



Sustainability report 2023

KPMG Norway

[KPMG.no](https://www.kpmg.no)

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A message from our CEO



Rune Skjelvan

CEO, KPMG Norway

As a global community, we are faced with challenges that will decide our future. Climate change, biodiversity loss, over-consumption, aging populations, military conflicts, political instability, and remarkable technological advancements are just some of the critical issues we must navigate today. Over the last decades, we have witnessed significant improvements in living standards worldwide. At the same time, the pace of global poverty reduction has slowed down and around 700 million people continue to live below the extreme poverty line. These challenges are daunting, but they are not insurmountable. Our mission of being a force for positive change is what motivates me to work for KPMG.

Few companies possess the size, reach, expertise, and technology to assist governments, businesses, and NGOs globally in fostering trust, stability, and sustainable change. I feel privileged to work for one of those companies. The challenges we face today cannot be resolved individually or locally; success will require a blend of local innovation and execution as well as robust international cooperation.

At KPMG Norway, we aspire to play a key role in helping businesses and governments navigate the future. To do this, we must embody the values we promote. Our greatest potential for positive change across all ESG categories comes from our work with clients. However, we must also continue to look for areas of improvement within our own organization and practices.

In this report, we will outline these areas as we move towards full compliance with the EU's Corporate Sustainability Reporting Directive (CSRD). The CSRD will elevate sustainability reporting to the same level as financial reporting, marking a significant milestone for KPMG Norway and the European business sector as a whole. As we publish this year's report, we are concurrently conducting research and analysis for next year's report, with which we will make even greater strides forward.

We are fully committed to transparency regarding our impacts, our goals for change, and our plans for progress, so you can have confidence in our ability and dedication to being the force for positive change that we aspire to be.

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Transparency and openness paves the way

About this report

Sustainability is a rapidly evolving field, with a multitude of reporting standards and regulatory requirements. For the last three years KPMG have used the World Economy Forum's (WEF) Stakeholder Capitalism Reporting framework to structure our Sustainability Report. The WEF framework has also been used to form our ambitions, targets and KPIs. This year we have chosen to move away from the WEF structure in favor of an Environmental, Social and Governance (ESG) structure based on our preparations for becoming compliant with the EU's Corporate Sustainability Reporting Directive (CSRD), which KPMG will be covered by in 2026.

The adoption of the CSRD framework has initiated the journey to level sustainability reporting with financial reporting, thus increasing transparency and accountability of corporate sustainability performance. CSRD-compliant reporting depends on a significant amount of work being done by a company beforehand. One needs to understand its impacts, risks, and opportunities and to develop a strategy to manage the sustainability matters that are found to be material. As we are ramping up to become CSRD compliant, we are currently conducting a double materiality analysis that will be part of next year's report when we likewise are planning to conduct a thorough stakeholder analysis.

The content of this report is therefore based on our previous materiality assessment and input from selected stakeholders, as well as the preliminary findings from the double materiality analysis that we are in the process of conducting. An overall summary of the current status of said double materiality analysis is shared in this report on [page 9](#).

This report is our first step towards full CSRD compliance. We acknowledge the complexity of this new reporting standard and believe it is important to start the preparations early to be able to report complete, trustworthy and transparent sustainability information. KPMG has started this journey by performing a double materiality assessment in accordance with the European Sustainability Reporting Standards (ESRS).

Despite our switch from a WEF framework to an ESG reporting structure, this report contains many of the same disclosures as before. We continue to be aligned with Norwegian law and standards like the GHG protocol, and the Science Based Targets Initiative (SBTi). Also, we are still committed to KPMG International's Impact Plan.

This report is prepared and published by KPMG AS on behalf of all Norwegian KPMG entities.



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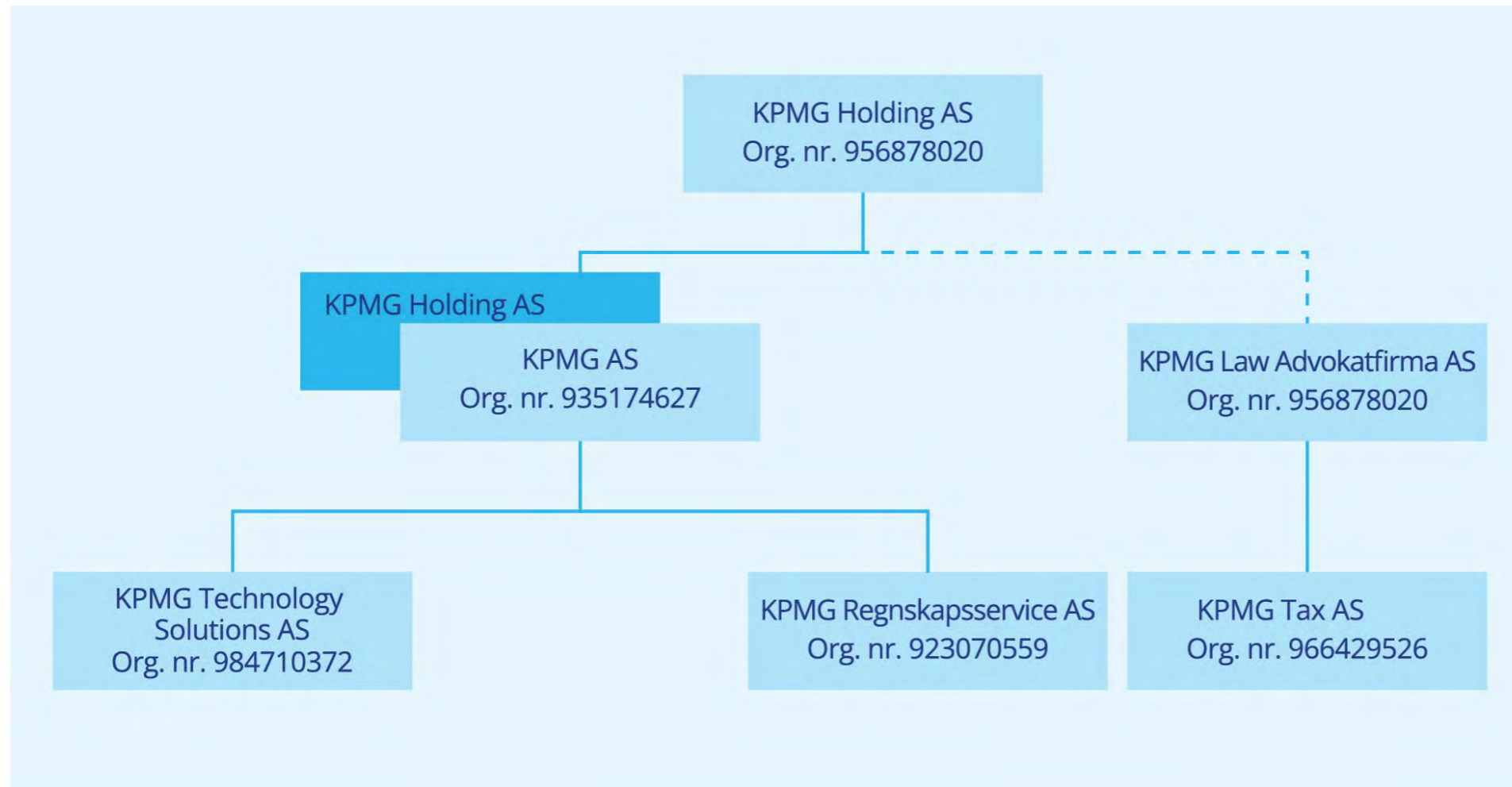
About KPMG Norway

KPMG Norway is a part of KPMG International, an international network of member firms with more than 270,000 employees in over 143 countries. KPMG Norway has about 1,850 employees spread across 23 local offices and mainly provides services in Norway. Business activities in the form of service delivery to clients take place in KPMG AS (audit and advisory),

KPMG Technology Solutions AS (reselling and selling own licenses), KPMG Law Advokatfirma AS (legal services), KPMG Regnskapsservice AS (authorized accounting firm) and KPMG Tax AS (authorized accounting firm).

KPMG Norway consists of the companies outlined in the organizational chart below. KPMG Holding AS owns 100 percent of the subsidiary KPMG AS.

KPMG Regnskapsservice AS and KPMG Technology AS are wholly owned subsidiaries of KPMG AS. The independent company KPMG Law Advokatfirma AS with its subsidiary KPMG Tax AS are cooperating companies.



