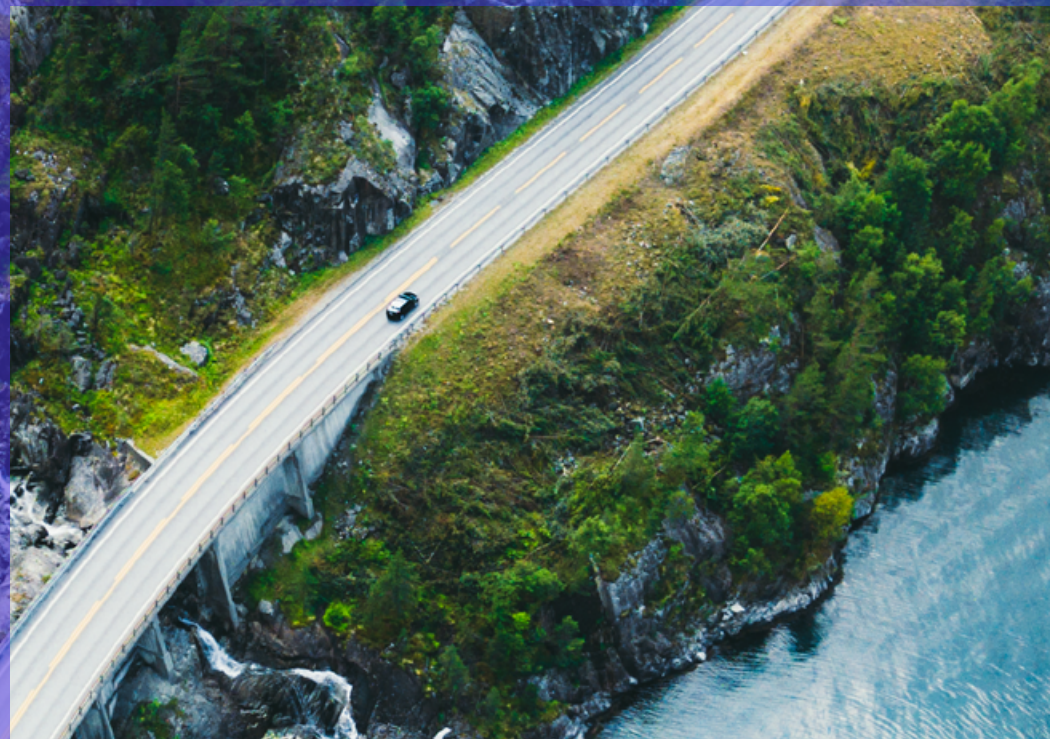




Our Impact Report

Sustainability Report 2022
KPMG in Germany



Foreword

Dear ladies and gentlemen, dear colleagues,

We as a society are once again being put to the test: The geopolitical situation that we are witnessing at present demonstrates not only the fragility of peace and security, but also the fragility of our prosperity in Europe. Following the shock of the Covid-19 pandemic, Germany's economy and the European economic area are being hit yet again, this time by the war in Ukraine and its repercussions. Rising inflation, volatile supply chains and many other factors pose new challenges, both to our clients and, not least, to ourselves.

We are supporting our clients in dealing with these uncertainties and changes, and in successfully overcoming challenges. In doing so, we rely on our values as the foundation for our daily actions.

Once again, this demonstrates just how multifaceted our responsibilities are as a firm. Not only do we use our services to create trust in the financial markets, we also take into account societal aspects in our actions, while keeping in line with the ESG framework: Environment, Social and Governance. In order to live up to this responsibility and to create transparency with regard to our activities, the international KPMG network has established *Our Impact Plan* as a global sustainability program.

Our Impact Plan outlines the ways in which KPMG is making an effective contribution to sustainable development in society across all of its member firms. We consider four fields of action to be of key importance: *Planet, People, Prosperity and Governance*. This edition of *Our Impact Report* by KPMG in Germany presents the specific measures we are using to fulfill our voluntary commitment in the fields of action outlined above. In doing so, we strive continuously to create long-term value for our company, our employees, our clients and our key stakeholders.

In the financial year 2022 we were able to make further progress in the four aforementioned fields of action, for instance by introducing an internal carbon price as part of our environmental program or by launching the new ESG Experts Training, which we developed for our employees in cooperation with EBS University. For details on all further developments, please refer to the relevant chapters of our report.

The financial year 2022 was defined by a large number of new challenges and tasks, all of which we were able to successfully master. We are thus able to look back on a very good year of strong business development and sustainable growth of 9.1 percent. This success is the result of our joint efforts, our high

level of commitment, appreciative cooperation, flexibility and satisfaction in shaping the future. For this, I would like to say thank you to all our employees.

Nevertheless, there is still much more to do on the road to a sustainable future, and we at KPMG wish to play a key role in getting us there. This is why we intend to continue working intensively on developing effective measures and reporting them in a transparent manner. I hope that you find *Our Impact Report* an interesting read, and I look forward to the next steps and developments on our journey to creating an even more sustainable KPMG organization.



Klaus Becker

CEO,
Spokesperson of the
Managing Board

About KPMG

KPMG in Germany is a member of the global KPMG organization of independent member firms with nearly 236,000 employees in 143 countries and territories. Both globally and in Germany, we are one of the leading audit and advisory firms. KPMG in Germany has been operating on the market as an auditor and consultant for over 130 years. With our 12,850 employees, we are available to our clients at 26 locations throughout Germany. Our services are divided into Audit, Tax, Consulting and Deal Advisory. Audit concentrates on the statutory audit of consolidated and annual financial statements. Tax is responsible for providing KPMG's tax and legal advisory services. Consulting and Deal Advisory integrate our specialist knowledge of business, regulatory and transaction-oriented issues. For key industries, we have implemented multidisciplinary specialization across all segments of our business. This is where the experience of our experts, both in Germany and around the world, comes together and further contributes to the quality of our consulting services.

In financial year 2022, KPMG in Germany generated total operating revenue of EUR 2.17 billion. This represented an increase of 9.1 percent. We are therefore maintaining our trend of sustainable and profitable growth. Further information on this is available in the consolidated financial statements of KPMG as of September 30, 2022, and in the combined management report published in the German Federal Gazette (Bundesanzeiger).

Our customer segments

Corporates | Family business and medium-sized companies | Financial Services | International Business | Deal Advisory

Our Services

Audit

Audit of Annual and consolidated financial statements according to national and international accounting principles and audit-related services

Tax

Company-specific Strategy and solution development in all tax-related areas, Tax consulting for regulatory changes and tax optimization in transactions

Consulting

Bundling of expertise on business management and regulatory challenges-through innovative ideas and strong implementation approaches

Deal Advisory

Consulting for strategy development, in transaction decisions, restructuring and financing

Financial Services

Bundled market orientation and expertise for auditing, tax consulting, consulting and deal advisory services with clients which have an industry related to Financial Services

Our performance

EUR 667 million in
Audit

EUR 581 million in
Tax

EUR 688 million in
Consulting

EUR 218 million in
Deal Advisory

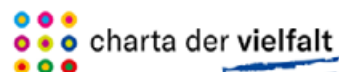
EUR 2,17 billion **total operating revenue**
in all business segments¹

¹ Total operating revenue refers to KPMG in Germany". KPMG Law Rechtsanwaltsgesellschaft mbH, which is not consolidated in the KPMG Group, is included here and reported under Tax

Source: KPMG in Germany, 2022

About KPMG

Our memberships and initiatives

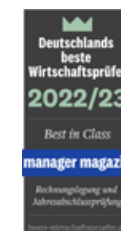
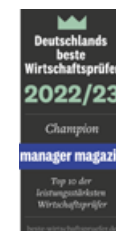
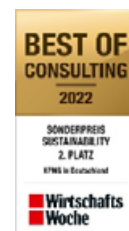
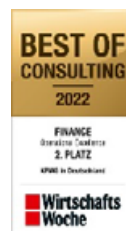


unternehmen. verbinden. gestalten



Awards

KPMG AG



KPMG Law



Certifications



About this report

In financial year 2022, we will continue to align our reporting with the global [Our Impact Plan](#), KPMG International's sustainability program. This includes four fields of action: Planet, People, Prosperity and Governance. We have defined specific commitments for these four areas, which we see as our contribution to sustainable development in society. *Our Impact Report 2022* for KPMG in Germany provides an overview of the measures that we are implementing in line with our voluntary commitment within each field of action, thus creating transparency with regard to our sustainability activities.

Reporting basis

Since 2021, our sustainability reporting in *Our Impact Report* has been based on the World Economic Forum's Principles of Stakeholder Capitalism standard (WEF IBC metrics) and also continues to follow the guidelines of the Global Reporting Initiative (GRI). See [Our Impact Report – Index](#) for detailed information.

The information and data presented in this year's report was collected by our specialist departments and business units using representative methods and was subject to thorough quality assurance. *Our Impact Report* did not undergo an external review.

The reporting period was October 1, 2021, to September 30, 2022. In order to present the information on KPMG's sustainability activities as comprehensively as possible, we also included activities extending beyond financial year 2022 that were available as of the editorial deadline (January 31, 2023).

The reporting information as well as employee-related metrics are based on the consolidated financial statements prepared in accordance with the requirements of the German Commercial Code (HGB) of KPMG AG Wirtschaftsprüfungsgesellschaft and its three fully consolidated domestic group entities as of September 30, 2022 (KPMG). Furthermore, the report contains

metrics that are attributable to „KPMG in Germany“. These metrics also take into consideration KPMG Law Rechtsanwalts-gesellschaft mbH (KPMG Law), which is not consolidated in the KPMG Group. Since KPMG Law is associated with KPMG AG Wirtschaftsprüfungsgesellschaft, it is closely connected to the global KPMG organization of independent member firms.

The [appendix of metrics](#) to this report provides additional information relating to our fields of action – *Planet* and *People*. Metrics for KPMG and KPMG Law are largely reported separately.

Outlook

Under the EU's Corporate Sustainability Reporting Directive (CSRD), adopted by the European Parliament and the European Council in November 2022, far-reaching changes will be made to the scope and nature of corporate sustainability reporting. Existing rules governing non-financial reporting will be significantly expanded. Large publicly traded companies will be required to comply with the CSRD from financial year 2024 onwards, while all other large companies will be subject to this requirement starting in financial year 2025. KPMG will therefore also be subject to the CSRD reporting requirements in future and we are currently in the process of preparing accordingly.

