



KPMG PH Impact Plan

FY2023 UPDATE

KPMG in the Philippines (R.G. Manabat & Co.)



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About Our Impact Plan FY2023 Update

KPMG in the Philippines' Impact Plan FY2023 Update highlights the firm's ESG accomplishments, progress, and initiatives. It covers the Environmental, Social and Governance (ESG) operations in our two Manila offices, as well as in Cebu and Iloilo, and reflects our commitment to greater transparency and accountability from October 1, 2022, to September 30, 2023, across four key areas: Governance, People, Planet, and Prosperity. Relevant information and data prior to this period have been included to provide context for our readers.

KPMG in the Philippines is committed to continuously refining our approach to sustainability. We anticipate that our reports will increasingly align with both global and local ESG reporting guidelines, staying relevant to emerging trends.

In our FY2023 update, we aligned with the UN Sustainable Development Goals (UN SDGs), emphasizing our commitment to addressing global challenges. These include championing diversity, inclusion, and gender equality; fostering economic growth; reducing our carbon footprint; promoting sustainable cities and communities; and uplifting communities through education, scholarships, and development programs.

By integrating the UN SDGs into our strategies and operations, we aim to contribute to a more sustainable and equitable future. Additionally, we adhered to the UN Global Compact Principles, which focus on human rights, labor standards and environmental protection.



Leadership Messages



Message from Our Chairman and CEO



Sharon G. Dayoan
Chairman and CEO

Operating in a dynamic business environment characterized by rapid change, innovation and uncertainty can be quite challenging. That is why it is important for businesses to be anchored by their purpose and be guided by their values. In our firm, our purpose is clear – To Inspire Confidence, Empower Change – and we do this by abiding by our values of Integrity, Excellence, Courage, Together, and For Better.

To ensure that we make a positive impact to our people, clients, communities, and stakeholders, we committed to enact positive change across the four pillars of Planet, People, Prosperity and Governance. In our 2023 Impact Plan update, we detail our environmental, social and governance efforts under these four Pillars, highlighting what we have done so far to operationalize our commitments and embed our values into our culture. Additionally, we have critically assessed where we are in shaping a better future through our continuous improvement in our systems, policies, and procedures to harness our capabilities of addressing evolving challenges to bring about enduring, impactful change and contribute to sustainable development at the local and global scales.

In the pages ahead, you will see that our pillars serve as a framework for both monitoring and reporting on our progress.

As a glimpse of our efforts over the past years, we have achieved significant milestones in each of our four priority areas. Our recent certification as a Great Place to Work and our recognition as one of the Philippines' Best Employers echo the progress we've made in promoting inclusivity, supporting our employees and championing ESG principles. These are just a few examples of the actions we are taking to fulfill our responsibility. We have implemented environmental initiatives such as waste segregation programs, operational waste reduction, and energy-efficient measures in our offices. We have also continued to give back to the local communities through scholarships, donations and volunteering activities. By embedding ESG considerations at the core of our operations, we envision a carbon neutral, trustworthy and responsible organization that prioritizes the planet and society as a whole.

Naturally, we recognize there is more work to be done to meet the expectations and needs of our stakeholders. With this, we remain committed to being transparent about our progress. Our aim is for our team, clients and everyone who relies on us to have a clear understanding of where we stand now and where we are headed.

The synergy within our firm reinforces my confidence that, through our combined efforts and a united commitment to excellence, we can achieve and even surpass our goals. With every individual playing a crucial role, our combined efforts become the driving force propelling us towards success and sustained impact.

Guided by our Impact Plan, we remain committed to our collaborative efforts and prioritizing what truly matters, together.

Message from Our Vice Chairman and COO, Head of Advisory



Emmanuel P. Bonoan
Vice Chairman and COO,
Head of Advisory

At KPMG in the Philippines, we recognize our responsibility to lead by example. Though our ESG services multiply our own positive impact through helping clients transform their businesses – we must walk the talk. We are holding ourselves accountable to our Impact commitments to deliver on our purpose to Inspire Confidence, Empower Change.

Our 2023 Impact Plan update stands as a pivotal milestone, providing a comprehensive reflection on our progress, goals and commitments within our sustainability journey. Under the Governance Pillar, upholding ethical business conduct remains ingrained in our corporate ethos, with the Department of Professional Practice (DPP) and Risk Management (RM) teams continually enhancing data and information security through policy enhancements, procedural refinements, strengthened controls and training initiatives. Our governance policies, including our Code of Conduct, serve as pillars ensuring exceptional professional services, accountability and transparency to stakeholders.

Meanwhile, for the People Pillar, our People, Performance & Culture (PPC) Department remains steadfast in fostering an inclusive community. Emphasizing talent attraction, retention and job creation, we actively provide internship opportunities to students and facilitate employment after completing their studies to contribute to sustainable workforce development.

Under the Planet Pillar, the efforts of our Administration department are underway to reduce waste disposal by providing alternative destinations for waste recycling and implementing resource efficiency measures for energy and water consumption.

Lastly, for our Prosperity Pillar, we promote and support our team members in contributing to nation-building. This involves dedicating their time and resources to engage in volunteer activities, often in partnership with different non-government organizations.

It is evident that each member of our team plays an integral role in creating a continuous cycle of positive change, and we trust that the collective efforts made in these endeavors not only enrich the overall well-being of our team and the organization but also benefit the communities we serve.

Our commitment to sustainability is not just a statement; it is a shared vision and a call to action. As we forge ahead, we remain inspired by the impact we can collectively create, confident in our ability to contribute meaningfully to a more sustainable future.

Message from Our ESG Lead

Our work on ESG and Sustainability at KPMG in the Philippines goes beyond compliance—it is about creating impactful and purposeful solutions addressing the complex and ever-changing ESG issues that our civilization faces today, which we do hand in hand with our clients and stakeholders. For KPMG in the Philippines, we see the sustainability landscape as a fundamental opportunity for innovation, growth, and purpose-led, impact-driven, long-term value creation to respond to the concerns of our clients and other stakeholders.

In our first Impact Plan update, we have worked towards our commitments we have developed in 2022. We have taken actions for these commitments across our four Pillars:

Governance: Our purpose and values lie at the heart of the way we do things and determine how we work together and with our clients and stakeholders. Under our Global Code of Conduct, we have continually upheld the highest ethical standards of personal and professional behavior even in challenging situations. In FY 2023, we have achieved significant milestones that display our commitment to integrity, ethical practices, compliance with laws and regulations, and transparency and accountability – achieving a 100% completion rate of our KPMG Integrity Training, fostering a culture of ethical behavior among our employees, and continually reporting zero cases of non-compliance with laws and regulations, bribery and corruption, discriminatory behavior and notifiable data breaches. We have also promoted digitalization as a means to improve transparency and accountability through KPMG PH's Digital Government Center.

People: We have expanded our Diversity, Inclusion and Equity initiatives through our annual celebrations to support the LGBTQ community and promote Women Empowerment. Our female representation in our workforce has remained high, with 70% among our employees, and 47% in partnership positions. We have also worked to further enhance our employees' health and well-being by providing comprehensive benefits that support their holistic well-being, financial assistance programs, the #KPMGisHereForYou Program, hobby clubs to enrich personal

Work for Excellence working arrangement. We have also launched various learning and development programs to foster a learning culture not only for our employees but also to the Philippine youth. In FY 2023, we have launched our ESG Curriculum to align our employees with the organization's focus on sustainability and responsible business practices. To protect human rights, we have championed an inclusive and collaborative culture that is free from bullying, discrimination and harassment.

Planet: This year, we have focused our efforts on establishing data collection systems to measure our impacts on emissions, energy, waste and water. We are aiming to release our baseline environmental performance in the coming years and report the same. Currently, we have made progress in transitioning to more environmental friendly alternatives such as LED lighting, energy efficient appliances, and eco-friendly materials. Notably, 100% of our procurement budget was spent on local suppliers, thereby promoting local economic growth and contributing to the success of these local businesses.

Prosperity: In FY 2023, we have expanded our service lines by an average of 16% to meet the changing needs of our clients and contribute to purposeful business practices. We were awarded as the Philippines' Tax Firm of the Year which demonstrates our dedication to delivering quality services to our clients. In FY23, we spent 3,179 hours of giving back to our communities through volunteering and we also invested in our communities through donations to various philanthropic organizations focused on education, humanitarian assistance, and financial assistance to underserved communities.

In this report, you will find additional facts, figures and detail on these accomplishments. Although we are proud of our progress, we will continue to strive to evolve as a global leader in sustainability. We will continually seek to improve the effectiveness of our efforts by taking on key environmental, social and governance imperatives and involving all our employees, clients and stakeholders to create a continuous cycle of positive outcomes. We look forward to sharing our ESG journey with you.

Kristine I. Aguirre

Advisory Partner (Risk Consulting) and ESG Lead



About us

R.G. Manabat & Co. is a Philippine partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



More than 1,900 personnel with 47 Partners and Principals with offices in Makati, Cebu and Iloilo.

We adopt a global approach spanning professional disciplines, industry sectors and national borders. The diverse public and private sector backgrounds of our partners and principals, coupled with extensive training, and backed up by the wide knowledge resources and network of KPMG professionals, allow the firm to give real-world solutions to increasingly complex business and regulatory issues

Awards



Philippines' Tax Firm of the Year by the International Tax Review 2023 in the National Awards Category

Tax Compliance and Reporting Firm of the Year, Tax Policy Firm of the Year, and Diversity & Inclusion Firm of the Year by the International Tax Review 2023 in the Regional Awards Category (Asia Pacific)

Risk Management Consultant of the Year, Asia Risk Awards 2023

What we do

AUDIT

Financial Statements Audit

Attestation Services

Prospective Reporting

Regulatory Audit

Other forms of attestation

The introduction of new international and local accounting standards have changed the way companies, regulators and other stakeholders view financial statements and corporate reports. Our Audit service provides independent assurance of the reliability of information released by companies.

