



KPMG Turkey Sustainability Report

For reporting period
1 October 2018 to 30 September 2019



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KPMG Turkey

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Key Highlights



Environmental Performance

Awareness, environmental efficiency & carbon neutrality

- Certified CarbonNeutral[®] company – 1,498 tonnes of CO₂e reduced and offset to zero, through the use of International Renewable Energy Certificates (I-RECs) and carbon offsets in accordance with The CarbonNeutral Protocol
- Total Impact of KPMG Climate Warriors (all events) in FY20¹:
 - KPI: Area of protected rainforest: 12,145 acres (4,919 hectares – 49 km², approximately 24 times the size of the country of Monaco)
 - KPI: Estimate for total stored Carbon (tonnes of carbon equivalent, tCO₂e): 2.1m tonnes
- Amount of recycled paper: 5.3 tonnes



Financial performance

Maintaining strong growth

- KPMG Turkey Audit Revenue for 2019: 123,646,893 TL² (2018: 102,096,181 TL³ - growth on prior year +21%)
- KPMG Global 2019 Revenue: USD 29.75 billion (growth on prior year: +6%)

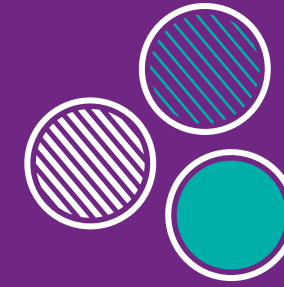


People

A growing talent pool, spanning all career stages enhances the quality of our services

In Turkey:

- Number of professionals in 2019: 1,300 (2018: 1,090, +19% on prior year)



Diversity

Strong individually, even better together

- 49% of our employees are female
- 134 women in leadership positions, consisting 41% of all leadership positions⁴



Recognition

Building trust in us as the clear choice

- 85% of clients that would recommend KPMG services
- The media trust our insights: KPMG Turkey was consulted as a source for 229 TV and radio broadcasts, 8,437 digital and printed publications
- Number of awards (in Turkey & global examples): 8



Community investment

Sharing resources & expertise for development of broader society

- KPMG Climate Warrior Network was established to raise funds for tackling climate change and environmental degradation as explained in the earlier section on Environmental Performance
- Wide range of community investment activities undertaken during the year and at least 1 activity each month⁵

¹ KPMG Climate Warriors was established during the KPMG FY20 Financial Year and hence all Impact data also relates to FY20.

² KPMG 2019 Transparency Report

³ Difference between revenues declared on 2018 and 2019 Transparency Reports

⁴ Leadership position defined as including Partners, Directors and Managers

⁵ <https://home.kpmg/tr/tr/home/hakkimizda/kurumsal-sosyal-sorumluluk.html>

Foreword

We are pleased to publish our KPMG Turkey Sustainability Report for the first time. Our report covers our financial year ending in September 2019 and has been prepared with regard to international sustainability standards and guidelines including the GRI Standards (Core Version). In addition, at KPMG Turkey, we have started to integrate integrated thinking and IR principles from the IIRC Integrated Reporting Framework within our organisation and this report is aligned with key IR concepts such as around value creation and IR Capitals.

This report has been created as a combined effort led by our Sustainability team with the active involvement of our leadership and professionals from across our business.

In this report, we describe key highlights of the year illustrating the social, environmental and economic performance and impacts of our firm. We hope you find our report interesting and informative.

Contact details

We welcome feedback to improve our reporting. Please share your suggestions and feedback to the following:

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Message from our Country Managing Partner

Dear Reader,

I am pleased to introduce you to KPMG in Turkey's first Sustainability Report, which has been prepared with regard to international sustainability standards and guidelines including the GRI Standards (Core Version) for our financial year ending in 2019. We have also started to integrate the IIRC Integrated Reporting Principles within our organization, and we have aligned this report with key concepts from the IIRC Integrated Reporting Framework including around value creation and capitals. We consider the development of this report as an important step forward towards driving improvement in our sustainability performance. We are already working on the next steps to drive further improvement.

We acknowledge that KPMG has an additional responsibility to be at the forefront of new trends and developments. For this reason, over the last few years we have concentrated our efforts not only on providing high quality professional advice to our clients, but also on sharing our knowledge with the public at large.

The great issues that the world is facing require solutions now and for businesses and us all to embrace resilience and agility. The world is grappling with major issues such as climate change, environmental degradation, inequality and as we have all seen in recent months from the fall-out from the Covid-19 pandemic. Covid-19 has highlighted the need to build back better from the recovery and society is looking for business leaders to make the right choices to accelerate the transition to a clean technological future, a future that is fair, inclusive and safe and in which we want our children to live. Empowering business leaders with options to make the right choices through our work as accountants and advisors make us relevant. We have an inspiring purpose. With that comes a major responsibility.

KPMG has been a preferred partner for our clients of Audit, Advisory and Tax services for many decades in Turkey and abroad but we all have to change because the scope of the challenges our clients face, as well as the pace at which these challenges need to be tackled, has changed dramatically. In a world of volatility, uncertainty, complexity and ambiguity, we need to draw on continuous transformation to succeed.

Financially, 2019 was another successful year for the firm and as one example we increased the revenues from our audit business by 21% from the previous year to 123.6 million TL. Similarly, we were able to offer jobs to many more professionals and by year-end the number of full-time staff had increased by 19% to 1,300. We also pride ourselves on the gender diversity of our workforce and 49% of our employees overall and 41% of those in leadership positions were female at year-end, both representing much higher ratios than the national and regional averages.

Following the end of the 2019 KPMG financial year and in recognizing the critical importance of sustainability, we decided to accelerate the growth of our sustainability services and greatly expanded our service line bringing in many new experts and headed up by a senior expert with extensive international expertise. We also launched a Climate Warrior network within the firm, initially in Turkey, but that has now spread internationally, in order to raise awareness and funds for charities active in the fight against the connected global climate and biodiversity crises. The total impact of our activities to date has been to secure permanent protection for over 5,000 hectares of tropical rainforest, which is the most biodiverse biome globally, and to lock in over 2 million tonnes of carbon.

We are committed to working towards building a better world, governed by responsibility, accountability, transparency and integrity. I hope all our stakeholders enjoy reading this publication, which aims to provide a comprehensive and balanced image of our sustainability performance and impacts. Thank you very much for one more year shared with KPMG in Turkey. We hope you find our report useful and informative.

Kind Regards,

Murat Alsan
KPMG Turkey Chairman

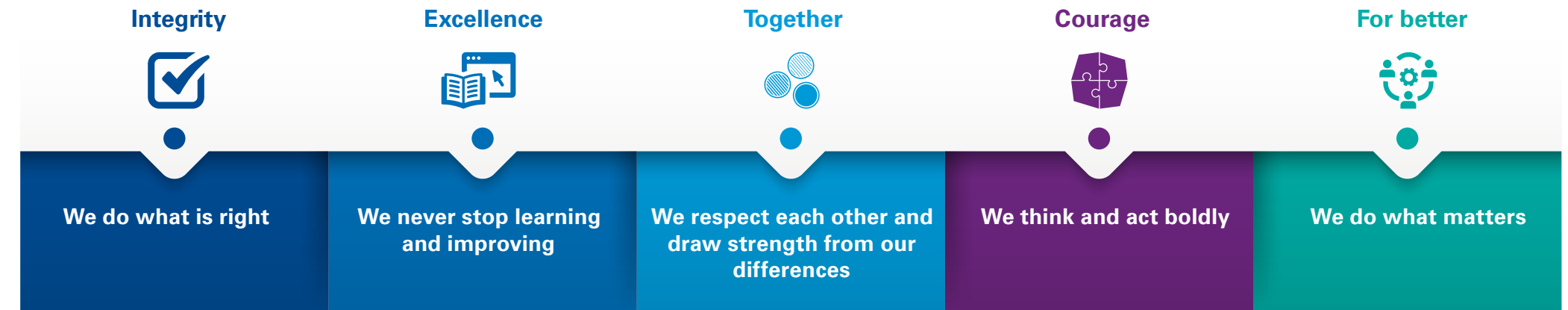
1. Overview of KPMG

We are a global network of member firms with more than 219,000 professionals working in 147 countries⁶ under a commitment to making a positive contribution to the success of our clients and the development of broader society. Our people provide a wide range of Audit, Tax and Advisory Services with a focus on quality and our clients at the core.

Trust underpins everything we do.