Highlights of the reporting year

Planet

- Reduction of our greenhouse gas emissions by approximately 32 percent compared to base year 2019
- Introduction of internal carbon pricing
- 100 percent green energy at all our locations
- 3,800 tree donations

People

- 12,850 employees in Germany at 26 locations
- KPMG fleXwork – remote working now also possible from abroad
- 34 percent women out of a total of 3,780 managers
- Approximately 46 percent female employees in total
- EUR 93.5 million for training and further education
- More than 1,900 members in our internal diversity networks
- Over 7,600 new hires (contract acceptances), of which approx. 3,400 were permanent positions

Prosperity

- Total operating revenue of EUR 2.17 billion for KPMG in Germany represents a 9.1 percent increase over the prior year
- Launch of ESG Expert Training in cooperation with the EBS University
- 98 percent client satisfaction (with a response of at least satisfied)
- Approximately 380 webcasts with over 41,000 external participants
- 6,746 volunteering hours by 425 employees
- EUR 5.9 million for donations and sponsorships

Governance

- Certification according to the internationally recognized ISO/IEC 27001, ISO 9001 and ISO 14001 standards
- 100 percent completion of anti-corruption training by our staff
- Approximately 4,000 suppliers, of which roughly 84 percent based in Germany

Contents

Material issues

Planet

Environmental program
Umwelt 2030

People

Recruiting
Development and career
Inclusion and diversity
Health and wellbeing

Prosperity

**Providing high-quality services
in the interest of society**
Innovation and client focus
Social engagement

Governance

Quality management system
**Data protection and information
security**
Supplier management

Material issues

Taking responsibility for a sustainable future is an important matter for KPMG. In order to do so, we have developed Our Impact Plan. This is the name of KPMG International's global sustainability strategy and it describes our approach to corporate responsibility. Across our four fields of action – Planet, People, Prosperity and Governance – we have defined specific commitments on how we will contribute to sustainable development in society.

As a firm, our actions and responsibilities are based on our values. In line with the „For Better. We Do What Matters“ value included in our set of values, we are committed to reconciling economic success with social and ecological aspects. This is further reinforced by our commitment to the Sustainable Development Goals (SDGs) of the United Nations. The stated aim of the 17 SDGs is to ensure sustainable development worldwide on economic, social and ecological levels by 2030. All these elements form the foundation of KPMG's sustainability concept in Germany.

In order for us to understand the material issues that are relevant not just for our business but also for our stakeholders, we perform a materiality analysis on an ongoing basis. It is based on a comprehensive analysis that was carried out in 2020 by an independent foundation on behalf of KPMG International in seven of our largest markets (including Germany). It involved analyzing the perspectives of management boards, external stakeholders and the informed public. It also incorporated findings from the Global People Survey as well as employee surveys that were conducted in the context of the Covid-19 pandemic. The results were

further supplemented by significant business risks from our Enterprise Risk Management (ERM). This international analysis was validated with a focus on Germany and adapted and supplemented accordingly.

This year, we again updated the materiality analysis in order to adjust it to the requirements of our stakeholders. To do so, we collected information from internal and external stakeholders, making use of a combination of both formal and informal surveys:

Employees (including former employees)	Every year, we conduct our Global People Survey to get our staff's opinions. In addition to this, we periodically carry out surveys on a variety of topics, such as mental health. Our dialog with this group of stakeholders also includes conversations regarding development and feedback, discussions with business and employee representatives, as well as exit interviews.
Future employees	We engage in regular dialog and discussion through recruiting events, webcasts, our very own KPMG Next Community, interviews and other similar formats.
Clients	KPMG conducts regular client feedback talks, interviews and surveys. The expectations of clients with regard to our sustainability performance are also regularly communicated to us (and increasingly so) in the form of assessments and sustainability questionnaires as part of invitations to tender.
NGOs/the public	Using media reports and public commentaries, we continuously monitor issues that are currently of significance to society.
Peers	We maintain a constant exchange with the global KPMG network regarding key issues and, if applicable, national particularities. Analyzing our national and international competitors is also part of our peer review.
Legislators, associations/ chambers and other regulators	Our involvement in a number of associations and chambers, coupled with our participation in political dialog through our commentary on draft laws and guidelines, enables us to remain constantly informed of the current demands that we as a professional service firm are required to meet.
Suppliers	The exchange of information is carried out in the form of invitations to tender, contractual negotiations, supplier ratings, questionnaires/selfassessments, certifications as well as annual meetings within framework agreements with larger suppliers.

The materiality analysis revealed eleven topics that are most relevant for both our stakeholders and our business. This report outlines how we are addressing these issues and the progress we have made so far.

Planet

Reducing our environmental impact (primarily greenhouse gas emissions) by means of environmental activities

Our aim is to minimize our negative impact on the environment through our services and supply chain.

People

Employer attractiveness and recruiting

Our employees are the most important factor when it comes to our firm's success. It is our aim to fulfill the needs and wishes of our current and potential future employees, and to keep our focus on them at all times.

Promoting further education and development

By promoting further education and training as well as the personal development of our employees, our goal is to live up to our motto of „lifelong learning“.

Inclusion, diversity and equality

The unique experiences and perspectives of our employees enrich us as a firm. We encourage all our employees to be themselves.

Health and wellbeing

We are committed to protecting and supporting the mental and physical wellbeing of our employees. By doing so, we aim to create a safe working environment in which all our employees are able to realize their full potential.

Prosperity

Providing high-quality services in the interest of society

The services that we provide to our clients represent our greatest contribution to sustainable development. It is our intention to always align our services with our values and ensure that they have a positive impact on society.

Innovation and client focus

We want to contribute to the transformation of society and embrace innovation to overcome even the greatest challenges together with our clients.

Effective social commitment

We acknowledge our social responsibility. Our aim is to use our social commitment to make a positive contribution to society.

Governance

Integrity, quality and independence

By striving to achieve the highest standards and integrity in the provision of our services, we build and maintain the trust of our clients, our employees and society.

Data protection and information security

Ensuring the information security and data protection of our stakeholders is of utmost priority to us.

Sustainable supplier management

Compliance with ecological and social standards both within our firm and on the part of our suppliers is an essential component of our sustainability strategy. We want to use our sustainable supplier management to help achieve our climate target by 2030.

01 Planet



Planet

Our responsibility

Reducing our environmental impact to build a more sustainable and resilient future

Our commitments

Reducing our greenhouse gas emissions by 50 percent by 2030

Provide comprehensible and in-depth information on the impact of climate change

Understanding and improving our impact on the environment

As part of our efforts to help preserve a world worth living for future generations, we are continuously working on reducing our environmental impact both in our own business operations and in our supply chain. We also use our ESG services to help our clients align their business models, products and services in a manner that is sustainable. This enables us to work together against climate change and to support our clients in reducing their emissions.

Together with the other member firms of the global KPMG organization, we joined the Science Based Targets initiative (SBTi) and we are committed to reducing our greenhouse gas emissions by 50 percent by 2030¹. SBTi advocates making science-based targets a standard of corporate practice in view of reducing greenhouse gas emissions.

KPMG in Germany has also pledged to reduce its greenhouse gas emissions by half by 2030. To accomplish this, we have launched a national environmental program under the name of *Umwelt 2030* (Environment 2030). This includes specific measures in the areas of mobility, sustainable supplier management, energy and resource consumption as well as commuting. In doing so, we want to contribute to achieving

the 1.5-degree target and fulfill our responsibility with regard to environmental and climate protection.

Our environmental management system, certified in accordance with ISO 14001, serves as the framework for the implementation and execution of all our activities and measures designed to reduce our environmental impact within the scope of our *Planet* field of action. This system allows us to continuously review and improve our business processes as regards their environmental impact.

Internal carbon price

In financial year 2023, we will start to map out our carbon emissions as part of our management reporting and will assign them a carbon price. This will take into account the emissions resulting from business travel and the energy consumption of our office buildings. KPMG in Germany will start at a price of EUR 50 per ton.



¹ Absolute emissions reduction for Scope 1, 2 and 3; base year 2019.

Environmental program *Umwelt 2030*

Our *Umwelt 2030* program focuses on measures in the following four areas: **mobility (business travel), sustainable supplier management, energy and resource consumption and commuting.**

Mobilität

As an audit and advisory firm, business travel is part of our business model. Direct contact and personal exchange with our clients is of the utmost importance to us. While the Covid-19 pandemic caused our business travel to significantly decline over the past two years, the financial year 2022 saw it increase again due to the lifting of restrictions. Business travel currently accounts for 13 percent of our total emissions. By raising awareness and encouraging the use of environmentally friendly alternatives, we intend to transform the travel behavior of our employees over the long term. Rather than resorting to bans, we focus on providing incentives to encourage our employees to organize their business travel in a way that is ecological. We do so using the following measures:

- **Internal carbon price**

In the financial year 2023, we at KPMG in Germany introduced an internal carbon price in our management reporting. Activities resulting from the provision of our services that are detrimental to the climate will be increased in price (this applies to all business travel activities as well as

the energy consumption in our office buildings). The price per ton of carbon has initially been set at EUR 50. This enables us to raise awareness of activities within our service provision that are damaging to the climate, and gives our employees the transparency they need when it comes to making day-to-day decisions in the context of their engagement management. The financial resources generated as a result will be put towards environmental or climate protection projects.

- **CO₂ dashboard**

The CO₂ dashboard gives our employees an overview of their own personal carbon footprint resulting from their business travel by air, rail and car. This helps them make informed decisions as to which mode of transport is best from an environmental perspective.

- **Virtual meetings instead of business travel**

By making use of various collaboration platforms and video conferencing tools, we have developed internal infrastructures that offer a good alternative to business travel. In doing so, we enable our employees and clients to hold their business meetings virtually, irrespective of where they are, and to thereby avoid business travel.