TAX

Tax Corporate Compliance

Tax Advisory Services

Tax Advocacy Services

Global Mobility Services

Transfer Pricing Services

Customs, Trade and Excise Advisory

Company Administration

In today's business climate, the best approach to tax depends on striking the right balance between tax cost and the risk of regulatory challenge. Our Tax practice is focused on finding opportunities and leveraging them to the advantage of our clients in the form of tax savings.

ADVISORY

Management Consulting

Risk Consulting

Deal Advisory

Organizations continuously seek ways to respond to opportunities and challenges across the dynamic business landscape to improve their overall business performance. Our Advisory professionals' multi-disciplinary approach to business innovation ensures that increased value and optimized revenues are achieved.

TECHNOLOGY CONSULTING

Cyber Security

Technology Risk and Assurance Services

Digital Transformation

Organizations are focused on ensuring access to the right information to achieve business growth. Through our Technology Consulting services, organizations can reach a higher level of technological performance while achieving better governance.

Sustainability at KPMG in the Philippines

At KPMG in the Philippines, success is measured not only by financial prosperity but also by the positive impact we make on our people, clients, and communities. Central to our mission is our commitment to sustainability viewed through the lens of our interconnected pillars.

Our Pillars that Drive Change

KPMG is dedicated to establish and continuously refine our approach to Sustainability. We anticipate that, over time, our reports will shift to align with both global and local ESG reporting guidelines and be relevant to the trends in the evolving landscape.

For our 2023 update, we've aligned to the UN Sustainable Development Goals (UN SDGs) and the UN Global Compact Principles.

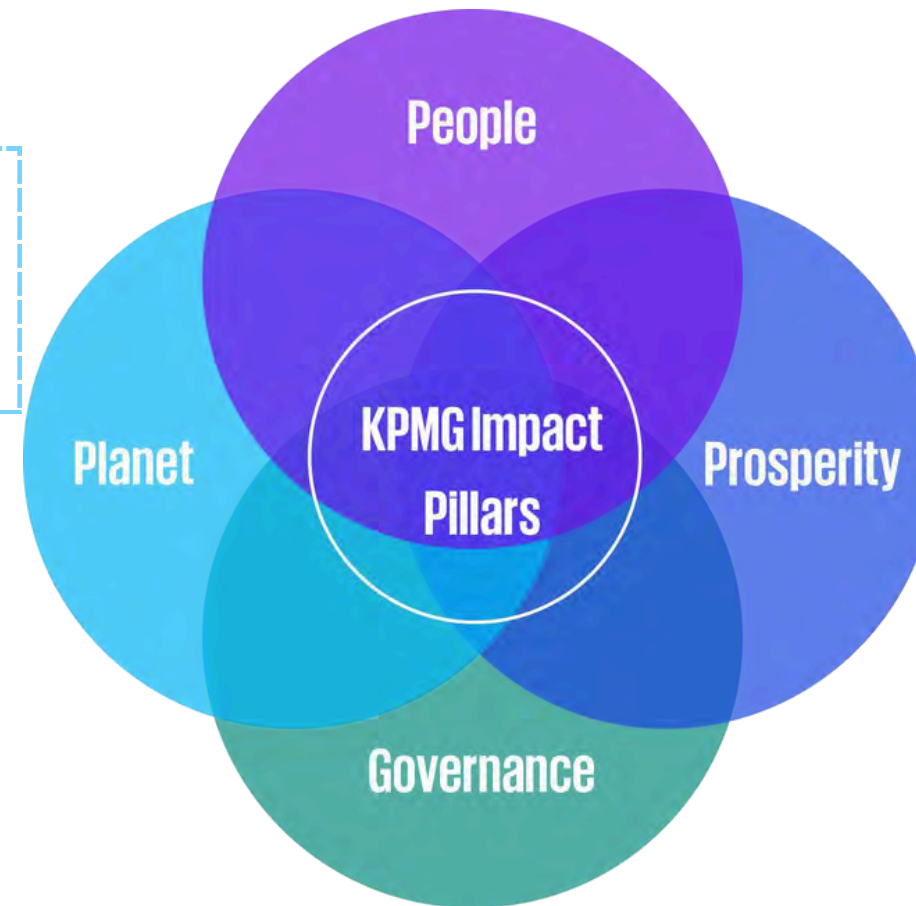
We also aim to adhere to and align with KPMG International's priorities, ensuring that our practices and objectives meet the global standards and strategic goals of the organization.

SDGs aligned to

- ▶ Champion diversity, inclusion, and gender equality where everyone can thrive and make opportunities for themselves and others
- ▶ Protect the physical and mental health and well-being of our people
- ▶ Foster a learning culture where our people continuously grow and develop their essential and technical skills
- ▶ Respect and defend human rights

SDGs aligned to

- ▶ Reduce our carbon footprint
- ▶ Report our carbon footprint and climate performance
- ▶ Drive sustainable climate practices in our operations



SDGs aligned to

- ▶ Act lawfully, ethically, and in the public interest
- ▶ Work against corruption in all its forms
- ▶ Maintain client confidentiality

SDGs aligned to

Purposeful Business:

- ▶ Operate the business in accordance with our purpose – to inspire confidence and empower change
- ▶ Do work that matters which can create a positive difference for our clients, people, and communities
- ▶ Lead the profession in audit quality

Education and Communities:

- ▶ Uplift our communities through the KPMG R.G. Manabat Foundation which aims to improve communities through education, scholarship and community development programs
- ▶ Champion education through scholarships and other knowledge-sharing activities

How We Value Our Stakeholders

Engaging with our stakeholders involves identifying and prioritizing stakeholder groups that reasonably impact or can be impacted by our business operations. We have identified three primary stakeholder groups.

<p>Operational</p>	<p>Our key clients and markets that we provide our services to, our employees, as well as suppliers/vendors who contribute to the growth and success of the firm.</p>
<p>Strategic</p>	<p>Government bodies and public institutions that support our economic contribution, growth and sustainability. These stakeholders can also influence policies, laws, regulations and public decision-making.</p>
<p>Customary</p>	<p>Local communities and vendors/suppliers that may not directly influence our business operations, yet we deem as important and integral to our values.</p>

We strive to maintain consistent engagement channels with our identified key stakeholders to ensure mutual understanding and facilitate collaboration.



How We Value Our Stakeholders

Prioritization category	Stakeholder Group	Mechanisms of Engagement	KPMG Global IMPACT Commitment	Frequency of Engagement
Operational stakeholders	Clients	Client meetings Social media Client opinion survey Thought leadership creation and dissemination Webinars and conferences Internal audit initiatives	Prosperity Governance Planet People	Ongoing Regular content updates Annual
	Employees	Social media Conferences Global People Survey	People	Ongoing Annual
	Suppliers/Vendors	Meetings	Governance Planet	Ongoing
Strategic stakeholders	Regulatory bodies Public institutions	Meetings Forums Conferences Strengths, Opportunities, Aspirations, and Results (SOAR) planning	Governance Prosperity	Ongoing Engagement-specific
Occasional stakeholders	Local communities	Meetings Global Impact Plan	Planet Prosperity	Ongoing

The background features a dark, atmospheric landscape with silhouettes of trees and a road. Overlaid on this are numerous horizontal light trails in shades of blue, purple, pink, and orange, suggesting motion and energy. The overall color palette is dominated by deep blues and purples.

Business Highlights and Recognitions

Awards and Recognition

KPMG R.G. Manabat & Co. has consistently demonstrated excellence in the realm of taxation, earning Tier 1 designations from the International Tax Review (ITR) from 2018 to 2022:

- Transfer Pricing Practice
- Tax Practice
- General Corporate Tax practices

In 2023, the firm was named Philippines Tax Firm of the Year by the ITR. These recognitions attest to our unwavering commitment to delivering top-tier services.

Moreover, for two consecutive years, R.G. Manabat & Co. is continuing to foster a positive and inclusive work environment through the following:

- One of the Philippines' Best Employers (2023 and 2024) recognized by the Philippine Daily Inquirer and Statista
- Great Place to Work certification (2023)

The firm also received recognition at the 2023 Anvil Awards for our outstanding achievement in the PR Tools category, specifically for our excellence in Special Event and Exhibit initiatives. Additionally, our noteworthy accomplishments were acknowledged at the 2022 Blue Prism Partner Excellence Awards, where we were honored as the Regional Best Practice and Implementation Partner: GSI.



