,120	17,731	34,751
Employee commuting	3,311	2,497	3,745	2,106	2,182
Upstream leased assets	2,990	2,650	2,469	3,542	2,853
Others ¹	511	434	455	424	414
Renewable energy certificates purchased	6,707	6,601	8,653	8,515	8,764
tCO ₂ e per full-time employees (location-based)	7.29	6.38	5.12	4.82	5.67
tCO ₂ e per full-time employees (net of RECs)	6.72	5.83	4.43	4.23	5.11

¹ 'Others' includes Scope 3 emissions from: 1) upstream emissions from purchased fuels, 2) transmission and distribution losses, and 3) waste generated in operations.

Restatement

To reflect an improved data collection methodology and ensure consistent estimation methods for each reporting year, changes were made to KPMG’s latest global emissions methodology used to calculate emissions from the purchased goods and services category under Scope 3. Consequently, we have recalculated and restated the emissions for this category from FY19 to FY22. In addition, we have restated the relevant data for the upstream leased assets category and the employee commuting category for all years in accordance with the global guidelines.

This restatement is a part of our ongoing commitment to refining our reporting approach to align with industry best practices and to improve the accuracy and transparency of our ESG disclosures.

Energy usage (MWh)

	FY19	FY20	FY21	FY22	FY23
Purchased electricity	14,510	12,969	13,809	13,784	14,301
Renewable electricity	10,704	10,704	13,809	13,784	14,301
Renewable electricity percentage	74%	83%	100%	100%	100%

Circularity and sustainable operations

	FY23
Percentage of retired computers properly disposed of (including recycling, resale and donation)	100%
Toner and printer cartridges recycled (units)	1,848

	FY23
Percentage of office floor area located in buildings with green and/or wellness-related certifications	67%
Green Corners in offices	14

Prosperity: Employment generation

Number of new hires and new hires rate

New hires	FY23
Number of new hires	2,913
New hire rate	19%

New hires by gender

By gender	FY23		
	Total	Female	Male
New hires	2,913	66%	34%

New hires by level

By level	FY23	
	Total	Percentage
Leadership	50	2%
Management	270	9%
Team members	2,593	89%
Partners and staff	2,913	100%

Prosperity: Community investment

	FY23
	RMB (in million)
Total community investment equivalent value	33.3+

	FY23
	No. of hours
Pro bono professional services	11,874
Volunteering	16,776

	FY23
	No. of individuals
Volunteers	1,722
Direct beneficiaries	91,000+

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