- **Carbon-neutral rail travel**

Ever since 2009, our cooperation with bahn.corporate Umwelt-Plus has allowed our employees to travel by rail in a way that is carbon neutral – long before it was common practice for Deutsche Bahn (DB) to offer climate-neutral travel on all business trips. All business travel with Deutsche Bahn, for both regional and long-distance transport, is carbon-free for KPMG employees. Deutsche Bahn fully offsets any indirect emissions generated in the production of green electricity based on the total kilometers traveled by the passenger.



We can only control what can be measured. This is why we have introduced an internal carbon price in our management reporting. By doing so, we want to make our colleagues aware of our climate protection goals right from the engagement management stage and provide them with a means of control.

Ralph Schatten,
Head of Finance at KPMG in Germany

Sustainable supplier management

In addition to our employees' business travel, a significant proportion of our emissions (67 percent) is accounted for by purchased goods and services. In order to reduce our environmental impact in the supply chain, we take special care to consider environmental aspects when making purchasing decisions. Furthermore, we also hold our suppliers accountable. Our goal is to see at least half of our strategic suppliers set themselves a Science Based Target by the year 2030.

In line with this new target and the requirements of the Science Based Targets initiative, we track all relevant upstream emissions from our supply chain. At present, an independent economic research institute is responsible for evaluating and recording these Scope 3 emissions based on their origin. In the future, this will be reported using KPMG's own data sources.

For more information on the topic of a sustainable supply chain, please refer to the chapter „Supplier management“.

Energy and resource consumption

13 percent of our emissions are currently attributable to the consumption of energy. And although the office space in all our buildings is only rented and our ability to exert influence is therefore limited, we are committed to implementing effective measures to continuously reducing our energy consumption. In addition to this, the ongoing geopolitical changes and the consequences associated with these

changes also mean that we, as a firm, are required to conserve energy. In order to avoid a crisis, the German Federal Network Agency is urging Germany to reduce its energy consumption by around 20 percent in the winter of 2022/23. We accept this responsibility and have implemented specific measures to achieve it. These measures include closing down areas at our sites that are not in use, lowering the temperatures in our offices, turning down the temperature on weekends, and switching off logos, facade lighting, televisions and other electrical appliances that are not needed in the buildings. In recent years and in financial year 2022, we have also implemented further measures to make our everyday office life more environmentally friendly. This includes:

- **Green energy at all our locations**

We have been purchasing green energy for all of our offices since as far back as 2010. We have therefore been helping to promote renewable energies for over a decade.



KPMG has a responsibility towards society as a whole and takes this responsibility seriously. The current energy scarcity affects us all equally and is forcing us to act in unison. Precisely for this reason, we have implemented extensive energy saving measures and are working to identify further potential for savings and improvement.

Thomas Löhmer,
German Head of Our Impact Plan, Head of Infra-structure of KPMG in Germany

- **Energy-efficient buildings**

When leasing new properties, we always aim for them to be platinum certified by the German Sustainable Building Council (DGNB). Our goal is to ensure sustainable and resource-efficient design.

- **Environmental features in our „World of Work 2025“ offices**

World of Work 2025 is our office concept that is being gradually rolled out in the different locations. It includes energy-efficient technology, carpets made from recycled materials, selected furniture with the „Blue Angel“ label or the „Greenguard“ certification, or the integration and upcycling of used furniture from KPMG's buildings across Germany. The KPMG offices in Berlin, Dresden, Hamburg, Hanover, Jena, Karlsruhe, Nuremberg and Ulm already follow this concept.

- **Reusable packaging**

We use resources efficiently: in our canteens we have a reusable deposit-refund system for takeaway packaging, while we also have an external deposit-refund system for reusable coffee cups at some locations.

- **Recycled paper**

Since 2020 KPMG has largely used recycled paper with the „Blue Angel“ ecolabel in all offices. Conventional virgin fiber paper (FSC certified) is only used at KPMG in exceptional cases and in the printing facilities for our printed publications.

- **Organic and Rainforest Alliance coffee**

KPMG has introduced organic and fairtrade coffee at all of its locations.

- **Donating trees**

In collaboration with an independent sustainability consulting firm, our employees have the opportunity to donate trees to the Bergwaldprojekt e.V. The campaign is particularly designed as an alternative to giveaways at internal events. It is also intended as a motivational measure to promote greater climate protection. The financial year 2022 saw 3,800 trees being donated.

- **Honey bee colony settlements**

By settling honey bee colonies at several locations, we are making a contribution to maintaining our ecosystem.

Beekeepers on site look after the bees throughout the whole year, from setting up the beehives, to the honey harvest and through to the winter rest.

- **Sustainable planning and execution of events**

KPMG has prepared guidelines for environmentally friendly events. The guidelines include numerous tips and recommendations on resource-efficient event concepts.

Commuting

Emissions aren't created just by business trips to clients: they arise also when our employees travel to our offices and back home. Journeys between employees' home addresses and their workplaces currently account for 7 percent of our greenhouse gas emissions. In this regard, we want to create motivation among our employees for a more environmentally friendly commute. To increase the appeal, we are focusing particularly on incentives. This includes:

- **Mobility concept pilot at the Berlin location**

In summer 2022 we implemented a mobility concept for the Berlin location based on the principle of redistributing carbon-intensive mobility towards lower-carbon mobility. Income from renting out carparking spaces is used to promote environmentally friendly and sustainable mobility for the Berlin workforce.

- **Pilot of an app for protecting the environment and the climate combined with health and movement**

The Changers CO₂ Fit-App was an incentive measure launched by us in financial year 2022 to motivate people to protect the environment and the climate. Under the tagline „environmentally friendly mobility“, team competitions were held within a test group. The participants could track their activities, their carbon emissions or their carbon savings during different forms of motion and do something to stay healthy at the same time. As an incentive to participate in the competitions, KPMG planted 725 trees in cooperation with Bergwaldprojekt e.V. After receiving very positive feedback from the test group, we decided to roll out the app across the firm in financial year 2023.

- **Charging infrastructure for electric cars and hybrids**

Promoting e-mobility is another of our building blocks towards more environmentally friendly mobility. This is why we provide charging infrastructure for electric cars and hybrids at several of our KPMG offices. In the future, new KPMG offices will be equipped with charging stations from the outset and, if technically possible, we will also install charging points in existing buildings where it is required.

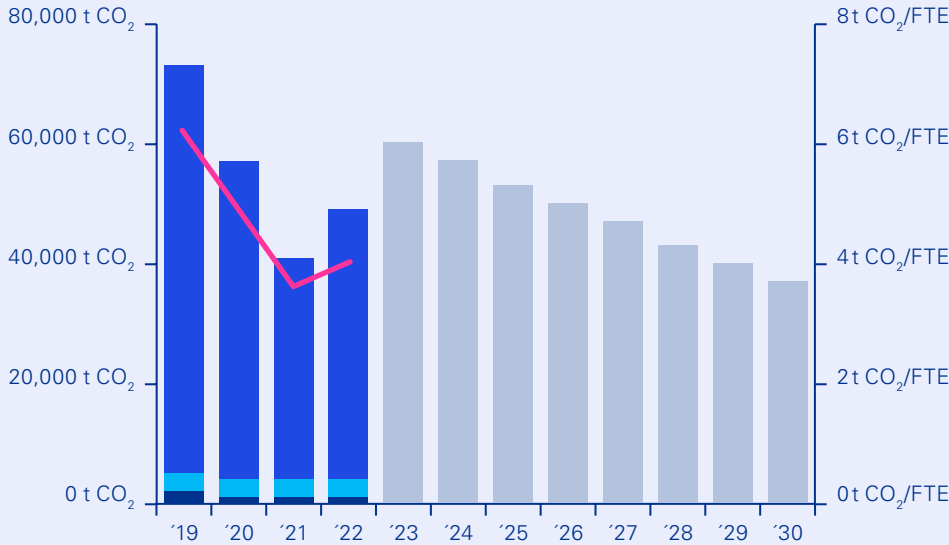
**Our progress in the financial year 2022:
Our carbon footprint**

As part of our sustainability objectives and the rules under the Science Based Targets initiative, we have calculated our carbon footprint since 2021 taking into account all Scope 3 indicators. From the base year 2019 onwards, all relevant upstream emissions are included in Scope 3. Among other things, this includes the greenhouse gas emissions generated in our supply chain and our employees' commutes.

KPMG in Germany reports the relevant emission data annually to KPMG International. All information is included in the global KPMG organization's report to the Science Based Targets initiative. Together with KPMG International, we also report annually to the Carbon Disclosure Project (CDP) on our KPMG-wide environmental contribution and our management of climate risks.

After a Covid-19-related decline in recent years, we recorded a slight increase in our greenhouse gas emissions again in 2022. The following overview details our progress and also the challenges involved in reducing our greenhouse gas emissions:

Our carbon footprint in the financial year 2022



- Scope 1 - Directly caused emissions from own sources
- Scope 2 (market-based) - Indirectly generated emissions, for example from purchased electricity; here, market-based Scope 2 emissions are specified
- Scope 3 - Indirect emissions in the upstream and downstream supply chain
- Emissions per FTE (Full Time Equivalent)

A detailed list of our greenhouse gas emissions can be found in the [KPI appendix](#).

Source: KPMG in Germany, 2022

+18 % CO₂

compared to prior year (2021)

-32 % CO₂

compared to base year 2019

-50 % CO₂ by 2030

compared to base year 2019

02 People



People

Our responsibility

Creating a caring, inclusive and Values-driven culture for our people

Our commitments

Have an inclusive culture

Foster an educated, empathetic workforce

Advocate for equal opportunity

Protect the health of our people

Develop a continuous learning culture

Respect human rights

The high quality of our employees is the key factor behind our long-term success. As an employer, we want to retain our staff for the long term and effectively counter the trend of increasing employee turnover. At the same time, we are faced with the challenge of women still being underrepresented in top positions worldwide. The collective goal of all KPMG member firms is to achieve a figure of 33 percent women at partner and director level by 2025. It is also of great importance to KPMG Germany that the share of women in leadership positions continually increases.

We are a people business, and as an employer, we always have our employees in focus. They should have the opportunity to develop individually and to fully exploit their potential. For this reason, we offer a working environment that allows everyone to successfully develop and which supports every employee's individual achievement. To do this, we have created a corporate culture that promotes strengths, fosters mutual respect and identifies development potential.

