



KPMG 2015 Corporate Responsibility Report

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Our values and the future of KPMG

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KPMG Values

- We lead by example
- We work together
- We respect the individual
- We seek the facts and provide insight
- We are open and honest in our communication
- We are committed to our communities
- Above all, we act with integrity

Culture of integrity

At KPMG, we are proud of our commitment to ethics and integrity and the way we have embedded our values—including “Above all, we act with integrity”—into all aspects of our business. KPMG—through its people, values, programs, and policies—has made it a priority to help ensure that we have an ethical culture where everyone embraces a sense of personal responsibility for doing the right thing in the right way.

KPMG Corporate Responsibility 2015

This report provides an overview of KPMG FY 2015 activities and results that demonstrate how our values are a part of all of our actions and how integrity, innovation and inclusion are at the heart of everything we do.



A letter from Lynne and Sue

2015 CR Report letter

At KPMG, corporate responsibility, inclusion and diversity are foundational to realizing our vision of being the Clear Choice for our people, our clients, and the public.

With great purpose and passion, we apply our collective skills to improve our communities, drive inclusion and diversity, develop next-generation leaders, and advance environmental sustainability.

These strategic focus areas drove many of our achievements in 2015.

Working with Junior Achievement (JA), we rolled out a redeveloped digital curriculum and accompanying technology for the *JA Finance Park* program, which increases the financial literacy of middle and high school students.

As part of our commitment to environmental sustainability, we joined the White House American Business Act on Climate Pledge, committing to reducing net emissions by another 10 percent per full-time equivalent by 2020.

We launched various programs to build the pipeline of future leaders within our firm, including the Leadership Development Series program, which targets high-potential senior managers across our national diversity networks. We also held the inaugural KPMG Women's Leadership Summit at the KPMG Women's PGA Championship and conducted related year-long programming initiatives to pave the way for increasing the number of women in C-suite positions in corporate America.

These are only a few highlights from a year in which KPMG's people volunteered 144,000 hours and donated more than \$27 million to charities and organizations with missions to help those in need. We are proud of the many ways we made a meaningful difference.

Most importantly, we are unwavering in our commitment to acting with integrity—the core value that underpins these achievements and everything we do.

As a tangible demonstration of how we live out our values, corporate responsibility, inclusion and diversity remain



Lynne Doughtie

Sue Townsen

A handwritten signature in black ink, appearing to read 'Lynne'.

Lynne Doughtie

Chairman and CEO

A handwritten signature in black ink, appearing to read 'Sue'.

Sue Townsen

National Managing Partner—HR,
Diversity and Corporate Responsibility

KPMG 2015 at a glance

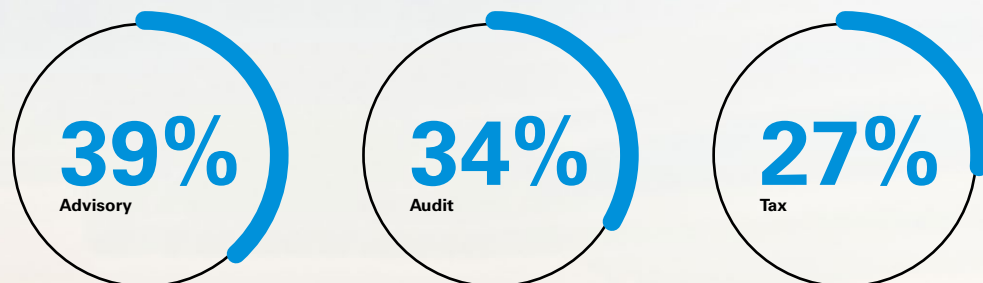
Fiscal year end

9/30/2015

Revenue

\$7.9B

Fee Split



Personnel



30,903
Total personnel

Offices

106

Above all, we act with integrity



Our people uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

Living our values every day

Through our people, programs, and policies, we have made it a priority to ensure we have an ethical culture in which everyone embraces a sense of personal responsibility for always doing the right thing in the right way.

KPMG's [Code of Conduct](#) is at the heart of our ethics and compliance program. It helps us articulate our standards of behavior as we approach our work with professionalism and integrity.

All new hires receive training on the Code of Conduct upon joining KPMG. Then, every two years thereafter, we refresh all of our professionals' understanding with online training on the Code, ethical decision making, and relevant compliance areas. This training qualifies for Continuing Professional Education credit.

At the time of hire, and each year thereafter as part of an annual confirmation process, all of our people affirm in writing that they have reviewed the Code, understand it, and agree to adhere to our values, shared responsibilities,

global commitments, and promises. Further, at various touch-points—from recruiting and orientation through ongoing performance management and critical career milestones—we reinforce KPMG's expectations.

KPMG's governance structure provides checks and balances at every level to help ensure transparency and objective monitoring of our actions and culture. This structure includes:

- Oversight by the Legal, Risk and Regulatory Committee, which is the principal management-level structure through which the ethics and compliance program is designed, implemented, and evaluated for effectiveness. Compliance-related issues flow up to KPMG's Board of Directors through this committee;
- The Chief Compliance Officer who is responsible for day-to-day execution of the program; and
- A Management Review Panel (MRP) that monitors

discipline and other remedial actions taken in response to substantiated incidents of noncompliance with applicable law, regulation, or firm policy, and helps ensure fairness and consistency of remedial actions across the firm. The MRP is comprised of senior leaders from all functions within KPMG.

Further, the Professional Practice, Ethics and Compliance Committee of KPMG's Board of Directors reviews and is ultimately responsible for the organization's ethics and compliance strategy.

Quality, innovation and professionalism

Informing all aspects of how we do business

Our business continues to grow as we passionately focus on the needs of our clients and create an environment where continuous improvement is an expectation. Trust, independence, quality, and objectivity form the bedrock of our relationship with clients and our stewardship of the capital markets.

We take pride in delivering on our commitments in line with professional standards, our core values, and our stakeholders' expectations.

Our 2015 [Transparency Report](#) articulates the steps KPMG takes to uphold its professional responsibilities and describes the firm's structure, governance, and our approach to quality control.

Our inclusive culture drives innovation, and coupled with our industry-specific knowledge, enables us to provide our clients with the best thinking and solutions.

We also work throughout our global network, with clients, and across the broader marketplace to introduce new methods, ideas, and services that help address some of the world's most pressing social, economic, and environmental issues. Working collaboratively, we invest in a promising future for our clients, our people, and our communities.



