



# Inclusion, Diversity and Equity

April 2022

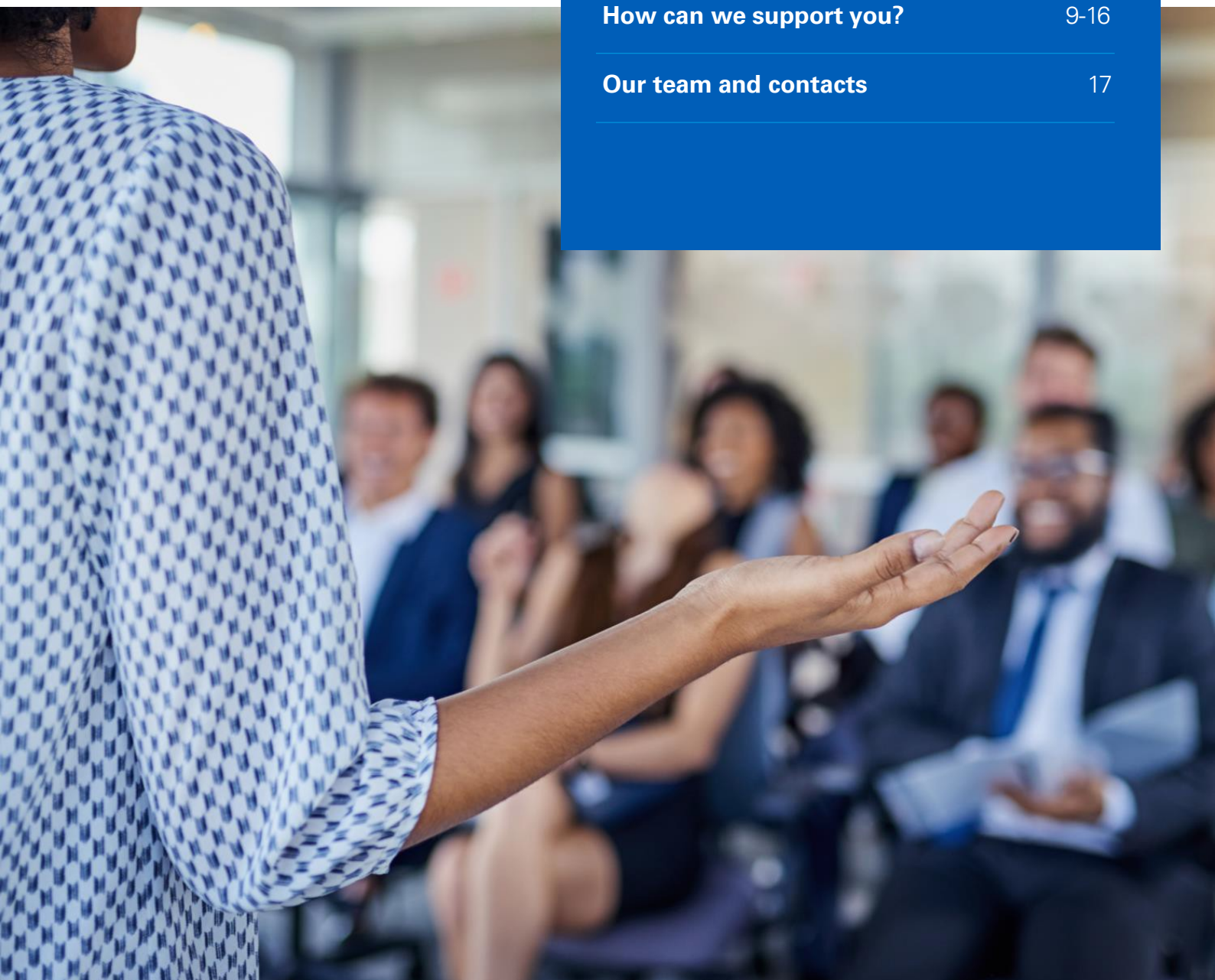
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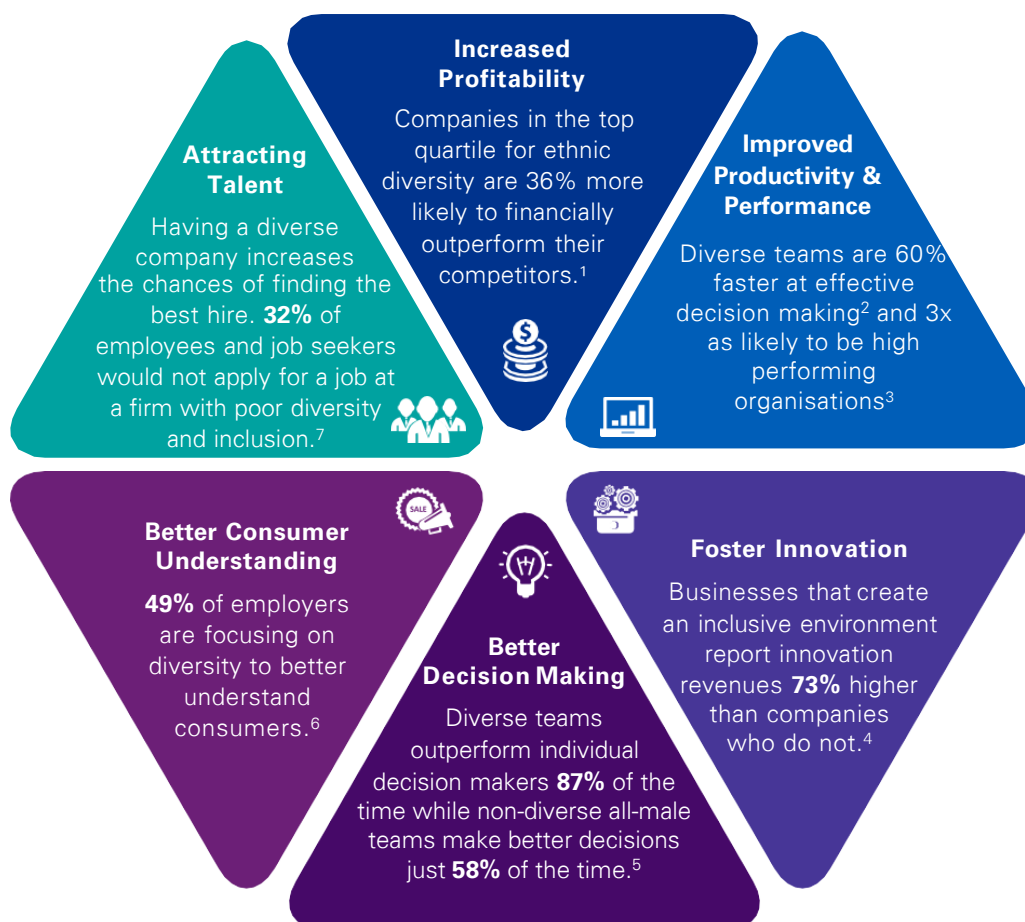
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# Why is IDE a key strategic priority?