2023 at a Glance

Governance

95% rating in Ethical Practices category from the latest 2022 KPMG Global People Survey (GPS)

Zero notifiable data breaches

Zero cases of non-compliance with laws and regulations

Zero reported cases of bribery and corruption

Inaugural **KPMG R.G Manabat Impact update** to be published annually

People

90% employee satisfaction in the Employee Engagement category*

95% employee satisfaction in the Inclusion and Diversity category*

Women Representation:

- 70%** in leadership
- 60%** in workforce

Launched our **KPMG PH ESG Curriculum**

*KPMG's Global People Survey

Planet

Implemented waste reduction measures: **waste segregation, scrap disposal, operation waste reduction**

100% spending on local suppliers

Work for Excellence working arrangement

Prosperity

Donated to humanitarian and non-profit organizations

3,179 total volunteering hours

2023 Philippine Tax Firm of the Year

16% average increase in our workforce across service lines

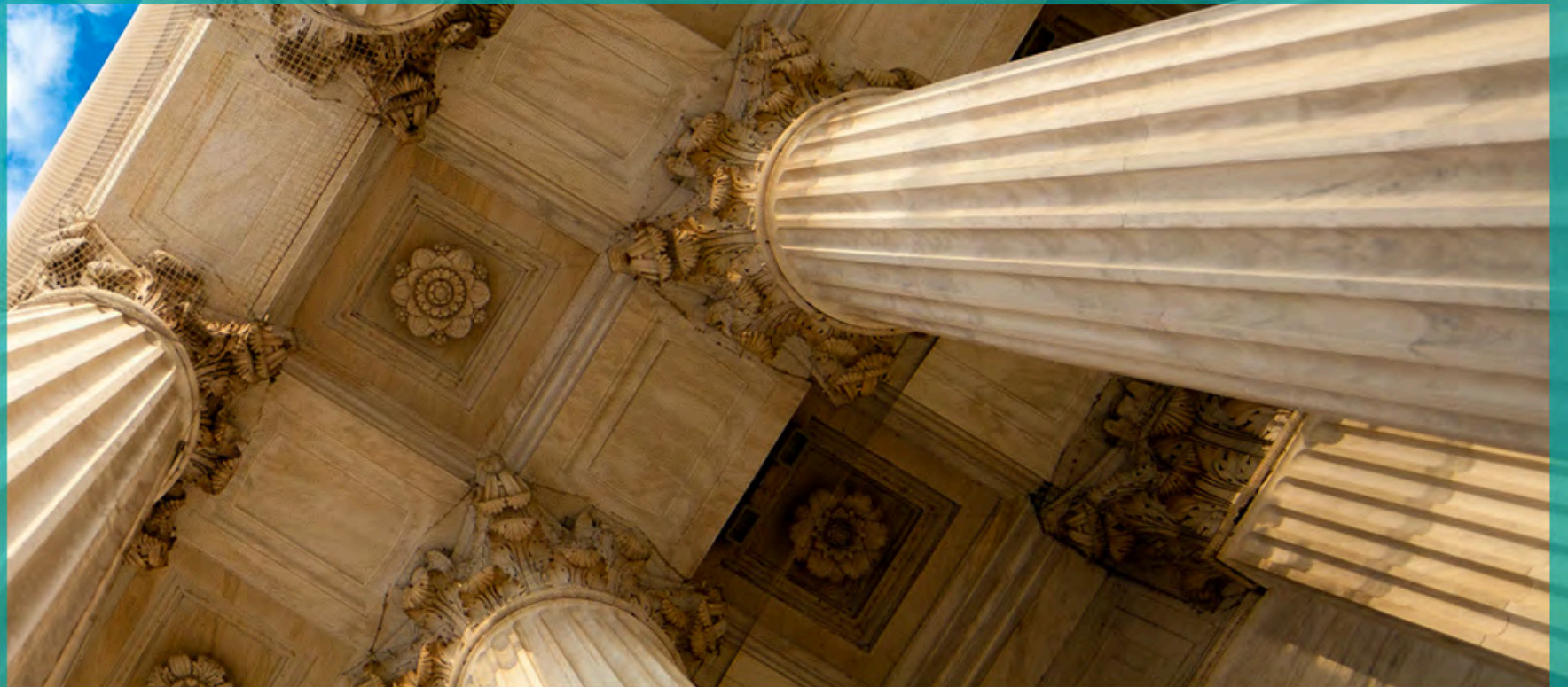


Four Pillars



Governance

- ↳ Act lawfully, ethically, and in the public interest
- ↳ Work against corruption in all its forms
- ↳ Maintain client confidentiality



Governance

At KPMG in the Philippines, we know that trust is earned by doing what is right. To inspire confidence and empower change, we need to consider the economic, environmental and social impact of our activities, align our financial and societal performance as part of a shift toward stakeholder capitalism, and have strong governance in place to oversee all that we do and ensure that we do it well.

Our Values



Integrity

We do what is right.

We take full accountability for our actions, even in challenging circumstances. By promptly acting and speaking up, our priority is to uphold honesty, while adhering to ethical and professional standards.



Together

We respect each other and find strength in our differences.

We foster an environment of inclusivity, safety and belonging through upholding respect and dignity for all. We proactively build and nurture meaningful relationships with individuals from diverse backgrounds, thus driving better outcomes and solidifying our commitment to inclusive leadership.



Excellence

We never stop learning and improving.

We are dedicated to fostering personal, technical and professional growth. By embracing constructive feedback from one another, we reflect and evolve from both successes and failures.



For Better

We do what matters.

We go beyond individual concerns and aspire to make a broader impact from local communities to the global stage. We contribute small yet impactful efforts each day to strengthen the future of the firm.



Courage

We think and act boldly.

We embrace bold thinking and innovative problem-solving. Through candid dialogues and decisive actions, we navigate challenges with a commitment to excellence.

Our governance structure has enabled us to meet the challenges of the changing world and our commitments. As of FY2023, the firm comprises of 44 partners and principals who provide professional services in the fields of audit, tax, and advisory.

Responsible business practices across services lines

Act lawfully, ethically, and in the public interest

We are committed to the highest standards of personal and professional behavior in everything we do. Within our [Global Code of Conduct](#), we outline the responsibilities all KPMG employees have to each other, our clients and the public. It shows how our Values and Purpose inspire our greatest aspirations and guide all of our behaviors and actions. It defines what it means to work at and be part of KPMG, as well as our individual and collective responsibilities.

We Do What is Right: Integrity at KPMG R.G. Manabat & Co.

At KPMG, we uphold a steadfast commitment to acting lawfully, ethically, and in the public interest. This commitment is exemplified through our comprehensive training program, **Integrity at KPMG**, which emphasizes doing what is right in all aspects of our work. Our target completion rate for this training is set at **100%**, and we are proud to report that we have successfully achieved this goal, with every member of our team completing the Integrity at KPMG training. This accomplishment reflects our dedication to maintaining the highest standards of integrity and ethical conduct, ensuring that every action we take aligns with our core values and serves the public interest.

Ethical Culture

We consistently uphold our core values even in challenging situations. The latest 2023 KPMG Global People Survey (GPS) results indicate positive progress in our commitment to ethical conduct.

This underscores our unwavering dedication to fostering an environment where our people feel empowered to report unethical practices without fear of reprisal, reinforcing our commitment to integrity and ethical standards at every level of our organization.

100%
Completion of KPMG
Integrity Training

95%
of our employees uphold
KPMG values even when
under pressure

89%
of our employees think
they can report unethical
practices

Acting in the Public Interest

We aim to foster transformative services across diverse sectors. Our engagements underscore collaborative efforts with various industries, government entities, and beyond, ensuring a collective approach to societal well-being. From redefining fiscal strategies through Finance Transformation to fortifying digital resilience with Cybersecurity, KPMG strategically positions businesses for success in an interconnected world.



Compliance with Laws and Standards

Act lawfully, ethically, and in the public interest

KPMG's Core Values define who we are, what we do, and how we do it. They define our culture and our commitment to the highest principles of personal and professional conduct. Based on KPMG's Core Values, the [Global Code of Conduct](#) provides the primary standards of ethical conduct to ensure compliance with local laws, policies, and professional standards.

Compliance with Laws, Local Regulatory Bodies, and Industry Standards

Zero cases of non-compliance with laws and regulations

We actively engage in a dynamic regulatory environment by fostering strong relationships with a multitude of key organizations in the professional and business sectors to ensure that our business practices benefit the society and address negative impacts it might have on society, people and planet through our active collaboration and coordination with regulatory agencies. Notably, KPMG R.G. Manabat & Co. maintains connections with pivotal institutions and organizations such as the:

- ▶ Auditing and Assurance Council
- ▶ Anti-Money Laundering Council
- ▶ Association of Certified Public Accountants in Public Practice
- ▶ Bangko Sentral ng Pilipinas
- ▶ Bankers Association of the Philippines
- ▶ Board of Accountancy
- ▶ Bureau of Internal Revenue
- ▶ Capital Market Development Council
- ▶ Cooperative Development Authority
- ▶ Financial Executives Institute of the Philippines
- ▶ Insurance Commission
- ▶ Philippine Dealing Exchange
- ▶ Philippine Institute of Certified Public Accountants
- ▶ Philippine Interpretations Committee
- ▶ Philippine Stock Exchange
- ▶ Securities and Exchange Commission

These affiliations underscore the firm's commitment to staying informed, compliant and at the forefront of industry standards, ensuring that we responsibly conduct our business practices.

Compliance with Laws and Standards

Our commitment to ethical standards is exemplified through its alignment and implementation of the IESBA Code of Ethics for Professional Accountants and the guidelines set by the Board of Accountancy. Upholding these professional standards includes adherence to Philippine Standards on Auditing, Philippine Standard on Quality Management and other relevant issuances of the BOA and other regulatory bodies.

Simultaneously, the firm places a strong emphasis on compliance with Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) regulations, as prescribed by the Anti-Money Laundering Council (AMLC). We highly consider regulatory compliance matters that include but not limited to, tax regulations by the Bureau of Internal Revenue, requirements of the Philippine Economic Zone Authority, and the Cooperative Development Authority, as may be applicable to our engagements. This multifaceted compliance approach underscores KPMG's commitment to navigating the complex regulatory landscape of the Philippines with precision and diligence.