KPMG and UN Global Compact collaboration



KPMG and UN Global Compact collaborate to advance sustainable global markets

KPMG is playing a significant role to help accelerate the integration of the 17 new Sustainable Development Goals (SDGs) adopted by 193 member states of the United Nations in September 2015.

Through the SDG Industry Matrix—jointly developed by the UN Global Compact (UNGC) and KPMG International—we seek to help convert commercial interest stimulated by the SDGs into industry-specific activities that will advance the impact of SDG achievement.

The commitment to help business drive sustained, inclusive growth aligned with the SDGs is a prime example of KPMG's ongoing work with the United Nations, one of our premier clients. Both organizations share values of integrity, transparency, accountability, and inclusion.

As a signatory of the UN Global Compact since 2002, KPMG continues to advance these values in alignment with other organizations who are similarly committed to issues of global concern, namely building a more sustainable, inclusive future for generations to come.

Many of the illustrative examples in the SDG Industry Matrix are innovative—from redesigning products and supply chains to developing new low-carbon technologies. Industry-specific opportunities within the Matrix build on the UN Global Compact's principles for business, one of which is, "Encourage the development and diffusion of environmentally friendly technologies."

KPMG's Global Citizenship and UN global account teams worked closely with the UNGC to design this catalytic tool.

"The SDG Industry Matrix aims to inspire and inform greater private-sector action to drive inclusive, sustainable prosperity by showcasing industry-specific examples and opportunities for transformative collaboration," said Kate Maloney, senior advisor, UN global account team.

Each SDG Industry Matrix is developed through extensive engagement with business through multi-stakeholder roundtables and case studies. The first SDG Industry Matrix—for Financial Services—was launched at the UN Private Sector Forum in September 2015.

Each of the individual publications of the SDG Industry Matrix initiative can be found on the KPMG Global Goals website: www.kpmg.com/globalgoals.

"Business has a unique role to play in the achievement of the SDGs. KPMG, as a trusted advisor to clients and collaborator with the UN, is committed to working together to innovate and find solutions to matters of global significance."

—Sue Townsend, National Managing Partner—HR, Diversity and Corporate Responsibility

Quality is central to all we do at KPMG

Q&A with Scott Marcello

Q: Why is audit quality important to KPMG?

A: Our audit strategy is based upon a global vision of becoming the Clear Choice and anchored in our responsibility to the capital markets. To accomplish this, it is important that we earn and maintain public trust and confidence, which begins with audit quality. We have to get it right; it's integral to everything we do. We earn this trust by setting our own standard of excellence that not only meets regulatory expectations, but also meets the increasing demands and expectations of the investors and audit committees we serve. Our stakeholders expect consistent quality that is grounded in the highest levels of integrity, objectivity, professional skepticism, and competency in all we do.

Q: How does KPMG's commitment to corporate responsibility impact its audit practice?

A: I think of corporate responsibility through two important lenses as it relates to our audit practice. First is our own, firm-wide focus on corporate responsibility. We are focused on each element in this area: driving increased diversity, developing our next generation

leaders, advancing sustainability, instilling inclusive leadership, and improving the communities we live and work in. Each of these elements is critical to who we are and who we want to be; they create a culture of diverse thoughts and ideas, a focus on the broader social good, and on building effective and diverse leaders. All of these efforts create an environment that helps to attract and develop great talent. Diversity in thought and ideas is important to all dimensions of our audit practice including building effective, high quality teams, spawning innovative thought, and helping us to flourish in a world of rapid and accelerating change.

Second is the focus our clients have on corporate responsibility and the increasing interest by investors. There will be increasing demands for reporting on diversity and sustainability which will create new challenges for our clients and opportunities for KPMG. Also, there is an increasing focus on diversity in the boardroom and the importance it plays in strong governance—another trend that will impact our clients and the opportunities we have to support their efforts. Overall, these different points

Professionalism:
Protecting client data



Protecting confidential information and data is a cornerstone of our profession, critical to preserving the trust of our clients and the capital markets. We have professional, legal, and contractual obligations to do so and take this responsibility very seriously.

"Trust is the cornerstone of a client relationship, and one of the best ways to build that trust is to treat our clients' confidential information with the same care as they would," said James Howard, *principal and chief privacy officer*, New York.

KPMG's commitment to data protection applies to information in all its forms, whether it's paper, electronic, or verbal communication. Safeguarding client information is everyone in the firm's responsibility. We train our people and we have programs in place to proactively identify and address ways information may be lost or stolen.

of focus on corporate responsibility will have broad and significant implications for our audit practice.

Q: How does KPMG innovate to improve audit quality?

A: At KPMG, we are committed to ensuring that our role and related services remain highly relevant to the capital markets we serve, to our people, and to the companies we audit. This begins with attracting, developing, and retaining outstanding professionals who have the curiosity, courage, and capabilities that allow them to think boldly and flourish in a rapidly changing world. It also involves creating a culture of innovation, where we experiment with and share new ideas and quickly develop and deploy effective solutions and capabilities. KPMG continues to make significant investments in our people, technology, data, analytic, and cognitive capabilities.

For example, we have assembled a workforce of more than 500 dedicated data and analytics professionals globally and more than 100 in the United States. We are investing significantly in our audit platform including a range of “big data” and analytic capabilities, several of which are in use today with many more in the pipeline. And recently, we announced a very special relationship with IBM Watson which will enable our efforts to lead the profession in the use of cognitive capabilities in the audit. We are also enhancing our technology infrastructure to further empower KPMG professionals to share knowledge, communicate effectively, and to successfully collaborate with one another and our clients around the world.

Q: How do KPMG’s people and culture relate to audit quality?

A: Audit quality is central to everything we say and do, and our outstanding people and our Firm’s culture empower that quality and our overall success. Our culture begins with a shared purpose of “Inspiring Confidence and Empowering Change,” and is grounded in our core values and guided by our vision of becoming the Clear Choice. To be the clear choice, we are committed to helping our people become

truly extraordinary and to earning and maintaining the trust of the public we serve. These two elements of becoming the clear choice are interrelated. Through extraordinary people, each one operating with an unwavering promise of professionalism, we consistently deliver high-quality audits. This standard enhances public trust and, in turn, inspires our people. Of course, great people need more than just a great environment to work in. That’s why innovation, and leading tools and processes are also important.



Scott Marcello, U.S. Vice Chair, Audit, and
Regional Head of Audit, Americas

KPMG and Forbes Insights

Technology and corporate need



of audit industry experts believe the audit profession must evolve to keep pace with technology and corporate needs.



said technology will have the greatest impact on the audit profession in the next three to five years, providing tools for more sophisticated analysis and greater efficiency to the process.