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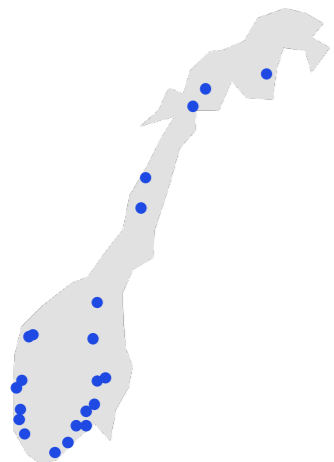
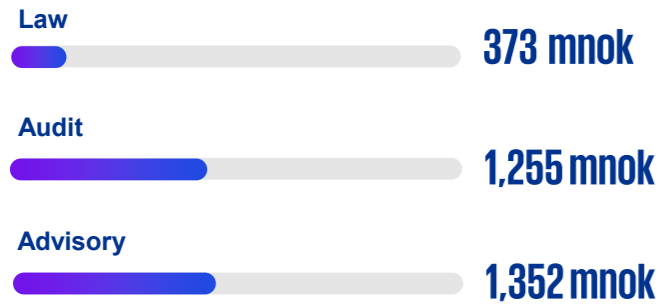
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KPMG Norway

2,981 bln nok



23
Offices

1850
Employees

126
Partners

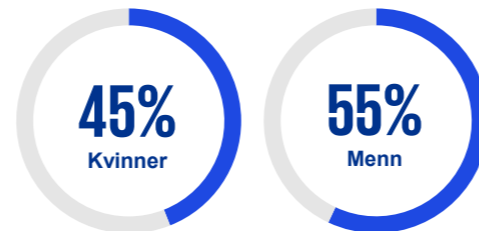


63%
of us are “millennials”

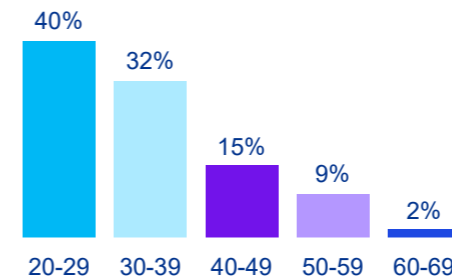
37 years
is our average age

40
Nationalities work here

Gender



Age



**Numbers from 30.09.23*

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Our Values

Openness and transparency are embedded throughout our organization and are at the core of our sustainability efforts. This is reflected in our values:

Integrity – We do what is right

Excellence – We never stop learning and improving

Courage – We think and act boldly

Together – We respect each other and draw strength from our differences

For Better – We do what matters.

Ethical standards

We respect universal principles and norms that protect labor rights. We promote a responsible employment environment, respecting the freedom of association and the freedom to conduct collective negotiations. As a signatory to the UN Global Compact, we work to combat corruption in all its forms. Our internal policies stipulate that illegal or unethical behavior is not tolerated by anyone, and we assess our bribery and corruption environment annually. Further information on our ethical standards can be found in our [Global Code of Conduct](#).

Our governance

KPMG Norway is part of the global KPMG network. Although managed independently, KPMG is structured such that global activities support a consistent level of quality and set of values, regardless of where the subsidiary operates. For more information regarding our corporate governance, please read our [Transparency Report](#). When it comes to ESG governance within KPMG Norway, the overall responsibility of ESG and sustainability in KPMG Norway sits with the collective Board of Directors.

The Chief Financial Officer (CFO) has the overall responsibility for KPMG's work on sustainability and reporting. There are also several key management roles that have dedicated responsibilities within the implementation of sustainability in KPMG. The Finance department is responsible for supply chain due diligence and for upholding a responsible procurement practice in the firm. The Quality Risk Management department manages ethics and independence, anti-money laundering and anti-corruption, legal counsel, quality control and compliance with local laws and regulations as well as KPMG International policies. The People & Culture department is responsible for KPMG's own workforce, recruitment and hiring processes, as well as learning and development activities.

ESG Strategy

KPMG's Sustainability Plan for 2020 – 2025 has been guiding KPMG Norway's work on sustainability for the last few years, and has formed the basis of our four sustainability principles:

- Openness and transparency are part of our DNA, as reflected in our values. They are the basis for our business model, and hence also at the core of our sustainability efforts. Our annual transparency report gives a thorough overview of how openness and transparency are embedded throughout our organization. Everyone a leader on sustainability.
- Not everyone can be an expert, but all our people should have the necessary knowledge to incorporate sustainability into the services we provide to our clients. This is how we create impact.
- KPMG must dare to be proactive towards clients and our greater network. We shall promote sustainability in all our projects and client interactions and establish interdisciplinary teams to identify and implement optimal and sustainable solutions for our clients. We are straightforward.
- To improve our own environmental impact and our carbon footprint we need to set targets, implement routines to ensure climate and environmentally conscious operations and measure our progress.

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As part of the global KPMG network, we're bound by strict environmental requirements. As we are in a transition period towards CSRD and currently finalizing our double materiality assessment, we will be updating our sustainability plan during FY2025.

Eco Lighthouse

KPMG has been a certified Eco Lighthouse since 2011. Eco Lighthouse is a widely used certification for businesses that want to document their environmental efforts with more than 10,000 businesses being certified by Eco Lighthouse in 2023.

UN Global Compact (UNGC)

As a UNGC signatory, KPMG Norway is committed to developing its business in accordance with the Ten Principles for Corporate Sustainability. We publish annually our Communication of Progress and use the principles to guide our sustainability work and business conduct.

EcoVadis

KPMG has been registered with EcoVadis since 2019. EcoVadis is a leading sustainability rating platform. The decision to register KPMG Norway was made in response to the growing demand from our clients for transparency and accountability on our sustainability practices. EcoVadis provides a comprehensive assessment of our sustainability performance across four key areas: environment, labor and human rights, ethics, and sustainable procurement. By undergoing this assessment, we can identify areas where we can improve our sustainability practices and demonstrate our commitment to responsible business practices. We also see that EcoVadis is relevant as the demand for transparency and accountability on our sustainability practices is growing amongst our clients.

Preparing our organization for increased client expectations on KPMGs ESG performance

In order to deliver high-quality services to our clients in KPMG Audit, Advisory and Law, we established an ESG steering committee in 2022 with members from the mentioned business areas. The ESG steering committee is a forum for consolidation on services across the firm and to ensure upskilling of employees across the whole organization. As KPMG is in a more operative phase, we established this year an internal working group with representatives from the CFO area as well as members from Forensic, Operations, Law, Audit, ESG, Deals and Digital Transformation that on a frequent basis coordinate ESG engagements.

KPMG has, for the last few years, invested in ESG competency and built a high-level business environment for ESG strategy, reporting and assurance services. We have welcomed many new colleagues with a variation of backgrounds to cover the broad spectrum of the ESG umbrella. To prepare the organization to meet CSRD requirements, KPMG makes use of the in-house competence in the ESG advisory and assurance department.

KPMG invites all employees to a monthly internal broadcast called KPMG Live. This is a forum to inform our employees about topics related to our strategic agenda, share news, showcase important client work and hear stories directly from coworkers. KPMG Live remains an important strategic instrument in our internal communication and upskilling of all employees on KPMGs own sustainability work. This year's live sessions have specifically addressed our efforts on Inclusion, Diversity and Equity (IDE). In addition to IDE being a subject on KPMG Live, we use other channels for internal communications to communicate and share learnings.



In FY23 we used The International Women's day, Pride month, the World Mental Health Day and the International day of Disabilities as opportunities to engage and upskill our colleagues in matters regarding IDE.

We will continue to build knowledge about sustainability across the organization with climate action, CSRD, impacts, risks and opportunities being some key topics for FY2024. Several people from both audit and advisory have completed The Norwegian Institute of Public Accountants' sustainability academy.

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The CSRD requires that Public Interest Entities and large companies publish annual reports on social and environmental topics related to their business, including their impacts as well as the risks and opportunities they are exposed to. The CSRD's reporting requirements are detailed in the ESRS and are based on the requirement that companies conduct a double materiality assessment.

The double materiality assessment goes further than a single materiality assessment, insofar it aims to not only map how the company is itself affected by ESG risks and opportunities, but also how the company itself impacts people and environment. The core distinction between single and double materiality is thus that the latter recognizes that organizations are not only affected by external factors but they themselves have a positive or negative impact on their surroundings.

The process for the double materiality analysis is described in the ESRS and includes evaluating impacts, risks, and opportunities related to a company's business relationships and value chain, as well as in its own operations. After conducting the double materiality analysis, companies must report what the resulting material topics are and how they manage the material impacts, risks, and opportunities from both a strategic and operational perspective.

KPMG has recently revised our materiality assessment which was previously only based on an impact perspective in line with the GRI standard. To lay the grounds for our coming CSRD reporting we have performed a double materiality assessment in accordance with the ESRS standards. Stakeholder dialogue is an essential part of the process and KPMG therefore involved both internal and external stakeholders in the process of identifying and assessing impacts, risks and opportunities from an Impact Materiality (inside-out) perspective and from a Financial Materiality (outside-in) perspective. KPMG has in total consulted 19 internal stakeholders, clients and organizations throughout the process.

- 7 representatives from all business areas: KPMG Law, Audit and Advisory
- Clients & Markets
- People & Culture
- Procurement
- QRM & Independence
- Clients and business partners
- External non-governmental organisations



Our material topics will be subject to further discussion in KPMG's management in 2024 with the result being presented in our Sustainability Report for FY2024.

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As a large, global and values-led organization, we recognize and embrace our responsibility to quantify and mitigate the impact of our operations and the services we provide. Globally, we want to fully play our part in the transition to societal net-zero and help address the existential challenges of climate change, water pollution, deforestation and biodiversity loss. KPMG Global has science-based targets and KPMG Norway has been committed to these goals and targets since 2019. At the same time, we acknowledge the need to develop our own targets and aim to get them approved by 2025. In Norway, KPMG has a climate footprint through emissions in Scope 1, 2 and 3 where travel is a large source of emissions. KPMG Norway also generates waste and emissions through the goods and services we buy. The environmental chapter of this report covers our climate footprint and our journey towards getting further climate goals approved by the Science Based Targets Initiative. Whilst increasing our efforts to address our emissions, we also compensate for our emissions.

Our policies and approach regarding the environment.

At KPMG the global impact plan is the guiding star for our sustainability work. KPMG Norway adopts relevant ambitions and targets and adjusts these to the Norwegian context. KPMG Norway has made a local commitment to the goals and is also a certified

Eco Lighthouse. Our policy on environmental management ensures systematic efforts to reduce waste and energy-use and more as part of the environmental management system.