Compliant with Regulatory Bodies:

- ▶ Banko Sentral ng Pilipinas (BSP)
- ▶ Bureau of Internal Revenue (BIR)
- ▶ Securities and Exchange Commission (SEC)

Compliant with Professional Standards:

- ▶ Board of Accountancy Guidelines
- ▶ IESBA Code of Ethics for Professional Accountants
- ▶ Philippine Standard on Quality Management

Compliant with Laws and Regulations:

- ▶ Anti-Money Laundering
- ▶ BIR Regulations
- ▶ CDA Requirements
- ▶ Counter-Terrorism Financing
- ▶ Data Privacy Act of 2012
- ▶ PEZA Requirements

Transparency, Integrity and Accountability

Act lawfully, ethically, and in the public interest

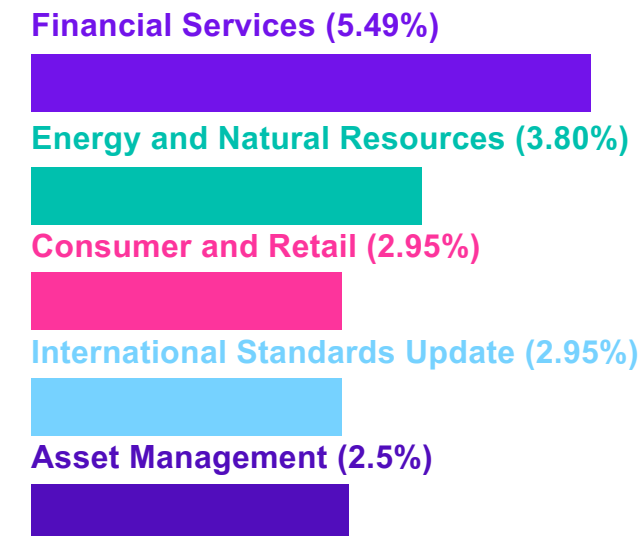
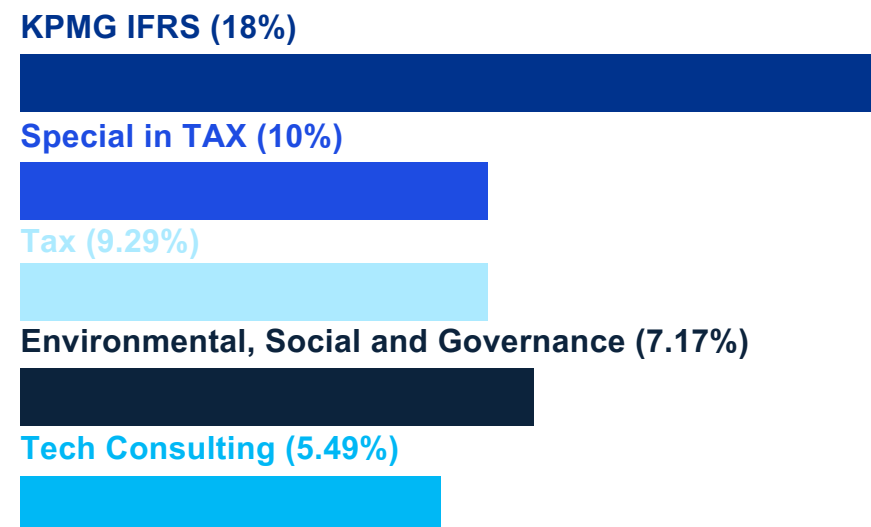
KPMG Thought Leadership

Apart from webinars and public engagements, we actively release Thought Leadership articles to showcase our insights and expertise across various business and industry topics and promote transparency.

Authored by KPMG professionals, these articles delve into current trends, challenges, and opportunities, providing strategic insights and recommendations for clients, industry professionals, and the broader business community.

In FY2023, we released 237 Thought Leadership (TL) articles across various topics and sectors.

Top Thought Leadership articles by topic



Published

- 40** Philippine Star Column: Top of Mind
- 49** Business Mirror Column: KPMG Perspectives
- 237** Thought Leadership (directly shared with clients and contacts)



Transparency, Integrity and Accountability

Act lawfully, ethically, and in the public interest

Document Management System and Robotic Process Automation

Our strategic initiatives involve optimizing processes through a Document Management System (DMS) and implementing Robotic Process Automation (RPA). Streamlining processes, such as Aging of Employee Balances, Petty Cash, Job Instruction Requisition, and Purchase Order (PO).

The DMS framework aims to minimize manual efforts, enhance efficiency, and align with Global ESG initiatives, incurring no additional costs. It is led by the Finance & Accounting (F&A) and DMS teams, in collaboration with ITS and Admin.

The RPA is strategically applied to processes like Depreciation/Lapsing Monitoring, Bank Reconciliation, and Timesheet Monitoring to minimize manual efforts, improve efficiency, and align with Global ESG initiatives. This RPA implementation, scheduled to be launched in Q4 FY 2024, to be led by the F&A and RPA teams. This is expected to bring significant improvements in overall operational effectiveness.



Combating Corruption

Work against corruption in all its forms

Along with our Global Code of Conduct, our anti-bribery and corruption program is designed to ensure we uphold the highest standards of professional integrity. This includes detailed policies for all KPMG R.G. Manabat & Co. personnel, training on anti-bribery and corruption under the **We Do What is Right: Integrity at KPMG**, compliance procedures and an international whistleblowing hotline that is available for KPMG personnel, clients, and other third parties.

We assess prospective clients, third parties and suppliers in relation to bribery and corruption, where assessment of the prospective client's principals, its business and other service-related matters is conducted. Further, this also involves background checks on the prospective client, its key management and significant beneficial owners.

A key focus is on the integrity of management at a prospective client, and the evaluation considers breaches of law and regulation, anti-bribery and corruption, and human rights among the factors to consider.

We establish and maintain processes to monitor, manage and control how their personnel and their agents interact with government entities and government officials so as to ensure compliance with applicable laws and regulations and to maintain public trust.

In FY 2023, there were no reports of bribery or corruption at the firm.

Zero reported cases
of bribery and corruption



Data Security

Maintain client confidentiality

We are committed to upholding the highest standards of information protection, data privacy, and security. The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Global Code of Conduct, regular Data Protection Training, and the annual affidavit/confirmation process that all our professionals are required to complete.

We are required to protect our clients' data against loss and exploitation; hence, it is critical that we ensure we have appropriate governance structures in place to manage data and cybersecurity risks, especially with the increasing occurrence of cyber-attacks, and the higher sophistication of these cyber-attacks.

We have continued to enhance our detection, reporting, and awareness of cyber-risks which included the following activities:

- ▶ Affidavit/confirmation: Dedicated Security Management
- ▶ Patch and Vulnerability Management
- ▶ Assets Management
- ▶ Identity Management
- ▶ Containment

Zero
notifiable breaches

We Do What is Right: Integrity at KPMG Training:

Designed by the Risk Management team, the training focuses on ethical behavior, adherence to professional standards, and making principled decisions in the business environment.





People

Inclusion, diversity and equity

↳ Champion inclusion and gender equality where everyone can thrive and make opportunities for themselves and others

Health & well-being

↳ Protect the physical and mental health and well-being of our people

Continuous learning

↳ Foster a learning culture where our people continuously grow and develop their essential and technical skills

Responsibility to respect human rights

↳ Respect and defend human rights

People

We are committed to creating a caring, inclusive, purpose-led and values-driven culture for our people. We believe that we have a social responsibility to eliminate discriminatory practices within the firm, protect and ensure our employees' well-being, prioritize their overall health, and serve as a champion for an inclusive and equitable workplace to provide our people with a genuine sense of belongingness, social connectedness and fulfillment that helps us in creating a more equitable world.



We know that actively listening is key to enhancing our people experience. We are committed to creating a caring, inclusive, and purpose-led culture where everyone can bring their full selves to work and thrive.



Sharon G. Dayoan
Chairman and CEO



Diversity, Inclusion and Equity

Champion diversity, inclusion and gender equality where everyone can thrive and make opportunities for themselves and others

Diversity, Inclusion and Equity are central to our Purpose and are directly connected to our corporate value Together: We respect each other and draw strength from our differences. We strive to cultivate a culture where our people across race, gender, age, religion, identity and experience can be the best version of themselves at work. We believe that championing a more inclusive and equitable workplace provides our people with a genuine sense of belongingness, social connectedness and fulfillment that helps us in creating a more equitable world.

What we've done to drive progress:

Encourage everyone to actively support and promote awareness and acceptance of human rights, fostering an inclusive culture for all.

LGBTQ+ Inclusion: Conducted the **Usapang Pride** to proudly share our employees' stories and journey as being part of the LGBTQ+ Community to promote awareness and make our people feel safe, recognized, and heard.

Hosted the **National Coming Out Day** to celebrate the power of love, and to honor the courage of those who choose to live openly.

Women Empowerment: Celebrated the **International Women's Day** where a discussion on women's rights, gender inequality, abuse against women and violence were discussed to educate and empower our professionals.