To win the best talent, strong employer appeal is essential. A value-oriented corporate strategy is of great relevance for people choosing their employer. Given the ever tougher competition for high potentials, it is crucial these days for companies to position themselves clearly and credibly with regard to their values and culture.

Our goal is...

- ... to win the best employees for KPMG.
- ... to provide employees with a strong development promise and to promote continuous, individual learning.
- ... to offer our staff the best and most varied career prospects and to enable career paths that fit their profile.
- ... to make sure that pay is transparent and commensurate with employees' performance and to ensure their achievements are acknowledged.
- ... to live a culture of value-oriented collaboration and leadership in which diversity is enabled.
- ... to create a balance for our staff between performance and wellbeing.

Furthermore, talents generally have greater expectations of employers regarding flexibility, pay, development opportunities and meaningfulness of work. We have responded to this with activities in career and development, inclusion, diversity and equal opportunities and work-life balance. The health and wellbeing of our employees are also key building blocks in our people activities. As part of KPMG's health management, we have developed services to help our employees maintain their physical and mental health.

We are observing the continuous evolution of the working world – for example the more flexible working models – and addressing these developments with forward-looking concepts.

KPMG fleXwork

This umbrella branding encompasses all of our programs that help to create an optimal working environment. As well as the new remote working options within Germany and other EU member states, we also offer different working time models such as sabbaticals.

Recruiting

Employees are the key to a successful company. To keep winning new talent in the future, we make the candidates' needs and expectations the focus of our recruiting activities.

Our attractiveness as an employer is demonstrated by the award we received from by Potentialpark:

Among 140 companies in Germany, we ranked 6th for our digital measures for attracting young talents. This represents an improvement of 10 places compared to the previous year and distinguishes us as the best Big4 in the ranking.



For us as a services company, one of the biggest challenges when recruiting new talent is the current skills shortage and the increasingly tough competition on the job market. With an ever greater density of regulations, the audit sector especially has seen a sharp increase in requirements. This also affects the tax advisor and auditor job profiles. The demanding – and thus long – time needed to obtain the qualification, as well as the huge responsibility later on in the career, is affecting peoples' decisions to embark on their career. Added to this, there is generally more willingness among today's workforce to change jobs.

We address these challenges by using our employer branding campaigns to inform potential employees about KPMG's different professional fields and to make them attractive for high potentials. Through numerous additional recruiting

activities we want to be successful in the competition for talents and to employ the best people in our firm.

How we win the best talents

• Candidate First

To properly focus on talent in addressing candidates, we have implemented our „Candidate First“ strategy. We continuously enhance this approach across all channels and activities. It focuses on a quick and simply structured application process for the candidates.

• University marketing

Cooperation with universities is a key component of our recruiting activities and a way of making students aware of KPMG as an employer. At 47 target universities throughout Germany, our campus recruiters put a face to the KPMG brand and act as personal contacts.

• Digital recruiting process

Our digital recruiting strategy has proven highly effective and has a good range. With location not a factor, we reach significantly more candidates on average while maintaining the same quality of contact. Thanks to these promising results, we will continue to push on with digitalizing our recruiting process.

• Offers and advantages for our staff

Our many different offers and benefits for KPMG employees, for example our fitness offers or our *Corporate Benefits* program, also help to promote our appeal as an employer to

young talent. You can see an overview of our incentives on the right hand side of the page.

Offers and advantages for our staff

- Location-based sporting opportunities and discounted fitness offers
- Wide range of health services
- Bike leasing by way of salary conversion
- Participation in the *Corporate Benefits* program
- Mobile phones that can also be used privately
- Lunch subsidy
- Employee travel season tickets (at selected locations)
- Company pension plans
- Capital accumulation benefits

Our progress in the financial year 2022

In the financial year 2022 we conducted an HR marketing campaign across different target groups and aimed at economists, commercial staff, STEM graduates and lawyers. The goal was to make KPMG visible for talent in almost all fields.

We have established our own talent community: *KPMGnext*. To promote the talents of tomorrow and to network them with KPMG staff, the talent community regularly organizes joint events. The community is therefore a good chance especially for the next generation to make contacts even before they start out on their career. Furthermore, *KPMGnext* members benefit from a shortened application process.

Open Mind Festival

The first *Open Mind Festival* was held in August 2022 in the Malzfabrik in Berlin. Potential applicants were allowed a first impression of KPMG as an employer and to get to know the entire range of our organization. Students and graduates of business and law, mathematics, chemistry, physics, IT, as well as career jumpers of other disciplines were invited to this festival-style recruiting event.



What we have achieved | Key figures in the financial year 2022 and beyond

3,400

We hired more than 3,400² permanent staff (prior year: more than 2,200).

200

We held more than 200 regional and nationwide university marketing events.

4,200

We also managed to win more than 4,200 young talents³ for KPMG (prior year: 3,080 young talents). 26 percent of these opted for KPMG as their employer following an internship or a work-study program (prior year: 37 percent).

50%

Approximately 50 percent of all KPMG recruiting events were held virtually. Among other things, this allowed for savings in travel-related emissions.

1,600

Our *KPMGnext* talent community now has more than 1,600 active community members.

830

In addition, virtual participation in financial year 2022 was promoted in the form of 830 tree donations.

We want to maintain this strong focus on our recruiting activities in the future. To do this, we will continue to pursue a digital recruiting strategy that concentrates on innovation and standing out from other employers.

² Total number of KPMG group permanent positions by headcount, not including KPMG Law.

³ Mainly interns, working students, dual study participants, apprentices and temporary staff.

Development and career

Lifelong learning is of huge importance at KPMG: It is only with well-trained staff that we can remain true to our quality promise to our clients: „*Excellence*. We never stop learning and improving“. To keep this promise, it is imperative that we offer continuous and individual learning alongside professional development, and that we promote career paths tailored to employees' profiles. This is because motivated and long-term employees support KPMG in meeting our clients' expectations. We focus on strengths-oriented development and ongoing feedback that expresses appreciation.

We see the current shift in learning culture as the biggest challenge for our activities. Lifelong learning – not just at KPMG – is moving away from separated learning and working and towards integrated and digital formats. We are reacting to these developments by using new technologies, for example through *LinkedIn Learning*, which KPMG makes available to all staff. We also offer our employees learning and development services that they can optimally integrate into their working day.

How we enable development and careers

- **Preboarding and onboarding**

Through our extensive onboarding program, we allow new employees to get to know KPMG right from the outset and to gain a foothold both in terms of subject area and processes.

Onboarding buddies and an onboarding app provide key information on KPMG even before employees take up their position and also give details on the new joiner's future role.

- **Learning and development formats**

As well as vocational training and the dual study program, we offer people the possibility of obtaining a university degree alongside a professional qualification. The development formats also include master's degree programs that can be completed alongside the job, professional examinations or equivalent extra qualifications, which we support financially and also by offering employees time off. Furthermore, there are talent programs such as *Emerging Leader*, in which we look to especially foster our top talents.

- **Our feedback formats**

For appreciative and discerning feedback on work achievements as well as assistance with personal and professional development, we offer varied in-person, virtual and written feedback options annually: *Reflect*, our strengths-based assessment system, allows our employees to recognize their particular abilities and to concentrate on and develop these aptitudes. Another established format is our *Feed Forward* program. It allows managers to obtain structured feedback from all members of staff, whatever their position.

Global People Survey

Any effective feedback culture includes feedback from the employees to their employer. This is why KPMG conducts the *Global People Survey* on an annual basis. By participating in this survey, our employees can help shape the firm's day-to-day working life. It gives us, as employer, an impression of the current mood regarding issues relevant to the firm internally and enables us to take concrete action to address areas where our employees see room for improvement. 70 percent of our employees took part in the survey in 2022.

Since the last employee survey in 2021, we have implemented a number of measures based on the answers to the questions, for example:

- We work constantly on improving communication between employees to create transparency, for instance with our feedback programs.
- To address spikes in workload, we intensified our recruiting activities in the financial year 2022 and hired more than 3,400 new permanent employees.

- **Our mentoring programs**

Mentoring has been an established instrument of our development culture for several years: an experienced manager (mentor) supports the personal and professional development of a young talent (mentee). Although the mentee's development is the main focus, mentoring is a reciprocal process in which both sides can learn. To aid this, we have introduced a separate program, *Reverse Mentoring*. This format turns the traditional mentoring roles on their head: experienced partners and directors learn from young employees in order to share knowledge, learn from one another and discover new potential together.

Our progress in the financial year 2022

- **LinkedIn Learning** is our new external learning content platform for all KPMG staff and includes a wide range of learning videos covering business, IT and creativity topics. The content is styled to allow employees to quickly learn about new subjects even without prior knowledge.
- **Increasing number of learning journeys:** to ensure that learning is as sustainable as possible, „learning journeys“ are developed consisting of several stages (e.g. in-person and online training, videos, articles, feedback, coaching).

What we have achieved | Key figures in the financial year 2022 and beyond

Overall there are currently 138 young talents (prior year: 127) progressing towards a professional qualification at KPMG, with 26 of these combining that qualification with a university degree.

- We welcomed around 74 percent (prior year also 74 percent) of the trainees into a permanent position once they had obtained their qualification.
- 352 (prior year: 302) top talents took part in our *Emerging Leader* program this year.

In future we will continue to focus on integrating learning and development even more into our employees' working day. To do this, we intend to integrate innovative approaches from academia and the business world and to align them with the needs of our business divisions.

Professionals in the financial year 2022 (2021)		
	2022	2021
Total professionals⁴	1,858	1,955
Auditors	909	957
Tax advisors⁵	1,483	1,547
Lawyers	211	233
Lawyers at KPMG Law Rechtsanwalts-gesellschaft mbH	309	297

⁴ Employees may hold multiple qualifications; this is considered in the overall statistics.

⁵ Thereof six tax advisors employed by KPMG Law

Inclusion and diversity

Inclusion and diversity at KPMG mean people valuing each other and dealing respectfully with individuality irrespective of age, ethnic background and nationality, gender and gender identity, physical and mental capabilities religion and worldview, sexual orientation and social background. We are convinced that different perspectives, experiences and CVs help to increase our dynamism and creativity. Diversity is lived at KPMG, providing great innovative strength and thus representing an advantage for our clients also. Our commitment to inclusion and diversity is underlined by the *Diversity Charter*, which we as a firm were one of the first in Germany to sign back in 2007. Our diversity dimensions are aligned with those of the *Diversity Charter*.