KPMG's work on the external environment follows the Eco Lighthouse standard, and all of our offices, except the smallest five, are certified according to the Eco Lighthouse criteria. Through the process of environmental certification, we identified environmental improvements that are relevant to us and we have developed procedures and processes to implement, achieve and continuously review our environmental policies.

In order to reduce KPMG's emissions related to travel which stands for a significant part of our emissions, KPMG Norway's travel policy was updated in 2023 and ensures that all business travel is done in a sustainable, efficient and safe manner. The updated policy encourages use of climate-friendly transportation options or use of digital meetings. The policy instructs that 50% of all board and national management meetings are to be held digitally in order to reduce emissions. Our travel policy aims to be a driver for green and environmentally friendly travel that has less negative impact on the environment.



We do this by:

- *Promoting public transportation:* Increasing the share of public transport
- *Having more digital meetings:* By reducing employee travel, we will achieve the requirements in the sustainability plan for 2021-2025.
- *50% reduction in emissions* based on 2019 figures, by 2030
- *Individual accountability for climate* - on average, a 10% reduction in personal consumption related to work-related travel by 2023 (based on 2019 levels)

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Our climate footprint in FY2023

Our climate footprint is reported annually, based on our financial year which goes from October to September, and includes Scope 1, Scope 2, and a partial Scope 3 assessment for our offices in Norway. Our emission calculations include all greenhouse gases covered by the Kyoto Protocol and are based on the Greenhouse Gas Protocol but are not fully in-line with the guidance due to some activity data being unavailable.

In FY2023 we emitted a total of 1284 tons of CO2 equivalents across scopes 1, 2, and 3. This is an increase of approximately 23 percent compared to FY2022.

Reasons for changes in emissions and data limitations

There are certain reasons for changes in emissions from FY2022 to FY2023, and data limitations that have limited the accuracy of our climate accounting that will be described below:

Scope 1:

There is a slight increase in the use of natural gas for heating from 5.04 in FY2022 to 6.68 tons of CO2 equivalents in FY2023. Only the Haugesund office uses natural gas for heating.

Scope 2:

In total, there was a significant decrease in scope 2 emissions from 112.5 tons of CO2 equivalents in FY2022 to 80.7 in FY2023. This number is based on using a location-based method for measuring electricity emissions.

Of this decrease, the most notable one was the decrease in our Scope 2 emissions for electricity emissions from 88.5 tons of CO2 equivalents in FY2022 to 65.1 tons of CO2 equivalents in FY2023.

This is caused by both a decrease in reported electricity consumption in FY2023, and by using a lower emissions factor. In 2022 we used an emission factor (0.026 kgCO2e/kWh) from Cemsys to calculate the emissions from electricity consumption, but for FY2023 we used the emission factor (0.019 kgCO2e/kWh) for average emissions in the Norwegian power grid from NVE (The Norwegian Water Resource and Energy Directorate). This was done because the latter emission factor was deemed to be more representative for the Norwegian Power grid.

Moreover, there was a significant decrease in emissions from district heating from 24 to 15.6 tons of CO2 equivalents from FY2022 to FY2023. This is both due to lower use of district heating in addition to a change in emission factor from (0.014 kgCO2e/kwh) to (0.011 kgCO2e/kwh).

Moreover, there is also a marginal decrease in emissions from district cooling from 0.04 tons to 0.037 tons of CO2 equivalents in FY2023.

Data limitations scope 2:

With regards to data limitations, five of our 23 offices are not Eco Lighthouse certified because of their very limited size (7 employees or less). Accordingly, these five offices have not reported the amount of electricity and district heating used in FY2023. However, it is important to note that these are smaller offices and are not expected to have a material impact on our overall energy consumption.

Scope 3:

With regards to scope 3 emissions there was a total increase from 927 tons of CO2 equivalents in FY2022 to 1196 tons in FY2023.

Of this, the most substantial increases have been generated from air travel and hotel stays. With regards to air travel, there has been an increase from 841,7 tons of CO2 equivalents in FY2022 to 1079 tons in FY2023. For hotel stays, the increase was from 8.55 tons of CO2 equivalents in FY2022 to 61.72 tons in FY2023. These increases can be attributed to both an increase in business travel after two years of travel restrictions due to the Coronavirus, and an increase in the number of employees. Moreover, there was a decrease in mileage from 55.25 tons of CO2 equivalents in FY2022 to 33.19 tons of CO2 equivalents in FY2023.

Data limitations related to business travel:

- There is no data on the use of taxis for business travel as this is hard to quantify.
- Our flight data is incomplete as not all flights, for instance for certain social events, are booked through our travel provider (Egencia). Our climate accounting for flights only covers flights booked through Egencia.

For waste, there was a decrease in emissions from 18.16 tons of CO2 equivalents in FY2022 to 18.06 tons in FY2023.

Data limitations related to waste:

- Our waste data is limited. Our headquarters are located in a shared building where we are not able to get data on our own waste generation. It is therefore likely that the waste generated by the building has been inaccurately attributed. For simplification, our waste is only weighed twice a year. This is assumed to be representative of a normal day, and we extrapolate to get total waste volumes for the year.

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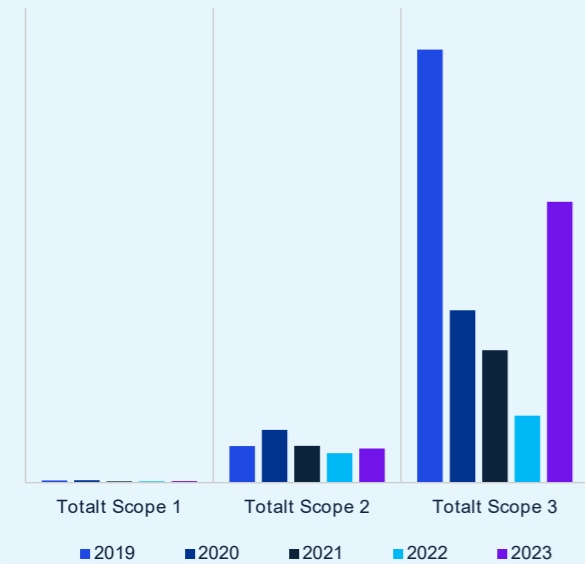
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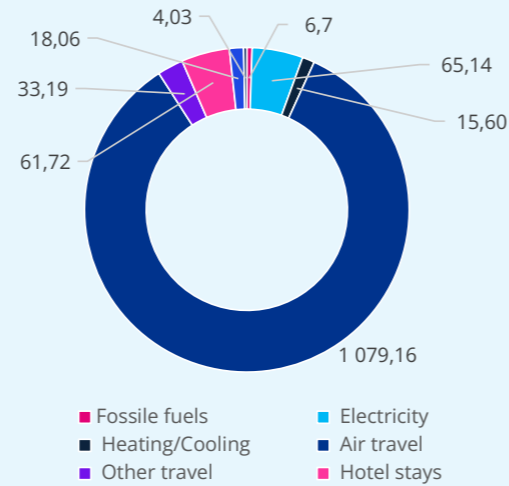
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2023 Emissions



Emissions 2019-2023



Emission factors used:

For our reporting we have mainly used emission factors provided from the UK DEFRA (Department for Environment, Food & Rural Affairs) in the document "UK Government GHG Conversion Factors for Company Reporting 2023". In addition, when calculating electricity emissions, we have used NVE's (The Norwegian Water Resources and Energy Directorate) information on the emissions associated with power generation in the Norwegian power grid.

How we address our emissions

Through our environmental management system, KPMG has implemented specific environmental measures for the most significant aspects that affect our environment. Here are some examples:

- **Waste management:**
 - » Return schemes for paper, batteries, and electronic waste
 - » Collection of electronic and electrical waste (EE waste)
 - » Reuse or repair of office furniture, recycling, or resale/purchase of used furniture
- **Reduced consumption:**
 - » Electronic processing of invoices
 - » Only electronic course materials
 - » Electronic Christmas cards
 - » Smart print solutions on all our copiers/printers
 - » Automatic lights off every other hour after regular working hours
 - » Environmental due diligence for procurement of supplies and equipment

Key performance indicators	2018	2019	2020	2021	2022	2023	Change 2022-2023
GHG emissions tCO ₂ e (location-based)	1,558.0	751.3	563.5	323.7	1,044.6	1,283.9	23 %
GHG emissions tCO ₂ e (market-based)						2,280.5	
GHG emissions per employee	1.28	0.65	0.42	0.23	0.58	0.69	19 %
Total energy consumption (MWh)	3,766	5,650	3,804	3,438	5,209	3,159	- 6 %
Energy consumption per m ²	0.11	0.18	0.14	0.11	0.16	0.15	- 6 %

This table shows the KPIs we have used over the last years to track our climate impact. In 2024 we will set specific emission targets and this KPI list will be updated to allow us to best track our progress towards those goals.

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- *Reduced travel:*
 - » Introduction of a strict travel policy, internal meetings are preferably held digitally
 - » Increased use of tele-, web-, and video conferencing, as well as continuous updates of equipment/facilities
 - » More web-based training
 - » Employees are encouraged to use public transportation to/from work, and we also have bicycle parking and shower facilities.

KPMGs net-zero climate targets

KPMG has decided to establish science-based climate targets, and to commit to the SBTi net-zero standard. This decision reflects a shift in our strategic approach to reduce climate emissions and in our understanding of our own responsibility for taking climate action. With climate targets according to the SBTi guidelines, KPMG will need to take more responsibility to ensure direct emissions reduction and climate action within our own operations and activities.