Women Representation:

70% in our total workforce	47% in partnership positions
63% in management positions	13% promotees

Age Groups of our Partners:

9% 25–34 years old	32% 45–54 years old
41% 35–44 years old	18% 55 years old and above

Health and Well-being

Protect the physical and mental health and well-being of our people

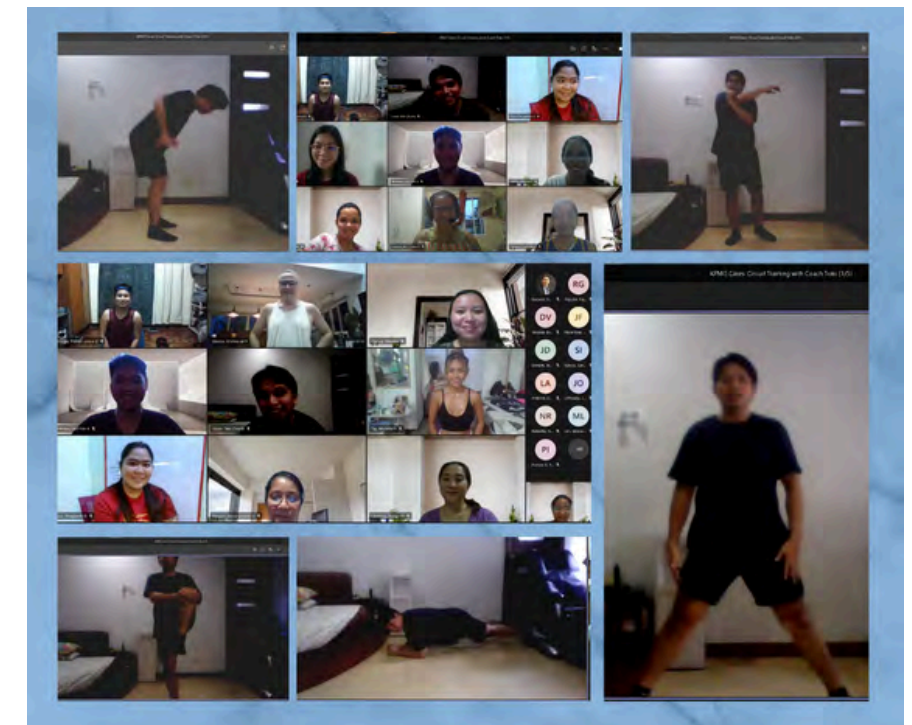
Our approach to employee health and well-being is underscored by our Purpose to Inspire Confidence and Empower Change. We believe that our work is not where we go, but what we do. We do what matters – especially for our people. This includes striving to protect their health and ensure that we provide them with the holistic health that we believe each of our individual employees deserves. In turn, we believe that this enhances our employee engagement and strengthens the bond between them and the firm, creating purpose, success and productivity.

Holistic Well-being

We recognize the multidimensional aspect of a person’s well-being: physical, mental, emotional, social, intellectual and spiritual.

We provide our people with benefits, including dedicated programs, resources and tools, flexible work arrangements, financial assistance, well-being breaks, fun-filled activities, creative outlets, and hobby clubs to support them in developing good well-being habits and achieve a desirable balance between their personal and professional lives.

Mental and Interpersonal	<ul style="list-style-type: none"> ▶ Free confidential 1-1 counselling sessions ▶ Well-being breaks ▶ Birthday time-off ▶ Hobby clubs ▶ Wellness activities and health talks
Physical	<ul style="list-style-type: none"> ▶ Comprehensive medical insurance ▶ In-office annual physical exam ▶ Flu and Pneumonia vaccine inoculation ▶ Visual acuity and eyeglasses selling
Financial	<ul style="list-style-type: none"> ▶ Holiday gifts ▶ Performance-based bonus and increments ▶ Bereavement assistance ▶ Life insurance ▶ Car loan facility



Health and Well-being

Protect the physical and mental health and well-being of our people

What we've done to drive progress:

#KPMGisHereForYou Program

Since 2019, the firm has maintained its #KPMGisHereForYou Program to build a positive culture of support in the firm where anyone can talk about their mental health struggles without fear of judgment and discrimination.

Through this, we helped our people cope with the anxiety and isolation that most felt during the height of the COVID-19 pandemic—boosting their mental health and well-being by providing the best possible support.

Work for Excellence

We have adopted a Work for Excellence set-up wherein people can work from home, the office, or a client's office, whichever is most conducive to producing excellent work.

This work structure has enabled the organization to encourage flexibility and collaboration, allowing people to work from wherever they will produce the best results in terms of quality, efficiency and productivity.

Employee Assistance

At KPMG, we extend financial assistance to employees facing prolonged sickness to alleviate their financial strain, demonstrating our commitment to supporting our team members during challenging times. This initiative underscores our dedication to employee well-being and ensuring they receive the necessary support to navigate health-related challenges effectively.

Provided financial assistance
to employees with prolonged
sickness

Mental Health Awareness

In celebration of World Mental Health Day, we invited a psychologist to discuss the importance of courage in seeking professional help and recognizing when it's time to do so.

Health and Well-being

Protect the physical and mental health and well-being of our people

Affordable and accessible healthcare

We partnered with a mental health center to give out free counselling sessions to make it easier for our people to discuss their health concerns with the right people. In-office physical checkups were also conducted for more accessible health care.

Regular employees are provided HMO coverage where they can also enroll their dependents. Common law partners, domestic partners, and same sex domestic partners can be enrolled as dependents in the current HMO set up of the firm.

Hobby clubs and enrichment activities

To support and encourage the personal development of our people, we created hobby clubs for sports, arts and food. Having a shared space in the workplace to express themselves and do the things they love is essential to ensuring that our people are taking a break and making time for themselves.

Virtual and on-site engagement activities

We periodically facilitate fun games and activities to provide wellness breaks for our employees, especially during the busy season for them to refresh their minds and prevent burnout.

This includes games such as Pictionary, Guess the Gibberish, and Spot the Difference. We also have occasional festivities such as Valentine's Day, Halloween, and Christmas through the My KPMG BAEIentine's Match, Trick or Treat, and firm-wide Christmas Party, respectively.



Health and Well-being

Protect the physical and mental health and well-being of our people

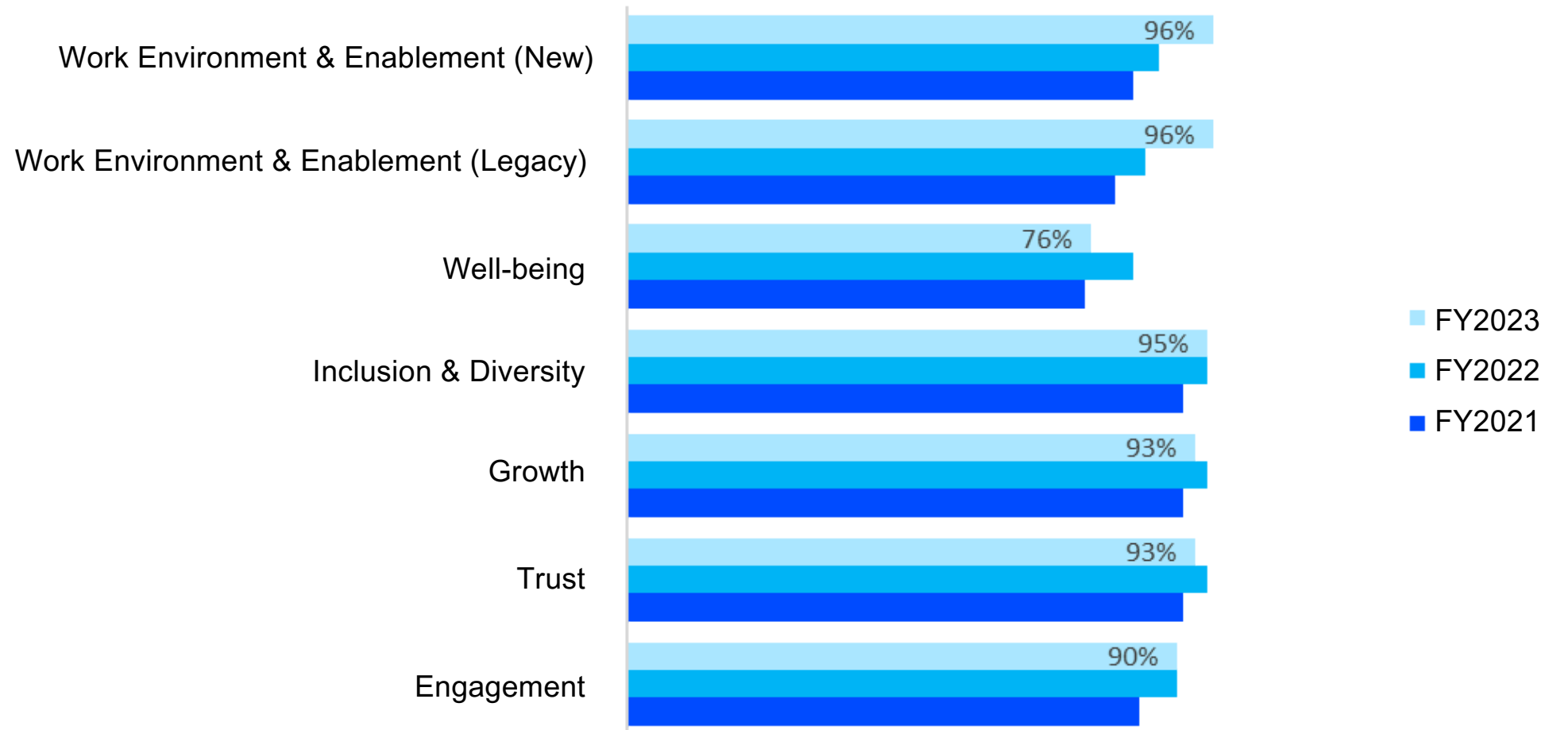
Measuring Our Impact

To help ensure we create a positive, enabling, and nurturing environment for our employees, we annually conduct a Global People Survey (GPS) to determine that we stay on the right path across five categories: Engagement, Trust, Growth, Inclusion & Diversity, well-being and Work Environment & Enablement.

In the latest GPS, employee engagement and inclusion and diversity remained unchanged from our FY2022 results with 90% and 95% of our respondents, respectively, having favorable views on the organization - a testament to the efficacy of various firm activities to improve employee well-being, support mental health, raise awareness, inspire through inspirational talks, improve non-discrimination and respect in the workplace, and contribute to learning through learning and development sessions.

The GPS results reflect our firm's collective perspective in shaping a workplace where professionals can thrive personally and professionally.

As we have identified that Well-being, Trust, and Growth were areas we can further improve on, together with our employees, we will strive to formulate more focused action steps in these areas to address the gaps and realize improvements in the next years.



“ I have easy access to the tools and resources I need to do my job effectively

I am proud to work for KPMG

Continuous Learning

Foster a learning culture where our people continuously grow and develop their essential and technical skills

Continuous learning and development (L&D) help our organization stay competitive, advance our employees' careers and achieve long-term professional goals. We believe that appropriately equipping our employees with the right technical knowledge, skillsets and ethical behaviors would bring productive and quality business outcomes for enterprises, industries and communities.