The diversity dimensions at KPMG

- Physical and mental capabilities
- Cultural diversity
- Sexual orientation and identity
- Social background
- Generational diversity
- Gender diversity

We want to sensitize all employees and empower them to create, maintain and develop an inclusive company culture and diverse team compositions. We want people of all genders to have the same development and career opportunities. For that reason, we use different formats to support equal opportunities among genders. This includes giving each person the opportunity to achieve a balance in pursuing career and life priorities, such as parental leave, flexible working times and caring responsibilities.

To promote development while addressing opportunities individually and successfully, we also support our employees with selected mentoring programs and coaching.

Respect for human rights

The global KPMG organization follows the United Nations Guiding Principles on Business and Human Rights. This voluntary commitment builds on our longstanding support for the *UN Global Compact*, which we signed back in 2002. KPMG in Germany has also committed to supporting the protection of human rights, avoiding being complicit in human rights abuses (including those involving business relationships), and helping to eliminate all forms of forced, compulsory and child labor. Details on how the German Act on Corporate Due Diligence in Supply Chains is implemented at KPMG can be found in the chapter „Supplier management“.

How we reinforce inclusion and diversity

• Diversity throughout the year

In order to inform our employees about the dimensions of diversity at KPMG and to heighten their awareness of the issues of inclusion and diversity, we run various communication formats and activities in six individual focus months.

Fair share:

We see potential as gender-neutral. Therefore, one of our goals is to promote our diverse talents in a fair ratio. In this way, we want to ensure a just gender distribution across all positions.

Equal pay:

Equal opportunities also means equal pay. KPMG pays its staff based on regular analyses of our pay structures and in line with their qualifications and performance – fairly and irrespective of gender.

• Work-life balance

It is important for our employees to be able to maintain a balance between their careers and their private lives. To support them in their job as they go through different family and life phases, we have implemented various measures and offers. With our longstanding *Fokus.Familie* program, we enable financial support and flexible working time models for parents after the birth of their child. Together with our partner companies, we offer our employees anonymous and free-of-charge advice and communication on health, family and social matters. This offer also extends to support in the event that caring responsibilities arise in the family. Furthermore, we offer a variety of flexible working time models which allow employees to determine their own weekly or monthly working hours, as well as home-working arrangements.

Fokus.Familie

This program enables financial support for employees returning to work after the birth of their child. It also provides for flexible models in terms of work location and hours. The program makes it easier also for fathers to combine work and family responsibilities. With this service, we promote equal opportunities when it comes to career prospects.

• Our networks

Through our different networks at KPMG, we allow our employees to exchange ideas on relevant topics and network within specific groups.

• Speak-up format

Our *speak-up* format provides our employees with practical techniques to improve their powers of reflection, self-confidence and quick-wittedness. We also see this format as way to promote value-oriented cooperation based on our KPMG values, both internally and externally.

Our progress in the financial year 2022

- KPMG's Inclusion Team promotes equal participation of people with disabilities and equivalent persons in working life.
- To allow our staff a work-life balance, we have engaged a new family and care service. Our cooperation partners *famPLUS* and *Deutscher Pflegering* offer supportive advice on parenting, life and social matters.

Networks at KPMG	What are they for?
Women's networks: KPMG's Network of Women (KNOW), KNOW Young, Tech x KNOW Young, Women@KPMG Law	<ul style="list-style-type: none"> • Networking between colleagues • Sharing ideas and developing soft skills and competencies, specifically for women
Parent networks at various locations	<ul style="list-style-type: none"> • Opportunity for parents to support each other and exchange ideas and experiences on family and children
Cosmopolitans	<ul style="list-style-type: none"> • Chance to network on matters of cultural diversity
PriDE@KPMG & Friends	<ul style="list-style-type: none"> • Communication and safe space for the LGBT*IQ+ community and all employees interested
The "Grenzen?Los!" network	<ul style="list-style-type: none"> • Connecting employees with and without disabilities
Network of possibilities	<ul style="list-style-type: none"> • Network on social background

„berufundfamilie“ audit

To achieve a high degree of flexibility for employees managing their working life, accurate planning and good monitoring are indispensable. Therefore, under the German government's „audit berufundfamilie“ (career and family) seal of approval, we have been audited regularly since 2006 and have continually developed measures to help better realize a work-life balance.



What we have achieved | Key figures in the financial year 2022 and beyond

12,5 %	share of women in management positions at Managing Board level (prior year also 12.5 percent)	107	KPMG's workforce includes people of 107 different nationalities (prior year: 98 nationalities)
17 %	share of women in management positions at the first level below the Managing Board (prior year: 16 percent)	1,900	Our KPMG networks have more than 1,900 active members (prior year: more than 1,600 members)
39 %	share of women in management positions at the second level below the Managing Board (prior year also 39 percent)	6	In 2022, the PROUT AT WORK organization again presented awards recognizing commitment to promoting equal opportunities for LGBT*IQ+ people in the workplace. Six KPMG employees feature on the current list of PROUT PERFORMERS
5/16	Supervisory Board members are women, which equates to roughly 31 percent (prior year also 5 of 16)		
17 %	of employees and 17 percent of management at KPMG opted for an individualized working time model (prior year: 16 percent)	180	Around 180 employees participated in the Fokus.Familie program in the financial year 2022.

Going forward, we will continue to push ahead with cultural change at KPMG by empowering our employees when it comes to inclusion and diversity, by sensitizing them to these topics and by providing information.

Health and wellbeing

Corporate healthcare management takes high priority at KPMG – the physical and mental health of our employees is of central importance to us as an employer. For this reason, we are firmly anchoring our measures to promote health and wellbeing in the workplace and to foster prevention as a cross-functional management approach.

In this context, we believe that the current global crises present a particular challenge: the Covid-19 pandemic, the war in Ukraine and the climate crisis are causing employees to suffer increasingly from mental strain due to long-lasting stress. The consequences of the Covid-19 crisis resulting from limited social contact, such as feelings of isolation, onboarding and working with colleagues in virtual format only, being managed remotely and missing out on a proper team feeling, have also contributed to employees' mental strain.

We consider it particularly important to take preventive measures and to promptly ensure relief and support for those affected. Furthermore, we want to use various activities to sensitize people to the topic of mental stress and combat the stigma surrounding it.

Mental Health Day

On our Mental Health Day in October 2022, our employees were able to take advantage of a wide range of offers relating to the topic.



How we look after our employees' health | Our progress in the financial year 2022

• What we offer for mental strength and health

We have regular, low-threshold offers for employees to promote mental strength and health. This includes introductory presentations; training on managing tasks, time- and stress management; tips and practical exercises for the (working) day; and supplementary microlearning and practical sessions, for example covering meditation or keeping fit while working from home.

• Advice and support

All employees have access to individual, confidential advice and support from internal coaches and company doctors.

• External life coaching and social counseling

All our employees have the opportunity to receive life coaching and social counseling from an external cooperation partner.

• Health and fitness on site

We have set up special fitness areas in several KPMG offices. Our employees can also take advantage of a range of health and fitness offers.

• Flu vaccinations

We offer our staff in-house flu jabs every year.

• Nutritional advice

We provide webinars that inform our employees about optimizing their nutrition in order to improve their physical and mental fitness.

• Lease bikes

Back in 2019, we introduced a lease bike service. Since the financial year 2022, employees can also obtain a second bicycle via the firm's leasing offer.

What we have achieved | Key figures in the financial year 2022 and beyond

- In autumn 2022, we administered around 1,700 in-house flu vaccinations.
- Around 730 employees are now using KPMG's lease bike service.
- About 5,500 people tuned in to the live introductory presentations as part of our mental health campaign.

We will continue to expand our offer for staff, which will include working with our cooperation partners.

03 Prosperity



Prosperity

Our responsibility

Driving purposeful business practices and good corporate citizenship.

Our commitments

Always act with a clear purpose

Lead the profession in audit quality

Drive responsible tax practice and consulting

Support education and lifelong learning

As a global audit and advisory firm, we believe that we can have the greatest impact on sustainable development through the services we provide. With our ESG services, we support our clients in developing sustainable business and operating models and complying with new ESG regulations and disclosure standards. To present a credible image to the public, we must proceed by setting a good example and acting sustainably. We therefore assume social responsibility and are committed to sustainable and ethical conduct.

We create trust within society through our auditing and assurance services. They establish the framework for enhancing the credibility and legal certainty of financial, and increasingly also non-financial, information in the financial markets.

Providing high-quality services and performing financial statement audits of the highest audit quality is our main priority – across service lines, regions and business sectors. It is also essential for us to always keep our clients' needs in mind and to support them in overcoming the challenges of our time. At KPMG in Germany, we respond to this by continually enhancing our services in view of current growth areas and with a structured culture of innovation for our clients.

However, we see ourselves not only as an economic player, but also feel a sense of duty to the society in which we operate. One key element of our company culture is therefore maintaining a diverse approach to social engagement, which is supported by our employees. We offer different engagement programs in which staff can apply themselves and make a positive contribution to society. We continually aim to enhance these programs and initiatives and to take into account changes in society. The impacts of the war in Ukraine are currently in our focus. With extensive supportive measures and our employees' willingness to help, we want to make a contribution to improving the situation for the people in Ukraine and the refugees in Germany.

Our goal is...

- ... to provide our clients with the best solutions for the challenges of our time
- ... to constantly enhance our services using our culture of innovation
- ... to combine economic success with social and ecological aspirations and to promote social engagement

Providing high-quality services in the interest of society

The economy is being fundamentally transformed by current unpredictable geopolitical developments – including climate change, global conflicts, the decoupling of economic relationships and the instability of supply chains. Furthermore, macroeconomic developments such as inflation, high gas and energy prices, interest rate hikes and demographic shifts currently represent a challenge both to our clients and to us. With our growth areas *Digital Transformation, Governance & Compliance, Digital Finance, ESG and Performance & Resilience*, we are reacting to these developments with the desire to offer individual solutions to our clients and help them purposefully approach the challenges of our time.