In light of an emerging “new normal” for businesses, at KPMG, we believe that **inclusion, diversity and equity (IDE)** are fundamental in ensuring long term success:

- Emerging **new ways of working** create ‘talent risk’ for firms that fail to be inclusive in their practices.
- **Competitive advantage** can be gained from an equal, diverse and inclusive workplace, with increased turnover and profitability, and decreased absenteeism.
- Compliance with increased **Regulatory scrutiny** will be a focus for most Irish companies, as the regulator increases focus on all aspects of diversity.



## Sources:

- 1 McKinsey & Company 2020 Diversity win: How inclusion matters
- 2 Cleverpop 2017 Hacking Diversity with Inclusion Decision-Making
- 3 Insurance Ireland –Diversity and Inclusion Report 2019
- 4 BCG 2017 How Diverse Leadership Teams Boost Innovation
- 5 Cleverpop 2017 Hacking Diversity with Inclusion Decision-Making
- 6 LinkedIn 2018 Global Recruiting Trends
- 7 Glassdoor 2021 What Job Seekers Really Think About Your Diversity and Inclusion Stats

# Inclusion, Diversity and Equality

(IDE)

## Why do we talk about Inclusion, Diversity and Equity at KPMG?

At KPMG we believe **that inclusion, diversity and equity (IDE)** are fundamental to drive the future success of any organisation. In our view, IDE is both a **business and a moral imperative** that builds trust in organisations and fosters innovation and growth.

We believe in an approach to IDE that is **holistic** and involves all parts of the organisation, translating a **desired culture and behaviour into meaningful actions** for the board, executives and middle management.

We set out what Inclusion, Diversity and Equity mean for us below:

## We set out what Inclusion, Diversity and Equity mean for us below:



**Inclusion** and belonging is about all of us; creating a culture that strives for equity and embraces, respects and values differences for all of our people.



**Diversity** is about each of us, about the variety of unique experiences, qualities and characteristics we all possess.



**Equity** is about equalising opportunities of all regardless of their historic socio-economic background or educational background.



## The language of IDE

01

**Diversity represents the mix ...** it is bringing together people from different backgrounds.

02

**An individual is not "diverse" ...** That person is Asian, Black, White, Two or More Races, Male, Female, Trans, LGBTQ+, a parent and / or a Person with a Disability etc.

03

**Inclusion is engaging the people brought together to drive and advance the firm's business priorities,** supporting their talent development, and appreciating their skills and points of view.

04

Underrepresented populations (URP) include those groups that are **underrepresented in the profession (e.g. people of color, women, etc.).**

05

A White person is not "non-diverse".

# The diverse world of Diversity

Often it is the aspects shown above the water which are focused on and measured by organisations. However, that means that many aspects of Diversity are ignored (the aspects you see under water). In order for us to be **truly inclusive** we must account for **all aspects of Diversity**.

## Aspects of diversity organisations tend to focus on:

Gender

Ethnicity

Age

## Aspects of diversity organisations should also consider:

Socioeconomic Status	Appearance	Relationship Status
(Dis)ability	Cultural Background	National Origin
Abilities	Work Background	Religion
LGBTQ+	Citizenship	Introvert / Extrovert
Gender Identity	Politics	Education
Geographic Location	Family Status	Management Status
Education		





# Internal and external factors influencing IDE?

Various **internal** as well as **external** factors influence the IDE of an organisation.

