

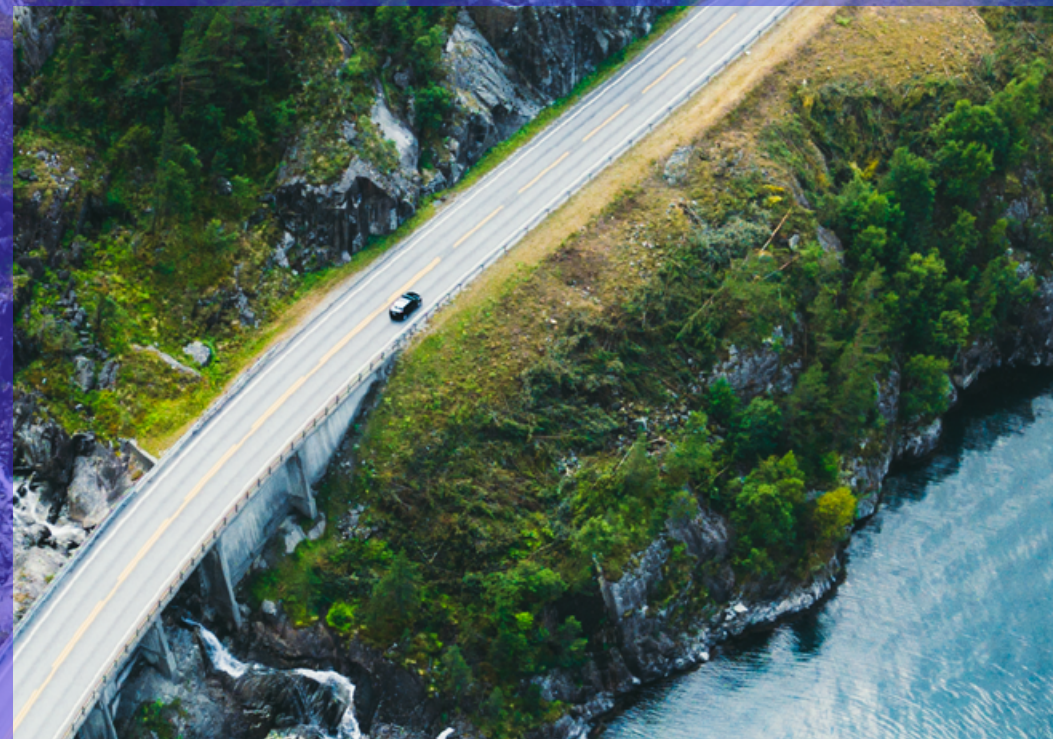


# Our Impact Report

**Sustainability report 2022**

KPMG in Germany

Indices, data and explanations





# Introduction

The existence of numerous environmental, social and governance (ESG) standards and reporting frameworks, along with the lack of consistency and comparability of metrics have been identified as obstacles to progress. In 2019 the World Economic Forum's (WEF) International Business Council (IBC), commissioned a group of business leaders, including KPMG, to develop common metrics and consistent reporting standards. KPMG was a key member of the WEF initiative that aims to act as a catalyst towards the convergence of standards and an expanded set of reporting requirements. Released in 2019 these standards include a recommended set of 21 core metrics and 34 expanded metrics to further the road towards a global harmonized reporting system. More information can be found [here](#).

In 2021 and 2022, the reporting landscape was a year of progress in terms of reporting standards for climate and other environmental, social and governance (ESG) matters, not only worldwide, but also in the EU. KPMG Germany is continuing to report against the WEF IBC metrics referring to the Global **Our Impact Plan** from KPMG International. In the future, we anticipate that our reporting of metrics and disclosures relevant to KPMG Germany will, over time, transition to adopt the new standards set the EU-parliament in November 2022 in accordance with the Corporate Social Reporting Directive (CSRD) becoming an obligation for us in the FY 2025.

The following tables of this document provide an overview of how we have applied the Stakeholder Capitalism Metrics as well as other reporting frameworks, such as the Global Reporting Initiative (GRI) Standards, to report against our most material issues. You will also find links and references to where you can access associated disclosures and information in *Our Impact Report*, in *Our Impact Plan* from KPMG International, or in our other corporate reporting including our Transparency Report for KPMG Germany or the annual consolidated financial statements of KPMG AG Wirtschaftsprüfungsgesellschaft in Germany.

In *Our Impact Report* for KPMG Germany for the FY 2022 we are mainly reporting the core metrics of the Stakeholder Capitalism Metrics. Additional GRI indicators are stated and described where useful.