*According to a 2015 survey by KPMG and Forbes Insights. Respondents included audit committee chairs and members, corporate executives, and academics.

Thought leadership: gauging the market



In our work as a corporate thought leader, we challenge assumptions, pursue facts, and provide insight and guidance. Two notable examples include these reports: *U.S. CEO Outlook 2015: The growth imperative in a more competitive environment* and the *KPMG Women’s Leadership Study*.

In the U.S. CEO Outlook study, perspectives from 400 U.S. chief executives, and analysis from KPMG’s partners and luminaries, spotlight the major issues facing the global economy over the next three years. The outlook provides valuable insight into why CEOs are more optimistic about what lies ahead, but also deeply concerned about growing regulation, global economic risks, and threats from disruptive competitors.

The *KPMG Women’s Leadership Study*, which surveyed more than 3,000 professional working and college women, identifies action steps that can help corporations move more women into leadership roles. Creating work environments in which women can thrive, and implementing initiatives that support, advance, retain, and reward them, is not only the right thing to do, it is a smart business approach.

These two studies are among many in the firm’s thought-leadership portfolio. The research seeks to understand the complex business challenges our clients face, and the analysis offers powerful insights to inspire innovative thinking that can help shape future strategy.

Encouraging innovation

The right environment fosters collaboration and innovation in today's digital age

Digital and mobile technologies are transforming businesses and KPMG is helping its people and clients succeed in the face of disruption by introducing new ways of working.

In 2015, KPMG implemented bold initiatives by establishing new work environments that foster greater collaboration and allow the firm to help clients discover business trends before they manifest into disruption. An Innovation Lab at WeWork was launched in New York's trendy SoHo neighborhood. The lab applies human-centered design thinking to understand changing demographics, human behavior, technology, innovation, investments, and new business models.

"Business leaders who harness trends accurately stand to be big winners in the marketplace while others can quickly fall behind," said Mike Nolan, U.S. vice chair of innovation & enterprise solutions. KPMG also opened the first of several planned high-tech work environments called "Ignition Centers." The concept for Ignition Centers emerged after KPMG made several acquisitions of

technology companies. KPMG employees who work in Ignition Centers remain connected to the broader service network and essentially act as a subset of the larger group.

"We want to harness the existing capabilities we have in the firm—those focused on disruptive and innovative technologies like cloud solutions, mobile, analytics and big data—and bring them together in a very different work environment," said Lou Trebino, managing director of Technology Enablement, who is based in KPMG's Denver Ignition Center. "The new centers allow us to immerse our clients in the experience."

By reimagining how teams collaborate, we have optimized the creative and information-sharing process. KPMG professionals from different disciplines can now more effectively share their diverse viewpoints and experiences to create groundbreaking solutions for our clients.



Mike Nolan
U.S. Vice Chair, Innovation
& Enterprise Solutions

"Over the next five years, new opportunities will emerge that are detectable now, through signals like changing demographics, technology innovation, and start-up activity."



KPMG's Ignition Center in Denver, CO.

Corporate citizenship

KPMG is committed to lifelong learning and sustainable communities

Education is a key factor in a child's ability to thrive and succeed throughout life. That's why KPMG supports students in reaching their full potential through programs that advance lifelong learning from preschool, through high school and college, to the working world.

Equipping children with the right tools for a positive future begins with KPMG's Family for Literacy (KFFL). The program aims to eradicate illiteracy by providing new books, fostering a passion for reading, and helping to build strong language skills. To cultivate financial literacy in middle and high schools, the KPMG Foundation has funded an expanded affiliation with Junior Achievement USA® (JA) for the redevelopment of *JA Finance Park*® and its personal finance curriculum.

Teaming up with the National Academy Foundation (NAF) and its Academies of Finance (AOF), the firm helps strengthen high school accounting education integrated with a focus on STEM (science, technology, engineering, and mathematics) by providing funding, curriculum guidance, and mentorship. In higher education, the KPMG

Foundation supports Enactus, which mobilizes college students to use the power of entrepreneurial action to develop aspiring, responsible business leaders. For all philanthropic efforts, we empower our employees to demonstrate KPMG's core value of being committed to our communities. Their collective efforts are reflected in nearly 144,000 volunteer hours—almost 40 percent of which was time paid for by the firm in 2015.

The impact on lifelong learning and sustainable communities can be measured in figures like: 2.5 million lifetime new book donations through KFFL, more than 264,000 *JA Finance Park* students reached, and over \$25 million in cash contributions from KPMG LLP and KPMG Foundation. Our impact is also evident in the personal stories that follow—those of employees that have shared their expertise on nonprofit boards or led initiatives to improve communities; and in building financial capacity for students through our work with JA. Being a good corporate citizen starts in the communities in which we live and work—and that's where we invest through volunteerism, philanthropy, and strategic relationships with nonprofits.

Serving in our communities

Volunteers inspire big thinking in children

Della Moore, a Denver-based manager of national campus recruiting, is a passionate volunteer who leads by example and appreciates the opportunity to instill KPMG's values in recruits who join the firm.

"Service is a core value for many of our interns who have been active in their communities throughout their lives. So, it's important to them to work for a company that embraces this principle," Moore said. "We involve them in our volunteer efforts from the start."

The Denver office has multiple opportunities for employees to be involved in the community, including activities with Junior Achievement, American Cancer Society, and TutorMate.

On an ongoing basis, the office has adopted two elementary schools in need where KPMG employees and interns regularly hold literacy events, reading to the students, and giving away books. They also help set up and run field days, manning the stations so teachers and parents can enjoy time with the children.

During these events, interns often talk to the students about college life and their experiences at the firm. The conversations resonate with the students; some of whom inquire about working at KPMG someday. "When you hear children ask about working at KPMG, there's a realization that we may have completely changed the path they were on," Moore said.

"I am honored to be part of an organization where corporate citizenship is so important."

—Della Moore, Manager—National Campus Recruiting, Denver

She leveraged her volunteer experience in the firm's fight against illiteracy by working with Beta Alpha Psi (BAP) to establish its International Day of Literacy. (BAP is an honor organization for accounting, finance and information systems students and professionals.) The event is a community service project in which more than 1,000 BAP members who attend the organization's annual international conference participate.



KPMG employees volunteer (left—Della Moore in center) with BAP students.



At the 2015 BAP International Day of Literacy in Milwaukee, WI, children were given the book *Emmanuel's Dream*. It's about a boy who overcomes adversity through strength of character and perseverance.