What we've done to drive progress:

We strive to effectively support our people and the next generation to develop future-ready skills. Continuous improvement of our talent attraction and recruitment activities helps us towards our vision of becoming the preferred employer for prospective talents. This enables us to meet our growth demands which ultimately allow us to deliver exceptional work and foster a thriving workplace. Developing and retaining our talents are the next key steps in achieving our overall Purpose.

Our learning approach involves a blend of synchronous and asynchronous methods, with various break-out sessions to ensure purposeful and targeted learning. We also provide on-the-job trainings, and leadership and mentorship programs to help equip our people with the necessary skills in people management and client engagement.

As we move towards becoming the Workforce of the Future, we are committed to investing, attracting, retaining, and developing talents. Our KPMG in the Philippines Learning Institute (KPLI) provides robust training programs and seamless learning management systems which help our professionals grow and feel empowered to further their careers in the firm.



Continuous Learning

Foster a learning culture where our people continuously grow and develop their essential and technical skills

Talent Attraction

Student Internships

- ✓ Internship Program
- ✓ Student Organization sponsorships and Faculty Partnerships

We plan to expand our internship programs to other target courses such as Business Management, Information Technology, Computer Science, Statistics and Mathematics.

Colleges and University Partnerships

We connect with colleges and universities focused on computer studies, information technology, accounting and business management to attract potential employees.

We aim to strengthen our recruitment pipeline and ensure we attract top-tier talent aligned with our organizational needs and values.

Partnerships with CPA Review Centers

We partner with CPA review centers to increase our visibility and highlight the value of KPMG as a potential employer.

We aspire to cultivate lasting relationships with future CPAs, supporting their career development through mentorship and ongoing learning.

Talent Retention and Development

BRIGHT Program

We launched this flagship program for high performing talents where we provide them curated career development programs

Essential Skills Programs

We provide career-level specific trainings, including technical and essential skills trainings to support our employees as they move up the corporate ladder.

We have conducted sessions on Leading and Upskilling our Next Champions (LAUNCH) for our experienced associates, LEAP (Learning Excellence to Advance Potential) for new Supervisors, Leadership Empowerment for New Assistant Managers' Development (LEAD) and Leadership that Inspire and Fuels Trust (LIFT) for Managers to Directors.

People Officer per function to drive Employee Engagement

The People Officer aims to strategically support the function in implementing its People Strategy. Their responsibilities include developing effective employee engagement programs, identifying key concerns, and working with PPC and business leaders to develop possible resolutions.

Continuous Learning

Foster a learning culture where our people continuously grow and develop their essential and technical skills

Our ESG Curriculum

We have launched our ESG curriculum to help gain critical ESG knowledge, which is embedded in our Learning Management System (LMS). The curriculum covers four topics:

ESG 101: Three internally developed modules: Time is Now, Time for Impact, Time to Act

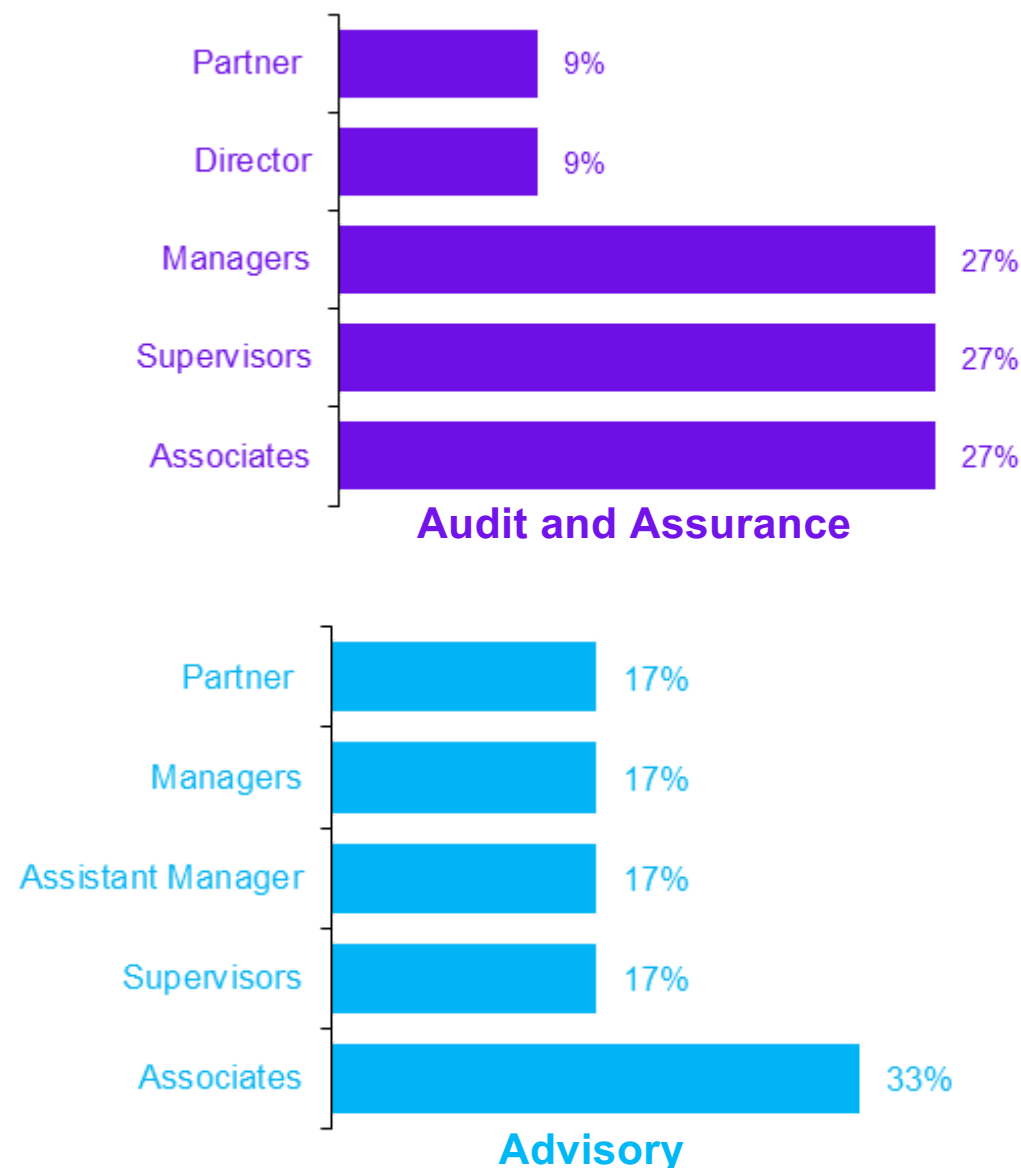
ESG 201: Cambridge ESG Curriculum with 10 self-paced e-learning modules for all KPMG client-facing professionals

Enterprise Business Services (EBS): Building ESG Expertise consisting of 10 video-based modules

ESG Assurance: Includes the 2023 Assurance for Auditors through e-learning

Professionals from various levels took at least one of the courses in the curriculum. This representation of professionals across different roles illustrates the commitment of individuals at all organizational levels to engage with and advance their knowledge in the ESG curriculum. It reflects a collaborative effort to enhance expertise and proficiency in Environmental, Social and Governance practices, aligning with the firm's strategic focus on sustainability and responsible business practices.

ESG Curriculum Enrollment in FY 2023



KPMG Execution Guide for Assurance (KEGA)

KPMG in the Philippines use the KPMG Execution Guide for Assurance (KEGA) to enhance ESG methodologies and workflows by providing flexibility and scalability for globally consistent delivery.

In the audit strategy, there have been client discussions on the ESG Assurance Journey that align with the training sessions that utilized KEGA, including the upcoming KPMG Clara Assurance Workflow.

In risk consulting, we aim to stand out in the growing ESG market by leveraging global practices while upskilling local employees to meet the demand.

Responsibility to respect human rights

Respect and defend human rights

We have committed to the UN Guiding Principles on Business and Human Rights, building on our longstanding support for the United Nations Global Compact. We recognize human rights, as set out in the UN Universal Declaration of Human Rights, as the basic rights that form the foundation for freedom, justice and peace. It is embedded in our policies as part of our Due Diligence procedures included in our Global Quality & Risk Management and People & Inclusion policies and the KPMG Global Code of Conduct. We also maintain a reporting mechanism through the KPMG International Hotline for any concerns causing or contributing to any adverse human rights incidents.

What we've done to drive progress:

In FY2023, we **developed a policy following an assessment of human rights issues most relevant to the firm's operations and supply chain** to embed our commitment to respecting and defending human rights across operations. This includes a focus on inclusion, diversity, equity, and health and safety.

We work with clients, suppliers, and subcontractors that **live up to KPMG's core ethical standards**.

We do not tolerate behavior within KPMG, by clients or suppliers, or public officials with whom we deal, that is illegal, unethical or breaches human rights.

We champion an inclusive and collaborative culture that is free from bullying, discrimination, and harassment, where everyone is treated with respect and dignity, in which we have **introduced diverse DEI programs**, attended by 631 Philippine employees in the celebration of International Women's Day on March 8.

In the **Usapang Pride initiative**, 273 employees, proudly representing the LGBTQ+ community, participated and shared their personal stories and experiences within the community.

For **World Mental Health Day**, 307 employees engaged in various activities, including a talk by a psychologist from our Employee Assistance Program (EAP), emphasizing self-forgiveness, self-acceptance, and the importance of seeking professional help.

On **National Coming Out Day**, 130 employees joined in a celebration and unity event, demonstrating support for the LGBTQ+ community, recognizing the courage of those who live openly within the organization.