As stewards of the capital markets, we recognize that trust is earned. We place the utmost priority on acting ethically, objectively, and with integrity. Our culture, and every decision we make, is informed by seven values shown below and a Code of Conduct, which spells out our shared responsibilities, global commitments, and the promises we make to each other, our clients, our communities, and the broader marketplace we operate in. Every day, our people live these values in all that they do – whether that’s a sustainability engagement, a tax filing, a financial statement audit, or volunteering in the community.

1.1 Our values



1.2 Focus on quality

Innovation supported by a global and local integrity framework

Our reputation as a leading firm in our sector is supported by our global teams’ alignment with the principles of ethics, integrity and quality. Robust governance and quality and risk management frameworks are at the core of our business model. These cover aspects that include our culture, our professionals’ training, our business approach and activities.

⁶ [KPMG International website](#)

How we build quality

OUR CULTURE

Quality — everyone's responsibility



Global policies



Culture of consultation



Etichs & independence



OUR APPROACH

Consistent methodology



Robust challenge & review



Effective communication



Innovative tools & technology



OUR PEOPLE

Recruitment



Continuous development & coaching



Performance & reward



Resourcing



OUR MONITORING

Quality and compliance programs



Root cause analysis



External feedback and dialogue



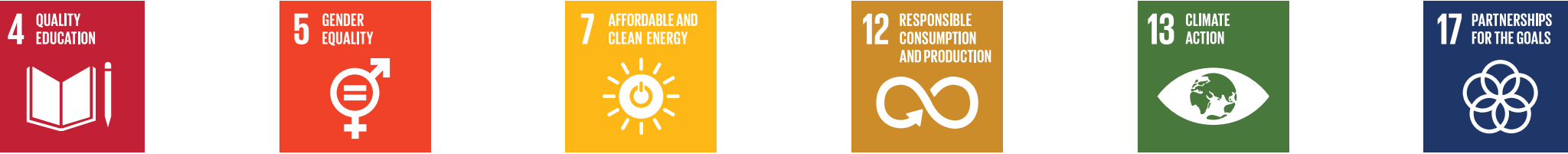
Remedial actions



Our relentless focus on quality is detailed in [KPMG Turkey 2019 Transparency Report](#) that focuses on our audit business.

1.3 The UN Sustainable Development Goals (UN SDGs)

Agreed on in 2015, the sustainable development goals (SDGs) are a universal plan to end poverty, protect the planet and ensure prosperity for all. At KPMG, the UN Sustainable Development Goals (SDGs) help inform and frame our signature commitment to empower the next generation of leaders through lifelong learning and provide concrete direction for our environmental efforts. We are particularly focused on Goals 4, 5, 7, 12, 13 and 17 while taking the other goals into account. KPMG International is a signatory to the UN Global Compact (UNGC) and the Sustainable Development Goal Business Manifesto to help businesses connect the 17 SDGs with their commercial activities to help deliver sustainable development.



SDG 4: Quality education

KPMG’s Corporate Citizenship Program has a major focus on Goal 4 ‘Quality Education and Lifelong Learning’ (targets 4.1, 4.4, 4.6 and 4.7). You can see a few of the ways KPMG is investing in our collective future through the education initiatives within our focus on [Lifelong Learning](#).



SDG 5: Gender equality

KPMG attaches great importance to providing equal opportunities and a future where everyone plays an equal role. Parallel to our support on SDG 5 we conduct a number of thought leadership activities on gender equality in business such as our report [“The call to act: Women in alternative investments”](#), focusing on what firms, investors and individuals are doing to help improve gender diversity in the industry or [KPMG Women’s Leadership Summit](#) hosted annually in conjunction with the [KPMG Women’s PGA Championship](#).

In addition, KPMG Turkey, conducts a series of research known as Breaking the Glass Ceiling (Kilidi Kırma in Turkish), in partnership with Woman on Board Association (Yönetim Kurulunda Kadın Derneği in Turkish), on the status of women managers in business. For more information (in Turkish) on the project please see [Otomotiv Sanayisinde Teknolojide Kilidi Kırma](#).



SDG 7: Affordable and clean energy

KPMG member firms support the objectives of the 2015 Paris Agreement on climate change and are passionately committed to making a contribution through our professional skills and expertise. KPMG International’s Global Renewable Network is here to support clients succeed in the energy transition. For more information please see the [renewables](#) section of our website. For information on the activities of KPMG Turkey please refer to the Environmental Management section of this report.



SDG 12: Responsible consumption and production

KPMG supports SDG 12 with a particular focus on target 6 (sustainable practices in companies) via sustainability services and thought leadership outputs such as the [SDG Industry Matrix](#) (developed in partnership with UN Global Compact) providing industry specific practical examples and ideas for each SDG and our publication on [How to Report on SDGs](#).



SDG 13: Climate action

KPMG's [Global Climate Response](#) was launched in 2008 with the aim of significantly reducing our environmental impact across KPMG firms globally. Now in its third phase and as of 2019, the emission reduction target was set as 10 percent net per full-time equivalent (FTE) between 2016 and 2020.

Globally, KPMG has made significant strides in environmental sustainability. Since 2010, the organization has collectively reduced net carbon emissions per FTE by 27 percent. Additionally, in 2018, 46 percent of our purchased electricity was from renewable sources.

As KPMG Turkey, for the financial year of 2019 we reduced and offset our emissions to zero through the use of I-RECs and carbon offsets in accordance with The CarbonNeutral Protocol in partnership with Natural Capital Partners, the leading experts on carbon neutrality and climate finance. For further information, please see [section 6: Natural Capital](#).



SDG 17: Partnerships for the goals

KPMG is a signatory to [Sustainable Development Goal Business Manifesto](#), joining with 20 other organizations to articulate private sector willingness to help deliver sustainable development.

In addition to this with studies such as [Unlocking the Power of Partnership](#), we aim to provide guidance for cross sector collaboration to advance on Sustainable Development Goals.

KPMG became a part of an initiative for a Task Force on Nature Related Financial Disclosures (TNFD)

1.4 Climate-related risks and opportunities

We believe that our contribution to mitigating climate-related risks includes through helping clients to understand the potential effects of climate change, determining the impacts of certain climate scenarios, establishing management, reporting and monitoring systems, and ensuring the appropriate disclosure of the financial risks associated with climate change.



In recognition that climate-related risks are business-critical, as KPMG we have contributed to the work of the United Nations [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) since its inception in 2016. There are increasing calls, including on the part of KPMG, for a model in which a worldwide standard is set for the disclosure of non-financial (including sustainability-related) information to investors.

As part of our efforts, on behalf of KPMG, Wim Bartels (partner Corporate Value in Control at KPMG Sustainability and Global Leader for Climate-related Risk Services) has led the Better Alignment Project of the Corporate Reporting Dialogue – a group that convenes eight international standard setters and frameworks, including IASB and FASB. The Better Alignment Project is a ground-breaking, two-year project that aims to harmonise reporting on sustainability. In Turkey, Richard Betts, our Sustainability Director was involved in the development of the TCFD Recommendations and serves on KPMG Global's Better Business Reporting Executive Working Group that is explained in the section below entitled Better Business Reporting.

TNFD

The idea for a [TNFD](#) (Task Force on Nature Related Financial Disclosures) began in January 2019 at the World Economic Forum's Davos meeting and has gathered momentum since then through the efforts of the Partners. TNFD is formed as an Informal Working Group (IWG) with the aim of setting the basis for a Task Force, which will develop reporting, metrics, and data needs of financial institutions that will enable them to better understand their risks, dependencies and impacts on nature. The IWG comprised of 62 member organizations including KPMG will plan a 2-year programme of work for the Task Force. In collaboration with the corporate sector, reporting frameworks will be developed in 2021, and tested early in 2022 before being made available worldwide.

The TNFD will build awareness and capacity to reduce the negative impacts of the financial sector on nature and biodiversity. It will increase understanding of the dependencies and impacts that different business sectors of the economy have, on nature's ecosystem services.

The TNFD is being catalysed through a partnership between Global Canopy, the United Nations Development Programme (UNDP), the United Nations Environment Programme Finance Initiative (UNEP FI), and the World Wide Fund for Nature (WWF).

KPMG's representatives in TNFD are Richard Threlfall, KPMG's Global Head of Infrastructure and Global Head of Impact and Richard Betts, KPMG Director for Sustainability Services in Turkey.