Volunteers conduct literacy fairs at organizations serving children from low-income families in the meeting's host city. BAP members are paired with children for fun and educational activities and talk to them about the importance of doing well in school.

Volunteers close out the BAP International Day of Literacy by reading a book to the students with the theme of stewardship and service. The annual BAP event is supported by a grant from the KPMG Foundation through the KPMG/BAP United for Literacy program, which enables each child to go home with a new book at the end of the day. The program is so successful it has become a model for smaller scale literacy-based events organized by KPMG campus recruiters and their local BAP Chapters.

"We take great pride in the results of our volunteer efforts—seeing what we are able to accomplish because we work at KPMG," Moore said.

"Service is a core value for many of our interns who have been active in their communities throughout their lives. So, it's important to them to work for a company that embraces this principle. We involve them in our volunteer efforts from the start."

—Della Moore, Manager—National Campus Recruiting, Denver

Impact through investment

Being a good corporate citizen starts in the communities in which we live and work—and that's where KPMG invests through volunteerism, philanthropy, and strategic relationships with nonprofits.

Cash Contributions



\$25,316,436

KPMG and KPMG Foundation

\$1,744,847

Volunteer fundraising activities

\$13,778,465

Partner & employee community giving

Volunteer Hours



144,000

Total

37,000

Skills-based

56,000

Paid volunteer time-release

51,000

Hands-on

Students Supported



264,000

Students enhanced financial literacy skills through support of the JA Finance Park

13,000

Students were career and college ready in 2015 by participating in National Academy Foundation programs supported by the KPMG Foundation

291

Accounting doctoral students supported through the life of the PhD Project

Promoting lifelong learning

KPMG's Family for Literacy (KFFL) and First Book change lives together

KPMG has a longstanding relationship with First Book, an award-winning nonprofit social enterprise that distributes books and educational resources to programs and schools serving children from low-income families in the U.S. and Canada. Instilling the love of reading and providing new books is one way the firm helps to improve communities and set children up for success.

"Growing up in a literature-rich environment, reading and being read to are now recognized to be transcendent factors in a child's life. Yet in some of the lowest income neighborhoods, there is one book for every 300 children."

—Kyle Zimmer, President and CEO of First Book

To date, KPMG's Family for Literacy (KFFL) has donated 2.5 million of the more than 130 million books First Book has

distributed since its inception. The firm also provides strong guidance on financial matters, offering critical behind-the-scenes expertise in an area where many nonprofits struggle.

"KPMG's involvement gives us tremendous local credibility and the firm's multi-year commitment means we have strong financial support underneath us," Zimmer said. "The continued commitment of KPMG has enabled us to move forward confidently to serve the children who are waiting for our help."

The full breadth of the partnership came to life in a firmwide community-service project called "Soup & Stories." KFFL, in conjunction with First Book, collaborated with the National Association for the Education of Homeless Children and Youth (NAEHCY) to get new books to homeless children during the holidays.

With one child in every 30 being homeless, the firm recognized the need to more widely serve this vulnerable population. Soup & Stories took on the issues of education and hunger by nourishing both the mind and the body.



Since KFFL's inception in 2008, 2.5 million books have been distributed.



Kyle Zimmer, president and CEO of First Book, reads to children at a literacy event.

During the project, every office in the firm was paired with NAEHCY-affiliated local organizations, including shelters, food banks, and schools. Volunteers wrote inspiring messages on bookplates and attached them to the 100,000 new books donated by the firm; built bookcases; and donated more than 150,000 cans of soup in conjunction with Campbell Soup Company. The volunteers then delivered all of the items to their organizations, and even hosted holiday parties, book readings, and distribution events.

“Soup and Stories demonstrates KPMG’s level of intensely committed volunteers, its deeply substantive approach to addressing social issues, and willingness to bring other strategic partners to the table to leverage the impact for kids in need,” Zimmer said. “Every level of the company was involved in some way.”

“If more corporate leaders approached their philanthropic efforts with the commitment that KPMG shows—really applying their hearts and minds—it would be a very different world.”

“I can’t think of another company that has a more profound commitment to literacy than KPMG.”

—Kyle Zimmer, President and CEO, First Book

Soup & Stories community service milestones



Cans of soup
donated



New books
donated

150,000 **100,000**

Total book donations



Number of books to date
KFFL donated through First
Book programs

2,500,000

Creating sustainable communities



Brad Sprong

Kristin Fraser

Board participation helps shape the future of worthy causes

Serving as nonprofit board members allows our people to leverage their skills and focus their passions to have a more profound effect on our communities.

“I am lucky to work at a company that instills the values of integrity and leadership in its employees and enables us to serve our communities.”

—Brad Sprong, Office Managing Partner and Tax Transformation Partner

Kristin Fraser, office managing partner and Audit partner in Providence, found purpose during her first board position at a nonprofit that improves the education of women and, in turn, betters the lives of their children. Every board meeting included a “mission moment” in which a student in the program would speak.

“Those moments made me realize that my service wasn’t actually about just a moment, but about creating a lasting

legacy to affect future generations,” she said. “My passion is in affecting the mission of a nonprofit.” Fraser now sits on the board of the American Heart Association of Southern New England as its leadership chair; she helps create strategic plans to bring the message of the organization to the community and move the cause forward.

For Brad Sprong, office managing partner and Tax Transformation partner in Kansas City, a seminal moment occurred while chairing an event for a domestic-violence shelter. A woman told her story of domestic abuse and shared the moment of leaving her husband and taking her children to a safer environment.

“Thinking about how she finally felt empowered to leave her situation made me step back and appreciate how important our work was and realize we have the opportunity to impact even more women like her,” he said.

He sits on multiple boards including the Girl Scouts Mid-America chapter, Kansas City Metropolitan Crime Commission, Rose Brooks Patrons, William Jewell

College, Kansas City Civic Council, KC Chamber, and the KC Area Development Council.

Serving on nonprofit boards also enhances their professional lives, as the experiences align with many of the values of the firm, according to Fraser and Sprong. “If you are not participating,” Sprong said, “you are missing out on a terrific opportunity to enrich your life and transform your community.”

“Extending myself and using my circle of influence to empower others is personally fulfilling.”

—Kristin Fraser, Office Managing Partner and Audit Partner

Building financial capability for students

KPMG Foundation supports money-management skills development

Through a \$1.75 million, multi-year grant from the KPMG Foundation, the Junior Achievement (JA) Finance Park program curriculum was redeveloped to incorporate cutting-edge technology. The program helps students build financial literacy skills to make solid personal and professional financial decisions throughout their lives.