The growth topic of *ESG* is a particular focus for KPMG, with political and social drivers making it one of the biggest challenges of current times. If implemented correctly, *ESG* is an opportunity for our clients to achieve higher growth, profitability and enterprise value. In this context, KPMG International launched a global investment program in 2021. Over three financial years, more than USD 1.5 billion is to be invested in developing *ESG* solutions, training employees and collaborating with charitable organizations and alliance partners. Thus, KPMG in Germany has also set itself the task of developing and offering client-focused *ESG* solutions across all services so that it can accompany clients into a more sustainable future. The demand for sustainability expertise is high, and the job market for *ESG* experts is suitably tight. Consequently, we are focusing on individually tailored *ESG* recruiting campaigns as well as internal training for our staff on environment, social and governance topics.

How we serve as a reliable partner for our clients

- **Independence**

Our goal is to consistently follow all regulatory requirements that apply to us as an audit and advisory firm. This applies especially to the independence requirements for audit engagements.

- **Audit quality**

The German Act to Strengthen Financial Market Integrity (FISG) stipulates from 2022 onwards that all public interest entities are subject to a mandatory auditor rotation after ten years. The maximum duration of an audit engagement for all public interest entities has been reduced to ten years. All KPMG member firms have introduced the **KPMG Clara** audit platform worldwide. It combines our many years of audit experience with innovative technology. KPMG Clara is applied consistently worldwide as an audit approach. Thereby, we aim to offer our clients uniform high quality, protection and security. At the same time, it means that we meet the increased requirements of the German Act to Strengthen Financial Market Integrity (FISG).

Responsible tax practice

- In Tax, we align our tax advisory work with the **Responsible Tax Principles of KPMG International**. Accordingly, we provide tax advisory services that allow our clients to achieve their business goals. In our advice, we always pay attention to the needs of our employees and the environment in which we as a firm are operating.
- It is important to us that we offer our clients tax advice of the highest quality that is tailored to the specific interests and business objectives of each individual client.
- Applicable laws are interpreted according to the intent and purpose of the respective law and taking into consideration current case law. When we give advice, the aim is not for clients to enter into purely artificial transactions to gain tax advantages that are inconsistent with the intent and purpose of the legislation.
- We are opposed to advice that focuses exclusively on tax planning models or tax arrangements. We advise solely on transactions or structures that have substance and which follow a clear economic purpose.

Our progress in the financial year 2022

- **Audit engagements**

In the financial year 2022, KPMG performed audits at 13 of the 40 companies listed on the DAX 40 at the end of the financial year. This equates to 32.5 percent of the companies, meaning that we remain in the leading group of DAX 40 auditors. KPMG will have more opportunities to win new clients in the future thanks to the shorter auditor rotation. We also see potential for winning new audit engagements in the other DAX segments.

- **ESG services**

Our services encompass a wide range of ESG topics. They cover decarbonization, the introduction of circular economy structures, the safeguarding of ethical standards in the supply chain, enabling diversity among employees, as well as advice and audit/assurance related to ESG reporting. We are thus contributing to the transformation towards a climate-positive, circular, resource-efficient and fair economy.

- **ESG learning & development strategy**

KPMG in Germany has established a comprehensive learning & development strategy to combine the practical know-how of our ESG experts with current knowledge from universities/academia. As part of this, a modular, video-based training program has been developed in cooperation with the EBS University. It is available to all KPMG employees and can be taken as each person wishes („Watch from anywhere,

anytime“). Once the training program is complete, the employees receive the title „ESG Expert (EBS)“.

- **Regional competence centers to promote cooperation**

To intensify cooperation among KPMG member firms in ESG, competence centers or „ESG Hubs“ have been built up, including the „EMA ESG Hub“ under German management. The hubs manage the go-to-market strategy in the individual regions and provide the individual KPMG member firms with cross-regional ESG experts.

- **Standardization of our ESG services at international level**

The KPMG member firms have also established standardization for the global ESG services: the „ESG Playbook“ aims for uniform quality worldwide in supporting our clients to overcome their ESG challenges.



It is high time to rethink what we are doing for our society and environment. The time for ESG is now. Over the next three years we plan to hire up to 5,000 new people focused on ESG. Combined with our extensive ESG further training initiative, we are affirming our goal to be the leading partner in the market for ESG services.

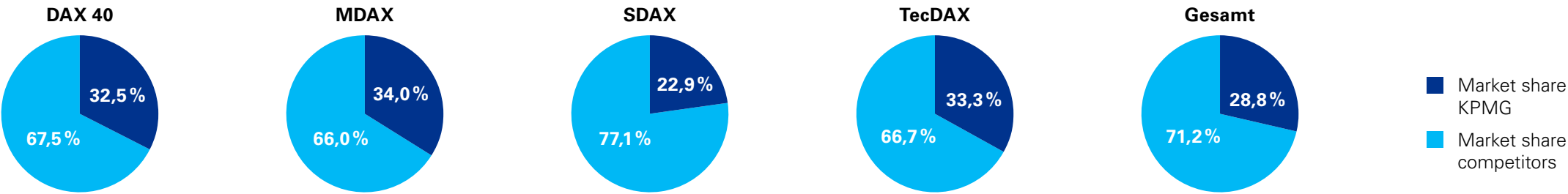
Goran Mazar,
Partner, EMA & German Head of ESG and Automotive

- **„ESG: All Hands on Board“ call and ESG roadshows at our offices**

To further sensitize and inspire our employees for ESG, we held a firm-wide, virtual event in October 2022. During this event, we informed people in detail about our ESG objectives and organizational structure, flagship projects in our service portfolio, career prospects in ESG and our own contribution to more sustainability at KPMG. We also embarked on a roadshow through our offices, reporting on regional ESG projects and providing a forum for employees to discuss the subject matters on site with their colleagues.

What we have achieved | Key figures in the financial year 2022 and beyond

Market shares as auditor in Audit in the financial year 2022 as of Sep. 19, 2022

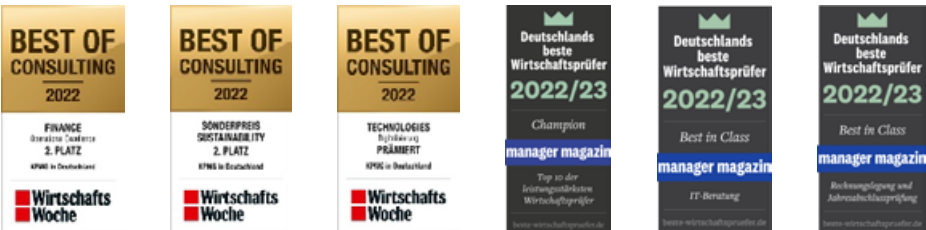


Source: KPMG in Germany, 2022

Awards

We are considered a reliable partner: In the financial year 2022, both KPMG AG Wirtschaftsprüfungsgesellschaft and KPMG Law Rechtsanwaltsgesellschaft mbH again received multiple awards. Some of these honors are listed below:

KPMG AG



KPMG Law



Innovation and client focus

We have set ourselves the challenge of consistently providing up-to-date and comprehensive information. To help us do this, we work with reputable analyst firms and release studies and specialist publications. We also develop our own thought leadership publications to actively shape and push forward the issues of the future. Employing a wide range of measures, we pursue a sustainable and structured innovation culture that transcends all services – and it is our employees who are the driving force of this innovation. Using different channels and formats, we also offer employees the chance to exchange ideas and engage in dialog with our clients.

How we use our different formats to create added value for our clients

- **KPMG Innovation Challenge**

In our internal competition for ideas, our employees can put forward their creative suggestions. A solution is then developed from the initial idea to the market-ready product.

- **KPMG Ignition Center**

With our Ignition Sessions at different locations in Germany, we offer our clients a space for creating innovation processes – from the first thought to the finished product. Our methods such as scrum or design thinking are used in these sessions.

- **KPMG Innovation Factory**

This is an **online platform** where we bundle our experts' current specialist knowledge for our clients.

- **Client-Insights-Programm**

To continually expand the high quality of our services across all lines, we have implemented our *Client Insights* program, an annual client satisfaction survey. The feedback allows us to constantly work on improving our service quality.

Our progress in the financial year 2022

- In April 2022, we held our „KPMG Future Summit“ for the first time. The client event took place in a hybrid format as part of the „KPMG Bergexpedition“ – an annual exchange program where prestigious experts provide information on three virtual stages on the following growth topics: *ESG*, *Digital Transformation* and *Governance & Compliance*. This year's event attracted more than 5,000 participants who were able to listen to over 120 speakers in 45 sessions.

KPMG Future Summit

Our first KPMG Future Summit was held in April 2022 as a hybrid event for our clients to share ideas on the megatrends of *ESG*, *digital transformation*, *governance & compliance* and *business resilience*.



What we have achieved | Key figures in the financial year 2022 and beyond

• Client reach

- More than 250 blog posts on KPMG’s *Klardenker* blog during the financial year 2022
- More than 200 studies and professional publications in the financial year 2022 (prior year: more than 50)
- A total of 380 webcasts (virtual events) with more than 41,000 external participants in financial year 2022 (prior year: 420 webcasts with 43,000 external participants)

Results of the 2022 client satisfaction survey

98 %
of our clients were
at least satisfied
with our work

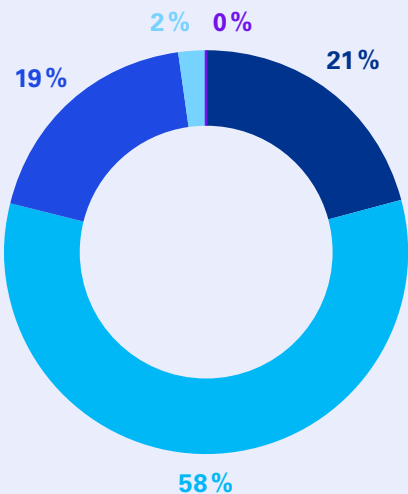


Anonymous client quote

„The working style, methods and tools used are fully in line with my expectations. The high level of flexibility and readiness to deliver were extremely helpful.“

„Open, transparent cooperation with trustworthy communication, both on-site and in the case of digital communication.“

„The commitment, self-initiative, helpfulness and friendliness of all project participants was out-standing.“



- Extremely satisfied
- Very satisfied
- Satisfied
- Somewhat satisfied
- Dissatisfied

Source: KPMG in Germany, 2022

Social engagement

As a firm, we act not only in an economic environment, but also a social one. We practice corporate responsibility by implementing programs and initiatives that focus on the topics of „equitable and high-quality education“ and „lifelong learning“. The personal commitment of our staff is a central element of our sustainability concept and is particularly appreciated and promoted, with employees being released from work for up to four hours a month. In line with our „For better. We do what matters“ value, our goal is to make a positive contribution together with our people for our community.