Dynamic Risk Assessment: KPMG's tool to evaluate risks in a holistic and integrated way

Sustainability risk management

A major part of KPMG’s work around sustainability involves risk management. These analyses can include solutions that focus on a specific area such as TCFD (as explained in section above). In addition, KPMG has developed a Dynamic Risk Assessment (DRA) to evaluate risks, including sustainability risks, in a much more holistic and integrated way. KPMG’s DRA was developed by a KPMG team of data scientists, mathematicians and economists. It is an evolution in risk assessment that applies actuarial theories, sophisticated algorithms, mathematics and advanced data and analytics together in a KPMG proprietary methodology to identify, connect and visualize risk in four-dimensions.

This unparalleled view takes into consideration risk interconnectedness and the velocity with which risks can impact business operations.

Within the area of sustainability, KPMG worked with the World Business Council on Sustainable Development (WBCSD) to develop an enhanced assessment of risks impacting the food and agriculture sector. The output from the project was a [report](#) that was launched at Davos in January, 2020 that explored how a dynamic risk assessment can improve companies’ risk practices and identify crucial aspects to continue creating long-term value.

For a discussion of sustainability risk management and the application of DRA more broadly, you can read the following article: [Sürdürülebilirlik Riskleri İş Dünyası için Neden Kritik Önemde?](#) in Turkish.

Better business reporting

KPMG’s Better Business Reporting is a network of senior executives who are experts in Integrated Reporting and other leading practices in Corporate Reporting with representatives from across our global network including Richard Betts from Turkey. The group meets on a monthly basis and a core focus is on IIRC Integrated Reporting.

1.5 Circular economy

KPMG also supports the development of new indicators for the circular economy. As part of the Factor10 initiative of the World Business Council for Sustainable Development (WBCSD), KPMG was 1 of 25 global companies that joined together to co-create and co-author the new Circular Transition Indicators protocol that was published at Davos in January, 2020⁷.

⁷ <https://www.wbcsd.org/Programs/Circular-Economy/Factor-10/Metrics-Measurement/News/First-self-assessment-framework-to-measure-business-circular-performance>

KPMG Turkey became a signatory to UNGC in 2019.

1.6 KPMG’s Global Centre of Excellence for sustainability

KPMG has established a global Centre of Excellence for Sustainability Services to support its teams and colleagues globally with the latest sustainability insights.

Benefits of the Centre of Excellence:

- Enables professionals around the planet to tap into the latest sustainability news and views from KPMG.
- Organizes exclusive webinars and events covering key sustainability challenges and opportunities.
- Undertakes groundbreaking sustainability research across all sectors and with a global reach.
- Connects experts across the firm in order to leverage different insights and perspectives from KPMG experts and, industry leaders.

1.7 Our commitments

National and international commitments to which we have subscribed to are summarized below.

As part of our ongoing commitment to quality and progress, our sustainability achievements are regularly monitored and include the following.



KPMG is signatory to the 10 principles of the United Nations Global Compact (UNGC) in the areas of human rights, labour, the environment and anti-corruption. In order to monitor and share our progress on the UNGC principles more comprehensively at a local level, we became a signatory as KPMG Turkey in 2019.

The UNGC is the largest corporate sustainability initiative with a mission to use “Business as a force of good”. With that in mind, we are committed to maintaining the highest legal, environmental, ethical and professional standards, consistent with the UNGC’s 10 principles. We request our contracting parties and suppliers to agree with our Supplier Code of Conduct in which we ask for their acknowledgement of the above-mentioned standards.

Zero Hunger Declaration

KPMG is also signatory to the Zero Hunger Declaration, promoting corporate strategies that will result in zero stunted children under two years old, 100% access to adequate food all year round, sustainable food systems, 100% increase in smallholder productivity and income, and zero loss or waste of food.

1.8 KPMG In Turkey

- KPMG Bağımsız Denetim ve SMMM A.Ş. for audit services,
- KPMG Yeminli Mali Müşavirlik A.Ş. for tax services an
- KPMG Yönetim Danışmanlığı A.Ş. for advisory services

1.8.a Headlines



4 offices (Istanbul, Izmir, Ankara and Bursa)



1,300 professionals



3,521⁸ Clients

- Advisory: 559
- Tax: 1,886
- Audit: 1,060
- KPMG Shared Service (KPMG Academy): 16

1.9 KPMG capitals

KPMG Turkey's value creation per capital

KPMG Turkey capital	Value creation		
	For our professionals (people)	For our clients	For society
Natural capital Our commitment to leave the world a better place than we found it	Environmental awareness and engagement at home & at work	Sustainable business models, policies & procedures	Reducing emissions, improving resource efficiency
Financial capital The value of the success we share with our stakeholders	Financial rewards for services	Investment in technology & knowledge that translates into superior performance	Giving back to communities through taxes, salaries, payments to suppliers & community investment
Human capital Continuing investment in our people with a focus on high performance and a deep sense of ownership and purpose	Compensation and benefits; career development, a sense of KPMG pride, work environment, respect for diversity, valuable experience, health & safety	Ethical conduct, integrity & high-performing professionals	Best workplace, diversity & corporate citizenship practices
Social & relationship capital Shared knowledge & resources creating value for our stakeholders & KPMG	KPMG pride, community engagement, membership of industry associations	Access to thought leadership & services aligned with our values & our approach of working shoulder to shoulder with clients, public trust	Pro bono services for social organizations, shared knowledge, promoting tax morality & compliance, sustainable value chains
Intellectual capital World-class technology supporting sustainable development	Technical & human development; career paths, valuable experience	Consistent decision making, innovation, efficiency, governance, access to new markets & resources, quality & risk management	Ethical & sustainable business, highly skilled professionals; access to thought leadership



2. Intellectual capital

World-class intelligence and technology supporting sustainable development

Management – our primary commitment is to translate our Intellectual Capital – comprised of our people and our local and global expertise – into sustainable development solutions for our clients and communities.

We do this by adhering to the principles of professionalism and integrity on which KPMG’s international reputation is built & which are connected to our purpose of making a difference in the lives of our stakeholders, inspiring confidence and empowering change.

KPMG Turkey’s intellectual capital value creation

KPMG Turkey capital	Value creation		
	For our professionals (people)	For our clients	For society
Intellectual capital World-class technology supporting sustainable development	Technical & human development; Career paths, valuable experience	Consistent decision making, innovation, efficiency, governance, access to new markets & resources, quality & risk management	Ethical & sustainable business, highly skilled professionals; access to thought leadership

2.1 Types of service:

2.1.a Audit and Assurance

Independent, quality financial statement audits

As KPMG Turkey, we are one of the leading audit companies in Turkey with clients across all main sectors and lines of business. In Turkey, we employ over 350 audit experts who provide audit and legal assurance services to meet legal requirements of our clients and go beyond it.

Our audit services are grouped in four main subjects: Information Risk Management Department (IRM), Financial Statements Audit Services, Assurance Services, Department of Professional Practice (DPP).

2.1.b Tax

As KPMG Turkey’s tax professionals, we believe that we have a duty to engage in the discussion and debate surrounding tax transparency and responsibility. As the tax strategies of multinationals and domestic companies continue to be examined by both tax authorities and the public alike, we work with our clients to develop tax strategies that are fit for purpose in today’s tax system and to be future-proofed.

Our team of responsible tax advisors offers a wide range of services designed to provide effective tax compliance, advice and certification, aiming to give our clients a competitive advantage both locally and internationally. Using our in-depth experience and knowledge, we provide competitive analyses and alternative solutions to our clients while offering them services in terms of compliance to financial legislation.

2.1.c Advisory

KPMG Turkey Advisory Services aim to offer solutions for the challenges our clients face and satisfy their needs with our mergers and acquisitions, restructuring, performance and technology, risk management and compliance and information technology (IT) services. We leverage the knowledge and skills across our global network of firms to develop practical recommendations designed to help our clients work smarter, grow faster and compete stronger.

Our experts provide advisory services to private sector companies, private equities and public companies. Our advisory services assist with the development and implementation of strategies for longer-term challenges, as well as responding to our clients’ immediate needs. Our advisory services include the following service lines:

- Risk Consulting
- Internal Audit, Risk and Compliance Services
- IT Advisory Services
- Forensic
- Financial Management and Reporting Services
- Mergers and Acquisitions
- Management Consultancy



Sustainability Services

KPMG has standardized its sustainability services across its global network and integrated across the firm. The main solutions offered by our team in Turkey include:

-  Climate advisory solutions covering decarbonisation advisory, renewable energy and climate risk and TCFD
-  Integrated Reporting advisory and assurance
-  Sustainability assurance and reporting for standards and initiatives including GRI and CDP
-  Sustainability risk management including with KPMG’s Dynamic Risk Assessment
-  Sustainability Strategy and Implementation
-  KPMG True Value
-  ESD Due Diligence
-  Sustainable Finance including Sustainable Bonds and Responsible Investment
-  Circular Economy and Sustainable Supply Chains
-  Human Rights and Social Impact
-  Responsible Taxation

2.2 Building trust and risk management

2.2.A quality and risk management procedures

Quality Performance Review (QPR)⁹

The QPR program assesses engagement level performance and identifies opportunities to improve engagement quality. Each year projects from Audit, Tax (Accounting) and Advisory are selected for evaluation.