Our focus will be on reducing our direct and indirect climate impact, not on offsetting emissions through external and voluntary mechanisms. Part of this strategic shift has therefore been to revise our approach and practice when compensating for our emissions. We wish to move from compensating for our emissions to actually addressing our own emissions. Support to projects and initiatives outside our own value chain will no longer be provided as offsets linked to our carbon footprint, but rather done as additional and stand-alone climate mitigation measures. KPMG has decided to maintain a level of such mitigation investments similar to what we did before, even though we no longer need them as part of our net-zero strategy.

We will in the years to come search for genuine and additional mitigation initiatives, and support these at prices that reflect the actual cost of reducing carbon emissions and implementation – rather than at prices that are generated through carbon markets. Our aim with this course of action is to catalyze financing into climate action, and to support innovation within some of the solutions we depend on to solve the climate crisis.

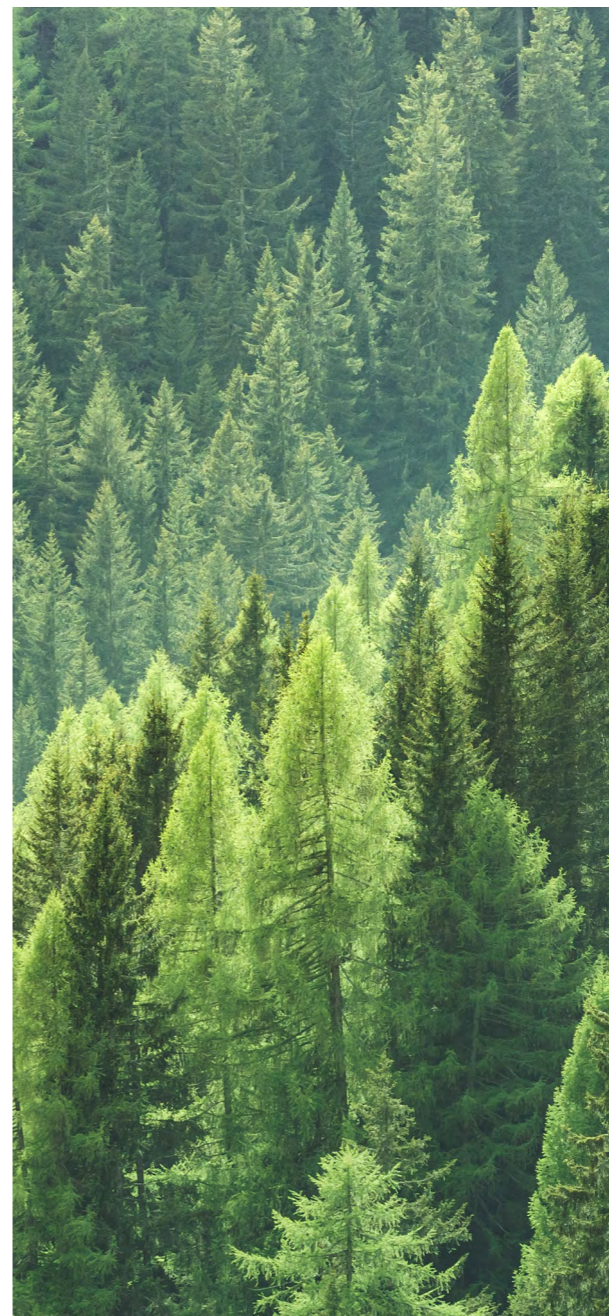
How KPMG is protecting forests with Fossagrim

Background

The issue of climate change and the need for climate action has been high on the agenda for many years. There is now a growing understanding among policy makers, businesses, and the public of the importance of combining climate action with the protection of nature and biodiversity.

KPMG has therefore chosen to support a new initiative that provides a mechanism for addressing both concerns at the same time.

Forests offer an immediately accessible and cost-effective contribution to carbon uptake and storage referred to as sequestration. Simply allowing existing forests to mature through preservation would have the potential to digest and store 139 Gt of carbon. As a comparison, annual global emissions are estimated at around 50 Gt CO₂e. Forest preservation further contributes towards nature-positivity by halting and reversing the negative impacts of intensive forestry on species and ecosystems. The problem is to ensure the additionality and permanence of forest preservation efforts, and a scientifically precise approach to calculating the carbon effect. This is the problem that Fossagrim has developed a mechanism to resolve.



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Challenge

81 percent of the total forest and tree covered land in Norway are productive forest areas owned by private families. These families depend on the timber assets in the forests as an integral part of their household economy and farming activities. 84,5 percent of average annual tree felling is carried out on forest properties owned by such individual families. For many of these families, choosing to let a forest area stay untouched has significant negative impact and is regarded as irresponsible stewardship of generational resources.



The solution

Norwegian start-up Fossagrim has developed a framework that allows forests to be valued beyond their real estate and timber values. This is done by considering their capacities to sequester CO₂, with nature-positive co-benefits that include the preservation of biodiversity and the regulation of soil- and water conditions. Fossagrim enables forest owners to dedicate valuable forest areas to these “soft values” while at the same time also generating high long-term value for current and coming generations. Through well recognized, science-based models for forest carbon pools, the CO₂ benefits are valued and documented while forest owners are compensated based on the real market value of the resources and areas.

Fossagrim facilitates that forest owners are compensated for preservation of forest areas and provides assurance of permanence for the investor, through a contractual framework and a certificate proving Buyer’s unique contribution for this purpose (with the benefits expressed in high-quality Nature-Positive Carbon Credits (NPCC)). Fossagrim’s Science Advisory Board validates calculation methodology and models for NPCC calculations.

CO₂ benefits are established through a conservative methodology, ensuring confidence that Fossagrim’s projects have significant, additional climate benefits – beyond the documented effect. Such additional climate benefits might gradually be co-documented as the scientific understanding of carbon processes below ground improves or when our frameworks for quantifying and valuating biodiversity effects and ecosystem services mature. This is currently not possible.

What we did

KPMG has purchased credits ensuring that a mature and highly valuable forest in Seljord is now dedicated to preservation instead of harvesting. Through financial support from KPMG and Gjensidige, the Kvistaul area, in Åmotsdal in Seljord was not harvested in January 2024, as originally scheduled. The family will instead be able to preserve this area as a lush and natural forest with grand spruce trees over 140 years. Kvistaul will act as a carbon sink and can, as it slowly develops towards a natural forest, continue to sequester more and more carbon in the ecosystem for hundreds of years.

Results

The family that owns the Kvistaul area has committed to contractual restrictions on harvesting from not only Kvistaul, but also from harvesting in other areas beyond the limitations of what the owner would otherwise have harvested if the protection initiative had not been established.

KPMG has contributed to the reduction of greenhouse gases and increased protection of nature and biodiversity in a concrete and measurable way by preserving forests in Kvistaul (Seljord). The long-term effect is recalculated to an annual climate benefit over a 30-year period, which for 2024 is estimated to 187 t CO₂e. KPMG is proud of supporting this documented climate impact, but we are perhaps even more enthusiastic about supporting the launch of a new solution that we believe can have considerable impact in the years to come.

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The way forward

GHG-climate accounting

Throughout 2024 we will work to improve the quality of our activity data and bring our greenhouse gas accounting in line with the Greenhouse Gas Protocol guidelines. Specifically, we will focus on ensuring complete data to calculate scopes 1 and 2, and we aim to do a complete mapping of our scope 3 emissions with a particular focus on purchased goods and services. As we are moving to new offices in April/May 2025, our scope 1 and 2 emissions including waste are likely to significantly decline. We will use FY 2024 as our base year for our emissions reduction targets and submit our targets to SBTi within the two-year deadline.

Science-Based Targets

KPMG Global has developed a carbon forecasting model to map the sources and impacts of our emissions in order to understand what we need to do to accelerate decarbonization. As a result, we have set a global commitment to become a net-zero carbon organisation by 2030. This means that we will cut greenhouse gas emissions (direct and indirect) by 50% by 2030 as part of a 1.5°C Science-Based Target in line with the Paris Agreement.

KPMG AS submitted our commitment letter to SBTi in Q1 of 2023, and we are planning to submit our targets for final verification within the deadline Q1 2025. KPMG Norway is currently working on the climate transition plan that will capture both our ambitions and targets, and our priority actions and measures. This climate transition plan will underpin our short term and net-zero goals under SBTi.

In addition to setting science-based targets in order to track and reduce our emissions, KPMG will also conduct a climate-risk analysis during 2024 as part of our preparations to report in line with CSRD.

Climate risk

KPMG recognizes climate change as a key business risk and we are already experiencing its impact. Like many other global organizations, we are on a journey when it comes to climate change. A key milestone in this journey is the publication of KPMG International's first Climate Risk Report — aligned with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

This Climate Risk Report presents KPMG's climate-related risks and opportunities. These include our exposure to both physical risk — extreme weather events and the impact on our people, operations and supply chain — and transitional risks which assesses the impact of moving to a low-carbon net-zero economy and how we can support our clients with this change.

The report also provides insights into the challenges we face and areas of importance as we move toward 2030 and our long-term net-zero ambition. Climate related risks and opportunities already affect many of our clients, and KPMG Norway will conduct its own analysis in 2025 to better understand our local exposure to climate risk. KPMG AS' analysis will build on and complement the globale climate risk report.