We are committed to address challenges and omissions in our disclosures. To support our focus on transparency, we have taken the decision to apply the 'disclose or explain' principle for all the Stakeholder Capitalism Metrics. The tables in Part Indices and explanations note (in superscript, in the, WEF IBC core metrics and disclosures' column) the primary reason for each omission using the following categories:

- **Materiality [M]:** our assessment did not identify these as the most material issues for our stakeholders and organization. We have not therefore prioritized capturing data for them in this first reporting year.
- **Legal considerations [L]:** these relate to topics where there are legal prohibitions or restrictions to data collection or publication, such as asking people their ethnicity in certain jurisdictions.
- **Data definitions and collection [D]:** we continue to develop the scope and relevance of our reporting. For these topics, there are limitations on the availability of the data or it has not previously been collected from KPMG member firms. – this applies to KPMG Germany, too.

The reporting period for disclosures is predominantly for the period 1 October 2021 to the 30 September 2022, unless otherwise stated.

# Indices and explanations | Planet

Theme	WEF IBC core metrics and disclosure <sup>1</sup>	Corresponding metrics (GRI)	References and notes
Climate change	<b>Greenhouse gas (GHG) emissions</b> For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Emissions (GRI 305 1-3)  <b>Additional metrics:</b> Reduction of emissions (GRI 305 4-5)	Our Impact Report – appendix: p. 3 and following  Our Impact Report – appendix: p. 3 and following
	<b>TCFD implementation</b> Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most three years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	–	No Reporting in Germany; we are planning to report towards TCFD, though.  Please see the global Our Impact Plan (KPMG International) for progress in TCFD implementation, p. 17
Nature loss	<b>Land use and ecological sensitivity<sup>[M]</sup></b>  Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA).	Biodiversity (GRI 304-1)	No Reporting in Germany

<sup>1</sup> Principles of stakeholder capitalism of The World Economic Forum (WEF IBC metrics).

# Indices and explanations | Planet

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
<b>Freshwater availability</b>	<b>Water consumption and withdrawal in water-stressed areas<sup>[M]</sup></b> Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress, according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	–	No Reporting in Germany
<b>Additional metrics based on GRI</b>			
<b>Management approach</b>	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	Management approach (GRI 2021: 3-3)	Our Impact Report: p. 8 and following  Our Impact Report – Chapter Planet: p. 10 and following
<b>Energy</b>	Energy consumption within the organization Reduction of energy consumption	Energy (GRI 302-1; 302- 4)	Our Impact Report – appendix: p. 7 and following
<b>Environmental compliance</b>	Non-compliance with environmental laws and regulations	Environmental compliance (GRI 2021: 2-27)	We have not identified any non-compliance with environmental laws and regulations in the financial year 2021 /22

# Indices and explanations | People

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
Dignity and equality	<b>Diversity and inclusion (%)</b> Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity <sup>(L)</sup> ).	<b>Diversity and equal opportunity</b> Adapted from GRI 405-2 (Ratio of basic salary and remuneration of women to men)  <b>Additional metrics:</b> <b>Diversity of governance bodies and employee</b> (GRI 405-1)	Our Impact Report – appendix: p. 8 and following  Our Impact Report – Chapter People: “Inclusion und Diversity” (“Inclusion and Diversity” p. 23 and following)
	<b>Pay equality<sup>(D)</sup></b> Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	<b>Market presence</b> (GRI 202-1)	Our Impact Report – Chapter People: p. 23 and following (qualitative reporting)
	<b>Wage level<sup>(D)</sup></b> Ratios of standard entry-level wage by gender compared to local minimum wage.  Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees (excluding the CEO).	<b>Market presence</b> (GRI 202-1)	Our Impact Report – appendix: p. 15 (qualitative reporting on graduate wage level compared to local minimum wage)  No reporting of ‘Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO’