Risk-based approach: Each engagement leader is reviewed at least once in a three-year cycle. A risk-based approach is used to select engagements, whereas for tax practice all files were selected by the Lead Reviewer. When a service is provided for the first time or a new partner /director is promoted, the responsible partner/director is selected for QRM.

Reviewer selection, preparation and process: Review teams include senior experienced lead reviewers that are independent of the member firm under review. Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by oversight regulators.

Evaluations from QPR: Audit, Tax (Accounting) and Advisory engagements selected for review are rated as “Satisfactory”, “Performance Improvement Needed” or “Unsatisfactory”.

Reporting: Findings from the QPR program are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings.



⁹ <https://assets.kpmg/content/dam/kpmg/tr/pdf/2019/05/transparency-report-2018.pdf>

Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all member firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions. The objectives of the RCP are to:

- monitor, document and assess the extent of compliance of the KPMG system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services,
- provide the basis for KPMG to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

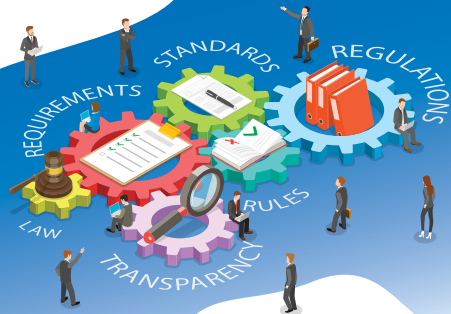
Where deficiencies are identified, we are required to develop appropriate action plans and monitor the status of each action item. Each year we select a sample of engagements from each service line for compliance testing.

Global Compliance Review (GCR) Program

Each member firm is subject to a GCR conducted by KPMG International’s GCR team, at least once in a 3-year cycle. The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies. The GCR provides an independent assessment of:

- a member firm’s commitment to quality and risk management (tone at the top) and the extent to which its overall structure, governance and financing support and reinforce this commitment,
- a member firm’s compliance with KPMG International policies and procedures; and — the robustness with which the member firm performs its own compliance program (RCP).

KPMG Turkey develops action plans to respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the Global Quality & Risk Management Steering Group and, where necessary, to appropriate KPMG International and regional leadership, to help ensure timely remedial actions taken by the member firm.



ORM Trainings

In addition to thorough review processes we provide the following compulsory trainings on ORM to our staff.

List of ORM trainings	Taken by
Global Independence Training	-Annually (All staff) -New joiners
Compliance with Laws and Regulations (Acting with Integrity)	-Biennially (All staff) -New joiners
Basic Concepts in Risk Management Training	-New joiners
Protecting Information at KPMG Data Privacy (Non-Client Facing - Client Facing)	-New joiners
Annual Compliance Confirmation	-Annually (All staff) -New joiners
Sentinel Entity Management Roles and Responsibilities Training	-New joiners (manager and above levels only)

List of awards and recognitions			
Name of the award / Type of recognition	Won by	Year	Institution
Ranked in the "best employers" list	KPMG Turkey	2017, 2018 and 2019	Top Employers Institute
EMA Partner of the Year	Governance, Risk & Compliance teams in UK, Spain and Global Services	2016, 2017, 2018 and 2019	Metric Stream
Recognized as "a leading global service provider for Finance Operations Consulting"	KPMG Global Network	2019	ALM Intelligence
Named as "a top provider of IT Strategy Services"	KPMG Global Network	2019	ALM Intelligence
"Respect for Human" award	KPMG Turkey	6 Consecutive years between 2014 and 2019	Kariyer.net
"Consulting Company of the Year" award	KPMG Turkey	2019	Boğaziçi University
Named as "a Leader in The Forrester New Wave"	KPMG Global Network	2019	Workday Implementation Partners
Named as "a leader in global cyber security consulting providers "	KPMG Global Network	2019	ALM Intelligence and Forester Research



3. Human capital

Continuing investment in our people with a focus on high performance & a deep sense of ownership & purpose.

KPMG Turkey’s human capital value creation

KPMG Turkey capital	Value creation		
	For our professionals (people)	For our clients	For society
Human capital Continuing investment in our people with a focus on high performance and a deep sense of ownership and purpose	Compensation and benefits; career development, a sense of KPMG pride, work environment, respect for diversity, valuable experience, health & safety	Ethical conduct, integrity & high-performing professionals	Best workplace, diversity & corporate citizenship practices

3.1 Headcount key stats

Head count key stats			
	Financial year 2019	Financial year 2018	Change from previous year
Number of employees	1,300	1,080	17%
Number of female employees	635 (49%)	544 (50%)	17%
Number of executives (partners, directors and managers)	330	237	39%
Number of female executives	134 (40.7%)	97 (40.9%)	38%
Ratio of female employees returned to work after maternity leave ¹⁰	85%	Data not available	Data not available
Number of female employees returned from maternity leave	20		
Number of female employees continued working after maternity leave	17		

- Female employees in total work force: 49% - Female executives: 40.7%

10 Number of female employees returned to work after maternity leave includes those who continued to work for KPMG during the 12 months following the end of their maternity leave

Our high performance culture helps our employees to maximize their potential:

Promotion rate: 87%

Performance feedback rate: 100%

3.2 Management

People management is at the heart of our strategy, driving excellence in our Capitals.

We are recognized internationally for our ability to attract & retain top talent & for the development of our professionals.

A high-performance culture leads them to maximise their potential & for our substantial investment in their development.

► Promotion rate: 87%

• Secondees

- Number of staff on overseas secondment: 11
- Number of expats working in the firm: 6

- 100% of professionals received a formal performance feedback in the reporting year