## Organisational Culture

An open and proactive culture supports as well as drives true IDE. To develop this culture the following must be displayed:

- **Clear direction from leadership** – employees need to be able to see the bigger picture of what the organisation is trying to achieve and why.
- **Psychological safety** – employees need to feel comfortable sharing their thoughts or experiences without fear of being side-lined.
- **Active Engagement** – employees need to understand how IDE could benefit them and have a positive impact on their working life.

## Corporate Policy

Often Corporate policies can either **marginalise** certain groups, or actually enable them to be **included**. Inclusive policies reduce barriers to inclusion whilst signalling the organisation's stance.

- E.g. Organisations who have increased their **Flexible Working Policy** in line with Covid-19, are making their organisation more inclusive of working parents.

## Regulatory Environment

Regulators across multiple industries have provided clear guidelines regarding IDE policies. The stronger and more robust these are, the more beneficial they are at progressing I&D in an organisation:

For example, in the context of financial services, the CBI is very clear on the importance of Inclusion and Diversity policies that go beyond gender diversity and put desired cultural patterns and behaviours to action.

The CBI expects financial institutions to put desired cultural patterns and behaviours to action by setting ambitious IDE targets and measures for all aspects of diversity, build better pipelines of talent and reduce barriers to change.

## Environmental, Social and Governance (ESG)

Inclusion and diversity is a key pillar within ESG frameworks, and organisations are now required to report on Board diversity as part of ESG disclosures.

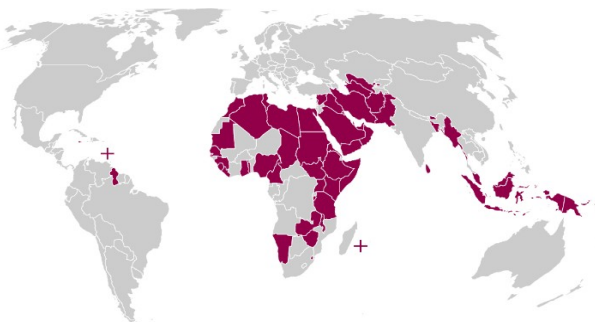
Inclusion and diversity reporting requirements need to be supported by strong metrics, which can be a challenge for companies who fail to prepare. Investors and consumers are now demanding more transparency into an organisations' IDE programmes with key metrics and performance indicator a key focus.

In 2020, the US Securities and Exchange Commission (SEC) amended its disclosure requirements to include certain aspects of human resources, supported by effective controls and procedures. This highlights the movement towards a data-led approach to I&D reporting.

## Legal Environment

We expect the Gender Pay Gap legislation to be introduced shortly in Ireland to allow firms to execute 'snapshot' reporting in **June 2022** which will be followed by more detailed reporting in **December 2022** for companies with +250 employees. Firms will be required to implement measures to bridge the gap when it comes to female representation across all levels of the organisation.

**Laws around minority groups vary widely by country.** In particular, **the LGBTQ+ population is still criminalised in many countries (+50)**. This has evolved over time and will continue to evolve.



■ Countries which criminalise LGBTQ+

Source: Human Dignity Trust

# What does ESG require of IDE?

The consideration of **ESG factors** has become critical to the success of businesses across all sectors. Focusing on ESG is imperative for companies to address changing investor requirements and government regulation, as well as a way to build on their existing competitive advantage, improve resilience and drive value.

- Inclusion and diversity is a key pillar within **ESG frameworks** and investors, shareholders, employees and customers are looking to what organisations are doing IDE when making decisions.
- **Reporting on social standards** (aligned with Sustainable development Goals (SDGs), Global Reporting Initiatives (GRIs) etc.) is increasingly common and Social metrics around IDE are included within the World Economic Forum (WEF) metrics.
- The **Gender Pay Gap Information Act 2021**, signed into law in July 2021 will require firms to take a 'snapshot' of their workforce in June 2022 and report the hourly gender gap for their employees at the same time in December 2022.
- **EU non-financial reporting rules** (Directive 2014 / 95 / EU) require large companies to publish reports on the policies they have implemented in relation to the diversity of company Boards (in terms of age, gender, educational and professional background).
- In order to meet the above requirements, firms need to have a **data-led approach** to measuring and monitoring IDE progress. Firms should work closely with their Data Protection teams to navigate the GDPR challenges arising from collating relevant MI regarding gender, ethnicity etc. (on a voluntary basis).



## Environmental

### Your impact on the planet

- Climate change
- Greenhouse gas (GHG) emissions
- Natural resource depletion
- Waste and pollution
- Deforestation
- Hazardous materials
- Biodiversity

## Social

### Your contribution to society

- Working conditions, including slavery and childlabour
- Impact on local communities
- Conflict regions
- Health and safety
- Inclusion and diversity
- Product mis-selling
- Data protection

## Governance

### How to conduct yourself

- Executive pay
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Tax strategy
- Data breaches

# What are the latest laws and guidance in the IDE space?

## Irish Legislation:

- **Gender Pay Gap Information Act 2021:** brought into law in 2021, this act has introduced the legislative basis for pay gap reporting in Ireland. Organisations with +250 employees will be required to report statistics on their gender pay gap in 2022. This requirement will apply to companies with +50 employees in the coming years. These requirements have created GDPR challenges for firms who are facing issues gathering the required data.
- **Employment Equality Acts 1998 - 2015:** legally protects people from discrimination in the workplace.
- **The Disability Act 2005 Part 5:** legally sets a target of 3% in the public service for the employment of people with disabilities.