Employee attendance to various human rights initiative

 **130** National Coming Out Day

 **307** World Mental Health Day

 **273** Usapang Pride Initiative

 **631** International Women's Day

Planet

Decarbonization:

- ↳ Reduce our carbon footprint
- ↳ Report our carbon footprint and climate performance
- ↳ Drive sustainable climate practices in our operations (e.g., paperless processes, waste management, renewables, supply chain)
- ↳ Accelerating the transition to a circular economy



Planet

Climate change is one of the most pressing global issues facing our world today. As one of the countries most susceptible to the impacts of climate change, the Philippines stands at the forefront of experiencing its most adverse effects. Hence, we are committed to doing our part in reducing our carbon footprint in support of KPMG International’s commitment of achieving net-zero carbon emissions by 2030. We are committed to playing a role in tackling environmental issues especially within our business operations, as well as with our clients, as we help empower them make responsible environmental decisions and drive positive environmental impacts.

In pursuit of these commitments, our environmental journey involves implementing sustainable practices and making conscious and systemic changes in our own operations and functions, including reporting our environmental and climate baseline and performance – which are the key steps towards realizing our goals through increased confidence from our employees and clients, while influencing discourse and positive actions to help create a more sustainable world.



The key to reducing carbon footprint is corporate responsibility in making business operations sustainable.



Kristine I. Aguirre

Advisory Partner (Risk Consulting) and ESG Lead
KPMG in the Philippines



Emissions, Energy and Climate Impact

Reduce our carbon footprint

Report our carbon footprint and climate performance

As an organization that also encourages our clients to embed sustainability into their operations and providing ESG-related services, we are also responsible for monitoring the environmental impact of our organization. Establishing better monitoring and reporting systems can enable us to play a significant part in the global decarbonization efforts. In the past years, we have focused on collecting our baseline data to support this effort and understand where we are in our decarbonization journey and where we need to focus in the years ahead.

What we've done to drive progress:

We are committed to reducing our emissions and collecting more accurate data to enable us to track our performance towards our decarbonization goal. In the coming years, we will set quantitative targets of our GHG emissions reduction aligned with the KPMG global decarbonization targets.

Our progress in FY2023 focused on establishing the needed data collection system for tracking and monitoring our operational GHG footprint, including determining and consolidating the data requirements to be able to compute for our emissions of our activities.

Began establishing an emissions data collection system

Replaced all lighting fixtures to LED lighting in our offices and existing appliances with **newer energy-efficient ratings** from ENERGY STAR certified cooling systems, computers, printers and copiers, and kitchen appliances

Conducted awareness campaign for our employees to foster a culture that conserves energy and lessen unnecessary energy use in our offices



Emissions, Energy and Climate Impact

Drive sustainable climate practices in our operations

We are continuously working towards progressing in our environmental targets on our resource use. We aim to reduce the total amount of water used at our sites and lessen our waste generation to minimize our environmental impacts. Generally, 100% of our water consumption occurs through the use of our office facilities. Meanwhile, the waste we generate is sorted in the office according to biodegradable and non-biodegradable materials, which are then collected and disposed by the local government units.

What we've done to drive progress:

In our effort to drive sustainable practices in our operations, some of our initiatives in FY2023 include:

Waste Segregation: We have introduced a waste segregation system by placing bins for recycling, biodegradable, and non-biodegradable items in high-traffic areas of our offices, such as the pantry spaces.

Scrap disposal program: Annually, we dispose all of the old files from the storage warehouse by directing our paper waste to TIPCO Paper Manufacturing Company for processing or selling of the shredded papers to scrap vendors. This program enables our scrap papers to be recycled and upcycled into new paper and contribute to circularity. We have also made efforts to extend the lifecycle of our used products by selling old furniture, appliances and old laptop components to recycling facilities to contribute to increasing the recycling market for materials and components, thus, contributing to circularity.

Employee awareness programs: We encourage our employees to practice "Bring Your Own Bottle" (BYOB) to reduce single-use plastics in our office. During company events, we also limit our use of plastics by utilizing paper materials such as paper utensils, paper plates, and paper cups.

Operational waste reduction programs: We consciously focus on reducing our waste from the source. We understand that our daily client operations require us to produce paper-based deliverables. Hence, we have set-up printers to automate the volume of papers discarded from conventional printing and usage by automatically printing double-sided drafts to enable the reduction of paper waste.



Responsible Supply Chain

Drive sustainable climate practices in our operations

We have continuously strived to work with suppliers and vendors who practice the highest ethical business conduct and demonstrate environmental, social and economic responsibility. We understand that our supply chain, which cuts across various industries, has a significant impact on our ESG commitments, hence, we ensure that our procurement teams uphold the highest ethical values and standards in managing our supply chain-related functions towards a more sustainable future.

We believe that how we do business must fundamentally change to move away from an unsustainable path. Our impact relies on how we select and work with suppliers, including vendors and contractors, to deliver the support needed in managing our business. We hold our suppliers to the same strict ethical standards to which we hold ourselves, focusing on policies and programs related to human rights, resource efficiency, climate impact, and waste.

Our Procurement Policy

It defines how our central Procurement department supports sourcing, purchasing and supplier management activities across our business, ensuring best practice and compliance with the firm's policies and standards. Here, we:

- Insist on the highest ethical standards from both our suppliers and staff. We conduct procurement activities in an open and transparent manner to ensure the highest standards of integrity and to avoid any conduct capable of misinterpretation.
- Treat all supplier information, including pricing and other commercial terms, as strictly confidential and we require suppliers to treat our information similarly.
- Our partners and staff are instructed to refuse all offers of gifts, money and/or hospitality from suppliers other than minor gifts of low intrinsic value such as pens, diaries etc. We therefore discourage our suppliers from offering such gifts, hospitality or entertainment which, if offered, will be politely returned.

Suppliers who are also clients of KPMG

Some of our suppliers of goods and services that we require on an ongoing basis are also our clients. In such situations, we apply strict procedures to ensure full integrity and objectivity and that no undue influence is exerted favoring the award of any order or contract to a client of the firm.

Conversely, on those occasions when a client does offer best value, our procedures ensure that the award of an order or contract does not lead to a potential, perceived or actual bias, conflict of interest or influence upon the objectivity and integrity of our relationship with the client in question.

What we've done to drive progress

We have implemented small-scale initiatives to incorporate sustainability in our supply chain such as practicing conscious choices of using sustainable and environmentally friendly alternatives for the products we use in our offices including those we provide our employees with, where we prioritize suppliers that promote sustainability and sustainable products and packaging. For instance, we have partnered with a local supplier since FY2021 for our Christmas giveaways, in which products are made from local artisans and crafted from eco-friendly and natural materials.

100%
of our procurement budget spent on
local suppliers

Prosperity

Purposeful business

- ↳ Operate the business in accordance with our purpose – to inspire confidence and empower change
- ↳ Do work that matters which can create a positive difference for our clients, people, and communities
- ↳ Lead the profession in audit quality

Education and communities

- ↳ Uplift our communities through the KPMG R.G. Manabat Foundation
- ↳ Champion education through scholarships and other knowledge-sharing activities




Prosperity

At KPMG R.G. Manabat & Co., we do work that matters. This value is what makes our business purposeful, especially in driving prosperity for all Filipinos. We strive to make a positive impact through our services for our clients that help transform societies, communities and our planet. We are dedicated to enhancing the quality of life in local communities by empowering and supporting them through volunteerism, donations and scholarships, aiming for sustainable and positive outcomes.

We believe in the spirit of volunteerism and in giving back to our local communities. We encourage and support our people to work together to contribute to nation-building by dedicating time and resources to do volunteer activities in partnership with various non-government organizations. We also demonstrate our commitment to purposeful business by proactively supporting communities address their most immediate needs especially during times of crisis and disasters.

We also put particular emphasis on narrowing the gap in access to quality education through our annual scholarship programs. Our aim is to aid talented and underprivileged Filipino youths, encouraging them to become active contributors to society in the future. We believe that investing in the younger generation is crucial for cultivating a fruitful future.

“ KPMG R.G. Manabat Foundation’s main thrust is to improve communities through education, scholarship and community development programs ”



Emmanuel P. Bonoan
Vice Chairman and COO



Audit Quality

Operate the business in accordance with our purpose – to inspire confidence and empower change Do work that matters which can create a positive difference for our clients, people and communities

We are one of the most trusted auditing firms in the country. Hence, a high-quality independent audit is the cornerstone of this trust. We are committed to be a leader across all services of audit, especially to be a significant change-maker around the discussion in the market about audit quality and how this is continuously evolving over time. To ensure that our work consistently meets the needs of the market, we use a broad range of mechanisms to monitor our performance, respond to feedback and seek opportunities to improve.

We deliver value by providing insights to help our clients better understand our independent audit assessment through a working relationship between us and our clients. Our approach involves communicating the audit results to help organizations identify processes and systems to enhance, accelerate, automate, augment and arrive at business decisions that drive growth and profitability.

We believe that a technology-driven audit is the future. By embedding technology in every phase of the audit, we look deeper and see farther into clients' data to realize the full value of the information. We understand that it is important to leverage relevant technology that enables us to focus audit efforts where it is really needed, thereby enhancing efficiency to save time and effort.



Audit Quality

**Operate the business in accordance with our purpose – to inspire confidence and empower change
Do work that matters which can create a positive difference for our clients, people and communities**

What we've done to drive progress:

At KPMG, we have quickly adapted to the new normal of hybrid work, while remaining laser-focused on audit quality. We continue to stay agile and have adopted new ways of working to ensure we are still able to deliver the best work for our clients, which include new approaches like video-based walkthroughs, technology to explore asset valuations, centralization of services, and project management features to ensure execution.