We want to leverage our skills and expertise to promote young people and, in doing so, help them unleash their potential. For this purpose, we have made it our goal, together with all KPMG member firms worldwide, to support ten million disadvantaged young people by 2030 through education, employment and entrepreneurship.

How we are making a positive contribution to our society

- **4-hour engagement**

In order to carry out voluntary work, KPMG allows employees to take up to four hours off from work each month. This applies to programs that are promoted by KPMG as well as privately initiated charitable projects.

- **Pro-bono consulting**

As part of pro-bono consulting, our employees use their professional expertise to help charitable organizations overcome current challenges. In doing so, we work together with the SKala initiative and *PHINEO*, a non-profit analysis and consulting firm, to support only those organizations that have a proven track record of making a major social impact.

- **JOBLINGE**

The Germany-wide *JOBLINGE* educational initiative helps unemployed young people who come from socially disadvantaged backgrounds and works to prevent youth unemployment. Our employees support this program by providing one-on-one mentoring or also by offering language, IT and job application training.

- **Fit für die Wirtschaft**

As part of the *Fit für die Wirtschaft* (Fit for the Economy) program, which was developed by IW JUNIOR gGmbH, colleagues work as trainers to provide pupils in grades 8 to 10 with basic business knowledge.

- **Volunteer Vision**

Volunteer Vision in an initiative where KPMG employees relay their professional experiences and social skills as online mentors to refugees and socially disadvantaged young people.

- **Enactus**

Staff use their know-how as business advisors to support *Enactus*, a global student network. They apply innovative solutions to help move social and ecological projects ahead.

- **KPMG Remaining Cent Initiative**

The *KPMG Remaining Cent Initiative* enables employees to donate the cent amounts of their net salary to a good cause. These donations are collected and then doubled at the end of the year by KPMG. The total amount is then distributed to multiple charitable organizations.



The solidarity and commitment of our employees is overwhelming. This shows once again that the focus is on people at KPMG. Particularly in these challenging times, it is important that we stand together and provide support, especially to those who are not as well off.

Klaus Becker, CEO,
Spokesperson of the Managing Board

Our progress in the financial year 2022

• Career-Talk

One of our new measures in the financial year 2022 is Career Talk at *JOBLINGE* and *Fit für die Wirtschaft* (Fit for the Economy). In order to help students and young people find their way in the professional world, employees from KPMG’s various business lines report on their professional careers and their personal experiences, challenges and achievements. Simultaneously, entry opportunities into various professions are presented and initial contacts to potential employers are facilitated.

• Pro-bono consulting

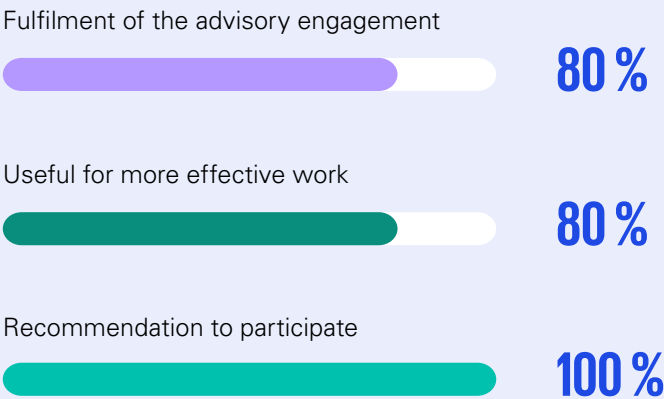
Since the program’s establishment in 2018, KPMG has carried out a total of 44 pro-bono projects as of 2022.

A current PHINEO evaluation shows that pro-bono consulting has a favorable impact both on the organizations receiving consultation and on the volunteers.

This is what the volunteers have to say:



This is what the non-profit organizations have to say:



What we have achieved | Key figures in the financial year 2022 and beyond

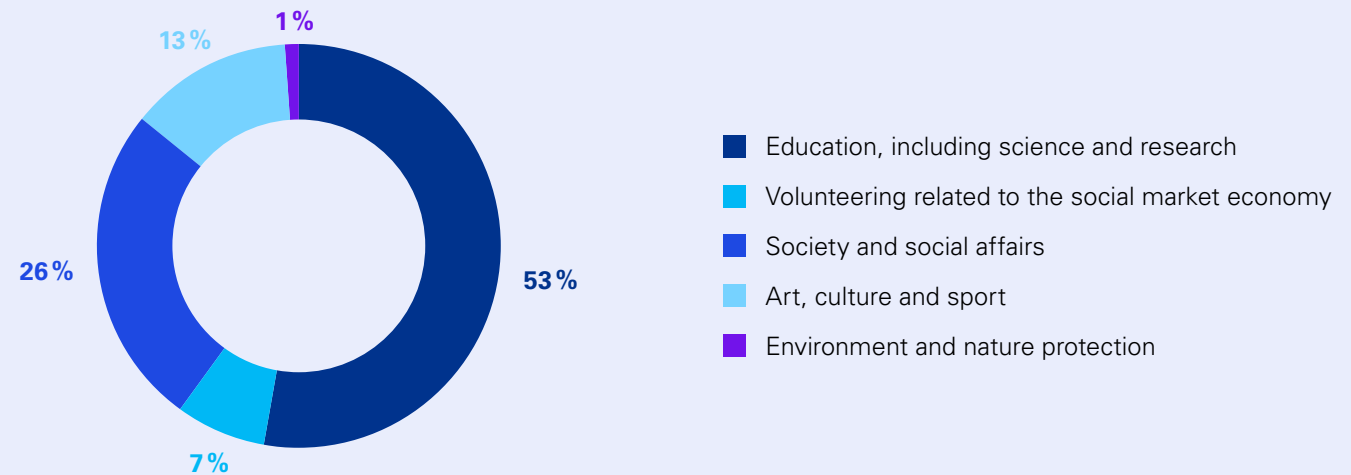
- **Commitment of our employees**

- 6,746 volunteering hours (prior year: 7,336 hours)
- 425 volunteers (prior year: 538 volunteers)
- Donations from the *KPMG Remaining Cent Initiative* totaled EUR 31,000 in financial year 2022. This amount was donated almost equally to three projects: *Clean River Project e.V.*, *discovering hands gemeinnützige UG* and *Digitale Helden gGmbH* (prior year: EUR 27,000)

- Besides the volunteer work of our employees, **donations and sponsoring** are a key part of our social commitment.

Donations and sponsorships totaled EUR 5.9 million (prior year: EUR 5.1 million), comprising EUR 1.5 million in donations (prior year: EUR 1.7 million) and EUR 4.4 million in sponsoring (prior year: EUR 3.4 million)

Breakdown of volume of donations in the financial year 2022



Source: KPMG in Germany, 2022

04 Governance



Governance

Our responsibility

Put our values at the heart of what we do

Our commitments

Act lawfully, ethically and in the public interest

Work against corruption in all its forms,
including extortion and bribery

We hold ourselves to the highest standards of integrity, quality and ethics at all times, striving to be the clear choice for our clients. We are committed on a national and international level to our global KPMG values: *Integrity, Excellence, Courage, Together and For Better*. These five values are at the heart of our daily activities and constitute our set of values. These values are the foundation of KPMG's inclusive and diverse culture. We are therefore committed to them in both our personal and professional conduct.

As an audit firm, we are required to comply with specific national and international legal and professional regulations. These relate to how we organize our business practice and how we carry out and complete our engagements. In order to satisfy these requirements, we believe that one of our main tasks is to push the common quality approach at all global KPMG member firms. Our goal in doing so is to uphold our commitment to not tolerate any illegal or unethical business practices. Furthermore, our primary objective as a multidisciplinary audit and advisory firm is to provide the highest quality services. Ensuring the integrity and independence of our employees is key to this.

(Global) Code of Conduct

The national as well as the global KPMG (Global) Code of Conduct, are shaped by our corporate values. They set out the key guidelines and principles for the actions and behaviors in our daily work processes and our corporate culture. anchored. All employees have the responsibility to comply within their respective function and position with the legal, professional and ethical requirements.

To this end, we are continuously working on already established measures and standards in our quality and risk management: our quality management system provides the reliable framework for our daily activities in a highly complex working environment. In the area of data protection, we have implemented a variety of measures in accordance with the applicable legal requirements to ensure that confidential information is protected from misuse and loss. Our supplier management function has also established numerous measures that guarantee that our standards are adopted by our suppliers as well.

In this context, there is also the German Act on Corporate Due Diligence in Supply Chains [LkSG], which, as of January 1, 2023, obliges companies domiciled in Germany to fulfill their responsibilities in their supply and value chains. We have also already implemented the associated new requirements for ourselves as a firm.

United Nations Global Compact

Back in 2002, KPMG International signed the *United Nations Global Compact*, the largest initiative in the world for responsible corporate governance. KPMG in Germany is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International. Being a member means that we, too, at KPMG in Germany are committed to the ten principles of this alliance to ensure a sustainable global economy. For more information on this as well as the current progress report of the *United Nations Global Compact*, please refer to the following [link](#).

Our Values – we act accordingly!

For Better

We do what matters.

Integrity

We do what is right.

Together

We respect each other and draw strength from our differences.

Excellence

We never stop learning and improving.

Courage

We think and act boldly.

Quality management system

In order to comply with the extensive legal regulations as well as our voluntary commitment to top quality, we work continuously on expanding, maintaining and monitoring our quality management system.

Effective quality and risk management is indispensable at KPMG in order to prevent violations of professional law, loss of independence, liability issues and economic risks. Furthermore, in doing so, we also counter risks involving reputational damage, lost engagements and going concern risks.