## US Law

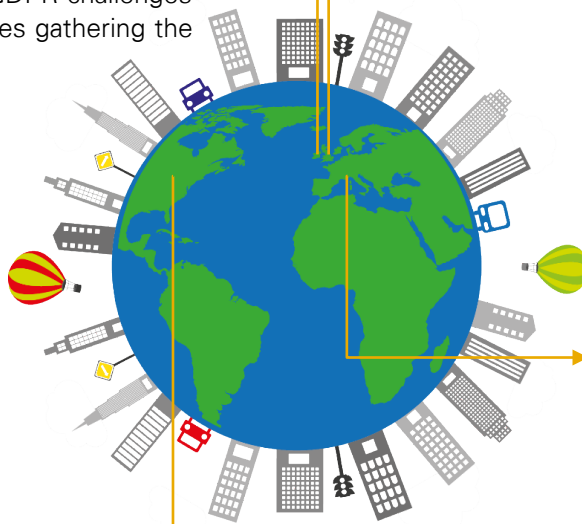
- The **"Equality Act"** was recently amended to protect individuals against employer discrimination on the basis of gender identity and sexual orientation.

## UK Legislation:

- **Equality Act 2010:** legally protects people from discrimination in the workplace and in wider society, includes provisions that ban age discrimination against adults in the provision of services and public functions.
- **The Financial Conduct Authority (FCA)** emphasise the importance of diversity and inclusion for boards and senior management. They believe it is critical to achieve positive consumer outcomes and is expected to be highlighted in the **new Consumer Duty**.

## EU law:

EU law requires large companies to disclose certain information on the way they operate and manage social challenges. **Non-financial reporting rules (Directive 2014 / 95 / EU)** requires large companies to publish reports on the policies they have implemented in relation to diversity of company Boards (in terms of age, gender, educational and professional background).



## Media:

- The CBI has announced diversity will continue to be a focus point for the CBI due to the strong correlation between diversity and risk. Although the ratio of females applying for positions at board level and senior management in finance has doubled in the past decade, males still compose 2 / 3 of the applicants for top roles.
- The Irish Times has recently reported on the employment rates of people with disabilities in Ireland and how organisations such as Specialisterne are helping them access the jobs market.

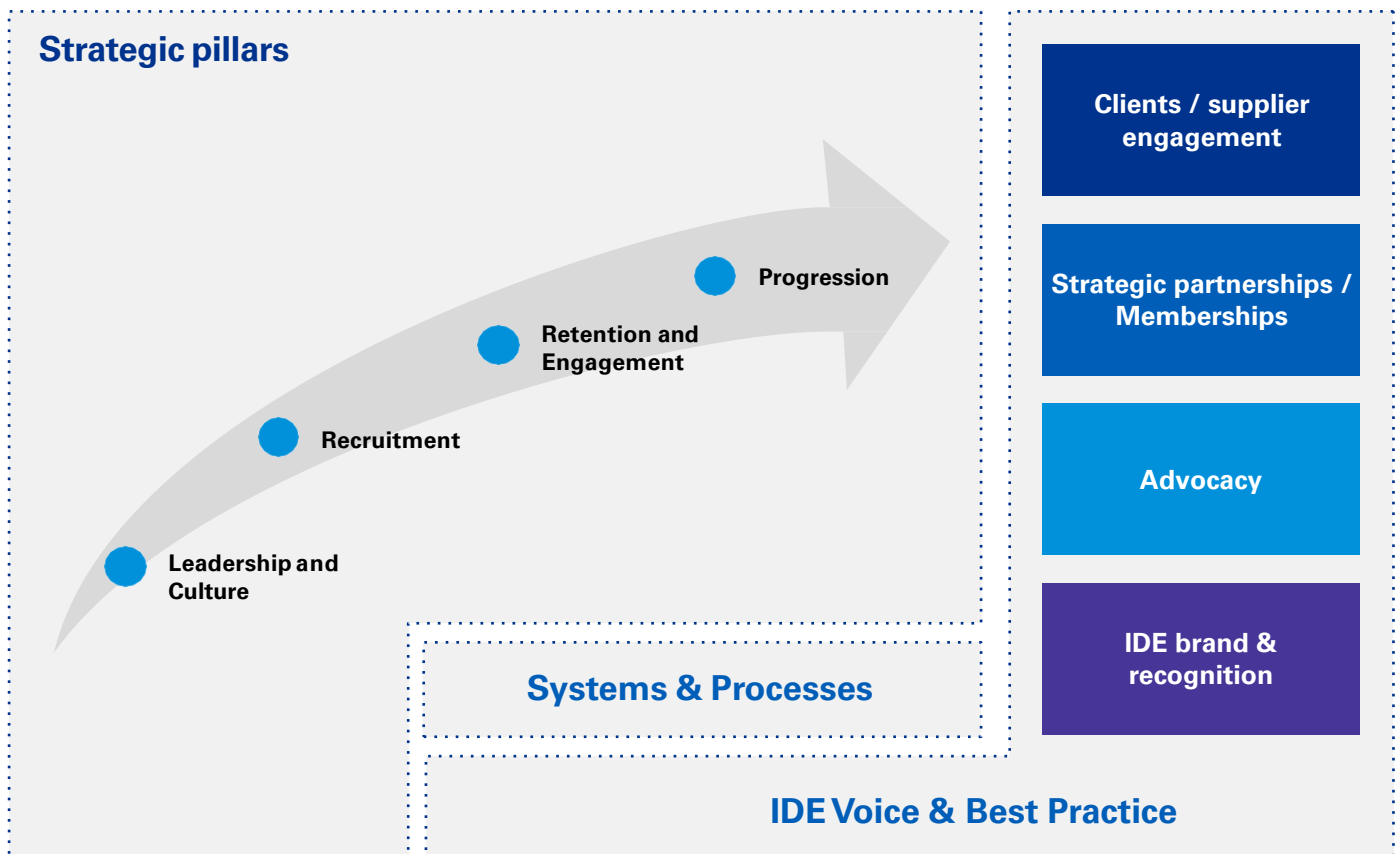
## Guidance:

- Equality in the workplace (Citizens Information).
- Human Rights and Equality for Employers (IHREC).
- Employment Equality (WRC).
- Employment Equality Acts 1998 – 2015 (oireachtas.ie).
- Diversity and Inclusion in Regulated Firms (CBI).



# Our own approach to embedding IDE

Our ambition on IDE is core to our **wider business strategy**. It will drive our **commercial performance** and underpins our Magnet for Talent agenda. It also aligns with our refreshed values of integrity, excellence, courage, together and for better.

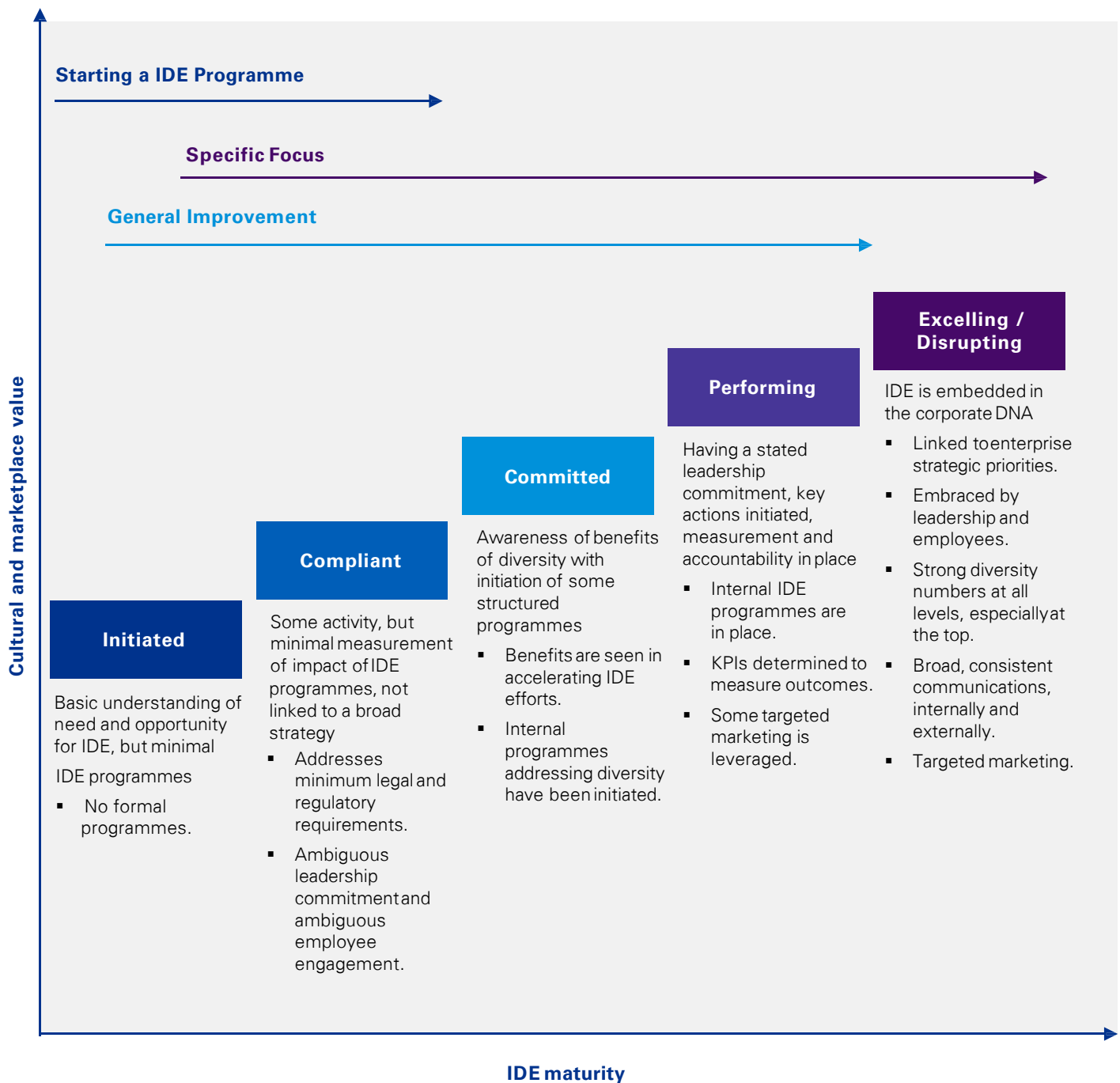


## Diversity & Inclusion at KPMG Ireland:

- **LGBTQ+ Committee** who host a range of events in the lead up to the Pride parade in June. (We use term LGBTQ+ in the firm)
- One of the lead sponsors of the **20x20 campaign** which increased the visibility of women across all sports. We also sponsor two female elite athletes – **Leona Maguire & Rachael Blackmore** and the **Dublin female GAA Senior team**.
- Champions female leadership at CEO level and is proud to support the **'Going for Growth' programme**, co-funded with Enterprise Ireland.
- Employs **53 different nationalities** of people.
- Proud supporter of the **Diversity Charter Ireland** which publicly states our commitment to I&D.
- Work with many **disadvantaged areas** within Dublin, providing them with opportunities such as mentoring, coaching and placement programmes.

# How can we support you?

We appreciate that different organisations are at different stages in their **IDE journey**. Therefore, our offering is designed to help progress your position no matter where you currently stand. Regardless of where you are on your journey, we can adapt and tailor our offerings to your needs.





## Starting an IDE Programme

This is when an organisation is still on the 'starting blocks' in IDE, with little or nothing currently in place for a formal programme. However the first hurdle has been jumped: identifying the need.



## Specific Focus

This programme will be focused specifically on improving a single area of IDE. This may be appropriate where a problem area has been highlighted in the assessment as having an immediate and adverse business impact.



## General Improvement

This programme will be designed around generally improving the maturity of an organisation. A prioritised programme of initiatives will be developed to 'progress towards the top right'.





# IDE: Our Offering

At KPMG we are continuously learning and keeping up with the latest trends and industry best practices.



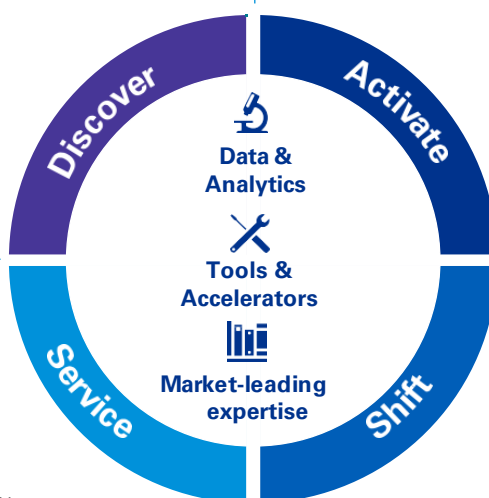