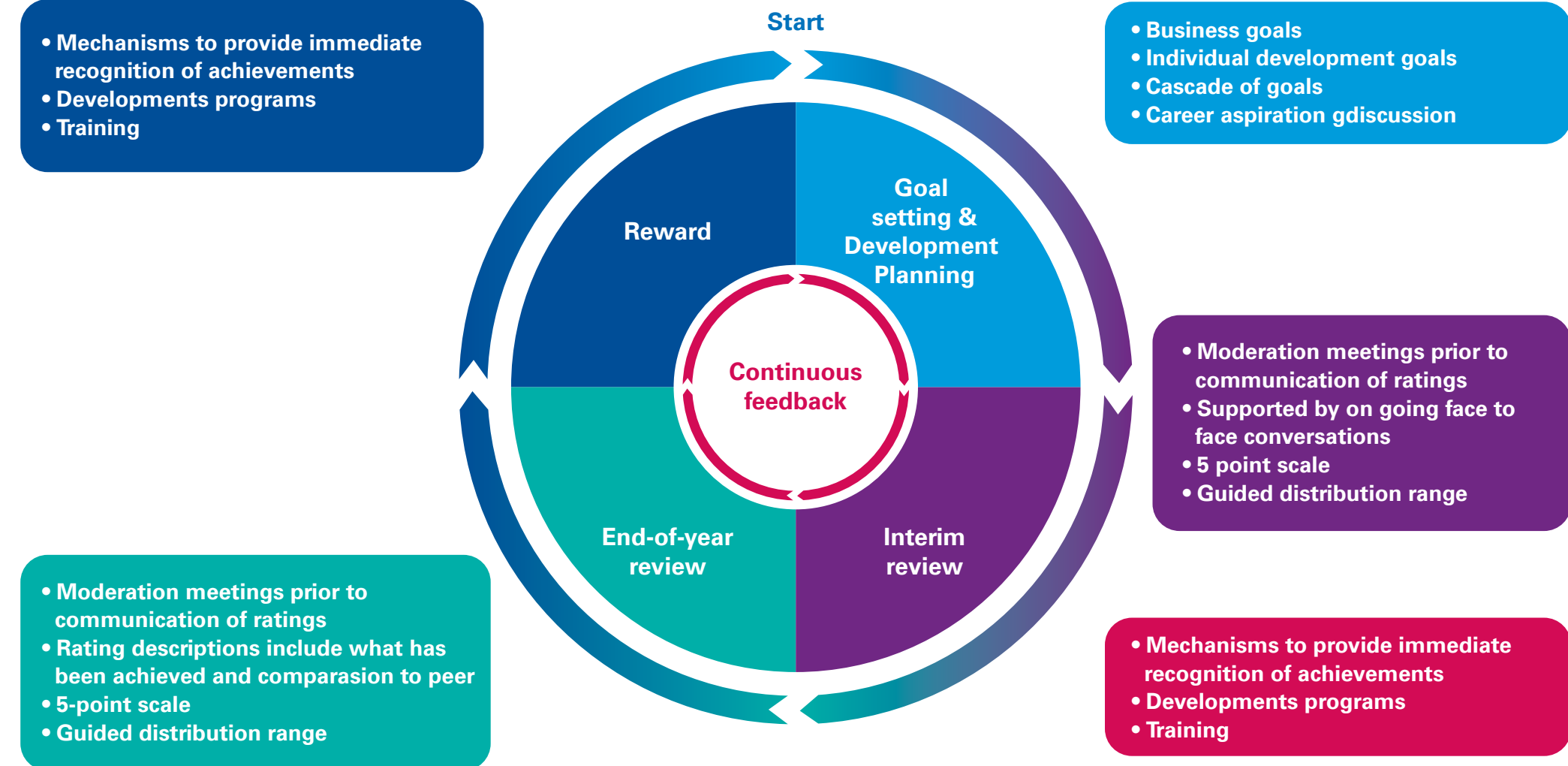
3.2.a Performance development

Performance Development Management (PDM) System

This system aims at designing, developing and delivering processes to support “high performance culture” which rewards and recognizes achievement through reinforcing the desired behaviours, attitudes and developing skills required for sustainable business success. The PDM system at KPMG includes assignment of performance managers, goal setting, interim review & end of year review and promotion. Chart presented next page explains each stage on PDM cycle.



PDM Cycle



3.2.b New talent

By opening its doors to new graduates, KPMG Turkey aims to train business leaders of the future. This year, KPMG Turkey employed 205 new graduates.

Our new graduate’s recruitment process starts every year in early March. At the same time, it is announced that our recruitment process has started in all the university activities we attend. We attend university events with our senior employees from across our organisation. Our purpose in these events is to introduce KPMG and make successful students a part of the KPMG family. In terms of Sustainability, our Director, Richard Betts, gave presentations on a range of sustainability topics including climate change, renewable energy, integrated and sustainability reporting to students at universities in Istanbul including Özyeğin University , Boğaziçi University, Arel University and İstanbul Kültür University. He also attended the Study UK Alumni Awards Evening at the British Consulate General in Istanbul and presented the Social Impact Award, which acknowledges UK alumni who have made an exceptional contribution and commitment to creating positive social change.



3.3 Assets

Continuous development - We invest in the quality of our services through continuous training and development.

3.3.A employee training

There are numerous development programmes aimed at strengthening soft skills and making our employees ready for progression from Senior to Partner levels, such as Next Generation and Bright Minds Bright Managers. In addition to this, our levels below manager have to participate in soft skill trainings that focus on communication with others including team-customer management. In terms of technical skills, the different functions have their own training programme that focuses on keeping staff up to date with new standards, legislation and technological developments. Trainings include both e-learning and classroom training. In addition, global trainings also constitute a significant part of our training curriculum. Moreover, Partner Essential Master Classes and functional technical trainings that are conducted at EMA level are major development facilitators of technical and soft skills. We also organize specialized trainings on the basis of teams’ specific needs.

Training figures			
Year	2019	2018	Change from 2018
Head count	1,300	1,090	+34%
Total training hours	101,187	89,870	+13%
Training hours per person	77.8	82.4	-16%
Total hours of in-class trainings	90,728	85,002	+7%
Total online (e-learning) training hours	10,459	4,868	+115%
Total training hours for pdm	24,636	17,104	+44%
Total training hours for manager below	66,092	72,766	-9%

3.3.B rewards and benefits

Apart from monthly wages, we provide numerous benefits to our employees including the following:



Car allowance or car (manager and above)



Childbirth allowance



Personal accident insurance



Group health insurance



Check-up (senior manager and above)



Certification awards (tax and audit: SMMM & CISA)



Meal allowance



Cell phone allowance (manager and above)



Company GSM



Car wash & fuel allowance / (manager and above)

3.3.C wellness of employees

In addition to their legal rights to paid leave, KPMG employees are granted an extra 10 days of paid leave every year. Moreover, we also encourage flexibility and mobility via home office.

▶ Global People Survey:

○ Employee Engagement Rate: 75% (2018 figure: 74%)

○ Participation rate: 56% (2018 figure: 74%)

▶ Absentee rate¹¹: 0.0017

Every year we ask our employees how they felt about working at KPMG

11 Applied formula: Lost work hours / total work hours in year (total number of employees*working days*8)

Sports and social clubs

All of our sports and social clubs enjoy the excitement of being a team outside the business as well as representing KPMG in the corporate leagues they participate in. This brings together KPMG employees in different departments and business areas to strengthen social networks. Our clubs also aim to be active in the field of social responsibility by supporting many associations with the leagues, competitions and marathons they participate in.



KPMG Turkey have joined Gender Equality Working Group of UN Global Compact Turkey.

3.3.D inclusion and diversity

Strong individually. Even better together.

Respecting individuality has been central to our approach to creating an environment that is free from discrimination, welcomes diverse opinion and safeguards the rights of each individual.

Inclusion and diversity – by promoting diverse thinking, a spirit of true collaboration and creativity – improve our approach to helping our clients achieve success, change and growth.

As KPMG Turkey, **we have joined the Gender Equality Working Group of UN Global Compact Turkey**. During 2020, the Working Group has initiated the Target Gender Equality Programme to fulfil target 5.5 under the 5th Social Development Goal. In this context, we have started working with other members of the group to mobilize the business community to define ambitious and realistic corporate targets to increase woman leadership at every level and areas of business.

In addition, we also conduct regular studies on the role of women in the business world. Breaking the Glass Ceiling (Kilidi Kırma) is a series of research conducted by KPMG Turkey, in partnership with Woman on Board Association (Yönetim Kurulunda Kadın Derneği), on the status of women managers in business. In 2019, research focused on the automotive industry. With the support of Automotive Manufacturers Association, KPMG Turkey interviewed 19 female senior managers working in the technology divisions of companies and organizations in the automotive industry, on their careers, achievements, the difficulties they face and work life balance.

Together with Breaking the Glass Ceiling (Kilidi Kırma) research process, a seminar program with the same name is carried out to share knowledge and experience with the participants in order to ensure equality between men and women, and to raise awareness towards placing a gender perspective in management levels. Breaking the Glass Ceiling Training topics consist of: Gender Based Inequality and Discrimination, Positive Discrimination, Gender Inequality in Management, Glass Ceilings, Queen Bee Syndrome, Work Life Balance, Being Responsive to Gender Equality, Gender Mainstreaming, Language Use and Attitudes and Behaviours.



KPMG supports #HeForShe to act against inequality

Recruitment policy: When hiring young professionals (new graduates) KPMG Turkey aims to maintain gender equality with a ratio of 50%.

#HeForShe – We support the global movement led by UN Women to encourage boys and men to act against the inequality faced by women and girls.

‘Our commitment to being inclusive isn’t a tactic. It’s a belief, a celebration of difference, & a moral imperative. It’s how we work and who we are’

WOMEN/KNOW

KNOW (KPMG Network of Women) coordinates initiatives focused on gender equality among our stakeholders. The aims of these initiatives include increasing the number of women in leadership, making the workplace more comfortable for women during and after pregnancy, and implementing policies and good practices relating to gender equality and women’s development, internally and externally.

People with disabilities/Buddies

Office adaptability: In KPMG Turkey, we strive to make our offices adaptable for our professionals with disabilities. For example, our elevators are equipped with audio direction and braille alphabet control panels and our office floor has braille directions.