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We are a people-centered business. Our core purpose is to cultivate and develop the best talent. This benefits not only our organization but also our clients, communities and the environment. Positive influence on the society and the world is core to our business. By continuously and systematically examining our influence on others, we address areas of improvement. When the best people build a career with us, we can all thrive: our clients, our colleagues, our communities and our planet. KPMG have an impact on people whether it being our employees, people in the supply chain, people that we interact with through our clients and business partners. We have an obligation to make sure that our impact is positive, and we have the opportunity to improve that impact by constantly and systematically look for, and understand, those impacts.

Through our double materiality assessment, we are currently gaining more insight into our value chain and stakeholders that are or might be affected by our activities.

Our people

Our people make the real difference and are instrumental in shaping the future at KPMG. We put quality and integrity at the core of our practice.

We aim to provide our people with meaningful and impactful work and help them develop their careers within an inclusive, diverse, rewarding and supportive culture. In a fast-changing and uncertain world, we place a high priority on acquiring new skills across multiple disciplines to adapt and grow, as part of a lifetime of learning. Our people are encouraged to come as they are and bring their unique experiences and perspectives to deliver insights and innovation. They are recognized for the difference they make, the leadership they show and the success they create for our clients and society.

KPMG Norway is represented by around 1,850 staff and 127 partners distributed across 23 offices (figures as of 30 September 2023). KPMG Norway delivers services in the three business areas Audit, Advisory and Law.

We act on the insights and feedback from our people, using it to inform our long-term people strategy and immediate priority areas including issues such as ways of working, health and well-being, learning and development, career opportunities, and Inclusion, Diversity and Equity. We listen to our people by giving everyone an opportunity to share their views in our annual global engagement survey and targeted pulse surveys, in addition to ongoing activities in each department to foster an inclusive and engaging working environment.



This provides the opportunity to monitor year-on-year progress as well as identify areas where we need to direct immediate focus.

Our employees thrive and grow during their years at KPMG, and surveys show that our employees especially value learning and developing their careers as well as the social aspects of working in KPMG. On the other hand, KPMG's primary occupational health risks relates to stress management and various strain injuries. We continuously work towards better gender balance.

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Our policies and approach regarding our own workforce

KPMG Norway is continuously working to ensure that we uphold fundamental human rights and decent working conditions, both within our own operations and throughout our value chain. We have also committed to the UN Global Compact and annually deliver a Communication on Progress (COP) for various sustainability indicators, including human rights and working conditions. In parallel with the policies listed below, our values represent who we are and what we believe in. Integrity, Excellence, Courage, Together and For Better guides our everyday work.

Our Code of Conduct defines the standard for ethical behavior of all employees within KPMG, outlining what it means to work here, as well as our individual and collective responsibilities. At KPMG, there is a zero tolerance for discrimination, bullying, and harassment. We value diverse experiences and new perspectives and believe that they contribute to better solutions both for us and our customers. This approach is also reflected in our Inclusion, Diversity and Equity (IDE) policy, which is incorporated into our overall business strategy. Our IDE-policy puts a particular focus on promoting diversity and preventing discrimination in all our people processes, fostering an inclusive work environment where everyone can thrive, and building trust while empowering change in our partnerships and client relationships.

At KPMG, we systematically address health, safety and environment (HSE) issues to ensure a healthy physical and psychosocial work environment. We integrate HSE into all company activities, focusing on preventing sick leave and accommodating those with special needs. We regularly monitor and map the physical and psychosocial work environment to ensure that we prioritize the best preventive measures. All employees at KPMG are also covered by our insurance agreements, giving them access to use physical and psychological health support.

How we engage with our workforce

We are entirely dependent on our employees thriving at work. Therefore we are actively working to cultivate a culture that supports this. To ensure that we as a company can meet the expectations of our employees, we recognize the importance of facilitating dialogue and channels where employees can express their thoughts freely.

One of our tools for gathering employee feedback is the annual Global People Survey (GPS). This is a confidential survey where we gather feedback and measure employee satisfaction amongst employees and partners. The survey addresses various categories such as diversity, inclusion, well-being, learning and leadership, and provides insights into our strengths and areas for improvement going forward.

For FY2023, the response rate for the GPS was 79% and insights from the GPS helped us better understand the opportunities for growth and areas of improvement when it comes to creating the best possible work experience. Moving forward, we will work on challenges linked to workload, internal communication, and leadership development. Our business areas have defined actions based on focus areas that must be addressed all in relevance to the challenges identified.

Although the GPS provides valuable insight to the state of mind of our employees, Pulse surveys were introduced in 2021 to gain insight into what is happening within the organization and to receive feedback on specific areas, allowing us to implement improvement measures continuously. Workload, stress, and work-life balance are constant topics, supplemented by ad-hoc topics that have been identified as important to handle. In 2023, some of the actions implemented pertained to the creation of more effective processes and tools for monitoring workload.

KPMG has a working environment committee (AMU) consisting of an equal number of representatives from management and employees. Management representatives are appointed by the CEO, while employee representatives are delegates from KPMG AS and KPMG Law, as well as a third representative elected by the employees. The committee meets quarterly and during the reporting year. It has among other topics discussed issues regarding work-life balance and working time, arrangements for parents, fire safety routines and temperature control in office buildings. Furthermore, the committee participates in the planning of safety and environmental work and monitor developments in matters concerning the health, safety and welfare of our employees. Throughout the year, the committee also keeps up with reporting and monitoring of sick-leave, turnover, overtime and HMS-issues.

In addition to the above-mentioned measures, KPMG established the Next Generation Sounding Board 2021. This is a forum consisting of some of our highly talented employees that are next generation leaders. The Sounding Board meets approximately once a month and is an asset of insight for our corporate management. Through the Sounding Board we get a better understanding of challenges ahead and how to counter them as well as a more diverse mindset, well as a more diverse mindset.

Finally, KPMG seeks to foster a learning culture where we continually strive to learn new things, stay curious, and make sure that each employee can achieve his or her ambitions. To underpin this, we have a tailored employee development process backed by performance managers who support employees in their career development. Performance managers serve as role models for our employees and they are crucial for our professional and personal development. As a minimum, all employees have conversations with their respective performance manager quarterly.

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Through these conversations, employees are given the opportunity to both give and receive feedback, update, or redefine development goals, or just have a casual check-in. Moreover, this employee development process is supported by digital platforms that ensure sufficient documentation of the ongoing dialogue and review.

Channels to raise concerns / Whistleblower channels.

We are committed to upholding the highest standards of personal professional conduct in everything we do. Ethics and integrity are ingrained in our core, with yearly mandatory trainings. We of course also expect all employees to adhere to our Code of Conduct. Employees are strongly encouraged to speak up if they become aware of anything that makes them feel uncomfortable or that is not in line with our ethical guidelines or values.

Everyone at KPMG is required to report any activity that may be potentially illegal or contrary to our values, KPMG’s policies, or applicable laws, regulations, or professional standards. The KPMG International Hotline is a channel that KPMG employees, customers, and other third parties can use to confidentially report concerns they may have regarding certain areas of activity within KPMG international, as well as activities among KPMG employees.

All reports received via the KPMG International Hotline are taken seriously, and KPMG International will assess how to respond, investigate, and take appropriate action as necessary.

KPMG Norway has established clearly defined channels that KPMG employees and third parties can use to inquire, raise concerns, provide feedback, and report possible misconduct, without fear of retaliation. In addition to the International Hotline,

we have a local whistleblower channel available to KPMG’s partners and employees, customers and other third parties, where concerns about the behavior of others, both internally and externally, can be reported confidentially. Reports are directed to the third-party organization Clearview Strategic Partners and matters can be reported anonymously and without fear of retaliation.

Physical health initiatives

KPMG Norway supports and encourages employees to get involved in physical activity through our employee-run sports club, KPMG Puls. The activities vary from running and skiing sessions with professional instructors, to climbing, football and other sports. KPMG Puls also facilitates employee participation in major sporting events with the aim of driving employee engagement.

Key figures for our employees

Employment and turnover

KPMG has a culture that emphasizes full-time employment and supports employees in maintaining full-time positions. Although this is the norm, 1,5 % of employees at KPMG AS works part-time, whereas 1,3 % are women and 0,3 % are men. The option to work part-time is offered as part of our accommodation for employees in different life stages. In 2022, we analyzed whether any of our employees were involuntarily working part-time positions. The survey indicated that none of the respondents were involuntarily in such positions. Given this, and the overall low proportion of part-time employees, we decided not to conduct another survey in 2023.

As per September 2023, the total turnover for KPMG AS were 15,4 %: 15,9 % for men and 14,7 % for women.



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Gender balance and wage equality

KPMG has a goal of achieving a 50% gender balance across the company. We are experiencing the largest gaps between female and male employees at senior levels, while there is a relatively equal distribution at both Associate, Senior Associate and Manager levels. KPMG is actively working to enhance the gender balance in leading positions at Director- and Partner levels. These levels are currently predominated by men. KPMG's goal is to achieve 30% female partners by 2030, and during the reporting year we have been working on finalizing supplementary goals regarding gender balance throughout all our work processes. This relates for example to principles for gender balance in all of our tenders and project teams.

To develop and retain existing competence and recruit qualified employees, we offer competitive remuneration packages. We regularly monitor wage equality within the organization, and in 2023, a pay gap analysis has been carried out to provide an account on gender equality as required by Norwegian law. The results are demonstrated in the table below. We note that the analysis of bonus and overtime was carried out for the first time in 2023, and numbers for these indicators are therefore not comparable with or reported for in earlier years.

At KPMG AS there are no noticeable disparities in base wage between men and women in FY23. Gender disparities become more pronounced when considering overtime and bonuses. Men work more overtime than women at the Associate and Senior Associate levels, resulting in higher overtime payouts. With regards to bonuses for Managers and Directors, women are on average rewarded with a lower bonus than men.