We work hand-in-hand with our global colleagues to develop best-in-class tailored solutions to support you in your IDE journey. Depending on your ask, we have a range of multi-disciplinary teams who will work together to deliver for you, including People Consulting, Conduct Risk, Legal Services and Learning.

## We can help you analyse and uncover your current IDE position and opportunities for quick wins and big impacts:

- Quick strike assessment (identify quick wins)
- Inclusion IQ diagnostic supplemented by a holistic Culture assessment (if required)
- Maturity assessment
- Self-assessment surveys
- Leadership interviews

## We can provide advisory services to support IDE and Culture programme and strategies:

- Data disclosure campaigns
- Programme management of initiatives
- Internal or external reporting including pay gap reporting
- Diversity reporting and equal pay auditing
- Advisory legal services (ER / dispute, reward)



## We can work with you to engage the Board and Executive in your I&D strategy and ensure alignment and buy-in to commitments:

- IDE Strategy and Policy development & design
- Board / Exec engagement & training
- Training Programme design
- Action Planning
- Target setting
- Governance

## We can support you to deliver on your strategy through increasing your diversity and social equality, and embedding an inclusive culture:

- Inclusion culture and behaviour change
- Learning programmes
- Training programmes
- Policy and process review

# Discover

We will help you uncover your current IDE position and opportunities for quick wins and big impacts.

## Example Client Challenges:

// How can we understand how inclusive our organisational culture really is? //

// Where do we sit compared to our peers? Are we industry average or market leading? //

// We already capture some diversity data, how do we ensure we are best using this data and using it to inform our decisions? //

## Our Experience:

- Develop IDE policies and strategies
- Target setting as part of 2030 sustainability targets

## Our approach:

Through real time diagnostics of what is happening in your organisation at all levels, we can gain different perspectives on your current IDE state, assess your needs and IDE maturity.

## Current State Analysis:

### Inclusion IQ Maturity Diagnostic



A current state diagnostic tool which allows a quantitative measure to be put on the inclusion of an organisation.

**Outcome:** Through the measurement of 36 Inclusion sub-dimensions the level of Inclusion in an organisation can be measured, allowing for strengths and weaknesses to be identified.