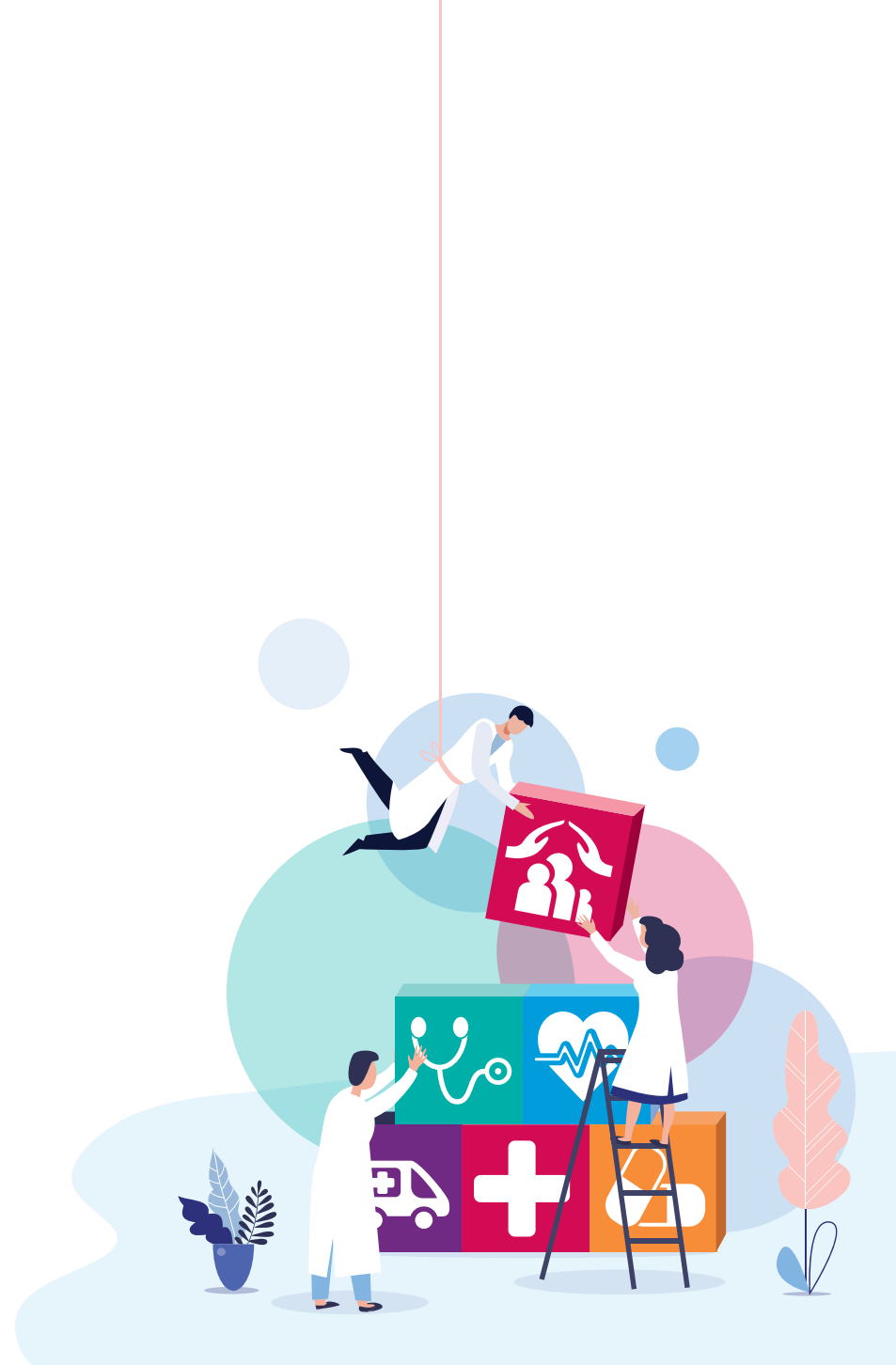
11 Applied formula: Lost work hours / total work hours in year (total number of employees*working days*8)

3.3.E occupational health and safety

As KPMG, we adopted a management approach that gives importance to occupational health and safety (OHS) and prioritizes quality and customer requirements, with continuous improvement that will enforce the laws and provisions.

Our OHS approach is as follows;

- To provide ergonomic, healthy and safe work environments by making a risk assessment to reduce and eliminate the risk of work accidents and occupational diseases,
- To provide a healthy working environment by making thermal comfort, lighting and noise measurements to prevent adverse conditions in the office,
- To determine the measures to be taken in the face of emergencies in the workplace with emergency plans and to ensure that these are reinforced through drills,
- To keep employee health under control through periodic examinations,
- To be ready for first response in emergencies, by planning first aid trainings,
- To provide trainings to improve occupational health and safety awareness in employees.



4. Financial capital

The value of the success we share with our stakeholders

Our financial performance grew stronger

4.1 Headlines

Revenue:

KPMG Turkey Audit Revenue in 2019: 123,646,893 TL (+ 21,550,712 TL on 2018)

- Revenue from statutory audit services: 115,804,185 TL
- Revenue from other audit services: 7,842,708 TL

KPMG Global 2019 Revenue: 29.75 billion USD (+6.2% on 2018)

KPMG Turkey’s financial capital value creation

KPMG Turkey capital	Value creation		
	For our professionals (people)	For our clients	For society
Financial Capital The value of the success we share with our stakeholders	Financial rewards for services	Investment in technology & knowledge that translates into superior performance	Giving back to communities through taxes, salaries, payments to suppliers & community investment

4.2 Management of assets

Strategic management – We capitalize on our partners’ expertise in management, strategic planning and scenario analysis to enhance our financial resilience.

4.2.A long-term vision

We direct our services to the sustainable development of our clients’ businesses.

Integrity and responsibility – We strictly adhere to the principles of integrity based on an effective and comprehensive risk and quality management system, which helps reduce the risks to which our business is exposed.

Our financial strength is anchored in the professionalism and integrity that underpins our management of KPMG in Turkey.

We want to remain a successful organization, but we want our success to return increasing value to our stakeholders.

That way, profit will always be something rightfully earned as a result of the value we create for society, and not an end in itself.

5. Social and relationship capital

Shared resources and knowledge creating value for our stakeholders and KPMG

5.1 Headlines

- ▶ Supported charities: Rainforest Trust UK, Turkish Education Volunteers Foundation, Tohum Autism Foundation, Kitap Koala,
- ▶ Civil society partners: Animal Rights Federation, Spinal Cord Paralytics Association, Turkish Foundation for Combating Soil Erosion, for Reforestation (TEMA), Community Volunteers Foundation (TOG)

KPMG Turkey’s social & relationship capital value creation

KPMG Turkey capital	Value creation		
	For our professionals (people)	For our clients	For society
Social & relationship capital Shared knowledge & resources creating value for our stakeholders & KPMG	KPMG pride, community engagement, membership of industry associations	Access to thought leadership & services aligned with our values & our approach of working shoulder to shoulder with clients, public trust	Pro bono services for social organizations, shared knowledge, promoting tax morality & compliance, sustainable value chains

5.2 Management

Our purpose calls for us to be of service to our stakeholders in a relationship based on professionalism, ethics & integrity that creates value for all parties.

To achieve this, we translate our professionals’ knowledge and expertise into dynamic and meaningful services that inspire our reputation and empower change in society.

Our volunteer leaders:



- Hakan Orhan: Turn to happiness
- Sinem Cantürk: Shelter visits
- İdil Gürdil: We are with children with autism
- Özlem Karahan: Ankara volunteers
- Funda Aslanoğlu: Turn to happiness
- Şirin Soysal: Don’t throw, donate
- Hakan Ölekli: Kitap Koala
- Nesrin Tuncer: Children Laugh
- Tayfun Pişirir: Izmir Volunteers
- Ümit Bilirgen: Coastal Cleaning
- Richard Betts: Rainforest Trust UK

We contribute in our community with a variety of campaigns and activities

5.2.A corporate social responsibility campaigns and activities

- **KPMG Climate Warrior Network:** We have established a network of Climate Warriors in financial year 2020 to raise awareness and funds for charity active in fight against climate change and environmental degradation as discussed further in the Natural Capital Section.
- **We support children with autism:** We collect our used toys in our sharing box at our office and donate them to children with autism.
- **Turn to happiness:** We partnered with Spinal Cord Paralytics Association of Turkey to raise funds for wheelchair donations.
- **Don't throw, donate:** We donated all defective and unused mobile phones, computer parts, electronic appliances (15 kg in total) to Turkish Education Volunteers Foundation.
- **KPMG Runners:** This year, KPMG Volunteers and KPMG Runners team ran for TEGV in Istanbul Marathon and Antalya Runatolia Run. With each step we take, we provided education support to 86 children in Siirt and Mardin for 4 years from 72 points where TEGV provides educational support to children. This year, KPMG team is proud to be one of the top 10 corporate teams which raised the biggest amount of donation for the Education Volunteers Foundation of Turkey.
- **Children laugh:** Children laugh is an ongoing project since 2013. We collect books, notebooks and stationery for the schools in need.
- **Shelter visits:** As part of our cooperation with Animal Rights Federation, we organized a shelter visit and fed animals at the Beykoz Forest.
- **Nursing home visit:** KPMG volunteers visited a nursing home to spend time together with the residents.
- **Kitap Koala:** Kitap Koala is a book selling site where you can support the treatment of stray animals by buying books. This year KPMG Staff donated books and volunteered at Kitap Koala's office in Nisantasi.¹²



12 [See KPMG 2019 Gönüllülük Raporu](#)

5.3 Global corporate citizenship support and initiatives

5.3.a Contributing to our stakeholders' development

Part of the expertise we have developed across the KPMG network to achieve excellence in service and ensure high-quality delivery is shared with our stakeholders through collaborations with the media, research and studies, and the forums and events we organize and sponsor.