“Finance Park opens your mind to the way money works. It shows you how your financial choices determine your future.”

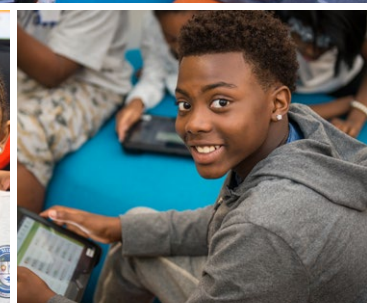
—Junior Achievement Finance Park Student

Consisting of an interactive 13-lesson curriculum delivered in middle and high schools, the program culminates in a visit to a JA Finance Park location where students apply their money-management skills. Budget and career scenarios based on hypothetical life situations allow students to connect theory to reality. Melody Gartrell, a finance and accounting manager, has been volunteering for

Junior Achievement for more than four years and counts the experience as support of the firm’s commitment to building knowledge and character in youth and creating a better prepared workforce for the future. “It’s very eye opening for them,” she said. “At home, parents are busy working to pay the real bills and don’t always have time to enlighten children on financial matters. So we expose them to situations they will some day be in.”

During the exercise, students are given income and other financial parameters such as taxes, and are required to make choices regarding living expenses to arrive at a balanced budget. Being hands-on gives them a sense of responsibility and control over their financial destinies. They also learn about different careers to see how their choice of profession will impact their financial standing in life.

“At the end of the day, I feel so rewarded,” Gartrell said. “Our work with Junior Achievement and JA Finance Park inspires the children to think differently. We are helping them to have brighter futures, become outstanding citizens, and future leaders.”



Melody Gartrell helps kids develop financial literacy at JA Finance Park.

Watch an interview with Melody Gartrell



People and culture

At KPMG, our people are extraordinary

We recruit and nurture a values- and purpose-driven workforce. Our inclusive culture—that embraces diverse perspectives, backgrounds, talents, and experiences—provides an environment where every individual in our organization can succeed.

We recognize that an inclusive culture spurs innovation and drives growth and that's why we invest in developing, retaining, and advancing diverse, high-performing professionals. As a result of our diverse experiences and points of view, our stakeholders see a difference in KPMG.

At KPMG, we do what's best for our people. That's why KPMG is consistently ranked among FORTUNE magazine's 100 Best Companies to Work For and proud to be the #1 ranked Big Four professionals services firm in 2015.

Read on to learn about KPMG's inclusive workplace and how our people are thriving in it.

Supplier diversity

At KPMG, we also ensure our supply chain is diverse.

We actively seek and encourage qualified, diverse companies to compete for the firm's business and provide equal opportunity to all.

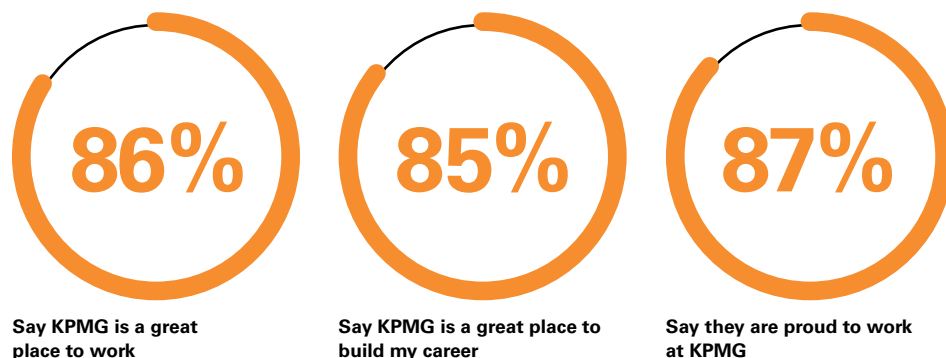
We are proud of the growth in representation of small and/or diverse businesses among our suppliers, which represent almost 23 percent of our total procurement spend. Our achievements have been recognized by DiversityInc, who rank KPMG amongst its Top 10 Companies for Supplier Diversity (2015).

Lisa Acosta, an Audit Partner in the Dallas office; she has long been involved with KPMG's Network of Women.

Measures of our inclusive culture

Employee Engagement Survey* Results

KPMG's Employee Engagement Survey enables us to hear directly from our people—the opportunity for this annual dialogue is core to our inclusive culture.



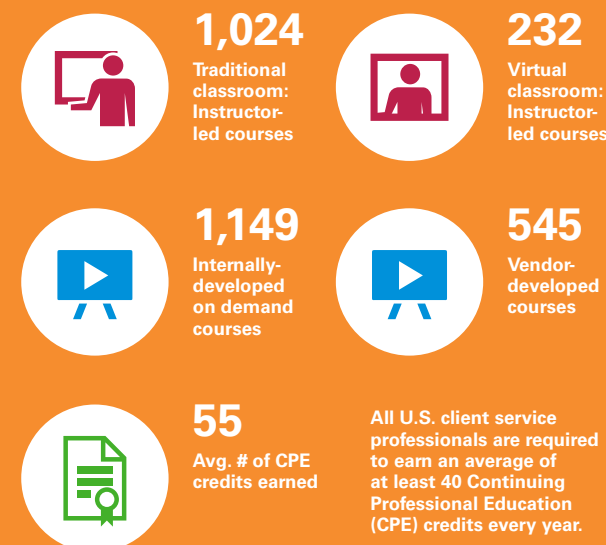
*Responses to KPMG's annual Employee Engagement survey for 2015.

Inclusion and diversity in our firm



KPMG's investment in our people

KPMG is committed to providing ongoing learning and development opportunities to our people.



Our commitment to higher purpose

At KPMG, we take pride in the higher purpose behind the work we do. In 2015, our commitment to higher purpose was chronicled in the *Harvard Business Review*, *Wall Street Journal*, *Fortune*, and *Forbes*.

Inspiring change, influencing inclusion

Nurturing leaders with diverse backgrounds

Recognizing and nurturing future leaders from our diverse and talented workforce is a priority for us.

KPMG designed the Inspiring Change, Influencing Inclusion (ICII) leadership forum to provide professional development and enrich the careers of high-performing employees including veterans, military spouses, people with disabilities, caregivers, and their allies. Participants in the 2015 ICII program included employees from all job levels and functions within KPMG.

“It’s important to take a risk to step out and trust the people around you.”

—ICII program participant

Hosted by the Abilities in Motion (AIM) and the Veterans Network, the 2015 ICII program encouraged participants to explore their potential as leaders, build confidence, deepen their persuasion skills, and expand their relationships and influence within KPMG.