### Behaviour and Culture Toolkit



To supplement the Inclusion diagnostic, we can conduct a holistic analysis of organisational culture trends, processes and policies from a people and risk perspective

**Outcome:** Through structured interviews, surveys and real-time data analysis we will identify areas of poor and good culture.

### Pay Gap Reporting



Our Tax Transformation & technology Team's pay gap reporting dashboard helps you go beyond the numbers.

**Outcome:** The dynamic dashboard displays your pay gaps and enhanced analysis in a dynamic graphic manner using a series of customisable displays.

## Management Information (MI) Analysis



We can assist you by examining the completeness and quality of your MI to provide you with sufficient insight to understand the current state and progress of IDE initiatives. We can then analyse your MI to identify the main IDE gaps in your organisation.

**Outcome:** We will be able to show you where your IDE is thriving and where improvements can be made. This signals where efforts should be focused.

# Activate

We can work with you to engage the Board and Executives in your holistic Culture and I&D strategy and ensure alignment and buy-in to commitment.

## Example Client Challenges:

// Our Exec & Board need to own the IDE agenda more, and be driving it. //

// We have a historic diversity strategy in place, however with recent events and expected changes to regulations we want to make sure it is fit for purpose. //

## Board & Leadership Engagement

### Almost 25% of companies struggle with limited drive from Leadership.

We can help you engage and inspire your senior leadership and Board in the IDE agenda – understanding what IDE is, why they should consider it important, and how to demonstrate Inclusive behaviours and lead with the appropriate tone from the top.

## Strategy & Action Planning

### With your Leadership team engaged, we can advise in the development of your IDE strategy, including:

- Talent strategies
- Culture change Programmes
- Networks
- Partnerships
- Governance
- Action Planning

## Internal / External Commitments & Targets

### c. 20% of organisations have no IDE goals and targets in place.

Your internal and external commitments, goals and targets will depend on your current level of maturity and strategy. We can work with your CoE and Leadership to define and agree on meaningful targets and commitments to shift the dial.

## Our Tools and Accelerators:



## Culture & IDE Accelerator Workshops

An accelerated design and problem solving method, delivering impactful change.

Events take place in KPMG's Platform X which is designed to enable large groups to work together to solve complex problems and generate ownership of solutions & actions. Virtual experiences are also offered.