# Indices and explanations | People

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
	<b>Risk for incidents of child, forced or compulsory labour</b> An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to: a) type of operation (such as manufacturing plant) and type of supplier; and b) countries or geographic areas with operations and suppliers considered at risk.	<b>Child Labor</b> (GRI 408-1b)  <b>Forced or compulsory labor</b> (GRI 409-1)	Our Impact Report – Chapter People: p. 23 and following  See appendix of <a href="#">Our Impact Plan</a> (KPMG International) – table: UN Global Compact, p. 11
<b>Health and well-being</b>	<b>Health and safety<sup>[D]</sup> (%)</b> The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked.  An explanation of how the organization facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers.	<b>Occupational Health and Safety</b> (GRI:2018 403-9a&b)  <b>Additional metrics:</b> Employee representation on formal employer-employee health and safety committees (GRI 403-1)	Our Impact Report – appendix: p. 8 and following  Chapter People: p. 26  100 percent of the workforce is covered by occupational health and safety committees.
<b>Skills for the future</b>	<b>Training provided (#, \$)</b> 1. Average hours of training per person that the organization's employees have undertaken during the reporting period, by gender [D] and employee category[D] (total number of hours of training provided to employees divided by the number of employees). 2. Average training and development expenditure per full time employee.	<b>Training and Education</b> (GRI 404-1)  <b>Additional metrics:</b> (GRI 404 2-3)	Our Impact Report – appendix: p. 8 and following

# Indices and explanations | People

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
<b>Additional metrics based on GRI</b>			
<b>Management approach</b>	Explanation of the material topic and its Boundary The management approach and its components Evaluation of the management approach	<b>Management approach</b> (GRI 2021: 3-3)	Our Impact Report: p. 8 and following Our Impact Report – chapter People: p. 16 and following
<b>Employment</b>	New employee hires and employee turnover Benefits provided to full-time employees that are not provided to temporary or part-time employees Parental Leave	<b>Employment</b> (GRI 401 1-3)	Our Impact Report – appendix: p. 8 and following Our Impact Report – chapter People: p. 16 and following
<b>Non Discrimination</b>	Incidents of discrimination and corrective actions taken	<b>Non discrimination</b> (GRI 406-1)	Our Impact Report – chapter People: p. 23 and following

# Indices and explanations | Prosperity

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
Employment and wealth generation	<b>Absolute number and rate of employment</b> <ol style="list-style-type: none"> <li>Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity<sup>[L]</sup> and region.</li> <li>Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity<sup>[L]</sup> and region.</li> </ol>	<p>Adapted, to include other indicators of diversity, from Employment – <b>New employee hires and employee turnover</b> (GRI 401-1a&amp;b)</p> <p><b>Additional metrics</b>            General disclosures            Activities, value chain, and other business relationships            Employees            Information on employees and other workers            (GRI 2021 2-6, 2-7, 2-8 )</p>	<p>Our Impact Report – appendix: p. 8 and following</p> <p>For further information about the scale of the organization, see Our Impact Report – Über KPMG (About KPMG), p. 3 and following</p>
	<b>Economic contribution</b> <ol style="list-style-type: none"> <li>Direct economic value generated and distributed (EVG&amp;D), on an accruals basis, covering the basic components for the organization's global operations, ideally split out by:               <ul style="list-style-type: none"> <li>Revenues</li> <li>Operating costs<sup>[D]</sup></li> <li>Employee wages and benefits<sup>[D]</sup></li> <li>Payments to providers of capital<sup>[D]</sup></li> <li>Payments to government<sup>[D]</sup></li> <li>Community investment</li> </ul> </li> <li>Financial assistance received from the government: total monetary value of financial assistance received by the organization from any government during the reporting period.<sup>[D]</sup></li> </ol>	<p><b>Economic performance</b></p> <p>Direct Economic Value Generated and Distributed (EVG&amp;D)            (GRI 201-1)</p> <p>Financial assistance received from government (GRI 201-4)</p>	<p>Our Impact Report: p. 3 and following</p> <p>Our Impact Report – Chapter Prosperity: p.34</p> <p>Refer to the annual consolidated financial statements of KPMG AG in 2022</p>



# Indices and explanations | Prosperity

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
		<b>Additional metrics:</b>  <b>Economic performance –</b> Financial implications and other risks and opportunities due to climate change (GRI 201-2)  <b>Economic performance –</b> Defined benefit plan obligations and other retirement plans (GRI 201-3)	Our Impact Report: on p. 5  Our Impact Report – chapter Prosperity: p. 27 and following  Refer to the annual consolidated financial statements of KPMG AG in 2022
	<b>Financial investment contribution</b> 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company's investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company's strategy for returns of capital to shareholders.	–	Refer to the annual consolidated financial statements of KPMG AG in 2022
<b>Employment and wealth generation</b>  <b>(Expanded Metric)</b>	<b>Infrastructure investments and services supported</b> Qualitative disclosure to describe the below components: 1. Extent of development of significant infrastructure investments and services supported. 2. Current or expected impacts on communities and local economies, including positive and negative impacts where relevant. 3. Whether these investments and services are commercial, in-kind, or pro bono engagements.	<b>Indirect Economic Impacts</b> Infrastructure investments and services supported (GRI 203-1)	Our Impact Report – chapter Prosperity: p. 34 and following