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Gender distribution 2021				Average base pay 2021		Average overtime and bonus
Level	Women	Men	Total	Men	Women (in % of men)	Women (in % of men)
Associate	50 %	50 %	344	100 %	102 %	
Senior Associate	54 %	46 %	330	100 %	102 %	
Manager	48 %	52 %	235	100 %	90 %	
Senior Manager	32 %	68 %	159	100 %	100 %	
Director	24 %	76 %	126	100 %	97 %	
Partner	18 %	82 %	118	100 %	IA	
Total	43 %	57 %	1285	IA	IA	
Gender distribution 2022				Average base pay 2022		Average overtime and bonus
Level	Women	Men	Total	Men	Women (in % of men)	Women (in % of men)
Associate	46 %	54 %	478	100 %	99 %	
Senior Associate	53 %	47 %	370	100 %	97 %	
Manager	52 %	48 %	266	100 %	98 %	
Senior Manager	38 %	62 %	185	100 %	98 %	
Director	22 %	78 %	135	100 %	97 %	
Partner	22 %	78 %	99	IA	IA	
Total	44 %	56 %	1553	IA	IA	
Gender distribution 2023				Average base pay 2023		Average overtime and bonus
Level	Women	Men	Total	Men	Women (in % of men)	Women (in % of men)
Associate	49 %	51 %	592	100 %	100 %	76 %
Senior Associate	53 %	47 %	372	100 %	98 %	76 %
Manager	49 %	51 %	286	100 %	99 %	80 %
Senior Manager	41 %	59 %	184	100 %	98 %	95 %
Director	21 %	79 %	163	100 %	99 %	66 %
Partner	20 %	80 %	106	IA	IA	IA
Total	45 %	55 %	1703	IA	IA	IA

Table: gender balance and average pay 2021-2023v

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At KPMG, we believe that Diversity, Equity & Inclusion (IDE) underpins our Values and is vital to our Purpose; to Inspire Confidence and Empower Change, and we work hard to create a safe and inclusive work environment that is free from harassment, intimidation, bullying, and discrimination.

We know that our people, our clients and the broader society expect us to have a clear and robust IDE agenda. This year, we have carried out a range of activities and implemented various initiatives to increase focus and support around IDE.

Our hope is that our IDE work will help attract and retain diverse talent that is representative of the world that we live in and create an environment where all perspectives are encouraged as we solve challenging issues and lead the way forward.

The report shows some of the activities and initiatives we have conducted in FY2023.

As part of our ongoing strategic work on IDE we have several initiatives throughout the financial year.

These initiatives play a pivotal role in empowering our employees in becoming agents of change. Here are some examples of what we have done.

International Women's Day

On the 8th of March we celebrated the International Women's Day, an important day to both remember and celebrate the women's rights movement. This year we wanted to shed light on the fact that nearly 40 % of our female employees quit after advancing into leader roles. To reach our goals on inclusion, diversity and equity we need to measure not only our successes, but also our failures. In this particular place, we need to understand why female leaders resign, at what stage in their career they do so and what we can do to change this pattern. As our employees are our number one priority, this is of paramount importance to KPMG.

To read more about our work and to see the video we released in connection with International Women's Day, please visit: [Kvinnedagen - KPMG Norge](#)



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Nordic Diversity Week

Together with our Nordic network we had our second Nordic KPMG Inclusion, Diversity & Equity Summit in 2023. This event brings together member firms across the region to better understand and discuss how inclusion, diversity and equity shapes today's workforce and plays a critical role in how we engage with our clients. The week provided insights on why diversity is important and how we can break our own biases. The reflections and insights provide further insight into our own work in KPMG Norway on Inclusion, Diversity and Equity.

Pride

KPMG Norway has proudly celebrated Pride since 2017, when we first raised the rainbow flag outside our headquarters. June marks the International Pride month. The terrorist attack in Oslo in 2022 was a devastating reminder of just how important it is to show support to the LGBTQ+ society. We marked and celebrated Pride across our locations with various initiatives aimed at creating awareness and engagement and educating our colleagues. Our goal was to make it easier for our colleagues to start the Pride conversation. We provided learning resources, handed out questions for reflection on all our locations, arranged an afterwork with a lecture on diversity, as well as a panel debate on Pride. We used our internal channels (KPMG Live, intranet, offices and information screens) to share knowledge across our firm. We also changed our logo and flag to show our support to the LGBTQ+ society.

We also marked the International Day of People with Disabilities with a video where three of our colleagues spoke about their disabilities. Our goal with these videos was to raise awareness about various visible and invisible challenges people face.

The World Mental Health Day

The World Mental Health Day was another milestone for our work on inclusion. We marked the day by sharing e-learnings and insights on how you can be a good colleague to coworkers who are struggling, and by giving our colleagues a nice start on the day. The aim of our work was to reduce stigma concerning a topic that is increasingly prevalent in society.

The International day of disabilities

On December 3rd, it was the International Day of Persons with Disabilities. We marked the day by sharing three of our colleagues' stories and thoughts on day-to-day and workplace challenges. Our goal was to raise awareness about the various visible and invisible barriers many people face.

KPMG Junior

We regularly invite employees who are on parental leave to an event where they can bring their children to a networking gathering at our premises. The goal is for them to get to know each other, share experiences, and make it easier for them to return after their leave ends. In 2024, we organised two events in Oslo.

Women's Board Award

KPMG is a collaboration partner on Women's Board Award, an event that aims to elevate female board members and inspire more women to seek participation in boards. The event was held in October 2022 and the winner was Linda Litlekalsøy Aase. The award ceremony was held at Colosseum Kino in Oslo and focused on mental health and importance of promoting and ensuring both physical and mental health amongst the companies' employees.



IDE collaborations

KPMG is part of the **Sammen om en Jobb (SAJO)** mentoring program. SAJO is a voluntary organization founded by Erlend Skarsgard Nyheim, Paloma León Campos and Vilde Thorsen Nord in 2017. The organization works for better integration and a more diverse working life. The SAJO mentoring program connects highly skilled immigrants and refugees with mentors that have extensive business experience. Together they embark on a mentoring journey aimed at securing jobs in Norway. Eight mentors from KPMG have participated in the SAJO program. The KPMG mentors have Partner or Director-level experience from Audit or Advisory.

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Seema was founded by Loveleen Rihel Brenna to set up a national standard and certification in diversity leadership. Seema also offers a variety of methods and tools that guide us in our IDE efforts. KPMG's collaboration with Seema is strategically important to change culture and mindset in our organization. In FY23 we cooperated with Seema to develop a Diversity Index platform that helps organizations map their visible and non-visible diversity issues.

Women's Board Award (WBA) aims to identify and promote female board members with the potential to become board chairs in larger companies. WBA was founded by Gunnar Eckbo, head of Styreinformatjon. One of KPMG's strategic priorities is a better gender balance in leadership positions, which is why our partnership with WBA is important. To us, this has been an important arena for networking and highlight female role models.

In October 2022, we had the honor of hosting the Board Member of the Year award. The award was presented to Linda Litlekalsøy Aase by former Prime Minister Erna Solberg.





People in our value chain

Business has a significant impact on people, society, climate, and the environment. These impacts affect people and communities beyond the boundaries of KPMG's own operations, and we recognize our responsibility to promote respect for fundamental human rights and decent working conditions throughout our value chain. We acknowledge that this responsibility is continuous and evolving, reflecting our ongoing commitments. For us, this dedication extends beyond mere compliance. We aim to make it an integral component of our sustainability efforts.

KPMG's daily operations depends on a lot of products and services purchased from multiple suppliers nationally and internationally. We acknowledge that there are risks of human rights breaches in our supply chain, and we must set high standards and establish effective procedures to address situations where this might be the case. Throughout our work with human rights due diligence assessments, we have among other things identified certain categories of suppliers we should pay extra attention to with regards to potential risks related to human rights or decent working conditions. These assessments lay the foundation for our risk-based approach to human rights due diligence, and we will continue to strengthen our efforts to ensure we handle our most severe impacts in a correct manner.

In the following, we present an overview of our policies and our approach regarding people in our value chain, a summary of our efforts to mitigate adverse impacts on human rights and workers' rights and actions planned moving forward. To find more information about our work on human rights due diligence and read our full response to the Norwegian Transparency Act, please refer to this link: [Redegjørelse for aktsomhetsvurderinger](#).

Our policies and approach regarding people in our value chain

KPMG has several policies to structure our work on human rights due diligence and approach to workers in the value chain. We have a Process description for due diligence that gives an overview over what steps to follow, what this implies for KPMG, and how these processes are integrated to our overall policies, systems and routines. Our Supplier Code of Conduct sets out our expectation that all suppliers comply with OECD's guidelines for responsible business conduct and the ILO's core conventions on decent work. Our Procurement guide describes decision-making levels, responsibilities, prerequisites, and authorizations for all purchases to be made at KPMG. All abovementioned policies are overseen and followed up by KPMG Norway's CFO and the procurement lead.

Furthermore, KPMG has published a Global Business and Human Rights Statement in line with the UN's guiding principles on business and human rights. This publication illustrates our commitment to human rights and builds upon our long-term support to the UN Global Compact. KPMG also has an extensive anti-money laundering and corruption program designed to ensure that we maintain the highest standards of professional integrity.

As mentioned in the previous chapter, we also have a Code of Conduct defining the standard for ethical conduct of all employees within KPMG.