“It has expanded my awareness of others with similar experiences as me. It has really helped me personally and professionally to know others have had the same experiences,” said one of the 60 participants who represented more than 28 offices throughout the United States.

AIM’s mission is to foster an environment that supports KPMG professionals with a disability, or who have a child or other dependent with special needs. The Veterans Network fosters an environment of inclusion that encourages the recruitment, retention, and success of veterans, military service members, and their families.

Survey respondents indicated that they found the meeting and networking with peers with similar backgrounds to be one of the most beneficial outcomes of the event.

“Don’t be afraid to ‘tap’ yourself as a leader. Look for allies with diverse abilities to help you identify innovative solutions,” according to another participant.



Attendees at ICII, including National Managing Partner Sue Townsen (right).

Living an authentic life

“It’s important for me to be a visible role model”

When James Powell joined KPMG right out of college in 1992, he expected the job to last two years.

However, he flourished at KPMG, and now almost 24 years later, he is the managing partner of the Nashville office.



—James Powell, Managing Partner, Nashville

Being authentic in his personal life and career has played a major role in Powell’s journey at KPMG: Powell is also

the national chair of the Pride Advisory Board and the pride@kpmg Network (an employee resource group), which was established in 2003 as KPMG’s network for lesbian, gay, bisexual, transgender (LGBT) people, and their straight allies.

But that journey hasn’t always been easy.

Though he was out professionally when he worked in the San Francisco Bay Area early in his career, Powell went back into the closet after moving to Atlanta in 2000.

“I didn’t know anybody in Atlanta, and KPMG didn’t have a national pride network then, so I didn’t have a sense of community there like I did when I was in the Bay Area,” he said.

But Powell came out again after being admitted to the partnership in 2005. He is now the first openly gay managing partner in KPMG’s history. One reason he came out is because partners are encouraged to serve as role models to younger professionals at KPMG.

Championing diversity

V Vanevenhoven
Senior Audit Manager



Watch an interview with V Vanevenhoven



V Vanevenhoven, senior audit manager in Atlanta, has been a KPMG pride ally for nine years, working with the pride@kpmg Network to help foster an inclusive culture.

“Being a pride ally means being aware of the needs of the LGBT employees of KPMG,” she said. “I want everyone on my teams to be comfortable and to work in a welcoming and inclusive environment.”

Vanevenhoven is a member of KPMG’s Pride 15 (P15), a council dedicated to building a pipeline of high-potential and high-performing emerging LGBT leaders. The P15’s initiatives include leveraging the firm’s mentoring culture to connect members; identifying opportunities to recruit LGBT talent to the firm; and providing diversity training such as PFLAG’s [Straight for Equality Program](#) and career enrichment through investments like executive coaching.

“For me, being an ally is more about what someone else gets out of it,” said Vanevenhoven, who was inspired to become an ally because her best friend is lesbian. “People have thanked me for making a difference in their careers or in their lives; it is extremely humbling.”

Click on the video link above to learn more about V Vanevenhoven’s work with P15 and what it means to be a pride ally.



James Powell (far right) and KPMG employees at the 2015 pride@kpmg conference held in San Diego.

“People who don’t bring their whole selves to work may not feel comfortable talking about what they did this weekend or their significant others,” Powell explained. In contrast, straight employees may not have the same reservations in talking about their families and personal lives.

As the national chair of the Pride Advisory Board, he mentors employees and partners and works with his fellow board members—including an ally partner champion—to set the overall strategy for the 1,800+ member network.

Powell says that his focus for the next few years will be on recruiting talent to KPMG, mentoring and developing employees, and identifying new ways to connect the firm’s smaller offices, especially those with diverse professionals, to the overall pride community.

“Significant progress has been made to create a more diverse and inclusive environment at KPMG,” concluded Powell. “It will continue to be critically important for me and others in leadership to be visible role models.”

Creating leaders and fostering change

One Young World helps shape KPMG's next generation of leaders

Thrilling. Inspiring. Life-changing.

These are the words KPMG delegates have used to describe their experiences attending One Young World, a global forum for young leaders ages 18-30. The annual event brings together future leaders from around the world, empowering them to make lasting connections and develop solutions to some of the world's most pressing issues.

Nearly 1,300 delegates from 196 countries attended the 2015 summit in Bangkok, Thailand, which welcomed global figures such as former United Nations Secretary-General Kofi Annan, musician and activist Bob Geldof, and Lord Michael Hastings, global head of citizenship for KPMG International, to engage and inspire young delegates.

As a strategic corporate partner with One Young World, KPMG business leaders identify values-driven emerging leaders as delegates. Each year, the candidate pool becomes increasingly competitive, speaking to the caliber of talent within the firm that demonstrates an overwhelming commitment to service.

"Nominations to become a delegate are based on a strong work performance record and active involvement in the local community and the office," said Anita Chan, Audit senior manager in New York. She has attended One Young World twice—as a first-time delegate in 2012 (Pittsburgh) and as a returning ambassador in 2013 (Johannesburg, South Africa).

"I will never forget the bigger picture and the stories I've heard from the delegate speakers. It was a life-changing, very valuable experience."

—Anita Chan, Audit Senior Manager, New York

Delegates participate in special sessions hosted by luminaries and experts on topics such as climate justice and social business. In addition, delegates deliver speeches on some of the world's toughest problems with the intention of inspiring solutions.



KPMG delegation at One Young World, led by Lord Michael Hastings.



A few of KPMG's delegates to One Young World 2015 in Bangkok share a free moment.

"The delegates shared their stories and experiences; many of them were heartbreaking, but always hopeful for change and a better world," said Molly Kohrs, Advisory manager on rotation in Melbourne, who attended the Dublin summit in 2014.

"I found that being exposed to first-hand stories of the struggles our neighbors face on a day-to-day basis to be the most impactful takeaway from the summit," said Kohrs.

Chan says that her most memorable experience was delivering a speech to an audience of 1,000 fellow delegates on the subject of corporate responsibility as it relates to transparency. She lobbied for the adoption of a standardized, global, and integrated reporting framework to improve the integrity and transparency of corporations in their financial communications. Her passion for the topic stems from her role as an auditor.

Not all of the event was spent in a convention center. Chan described how her group visited a local school in Johannesburg to instruct children how to eat healthy by growing their own vegetables. Sustainable farming is an effort she continues to support in her home community.

Chan says her One Young World experience has given her a greater sense of responsibility to give back to her community and workplace.

She now serves as a mentor to business students through the Career Advantage Program at the University of Southern California, her alma mater, and serves as a local and national office instructor at KPMG. She also sponsors a child through the [World Vision](#) organization.