[For more information, please see Our Approach to Stakeholder Engagement.](#)

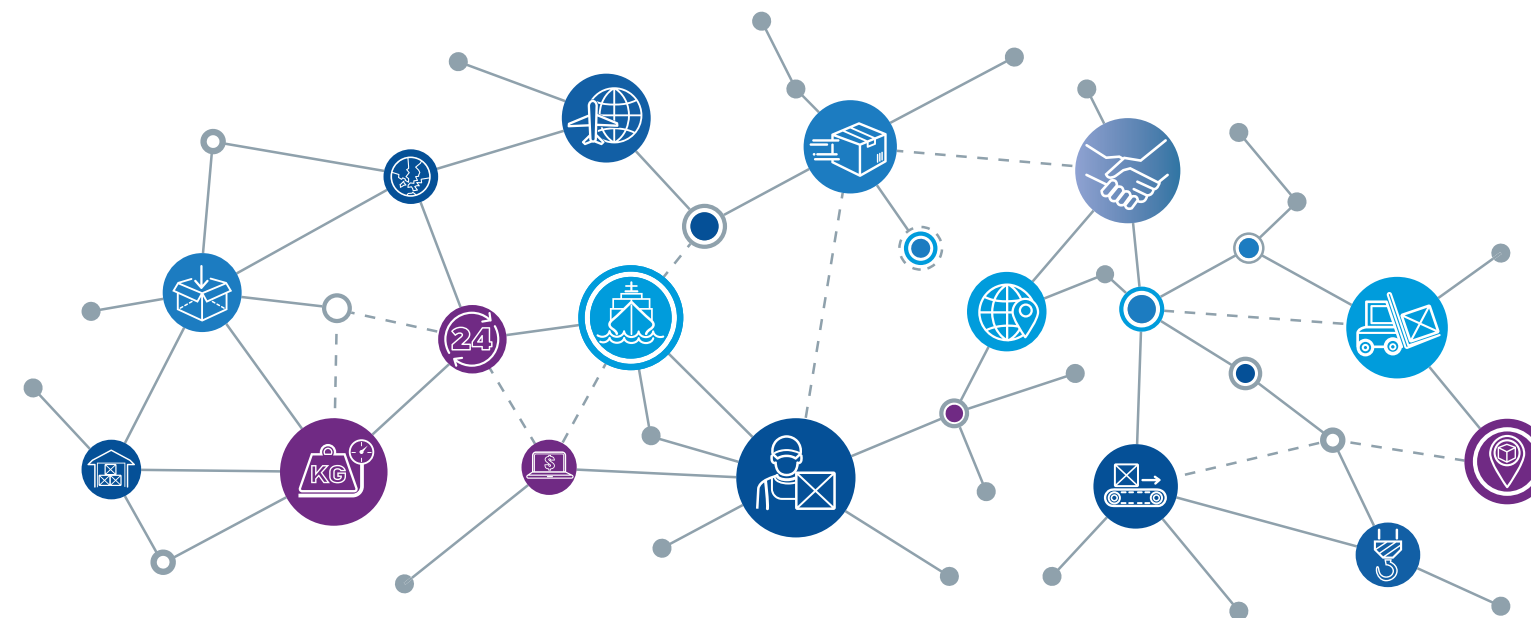
5.3.b Audit Committee Institute (ACI)

The [ACI](#) is a forum for disseminating best practice in corporate governance as well as political, economic, corporate, legal and tax trends affecting our business.

5.4 Supplier management

Responsibility across the value chain

Following the commitment, we undertook to the [UN's Guiding Principles on Human Rights](#), the subject of human rights has featured in KPMG's strategy, also in influencing relations with clients and suppliers. In 2015, KPMG global implemented a [Supplier Code of Conduct](#) to further deliver on our commitment to disseminating best practices. 2 years later, we implemented an online supplier management programme that will streamline processes and improve supplier relationships.



5.5 Memberships

Engaging around material issues

Globally, we are members of 58 trade associations and actively engage with regulators, where we share insights in debates or serve on boards, executive committees and working groups to further our professions and to ensure the sustainable development of our business.



- ▶ In Turkey, we are a member the following business and trade associations:
 - o TUSIAD (Turkish Industry and Business Association)
 - o YASED (International Investors Association)
 - o EGIAD (Aegean Young Business Association)
 - o IFA (International Fiscal Association)
 - o TEID (Ethics and Reputation Society)
 - o TKYD (Corporate Governance Association of Turkey)
 - o TIDE (The Institute of Internal Auditing - Turkey)
 - o TAYSAD (Automotive Suppliers Association of Turkey)
 - o TABA/AmCham Turkey (Turkish American Business Association)
 - o WTECH (Women in Technology Association)
 - o PERYÖN (People Management Association of Turkey)
 - o ERTA (Integrated Reporting Turkey Network)
 - o Cloud Security Alliance
 - o UN Global Compact Turkey
 - o Istanbul Japanese Association
 - o AHK (German – Turkish Chamber of Industry and Commerce)

5.6 Client relations

Dialogue and collaboration to build lasting relationships

Our relations with clients are underpinned by ethics and independence and are part of our basis for ensuring the quality of our work and the sustainability of the business. Beginning at onboarding, our relationships are supported by direct interaction between clients and professionals on the ground, satisfaction surveys and the various channels we have created to share the knowledge flowing through KPMG International’s network of member firms, such as research and publications, events and seminars.

6. Natural capital

Our commitment to leave the world
a better place than we found it



KPMG Turkey has become a certified CarbonNeutral® company by Natural Capital Partners, the leading experts on carbon neutrality and climate finance.

6.1 Headlines

KPMG Turkey is a certified CarbonNeutral® company by Natural Capital Partners, the leading experts on carbon neutrality and climate finance.

- KPI: 1,498 tonnes of carbon emissions reduced and offset to zero, through the use of I-RECs and carbon offsets in accordance with The CarbonNeutral Protocol

Total Impact of KPMG Climate Warriors (all events in financial year 2020):

- KPI: Area of protected rainforest: 12,145 acres (4,919 hectares – 49 km², approximately 24 times the size of the country of Monaco)
- KPI: Estimate for total stored Carbon (tCO₂e): 2.1m tonnes of carbon

KPMG Global – commitment to a low-carbon economy, Carbon Price Communique & the Paris Pledge for Action

KPMG Turkey’s value creation for natural capital

KPMG Turkey capital	Value creation		
	For our professionals (people)	For our clients	For society
Natural Capital Our commitment to leave the world a better place than we found it	Environmental awareness and engagement at home & at work	Sustainable business models, policies & procedures	Reducing emissions, improving resource efficiency

6.2 Management

We are keenly aware of our impact on the environment and the role we must play to reduce it. Environmental sustainability is an essential element of our business strategy. As a firm we’re focused on reducing our own environmental footprint, addressing local challenges where we operate through pro bono support and grants, and supporting clients by advancing their sustainability strategies. We work to raise awareness on key sustainability issues with our clients and other stakeholders through a wide range of ways including our consultancy, thought leadership, presentations and the Climate Warrior Network that we have established is another example.

We undertook a Global Environmental Commitment in 2008 (in line with our Code of Conduct) to our vision of leaving the world in a better state than we found it, to the principle of offering services which encourage more sustainable business models and to other national and international commitments to which we have subscribed.



6.3 Environmental management

Continual engagement helps to disseminate information and encourage changes in practices.