## Leveraging our global experience

## I&D Policies & Strategies

- Recommendations
- Training & enablement
- Future planning





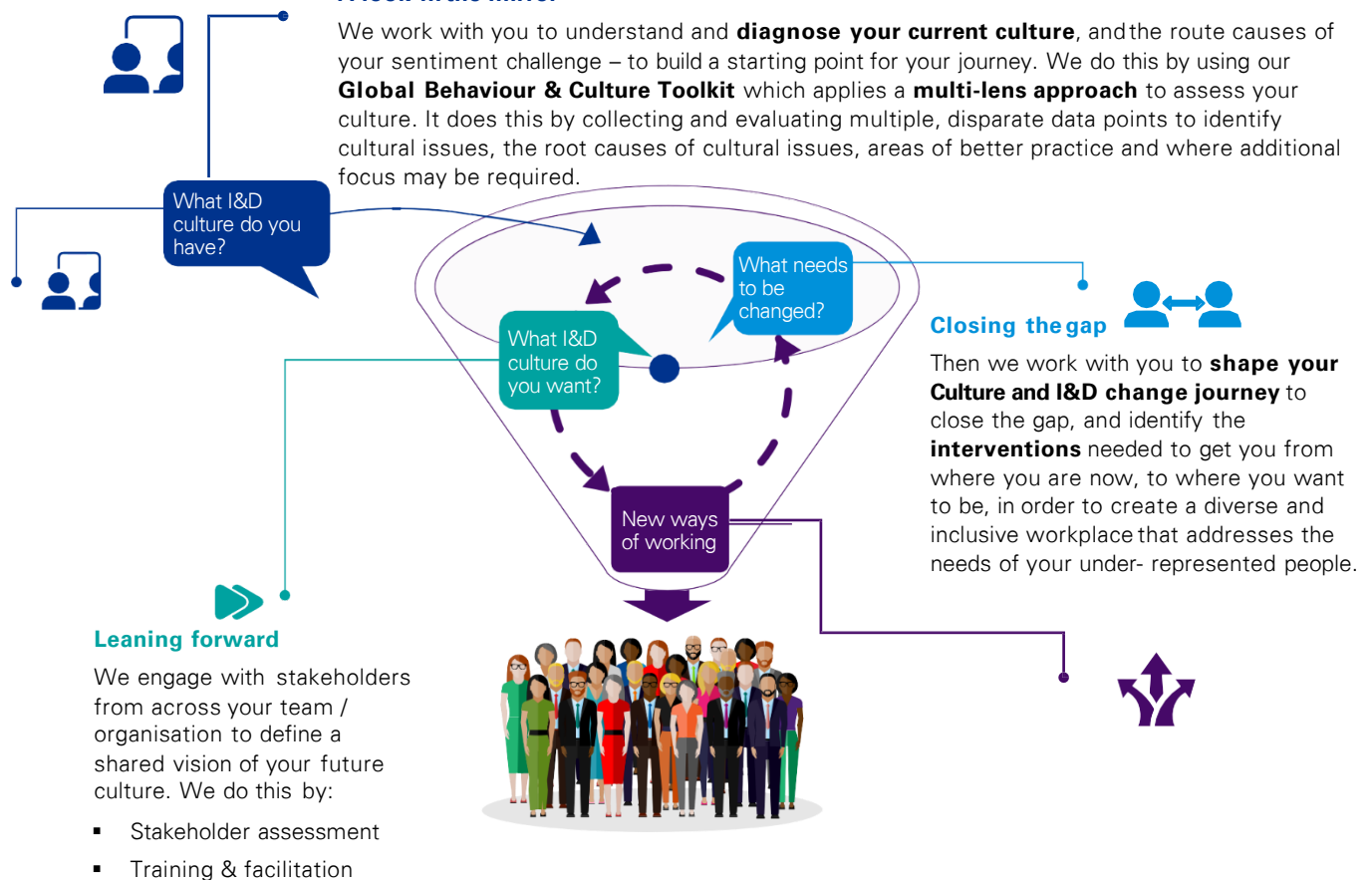
# Shift: Embedding Inclusive Culture



KPMG has developed the iterative and reflective process below. It helps us work together to understand the future I&D workplace culture you want, where you are now, and how to shape your journey of travel to move forward in a meaningful way.

## A look in the mirror

We work with you to understand and **diagnose your current culture**, and the root causes of your sentiment challenge – to build a starting point for your journey. We do this by using our **Global Behaviour & Culture Toolkit** which applies a **multi-lens approach** to assess your culture. It does this by collecting and evaluating multiple, disparate data points to identify cultural issues, the root causes of cultural issues, areas of better practice and where additional focus may be required.



# Service

Almost 30% of organisations struggle with collecting enough IDE data to make informed decisions, also finding it difficult to overcome associated GDPR challenges. We can develop and run Data Disclosure campaigns to increase the depth and quality of your IDE data.

We can provide you with support to execute your IDE strategy or manage your IDE projects and ensure they remain on track.

This is when an organisation is still on the 'starting blocks' in IDE, with little or nothing currently in place for a formal programme. However the first hurdle has been jumped: identifying the need.



## Our Tools and Accelerators:

### Immersive dashboards & MI Support



We will support you in collecting relevant MI and creating a dynamic dashboard that will display actionable insights and drive results.

**Our team will be able to support in overcoming any GDPR challenges that may arise in the collection of data.**

A dynamic and interactive dashboard can be created to give you a clear view of your Diversity, as well as specifics such as Pay Gap. This can be tailored to fulfil Regulatory / Board requirements.



### Pay Gap Reporting Tool

**KPMG's Pay gap reporting service helps you go beyond the numbers.**

Assisted by our data analytics tool, our multi-disciplinary team can help you prepare a current 'as is' analysis of your payroll and identify potential root causes of any identified pay gaps, as well as actions to address them.



# Meet our Senior Leadership team....


**Gillian Kelly**

Partner  
Risk Consulting  
gillian.kelly@kpmg.ie

Gillian has over 20 years experience working with Financial Service clients, in particular advising on and delivering a number of culture and conduct solutions in a wide range of scale and complexity.


**Patrick Farrell**

Partner  
Risk Consulting  
patrick.farrell@kpmg.ie

Patrick has over 18 years' experience of working with clients across a broad range of sectors, advising them on appropriate ESG, governance, risk, regulatory compliance and control structures.


**Yvonne Kelleher**

Managing Director  
Risk Consulting  
yvonne.kelleher@kpmg.ie

Yvonne has extensive experience in advising clients on conduct risk, diversity & inclusion, risk and organisational culture and supporting organisations in meeting regulations, establishing their values and review their internal procedures and policies.


**Conor McCarthy**

Director  
Management Consulting  
conor.j.mccarthy@kpmg.ie

Conor leads the People & Change division in KPMG Ireland and has worked on many of the landmark culture change programmes in Ireland over the last number of years.


**Rosalind Norton**

Associate Director  
Risk Consulting  
rosalind.norton@kpmg.ie

Rosalind has particular expertise in assisting clients with developing their Inclusion and Diversity Policy and Strategy and designing their overarching approach to assessing culture.


**Aoife Newton**

Director  
Legal Services  
aoife.newton@kpmg.ie

Aoife is the head of the Corporate Immigration and Employment Law team. Aoife can advise on all aspects of the employment relationship including corporate immigration, permissions to work and all aspects of employment law compliance. Aoife also advises clients on Gender Pay Gap requirements & in particular how firms can address the upcoming legislation in Ireland.


**Andrew Egan**

Director  
Tax Transformation & Technology  
andrew.egan@kpmg.ie

Andrew leads out our Tax Transformation and Technology division. Andrew has built a tool to help clients seamlessly report on Gender Pay Gap which also considers the many nuances and complexities of how the data is defined and dissected.


**Tim Payne**

KPMG UK  
Behavioural Science Unit  
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Tim provides advice on how to most effectively influence and change behaviour. Tim has a particular focus on helping clients lead through major change, in particular cultural change.



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