—Anita Chan, Audit Senior Manager, New York

Diversity in the boardroom

KPMG launches three new initiatives to foster inclusion

KPMG recognizes the importance that diverse perspectives bring to the boardroom. In FY15, we initiated three new endeavors that are helping to drive boardroom diversity in the marketplace:

KPMG purchased assets of WomenCorporateDirectors (WCD):

In September 2015, WCD, the largest global community of women corporate board directors, became the WCD Foundation, a 501(c)(3) not-for-profit organization. To make this possible, KPMG acquired the assets of WCD and immediately contributed them to the WCD Foundation. Under this new structure, the WCD Foundation will expand existing resources to benefit members and support growth throughout WCD's chapters worldwide. As growth continues, the impact will be an increase in the number of educational and networking events for directors, as well as an expansion of OnBoard Bootcamps and other programs for new directors.

Cross-company mentoring through 30% Club: KPMG is participating in a new mentoring program launched in September 2015 that pairs high-potential women mentees

with male or female senior executives. The program is run annually from September to June and allows mentees the opportunity to see how top leaders think and work. This cross-company initiative is being run by the 30% Club, an organization of business leaders committed to better gender balance at all levels of their companies, including in the board room.

“When diversity is well managed, it can improve decision making and enhance a corporation’s public image by conveying commitments to equal opportunity and inclusion.”

KPMG sponsors Pinnacle’s Asian director roundtables:

KPMG is proud to be a founding member of Ascend, a premier professional organization that enhances the presence and influence of current and future diverse business leaders.

Pinnacle, the Pan-Asian Corporate Board Initiative, was launched by Ascend in 2013 to focus on increasing the number of Asian directors on corporate boards. KPMG is extending its role as an ambassador of board leadership by sponsoring Pinnacle’s Asian director roundtables. These events are devoted to current topics transforming boards and the increasing influence diverse boards have on driving innovation and change.

In FY15, roundtables were held in New York and Washington D.C., that engaged Asian corporate directors on topics including governance, shaping and developing board strategy, cyber security, and the rise of corporate responsibility.

KPMG Women's Leadership Summit

KPMG inspires next-generation women leaders

Held in conjunction with the KPMG Women's PGA Championship, the KPMG Women's Leadership Summit was launched in 2015. Its goal: to move more women leaders into the C-suite.

The event brought together 100 of today's most accomplished leaders in business, politics, sports, and the media to inspire 200 next-generation women leaders who were selected by the CEOs of their organizations to attend.

Condoleezza Rice and Duke Energy President and CEO Lynn Good were the keynote speakers.

The next-generation women leaders who participated in the KPMG Women's Leadership Summit are now involved with ongoing programming to help them move forward in their careers.

This is an illustrative example of how KPMG is helping to build the next-generation of women leaders, not only within our own organization, but in the broader marketplace.



Environmental sustainability



At KPMG, we are always focused on the long-term impacts of our decisions

That is why environmental sustainability is a core component of KPMG's corporate responsibility strategy.

Implementing environmentally sustainable principles, reducing our greenhouse gas emissions, and addressing local environmental challenges adds value for our clients and reflects the integrity and ethics of our professionals.

We demonstrate our commitment in various ways such as working with the Arbor Day Foundation to plant trees to celebrate new hires, volunteering to build renewable-energy solutions, and cleaning up beaches to promote ocean conservation.

Five years ago, KPMG set a goal to cut net emissions by 10 percent per full-time equivalent (FTE) against a 2010 baseline. We exceeded that goal—cutting our carbon footprint by 26 percent per FTE. That number reflects active management of our direct emissions and indirect emissions from electricity consumption, air and car travel.

Other ways we've made progress over the last five years:

- Reduced office electricity by 30%
- Increased number of LEED®-certified* (Leadership in Energy and Environmental Design) offices from 5 to 32
- Over half of our employees are located in LEED-certified offices
- Decreased paper use by 30%
- In 2015, 22% of our total electricity was from renewable sources
- Tripled the use of video-conferencing
- Increased employee participation in mass-transit benefits by 25%

KPMG also joined the American Business Act on Climate Pledge and committed to further reduce our net emissions by 10 percent per FTE and purchase 100 percent renewable energy for our offices by 2020.

We continue to take meaningful steps to sustain our environment now and in the years to come.

*LEED® is a registered trademark of the U.S. Green Building Council.

Leaving a green legacy

Planting trees to honor new employees

KPMG, together with the Arbor Day Foundation, plants trees to honor each new employee who joins the firm. Since 2013, thousands of Ponderosa Pine and other trees have been planted in Northern California's Lassen National Forest and Tahoe National Forest to protect local watersheds, improve wildlife habitat, and help address global warming.

KPMG has also sponsored tree-planting in Minnesota's Superior National Forest and Florida's Blackwater River State Forest. The effort is part of KPMG's environmental sustainability efforts and reflects our commitment to reduce our organization's impact on the environment.

Hasan Sharif, a Federal Tax manager, is one of KPMG's new employees who received a letter informing him that KPMG planted a tree in his honor. Part of the letter read: "May this action inspire you to pursue opportunities to continue to grow your career within our firm."

Sharif said he was touched by the gesture, adding that no other rewards he's received leave behind a legacy. "For

me, this was an honor," he said. "This tree will be here even when I'm gone."

"A tree inspires me to provide quality service to clients and be consistent so that I can leave a legacy behind."

—Hasan Sharif, Manager, Federal Tax, Silicon Valley

KPMG's work with the Arbor Day Foundation supports the nonprofit's "Replanting our National Forests" program aimed at revitalizing forests across the United States.

"We're grateful to KPMG for becoming a steward of tree plantings across America," said Matt Harris, Arbor Day Foundation chief executive. "Thanks to KPMG's commitment, thousands of trees will be planted to help clean the air, protect water resources, and restore habitat and beauty to forests and communities that have suffered devastation."



Hasan Sharif, Manager, Federal Tax

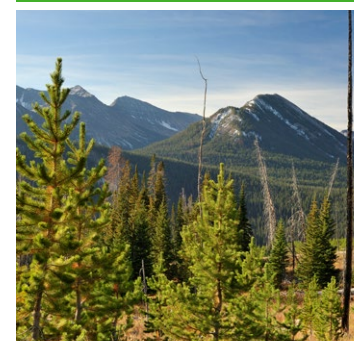


Photo credit: Arbor Day Foundation (bottom left and right).