How we seek to identify and mitigate adverse impacts on human rights and workers rights

Throughout 2023 we have intensified our work with human rights due diligence and chosen to involve internal subject matter experts to ensure that KPMG Norway conducts our assessments in line with best practice.

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Our experts have assisted in the annual review of governing documents and risk assessments to establish measures for the way forward. As a result of this, a concrete plan is put in place on how we will proceed with human rights due diligence assessments and how we will effectively incorporate this into our daily operations.

We have a risk-based approach to our work on human rights due diligence. This means that we form an overall risk profile on our suppliers and prioritize the most material areas for thorough mapping and management. We do this by categorizing our suppliers according to low, medium, and high risk. Based on this categorization, we define relevant measures tailored to the level of risk. In addition to the risk assessment, we consider our leverage. Our leverage does, however, not change our responsibility, but it affects what risk mitigating actions that are relevant.

Stakeholder dialogue is also essential to ensure that we identify and address potential adverse impacts. Throughout this reporting period we have been in dialogue with our responsible procurement lead, HMS, CFO, internal subject matter experts on due diligence, and parties responsible for our policies and processes regarding due diligence. We have also been in contact with first-tier suppliers. We are continuously assessing the need to engage with more stakeholders, especially affected stakeholders beyond tier-one suppliers. Going forward this may include union representatives or employees at our suppliers or sub suppliers.

Key figures for our supply chain

KPMG Norway has established a stable and good network of suppliers, many of whom have been regular suppliers for many years.

Most of our first-tier suppliers are located in Norway, while the remaining first-tier suppliers are in European countries such as the Netherlands, England, Denmark and Germany. We strive to keep the number of suppliers at a manageable level with regards to risk management and focus on establishing long-term relations with our suppliers. Throughout the reporting period, KPMG Norway recorded approximately 1800 suppliers and business relationships.

The way forward

Our current analyses indicate that there are two main areas that need particular focus going forward. Firstly, through our annual review of governing documents, we have identified the need for updates in several policies, such as our Supplier Code of Conduct (CoC) and procurement guide. The need for updates in our Supplier CoC is e.g. stemming from ILO's newly adopted definition on what is considered a living wage. It is important for us that our internal documents and policies remain aligned with the latest innovations in the field, and we strive to match evolving market expectations and emerging requirements. Secondly, through our risk assessment, we have identified a lack of insights into the supply chain beyond tier one suppliers. Consequently, for the FY23 efforts, we have based the risk assessments on potential risks of human rights violations using external sources. We are continuously working to enhance our insights into working conditions within our supply chain. Efforts to better our understanding will be a top priority throughout the coming reporting year. Per now we have initiated efforts to integrate supplier and business partner risk assessments into the existing ERP system (Enterprise Resource Planning system) to ensure continuous and systematic supplier monitoring.

Besides this we will further develop our risk-based approach to mapping our supply chains, update the process description for human rights due diligence assessments and ensure that it is followed up and integrated into daily operations.

We acknowledge that the work on human rights due diligence requires dedicated efforts, and we consider it a continuous learning process. KPMG Norway will continue to strengthen our efforts to ensure that we have the right competences and resources in place to uphold our commitments with regards to the Norwegian Transparency Act.



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Our clients

KPMG Norway provides services to Norwegian businesses, public-sector enterprises and major multi-national companies. KPMG Norway works to ensure a consistent client experience in all countries. Our advisory and consulting activities are performed by a number of specialist groups with multidisciplinary collaboration as one of our most important tools to deliver high quality services.

Our clients range from small and medium-sized businesses to many of Norway's largest enterprises, including listed companies. We also assist many public-sector entities and agencies, and help non-profit organizations succeed in their work. We work with clients from a broad range of sectors, including but not limited to:

We work with clients from a broad range of sectors, most notably:

- Public administration
- Transportation and roads
- Retail
- Banking, finance and insurance
- Healthcare
- Oil and gas
- Power and utilities
- Seafood

KPMG's clients are located across Norway, with business activities that spread around the globe.

Our policies and approach regarding our clients

Our evaluation of our prospective clients includes an assessment of the client's risk profile and background information on the client, its key management, directors and owners. If necessary, the evaluation includes obtaining and assessing additional information required to satisfy applicable legal/regulatory requirements.

We consider a range of factors when we are evaluating each prospective engagement including:

- potential independence and conflict of interest issues intended purpose and use of engagement deliverables
- public perception
- whether the services would be unethical or inconsistent with our Values

How we strive to make a positive societal impact through our services

We drive social impact by helping to stimulate digital and technological advancements through innovation and by leveraging our global reach.

KPMG also makes important contributions to the work to combat social dumping and illegal working conditions through our assistance to clients (auditing of suppliers, control of supply chains). Ever since the EU enlargement, law has also had a clear position in the public debate and contributed to the development of new and improved legislation.

Our goal is also to collaborate with top-notch technology environments to build innovative solutions. The diversity index platform, developed in cooperation with Diversity Index, is an example of how KPMG pursues innovative technological and sustainable solutions.

KPMG has an important focus on advising clients around sustainability solutions and the decarbonization journey, together with our key work in the public interest of auditing climate-related risks and opportunities as they are expressed in the financial statements.

Case: Securing trust in society by preventing money laundering and corruption

Corruption erodes trust in democracy, the government and the legal system, hindering fair competition and economic growth. Money laundering supports criminal networks and fuels further illegal activities, thus impeding the progress of stable societies and economic prosperity.

Preventing corruption and money laundering is a key aspect of corporate social responsibility. Numerous national and international regulations exist to prohibit and prevent these crimes.

We support both public and private sectors in implementing anti-corruption measures and managing the risks associated with money laundering. This effort aims to deter corruption and money laundering, ensuring any infractions are promptly identified and addressed in compliance with regulations.

The way forward

This will require us to build knowledge about sustainability across the organization and establish ways of working together where our knowledge and perspectives on sustainability really contribute to finding the best solutions for our clients. We are at the very beginning of this journey, which is a crucial one for KPMG to succeed with driving sustainable change for all our stakeholders.

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KPMG is here to help bring positive change and this can only be achieved with strong governance. Governance creates the framework that drives purposeful activity. It helps us ensure we are considering our economic, environmental, and social impact in all that we do, internally and in our work with clients. It helps us align our financial and societal performance.

Driven by our Values that guide our actions and our Purpose to inspire confidence and empower change, we are committed to the highest standards of personal and professional behavior. As the pressures on business and society evolve and intensify, we believe our Purpose remains as relevant as ever.

KPMG Norway is part of the global KPMG network that has approximately 275 000 employees and offices in 145 countries. Although managed independently, KPMG is structured in a way that global activities support a consistent level of quality and set of values, regardless of where in the world KPMG is active. For more information regarding our governance, please read our Transparency Report. This chapter addresses our impact on financial transparency, risks related to corruption, bribery and anti-money laundering and the importance of a corporate culture,

Our policies and approach regarding governance

Audit quality is fundamental in creating trust in the capital markets and continues to be our highest priority. It is the foundation upon which our professional reputation rests. Ensuring high quality auditing services is therefore crucial for maintaining public trust. We define audit quality as the outcome when audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management. All of our services, including advisory services as well as legal services in KPMG Law, are exercised and executed in an environment characterized by the highest level of objectivity, independence, ethics, and integrity.

Across the global organization, KPMG firms have strengthened the consistency and robustness of their system of quality management (SoQM) to meet the requirements of the International Standard on Quality Management (ISQM) 1, issued by the International Auditing and Assurance Standards Board (IAASB). Foundational for quality management, our globally consistent approach to ISQM 1 drives compliance with the requirements of the standard and our efforts to strengthen trust and transparency with our clients, the capital markets, and the public we serve.



KPMG Norway has fully adopted KPMG International's global approach to SoQM and ISQM 1, which:

- Sets policies and procedures to support KPMG's effective SoQM in accordance with ISQM 1 issued by the IAASB
- Establishes for each SoQM component, globally consistent quality objectives, risks and responses
- Provides KPMG with a risk assessment framework that they have agreed to use in identifying incremental KPMG
- Firm-specific quality objectives, risks, and controls supports KPMG with guidance, tools, and training to drive consistent and effective firm SoQM operation
- Includes monitoring activities over KPMG's SoQM to drive global consistency

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Our globally consistent approach to ISQM 1 means that we respond robustly in the work to achieve the standard's quality objectives. For each component of the standard, we have established minimum quality objectives as well as quality risks and responses. KPMG has established a risk assessment process which is used in identifying additional firm-specific quality objectives, quality risks, and responses and requirements for testing and evaluation of their system of quality management together with guidance, tools and templates to support the consistent implementation of ISQM 1 across KPMG member firms.