# Indices and explanations | Prosperity

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
<b>Innovation in better products and services</b>	<b>Total R&amp;D expense (€)</b> Total costs related to research and development.	–	Refer to the annual consolidated financial statements of KPMG AG in 2022
<b>Community and social vitality</b>	<b>Total tax paid</b> The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Adapted from <b>Direct Economic Value Generated and Distributed (EVG&amp;D)</b> (GRI 201-1)	Refer to the annual consolidated financial statements of KPMG AG in 2022

# Indices and explanations | Governance

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
<b>Governing purpose</b>	<b>Setting purpose</b> The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	<b>General disclosures –</b> Role of highest governance body in overseeing the management of impacts (GRI 2021: 2-12)	Our Impact Report: p. 37 and following
<b>Quality of governing body</b>	<b>Governance body composition</b> Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	<b>General disclosures:</b> Governance structure and composition (GRI 2021:2-9)  Composition of the highest governance body and its committees (GRI 2021:2-9)  <b>Diversity and equal opportunity</b> Diversity of governance bodies and employees (GRI 405-1a)	Our Impact Report – chapter Governance: p. 40 and following  Our Impact Report – appendix: p. 8 and following
<b>Stakeholder engagement</b>	<b>Material issues impacting stakeholders</b> A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	<b>General disclosures:</b> Role of highest governance body in overseeing the management of impacts (GRI 2021: 2-12)	Our Impact Report: p. 8 and following  See also: <a href="#">Our Impact Plan</a> (KPMG International) – material issues identified by KPMG firms

# Indices and explanations | Governance

Theme	WEF IBC core metrics and disclosure	Corresponding metrics (GRI)	References and notes
		<p>Approach to stakeholder engagement (GRI 2021: 2-29)</p> <p>List of material topics (GRI 2021: 3-2)</p>	
<b>Ethical behaviour</b>	<p><b>Anti-corruption</b></p> <ol style="list-style-type: none"> <li>1. Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region.</li> <li>2. <ol style="list-style-type: none"> <li>a. Total number and nature of incidents of corruption confirmed during the current year, but related to previous years and</li> <li>b. Total number and nature of incidents of corruption confirmed during the current year, related to this year.</li> </ol> </li> <li>3. Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.</li> </ol>	<p><b>Anti-Corruption</b></p> <p>Communication and training about anti-corruption policies and procedures (GRI 205-2)</p> <p>Confirmed incidents of corruption and actions taken (GRI 205-3)</p>	<p>Our Impact Report – chapter Governance: p.37 and following</p> <p>Number of employees receiving an anti-corruption training: Chapter Governance – system of quality management, p.41</p>
<b>Community and social vitality</b>	<p><b>Protected ethics advice and reporting mechanisms</b></p> <p>A description of internal and external mechanisms for</p> <ol style="list-style-type: none"> <li>1. Seeking advice about ethical and lawful behaviour and organizational integrity;</li> <li>2. Reporting concerns about unethical or lawful behaviour and organizational integrity.</li> </ol>	<p><b>General disclosures:</b></p> <p>Mechanisms for seeking advice and raising concerns (GRI 2021: 2-26)</p>	<p>Our Impact Report – chapter Governance: p.37 and following</p>
<b>Risk and opportunity oversight</b>	<p><b>Integrating risk and opportunity into business process</b></p> <p>Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental, and social issues, including climate change and data stewardship.</p>		<p>Our Impact Report – chapter Governance: p.37 and following</p>



# Additional GRI indicators

Additional metrics based on GRI		Corresponding metrics (GRI)	References and notes
General Disclosure	<b>Organizational details</b> Name of the organization Location of headquarters Location of operations Ownership and legal form	GRI 2021: 2-1	Our Impact Report: p. 3 and following
	Reporting period, frequency and contact point	GRI 2021:2-3	Our Impact Report: p.5; p.44
	External assurance	GRI 2021: 2-5	This report has not been externally assured.
	<b>Activities, value chain and other business relationships</b> Markets served Supply Chain	GRI 2021: 2-6	Our Impact Report: p. 3 and following Our Impact Report – chapter Governance: p. 43
	Statement on sustainable development strategy	GRI 2021: 2-22	Our Impact Report: p. 2
	Membership associations	GRI 2021: 2-28	Our Impact Report: p. 3 and following
	Process to determine material topics	GRI 2021:3-1	Our Impact Report: p. 3 and following

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