Therefore, the most important objective for KPMG's quality and risk management is to be seen by our stakeholders as the best network that consistently meets the highest standards of quality, ethics and integrity. Together with other participants, the Quality & Risk Management Team is responsible for implementing, monitoring and enforcing KPMG's quality and risk management in Germany. In doing so, we are complying with the professional requirements, national and international standards as well as the policies of KPMG International

How we ensure the highest standard of quality in our work

We have made important investments in order to strengthen the consistency and robustness of our quality management system in our global organization and to maximize the benefits of the ongoing implementation of the International System of Quality Management Standard 1 (ISQM 1). Our approach to the global rollout of ISQM 1 is based on the consistency of the quality assurance rules and responsibility. KPMG International has developed quality control guidelines applicable to all KPMG firms.

- **System of Quality Management**

As a member of the International Federation of Accountants (IFAC), KPMG is obligated to implement a System of Quality Management according to the new global ISQM1 quality management standard.

- **Governance Body**

The Global Board is the principal governance and oversight body of KPMG International. It currently consists of 24 members from a variety of regions, reflecting the global presence of KPMG International. At KPMG in Germany, the governing bodies comprise the Managing Board and the Supervisory Board. The Managing Board is responsible for the management of KPMG. In accordance with the requirements of the German Public Accountants Act

[Wirtschaftsprüferordnung – WPO], the Managing Board mainly consists of German public auditors. The Managing Board conducts the firm's business operations in accordance with laws, the Articles of Association, the rules of procedure issued by the Supervisory Board and the professional principles for German public auditors and public audit firms. The members of the Managing Board collectively bear responsibility for management. The Managing Board's management activities are monitored by the Supervisory Board, which comprises 16 members. Of these, eight members are appointed at the Annual General Meeting and eight are appointed in accordance with the provisions of the German Codetermination Act [Mitbestimmungsgesetz].

- **Mandatory training for all employees**

Complying with laws, regulations and standards is a central aspect of all KPMG employees' everyday work. Regular compliance training helps our employees to maintain the required independence at all times and to avoid conflicts of interest. Furthermore, we conduct regular independence surveys.

100 % of our employees completed anti-corruption training in the financial year 2022.

Our trainings

All employees are required to repeat our training courses annually. They focus on the following main topics:

- Data protection/information security
 - Independence
 - The German General Equal Treatment Act
 - Anti-money laundering and anti-terrorist financing
 - Acting with integrity
- **Preventing corruption and bribery**
To prevent corruption and bribery, we set up an in-house, system-based approval process and control mechanism for our donations, sponsorships, cooperations and memberships. A further anti-corruption measure is the KPMG *Gift Policy*.

- **Accepting engagements**

As an audit firm, we have strict policies on accepting engagements and clients. The assessment of the client relationship is conducted through risk analyses and is carried out using our internal CEAC (Client and Engagement Acceptance and Continuation) and Sentinel IT tools.

- **Management systems**

We ensure consistent high quality through certified management systems, such as the quality management system pursuant to DIN EN ISO 9001, the information security management system pursuant to ISO/IEC 27001 as well as the environmental management system pursuant to DIN EN ISO 14001.

- **Whistleblowing hotline**

A further key and elementary component of our quality standards is the whistleblowing hotline. It serves as a means for employees, clients, subcontractors, suppliers and third parties to report any suspicions of illegal or unethical behavior.

Please refer to the [KPMG transparency report](#) for more information on governance topics. This also provides a detailed description of our quality management system.

We will uphold all of our implemented measures in the future and continue to refine them.

Our progress in the financial year 2022 | Key figures in the financial year 2022 and beyond

- 100 percent of our employees completed anti-corruption training⁶ in the financial year 2022.
- As in prior years, there were no reported cases of corruption or bribery at KPMG in Germany in the financial year 2022.

Our certified management systems:

- Quality management pursuant to DIN EN ISO 9001
- Information security pursuant to ISO/IEC 27001
- Environment management pursuant to DIN EN ISO 14001

⁶ This refers to our mandatory training courses "Integer Handeln" by the deadline 08.11.2022 and "Anti-Money Laundering and Countering the Financing of Terrorism" by the deadline 06.04.2022, which must be completed by all active employees, including working students, interns and others.

Data protection and information security

Rapid developments in information and communications technology mean that the topic of data protection is gaining in importance. At the same time, the European General Data Protection Regulation (EU GDPR), which has been in effect since 2018, sets high data protection law standards for companies. As an audit firm, we are also subject to mandatory legal obligations to maintain confidentiality as well as professional oversight. Continuously monitoring compliance with data protection legislation and ensuring confidentiality is essential to the provision of our services.

It is therefore a key objective of ours to protect the personal data of third parties, in particular of clients, service providers and cooperation partners as well as our own employees, from loss and misuse in accordance with legal requirements.

How we ensure data protection and information security

- **Management system**

When it comes to our data privacy measures, we rely on the certified information security management system pursuant to ISO/IEC 27001.

- **Data protection officer**

We have appointed a data protection officer in order to comply with the requirements of the European General Data Protection Regulation. As such, we have a KPMG-internal body that is independent of instructions within the framework of the EU GDPR.

- **Data protection training**

In financial year 2022, we again conducted our mandatory annual data protection training for all employees. Furthermore, regular training and information was provided once again for employees working in especially sensitive areas.

- **Professional confidentiality**

All employees have submitted a declaration of commitment to professional confidentiality.

- **Risk-appropriate organizational structures**

- **Control processes such as internal audits**

International data transfer

In the financial year 2022, each member firm of KPMG International pledged to adhere to the minimum standards of data protection. Their main obligations in this regard are specified in the KPMG Data Protection Guidelines and in the contractual clauses on data protection (*Inter Firm Data Transfer Agreement – IFDTA*) of KPMG International, which replaced the previous *Inter Firm Agreement about Data Protection* in financial year 2022. The IFDTA also contains all modules from the current EU standard contractual clauses published by the EU Commission on June 4, 2021, pursuant to Article 46 (2) lit. c GDPR. Accordingly, the IFDTA obligates KPMG member firms around the world to comply with these regulations for non-EU/EEA data transfers.

This is what we have achieved

KPMG continued to observe the data protection laws in the financial year 2022 and remains committed to continuously adapting its level of data protection in line with technical and regulatory progress in the future

Supplier management

Compliance with social and ecological standards is not only a part of our corporate culture, but also a component of our sustainability strategy. We also expect our suppliers to comply with these standards. From now on, this principle will also be reinforced by legislation in Germany: in order to improve the protection of human rights in global supply chains, the German Federal Parliament adopted the German Act on Corporate Due Diligence in Supply Chains in June 2021. The requirements are based on the due diligence standard of the UN Guiding Principles on Business and Human Rights.

KPMG of course implements the requirements of the German Act on Corporate Due Diligence in Supply Chains in its own business as well as that of its suppliers. Implementation of the German Act on Corporate Due Diligence in Supply Chains means KPMG is facing the new challenge of implementing full monitoring of suppliers and service providers along the entire supply chain and checking whether the requirements under the German Act on Corporate Due Diligence in Supply Chains are being stringently observed. We have implemented essential measures to accomplish this.

In addition, KPMG's supplier management aims to make a significant contribution to achieving the Paris Climate Agreement: with respect to measures designed to reduce carbon emissions, procurement has a great deal of leverage. This concerns, for example, the selection of strategic suppliers who, like KPMG, have promised to comply with the specifications of the Science Based Targets initiative.

We have adopted various internal policies and processes to monitor whether our approximately 4,000 suppliers and service

providers (of which around 84 percent are based in Germany) are complying with social and ecological standards.

How we implement sustainable supplier management

• Supplier Code of Conduct

Our *Supplier Code of Conduct* serves as a guideline for our suppliers and providers with regard to KPMG's sustainability principles. It provides the basis for our cooperation with our suppliers.

• Complying with independence requirements

Strategic purchasing must also comply with KPMG's independence requirements. Strict monitoring and assessment mechanisms are used in client engagements. Furthermore, the whistleblowing hotline can be used to report violations to our purchasing policy.

• Set of criteria with sustainability requirements

We use our catalog of criteria containing sustainability requirements as an established measure in order to specifically review our social and ecological standards, including those of our suppliers and service providers. This also creates ethical framework conditions for the selection of suppliers, materials and services.

50 % by 2030

Our goal is to see 50 percent of our strategic suppliers set their own science-based target by 2030.

Our progress in the financial year 2022

- We have implemented measures in order to comply with the German Act on Corporate Due Diligence in Supply Chains, for instance by adjusting supplier management and the supplier review process. In addition, an initial risk analysis of suppliers has been carried out with regard to risks relating to the German Act on Corporate Due Diligence in Supply Chains.
- Our purchasing department has continuously refined supplier management, e.g. by expanding the supplier surveys and auditing KPMG's suppliers/service providers.

What we have achieved | Key figures in the financial year 2022 and beyond

- As part of KPMG International's *Global Procurement Project*, we invited key suppliers to participate in the Carbon Disclosure Project (CDP) during the reporting period. 12 suppliers managed from Germany and 27 suppliers assigned from Germany agreed to participate.
- In the final months of 2022, we expanded our supplier management in line with the requirements of the German Act on Corporate Due Diligence in Supply Chains. In addition, we integrated supplier auditing and the necessary documentation into the purchasing process in order to ensure full compliance with the German Act on Corporate Due Diligence in Supply Chains on the purchasing side. Our focus is also on adjusting our *Supplier Code of Conduct* and collaborating with our contractual partners.

Imprint / Contact

KPMG AG Wirtschaftsprüfungsgesellschaft

Klingelhöferstraße 18
10785 Berlin

ESG@KPMG

Thomas Löhmer

Head of Our Impact Plan
T +49 69 9587-4444
tloehmer@kpmg.com

Mara Zimen

Sustainability Officer
T +49 30 2068-4604
mzimen@kpmg.com

Rita Schwabe

ESG Reporting & Communication
T +49 30 2068-2480
rschwabe@kpmg.com

Veröffentlichungsdatum: Februar 2023

www.kpmg.de

www.kpmg.de/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG AG Wirtschaftsprüfungsgesellschaft, a corporation under German law and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.