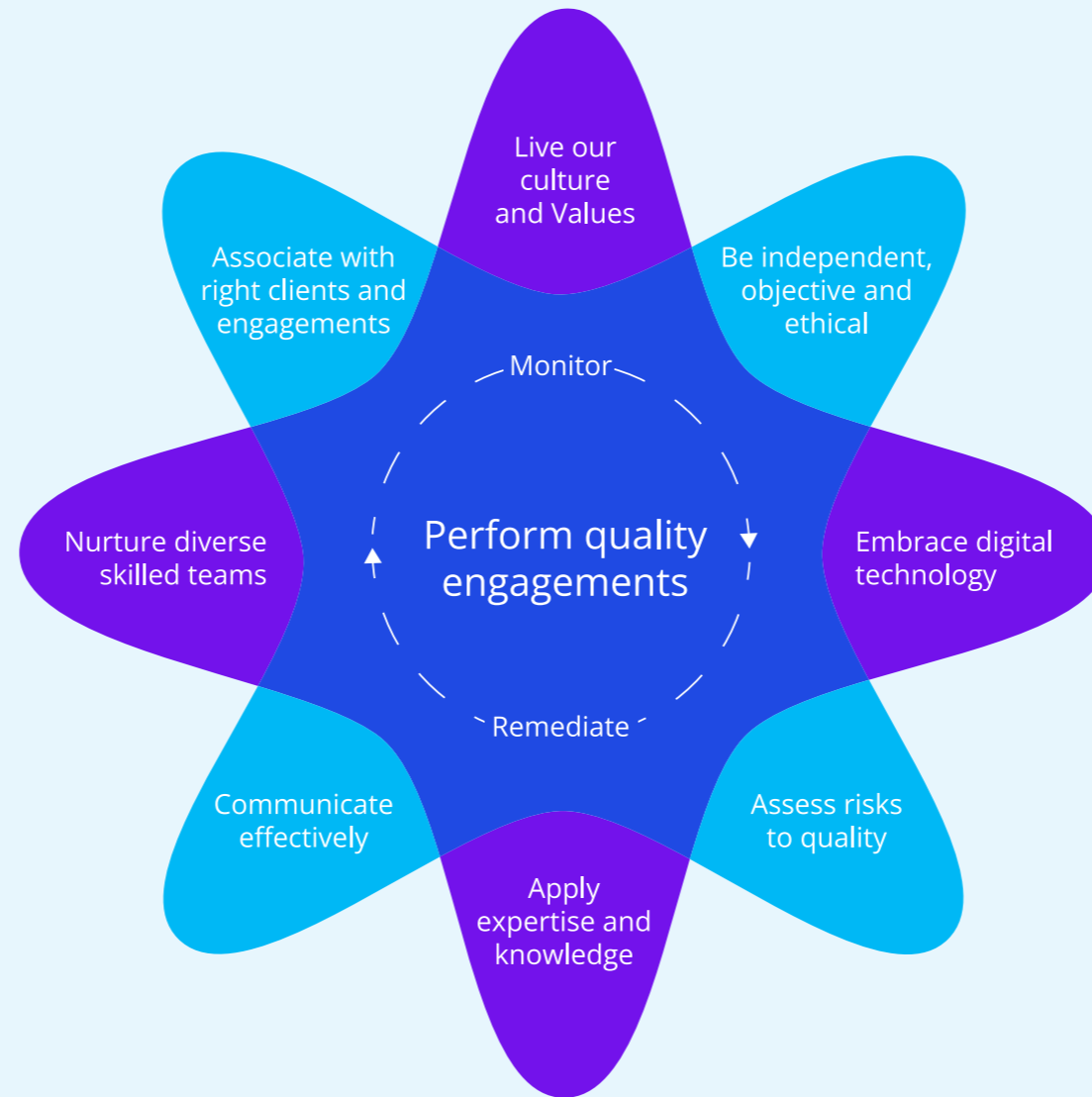
To provide more transparency on what drives KPMG audit and assurance quality, this report is structured around the KPMG Global Quality Framework. For KPMG, the Global Quality Framework outlines how we deliver quality and how every KPMG professional contributes to its delivery. In this report we have elaborated on the topics most material to our ESG work. For a full report on the Global Quality Framework, see KPMG's Transparency report.

Live our culture and Values

It's not just what we do at KPMG that matters, but also how we do it. Our Values are our core beliefs, guiding and unifying our actions and behaviors. Shared across all personnel and in every country, jurisdiction and territory in which we operate, they are the foundation of our unique culture.

At KPMG, our Values lie at the heart of the way we do things. To do the right thing, the right way. They form the foundation of a resilient culture ready to meet challenges with integrity, so we never lose sight of our principal responsibility, which is to serve the public interest. In addition, they propel us forward — through our work and the example we set — as we inspire confidence and empower change throughout the world.

KPMG's Global Quality Framework



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We are committed to the highest standards of personal and professional behavior in everything we do. Ethics and integrity are core to who we are. Our Global Code of Conduct, outline the responsibilities all KPMG personnel have to each other, our clients and the public. It shows how our Values and Purpose inspire our greatest aspirations and guide all our behaviors and actions. It defines what it means to work in and be part of the KPMG organization, as well as our individual and collective responsibilities. Everyone at KPMG can expect to be held accountable for adhering to our Code of Conduct and is required to confirm their compliance with it. Individuals are strongly encouraged to speak up if they see something that makes them uncomfortable or that is not in compliance with the Code of Conduct or our Values. Everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards. Everyone at KPMG is required to report any activity that could potentially be illegal or in violation of our Values, KPMG policies, applicable laws, regulations or professional standards.

Zero tolerance for bribery and corruption

We have zero tolerance of bribery and corruption. All KPMG firms' partners and personnel are required to take trainings covering compliance with laws, regulations and professional standards relating to anti-bribery and corruption, including the reporting of suspected or actual non-compliance. Further information on KPMG International anti-bribery and corruption policies can be found on the anti-bribery and corruption site.

Anti-money laundering

- KPMG has incorporated the regulations to combat money laundering and the financing of terrorism in our guidelines. The required client actions in accordance with the Norwegian Anti-Money Laundering Act are an integral part of KPMG's client and project evaluation process. These guidelines regulate ongoing monitoring, the duty to investigate and report, training and the responsibilities of the Anti-Money Laundering Officer.

Anti-corruption

- KPMG adopts a zero-tolerance approach to bribery and corruption. We prohibit all forms of corruption and do not tolerate any bribery by third parties, including our clients, suppliers and public-sector officers. KPMG provides training for all partners and employees on measures against bribery and corruption and has established guidelines for gifts KPMG employees may give and receive.

Insider trading

- KPMG's guidelines for insider trading follow the Norwegian Securities Trading Act. Under KPMG's guidelines, the engagement partner is responsible for ensuring that team members are informed of their obligations and liability regarding inside information. The engagement partner is also responsible for maintaining a list of individuals with access to inside information.

Financial transparency

We have a fundamental commitment to serve the public interest and build trust. Our leadership in responsible tax also encompasses how we deliver our services to clients, the arrangements of KPMG firm and the respective Partners' tax affairs. We're committed to acting lawfully and with integrity, providing high quality advice and building mutually trusting relations with the tax authorities. This is consistent with our values, our Global Code of Conduct and our Global Principles for a Responsible Tax Practice. Follow link for more information on KPMG's financial reporting and transparency report.



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Case: Ensuring accurate tax reporting for multinational companies

In KPMG Law, we are committed to ensuring that multinational companies report the correct tax in each country they operate in. One way of achieving this is through country-by-country tax reporting, which is a reporting method that helps companies report tax in each country they operate in.

This method is crucial in increasing transparency and accountability in business practices and ensuring that companies pay the correct tax. Several countries have introduced legislation that requires companies to report in this way, and we work closely with these to ensure compliance.

As advisors, we use analysis tools and technology to ensure accuracy and reliability in the tax reports. Our work includes collecting and analyzing data on the company's financial activities in each country they operate in. This helps increase trust in the companies and their business practices, as well as reduce the risk of companies being sanctioned due to misreporting.

Our commitment to accurate tax reporting is not only important for the companies we work with, but also for society as a whole. By ensuring that companies pay the correct tax to each country of operation, we contribute to a more fair and sustainable global economy. We are proud to be part of the solution.

Management of relationships with suppliers

Our policies and approach regarding suppliers

In order to ensure a systematic follow-up and good relations with our suppliers and business partners we have the following procedures in place:

- [Supplier Code of Conduct](#)
- Purchasing guide (internal policy)

Supplier Code of Conduct

Through our Supplier Code of Conduct, we clearly communicate our expectation that suppliers comply with the requirements of the Transparency Act, the OECD Guidelines for Responsible Business Conduct and the ILO's core conventions for decent working conditions.

Purchasing guide

The purchasing guide describes the decision-making levels, responsibilities, prerequisites and authorizations for all purchases to be made in KPMG Norway. The purpose of the document is to clarify our internal guidelines for procurement, including who can make what types of purchases and what amount limits have been set at the various authorization levels.

How we ensure responsible procurement

During the reporting year, KPMG Norway has focused on upgrading the procurement solution to get better system support for contract follow-up. This will enable us to both manage our suppliers more efficiently and timely, and to allow for a more systematic approach to our human right's due diligence in the supply chain. In this process, work was also done to increase the data quality of existing agreements.

For example, all agreements have been categorized to ease further follow-up of suppliers. To ensure that we have a responsible procurement practice that sustains our other efforts on ESG and human rights due diligence, we have also been making improvements in risk mapping when it comes to risk of contributing to human rights and workers' rights through the products and services we buy.

Our policies are reviewed annually and revised when necessary.

The way forward

When it comes to acting on our Global Principles for a Responsible Tax Practice in KPMG Law, we will in FY2024 further develop our work on "responsible tax" by setting goals and targets as well as having a dedicated resource in ESG Law that will coordinate our efforts.

KPMG Norway has reviewed governance documents, including our procurement policy, to identify gaps against requirements and best practices. In FY2024 we will revise our Supplier Code of Conduct, purchasing guidelines, guidelines for a risk-based approach to supplier management and our process description for due diligence assessments. We will follow up suppliers in risk categories as part of our ongoing due diligence work. The work on follow-up of suppliers regarding their responsible business conduct will be stepped up in FY2024. For more information about our due diligence process, see our FY2023 report on the Transparency Act.

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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.

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