In the area of audit quality leadership, a multi-year Audit Quality Transformation (AQT) is in progress, accompanied by the full deployment KPMG Clara Workflow (KCW), Second Line of Defense (2LOD) and System of Quality Management (SoQM).

KPMG Clara Workflow (KCW)

KPMG Clara is a leading transformational innovation in the audit industry and empowers our auditors to enhance audit quality while bringing a greater range and depth of insights to our clients.

Second Line of Defense (2LoD)

We have implemented the Integrated Second Line of Defense (2LoD) Program to ensure audit quality by conducting an independent review of areas of focus on audit engagements during each stage of the audit process, and providing direct and real-time support and coaching to engagement teams before the audit opinions are signed, with the goal of helping the team deliver an audit that complies with the relevant professional standards.

The 2LoD Program covers the different quality reviews such as the full and limited inflight reviews, risk assessment and planning discussion, enhanced engagement quality control review, and the Department of Professional Practice's (DPP) Quality Control Level 2 review.

System of Quality Management (SoQM)

We have implemented SoQM to enable the implementation of various controls and ensure the delivery of consistent, high-quality services to clients.

We subjected the effectiveness of our controls to rigorous testing, and we worked diligently to identify and address any findings or deficiencies that could impact our ability to deliver consistent, high-quality service to our clients.

Service Quality and Client Satisfaction

Operate the business in accordance with our purpose – to inspire confidence and empower change
Do work that matters which can create a positive difference for our clients, people and communities

This year we have made significant progress in unlocking our organization's contributions toward economic and social prosperity in line with the UN Sustainable Development Goals (SDGs). This is a testament to how we create meaningful and impactful work, thereby fostering employment, generating wealth, and contributing to both the economy and regional development through the expansion of our business and diligent tax contributions. Our quality services have transformed our clients' businesses, enabling them to create value-adding impacts not only for sustainability but also in support of overarching national programs, targets, and global developmental goals.

What we've done to drive progress:

We have **expanded our team across all service lines** to better support our clients address the growing demand for professional services:

- ↑ 17% **Audit and Assurance Team**
- ↑ 10% **Tax Team**
- ↑ 21% **Advisory Team**
- ↑ 24% **Cebu Practice**

The increase in manpower in our Cebu Practice allowed us to better cater to the needs of our clients in the Visayas and Mindanao regions to ensure that they are provided with accessible consulting needs with closer proximity.

Expanded our ESG Team under the Risk Consulting Services where the ESG solutions has been increasingly in demand for clients in various sectors.

▶ **Materiality Assessments**

▶ **Sustainability Reporting**

▶ **ESG Transformation and Strategy**

▶ **ESG Audit and Assurance**

Tax

In FY2023, KPMG in the Philippines won the Philippines Tax Firm of the Year Award during the ITR Asia-Pacific Tax Awards 2023.

In the contemporary business environment, optimizing tax strategies involves a delicate balance between minimizing tax costs and navigating regulatory challenges. Our Tax practice is dedicated to delivering value to clients through a range of services, including Tax Corporate Compliance, Tax Advisory Services, Tax Advocacy Services, Global Mobility Services, Transfer Pricing Services, Customs, Trade and Excise Advisory, and Company Administration.

Philippines Tax Firm of the Year
ITR Asia-Pacific Tax Awards 2023

Advisory

Our Advisory professionals bring a multi-disciplinary approach to business innovation. By seamlessly integrating Management Consulting, Risk Consulting, Technology Consulting and Deal Advisory, we offer comprehensive solutions that empower organizations to not only respond effectively to challenges but also navigate complex business risks, seizing investment opportunities, or optimizing operational processes.

Community Engagement

Uplift our communities through the KPMG R.G. Manabat Foundation which aims to improve communities through education, scholarship and community development programs

We can only achieve our ambitions as a firm with the support of our communities. The KPMG R.G. Manabat Foundation and the partners, principals and employees of the firm continue its mission of providing support to communities, giving back and showing gratitude all while driving positive change. We encourage our people to embody our corporate value For Better: We do what matters and work together to make a meaningful difference in our communities and create a lasting impact.

What we've done to drive progress:

Our commitment to our communities revolves around facilitating access to education for underprivileged students, addressing societal needs such as disaster relief, and collaborating with other institutions to tackle persistent societal and environmental challenges, including issues related to energy accessibility and environmental pollution.

3,179 total volunteering hours

dedicated to giving back through the launch of the Make a Difference Project volunteerism campaign that encouraged employees to volunteer their time to different initiatives.



Break the Cycle: Ride with Pride



Coastal Clean-up



EcoBrick Making



Solar Lamp Making



Juan Build Program



Kalyeskwela

Community Engagement

Uplift our communities through the KPMG R.G. Manabat Foundation which aims to improve communities through education, scholarship and community development programs

Non-Government and Non-Profit Organizations Partnerships

We partnered with various organizations to support their advocacies through volunteerism and participation in their community activities:

Asia Society for Social Improvement and Sustainable Development (ASSIST)

ASSIST seeks to promote sustainable practices to address social problems in the developing world, especially in Asia and Africa. They involve themselves in a process-oriented approach to capacity building towards social improvement and sustainable transformation.

Reef Check Conservation

A non-profit organization which seeks to promote the conservation of coral reefs through reef monitoring and education.

Childhope Philippines Foundation Inc.

A non-government organization or NGO for children in the Philippines that seeks to promote the welfare, uphold, and protect children's rights, particularly children in street situations.

Liter of Light

A global, grassroots movement committed to providing affordable, sustainable solar light to people with limited or no access to electricity.

Habitat for Humanity Philippines

An organization that aims to lift low-income Filipino families out of overcrowded, unhealthy living conditions or displacement in urban areas by providing them with decent shelter in healthy communities. They partner with low-income informal settler families to build safe, affordable homes through its regular housing programs.

Sustainable Energy and Enterprise Development for Communities (SEED4Com)

SEED4Com is a non-stock non-profit that provides help in improving human conditions and empowering poverty-stricken areas, rural and last-mile communities in the Philippines.

Community Engagement

Uplift our communities through the KPMG R.G. Manabat Foundation which aims to improve communities through education, scholarship and community development programs

What we've done to drive progress:

Through the KPMG R.G. Manabat Foundation Inc, we have made significant community investments to address social issues such as access to education, disaster response and humanitarian advocacies.

We champion education by offering financial support and educational opportunities. Our aim is to empower young people, enabling them to pursue higher education, broaden their knowledge, and cultivate essential skills.

In 2023, we provided scholarships for university students in the Philippines. We will be continuing our scholarship program to generously provide more scholarships and help bridge the gap of access to education in the Philippines.

Organizations benefiting from donations made by the KPMG R.G. Manabat Foundation Inc:

AJ KALINGA Foundation Inc.

To support the mission of the AJKF Inc. to serve as a beacon of hope for Metro Manila's homeless and poorest of the poor. We have partnered with the foundation as it envisions a society where nobody is left behind and the dignity of all people is upheld, secured, respected and celebrated, which aligns with our commitment to improving the quality of lives of our fellow Filipinos.

International Federation of Red Cross and Red Crescent Societies (IFRC)

To help provide the vulnerable groups in the Turkiye and Syria Conflict the resources they to need to survive, restore their healthy state of life, and save lives in times of this crisis.

Jaime V. Ongpin Scholarship

To enable students a fair opportunity to earn an education and become contributing members of the society, in which the scholarship fund was already able to fund around 200 scholarships nationwide.

Liatsan Family Association

To support initiatives of the Filipino-Chinese business community.

The Future for KPMG R.G. Manabat & Co.

As we anticipate and prepare to adapt to the ever-changing business landscape, we place ESG at the core of our business. Across the four pillars of Planet, People, Prosperity and Governance, the firm will approach the pressing challenges of our time. We will continue to incorporate our ESG commitments across our services to enable us to realize long-term impacts and emerge as a more inclusive, sustainable and trustworthy organization, capable of delivering the evolving needs of our clients and stakeholders.



Glossary

Community investment	Community investment is identified by two guiding principles: it is voluntary — there is no legal or contractual obligation to contribute — and it is charitable — it supports an organization or activity that is recognized as having a clear charitable purpose and/or community benefit.
FY2020	1 October 2019 to 30 September 2020
FY2021	1 October 2020 to 30 September 2021
FY2022	1 October 2021 to 30 September 2022
FY2023	1 October 2022 to 30 September 2023
GRI	The Global Reporting Initiative is an international independent standards organization that helps businesses, governments and other organizations understand and communicate their impacts on issues such as climate change, human rights and corruption.
Scope 1: Direct GHG emissions	Direct GHG emissions occur from sources the KPMG member firm owns or controls, including on-site stationary fuel combustion, fuel combustion in owned/controlled vehicles, and fugitive emissions from leaks in heating, ventilation and cooling equipment.
Scope 2: Indirect emissions from purchased electricity	Indirect emissions from purchased electricity, steam, heat or cooling which arise from the generation of power by a third party that is consumed by a KPMG firm.
Scope 3: GHG Emissions	Emissions as a result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly affects in its value chain.
UN Sustainable Development Goals	The UN Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Source: www.undp.org

Notes on the Basis of Preparation

1

Throughout this document, “we”, “KPMG”, “us”, and “our” refers to KPMG in the Philippines, a member firm of KPMG International Limited (“KPMG International”), which is a separate legal entity.

2

KPMG in the Philippines has no authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties.

3

The financial information set forth in this document represents KPMG in the Philippines, affiliated with KPMG International Limited, that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International Limited performs no services for clients no, concomitantly, generates any client revenue.

4

As of 30 September 2022, KPMG firms operate in 143 countries and territories. All metrics are for the network as a whole unless otherwise stated.

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