Environmental sustainability activities

Individual and collective actions to steward the environment

KPMG offices nationwide demonstrate our commitment to environmental sustainability in our local communities.

KPMG people volunteer their time to help reduce the firm's environmental impact through local events such as electronic-waste collection drives, beach clean-ups, and tree planting.

Below are some highlights of volunteer activities from 2015.

The Minneapolis office hosted a "green fair" with information on home-energy audits, commuter resources, community-supported agricultural initiatives, recycling and composting. KPMG employees also planted annuals in the city's downtown area.

The Albuquerque office, along with friends and family members, worked with the nonprofit organization Tree New Mexico to plant trees.

The Miami office promoted zero waste and ocean conservation with a beach cleanup.

The Boston International Tax team spent a day volunteering at the Franklin Park Zoo and tending the zoo's Butterfly Landing exhibit, a tented space with a pond and garden beds for butterflies.

As part of the KPMG Family for Literacy (KFFL) summer intern volunteer program, interns across the country hosted environmentally focused book readings and activities for children in need.

KPMG facility highlights

Since 2010, office space constructed is

+1.8 million ft² LEED-certified

which results in

44% of KPMG's office space being LEED-certified



KPMG volunteers from Boston (top left) & Minneapolis (top right / bottom) offices.

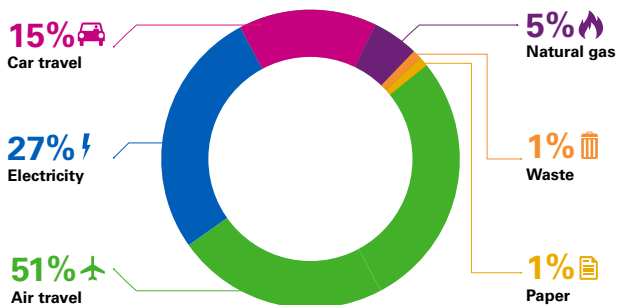
KPMG's carbon footprint

Emissions*

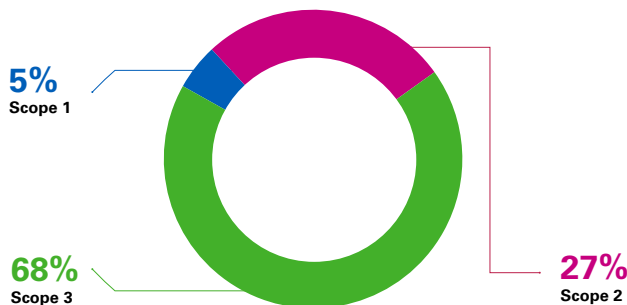
Metric tons of CO ₂ e/year	Total emissions					
	2010	2011	2012	2013	2014	2015
Total scope 1 > Direct emissions: emissions from diesel fuel and natural gas	5,190	5,266	6,540	6,342	7,042	6,733
Total scope 2 > Indirect emissions: emissions from electricity consumption	46,236	44,495	35,292	35,518	37,784	33,673
Total scope 3 > Indirect emissions: air travel, car travel, shipping, waste and paper consumption	63,296	77,143	81,429	87,229	94,060	86,511
Total gross	114,722	126,904	123,261	129,089	138,887	126,918
Renewable energy	0	(219)	(829)	(1,430)	(2,827)	(10,390)
Net emissions per FTE	5.82	6.11	5.66	5.92	5.50	4.34

*Due to rounding, performing the calculations given in the equations may not return the exact results shown. Metrics are based on calendar year performance. More extensive metrics along with our methodology [are posted on our website](#).

Carbon footprint by source



Carbon footprint by scope



Sustaining the planet, helping communities

Advancing sustainability through renewable energy

John Herge, Advisory director, has found an innovative way to apply what he does at KPMG, as an advisor for power and utilities clients, to support a nonprofit that's harnessing the power of the sun.

At KPMG, he helps his power and utility clients navigate through significant changes in the industry by helping them become more agile, resilient, and prepared for the demands of the 21st century marketplace. In his personal time, Herge helps low-income families get the energy they need in an affordable, renewable and sustainable way.

Herge volunteers with the Colorado office of GRID Alternatives, an Oakland, CA-based national nonprofit that develops solar-power solutions and provides job training to underserved communities and people in the United States and Nicaragua.

Since 2004, GRID Alternatives has installed nearly 7,000 solar-energy systems—more than 23,800 kilowatts of renewable solar energy—the equivalent of taking 100,000

automobiles off the road for a year and a lifetime savings of more than \$187 million for families.

Research from the University of Colorado at Denver and Health Sciences Center shows that the inability to pay high energy bills is a leading cause for homelessness for low-income families with children. Herge and more than 150 other volunteers worked to help address this problem at GRID Alternatives' "Community Solarthon 2015," an event in Grand Junction, CO.

Together they built the nation's first dedicated low-income community solar arrays (solar panels grouped to capture the maximum amount of sunlight). The goal: to reduce power bills by 50 percent for eight Colorado families on low or fixed income.

Herge's passion for advancing sustainability and GRID Alternative's history working with communities in need has inspired others at KPMG, such as the Energy & Natural Resources leadership team, to sponsor more



[Watch an interview with John Herge](#)





John Herge helps a staff member of GRID Alternatives-Colorado, complete a solar-array installation in Denver, CO.

GRID installations across the country in 2016. For his efforts, GRID Alternatives Colorado made Herge their “2015 Corporate Superhero”—an honor that came with its own bright green flowing cape.

When asked why he volunteers, Herge spoke about his background in the Boy Scouts, growing up overseas in a military family, and putting into practice the maxim, “Leave this world a little better than you found it.”

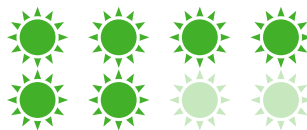
“It’s never quite enough just to write a check and leave it to others to put the funds to good use,” Herge said.

“Community service is about getting out and actually doing something good. And when I can recruit other KPMG people to join in, it makes the experience all the better. We really cherish the community service work that we have done together.”

GRID Alternatives—Fast Facts

GRID Alternatives’ mission is to make renewable energy technology and training available to underserved communities.

Reduced energy bills by as much as

75% 

 Low-income families benefiting from GRID Alternatives in 2015

1,300+ 



Learn more:
kpmg.com/us

Questions or comments:
us-diversitycorpresp-GM@kpmg.com

GRI alignment

We recognize that GRI is the most frequently used reference for sustainability reporting. We have used GRI to inform our reporting and our intent going forward is to continue aligning with GRI.

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 upon such information without appropriate professional advice after a thorough examination of the particular situation.

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