Our environmental footprint

Energy consumption (GJ)	
Natural gas for heating purposes	1,591
Company fleet diesel use	5,541.17
Company fleet gasoline use	616.93
Generator diesel use	61
Electricity consumption	1,824
Total	9,634.1
Water consumption (lt)	
Istanbul office	7,509,000
Ankara office	29,000
Izmir office	69,000
Total	7,607,000
GHG emissions (tonnes CO ₂ e)	
Scope 1	546.8
Scope 2	260.4
Scope 3 ¹³	689.9
Total (tonnes CO ₂ e)	1,497.1
Emissions Intensity (tonnes CO ₂ e/FTE)	1.15
Total emissions offset	1,236.7
Total emissions reduced through the use of I-RECs	260.4
Total net emissions after the use of offsets and I-RECs (for more information on offsets and I-RECs please see page 34-36)	0
Paper consumption (tonnes)	
Recycled paper	5.3

13 Scope 3 GHG emissions that are included are the categories shown above that are mandatory for reporting in line with The CarbonNeutral Protocol, the leading global framework for carbon neutrality.

KPMG’s Global Climate Response is aligned with the 17 UN SDGs and has evolved to ensure that the KPMG network as a whole reduces the environmental impact of operations and adopt efficient practices and technologies to contain the use of natural resources.

KPMG’s Climate Response

Pillars	Themes / Commitments	Strategies	Progress
Global Eco-Efficiency Targets 2020	Electricity – source 50% of our electricity from renewable sources	- Purchasing I-RECs - Invest in office efficiency and conduct awareness campaigns	— 100% of electricity need was met through renewable sources by purchasing I-RECs equivalent to 590MWh — Current energy efficiency measures at Istanbul office include the following: — Motion sensors are used for lighting in the office for energy efficiency. — Led luminaires are used in lighting and controlled by an automation system. — Building heating and cooling systems are automated and range between 22°C and 24°C. The system is managed by the building management and controlled by an automation system
	GHG Emissions – 10% reduction in net GHG emissions per FTE	Responsible commuting Reduce commuting through the use of technology Reduce and offset annual GHG emissions	1,498 tonnes of CO2e GHG emissions reduced and offset to zero, through the use of I-RECs and carbon offsets in accordance with The CarbonNeutral Protocol
	Responsible consumption – establish & monitor the performance of annual local targets	Energy efficient buildings – reduce consumption of water Responsible purchasing & Sustainable IT Reduce consumption of office materials & recycle waste materials	5.3 tonnes of paper recycled
Awareness Raising & Engagement	Sustainability & conscientious consumption – driving a change in mindsets and behaviours among our professionals towards sustainability	Organize regular & engaging events, campaigns & training covering all professionals Expand demand for sustainability services	• Climate Warrior Network established to raise awareness and funds regarding climate change and environmental degradation. • Regular presentations to internal teams and to our clients on the key sustainability challenges • Regular thought-leadership articles on key sustainability issues
Community & the market	Sustainability & conscientious consumption – encouraging our stakeholders to adopt sustainable practices & behaviour	Promote sustainability in our supply chain Collaborate with NGOs promoting sustainability Participate in global & national sustainability initiatives	In partnership with TEMA, we provided training to raise awareness about the importance of nature to 1,000 children. We donated 15 kg of electronic waste to TEGV for recycling.

KPMG in Turkey GHG emissions inventory

Scope	Description of sources	GHG emissions (tCO2e)	Weight of each scope in emissions (%)
Scope 1	Natural gas for heating purposes Company fleet (diesel and gasoline) Generator diesel use	546.8	37%
Scope 2	Electricity use	260.4	17%
Scope 3*	Business travels (including flights, taxi use and personal car use) Transmission and distribution losses Landfilled office waste Recycled office waste Recycled paper	689.9	46% *
Total		1,497.1	100%

*Note: The Scope 3 GHG emissions that are included are the categories shown above that are mandatory for reporting in line with The CarbonNeutral Protocol, the leading global framework for carbon neutrality. This is the first time KPMG Turkey has calculated and reported its carbon footprint including for Scope 3. In this context, emissions resulting from taxi use, personal car use, landfilled and recycled office waste were calculated over estimated figures. We have now started to work on expanding our carbon footprint to include a more complete inventory of Scope 3 GHG emissions.

For the carbon emissions that KPMG in Turkey was not able to avoid in 2019, we have purchased offsets and International Renewable Energy Certificates (I-RECs) to become certified as a CarbonNeutral® company. We have reduced 1,236.7 tCO2e GHG emissions representing 100% of our Scope 1, and Scope 3 emissions (for categories that are mandated by The CarbonNeutral Protocol) by purchasing offsets from Shanghai Cixi Wind project in China. We have also purchased I-RECs from wind energy projects in Turkey, equal to 590MWh, covering our total Scope 2 emissions. We have had our GHG emissions independently assessed by Natural Capital Partners, the leading experts on carbon neutrality and climate finance.



About Natural Capital Partners

With more than 300 clients in 34 countries, including Microsoft, MetLife, Logitech, PwC, Sky and Ørsted, Natural Capital Partners is harnessing the power of business to create a more sustainable world. Through a global network of projects, the company delivers the highest quality solutions which make real change possible: reducing carbon emissions, generating renewable energy, building resilience in supply chains, conserving and restoring forests and biodiversity, and improving health and livelihoods.

The CarbonNeutral Protocol was created and is managed by Natural Capital Partners. It was the first clear set of guidelines for businesses to achieve carbon neutrality back in 2002, and every year since then Natural Capital Partners has continued its commitment to providing a robust framework for clear, transparent and high quality carbon neutral action. The Protocol is updated annually with input from an Advisory Council of external experts to ensure it reflects the latest industry and scientific best practice.

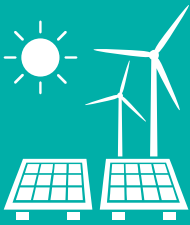


Information on offset project

Shanghai Cixi Wind, China

Project type: Renewable Energy

Standard: CDM



A joint venture between a Chinese and European manufacturer, the Shanghai Cixi Wind Project generates renewable electricity from wind resources in Hangzhou Bay. The project has installed 33 turbines, each of which has the capacity of 1.5 MW. The average annual generation is about 105 GWh and reduces emissions by 100,000 tonnes. The project generates greenhouse gas emission reductions by avoiding CO2 emissions that are produced by the fossil fuel fired power plants that dominate the grid. In addition to delivering emissions reductions to take climate action (SDG 13), the project delivers Affordable and Clean Energy (SDG 12): by generating renewable electricity the project furthers China’s current goal to supply 35% of the country’s electricity consumption with renewable sources by 2030.



Information on I-RECs

I-RECs are a type of Energy Attribute Certificate (EAC). The purchase of EACs enables companies to source renewable electricity to reduce their carbon footprints while supporting a technology that drives the transition to renewables. KPMG Turkey purchased 590 MWh of I-RECs covering its total electricity consumption thereby reducing Scope 2 emissions to zero.

KPMG Climate Warrior Initiative

KPMG Turkey has established the Climate Warriors Network and partnered with Rainforest Trust UK.

In recognition of what the science is telling us, KPMG has created a network of Climate Warriors to raise awareness and funds for charities active in the fight against climate change and environmental degradation. The network was established in Turkey during financial year 2020 and has now spread to include teams from across our member firms in Europe and Asia. KPMG has partnered with the charity Rainforest Trust UK and our total impact to date is summarized in the figures further down.

Why have we established a Climate Warrior Network?

- **Climate change** is frequently described as the **greatest risk to ever face humanity**.
- Recently many studies have rated climate-related environmental risks as being the top risks facing the global economy: e.g. this year’s World Economic Forum Report rated practically all of the top risks facing the global economy over the next 10 years as being climate-related environmental risks. In addition, KPMG’s 2019 Global CEO Survey identified climate change as the top risk to the economy.
- Environmental degradation greatly increases the risk of pandemics from zoonotic diseases like Covid-19. Without rapid decarbonization, **global warming will increase the risk of further pandemics under the current trajectory**.
- Tropical deforestation accounts for up to 15% of net global carbon emissions (of a similar magnitude to emissions from global transport sector or from the USA)
- **Saving rainforest has often been rated as amongst the most effective things a company or individual can do to balance their carbon footprint and fight climate change.**
- **The charity we have been supporting through our initiative, Rainforest Trust, has already secured protection for over 10 million hectares (over 100,000 km² or area larger than Hungary). As a result of the initiatives which took place over the course of the last year, KPMG Climate Warriors has now secured protection for around 12,000 acres (5,000 hectares) and locked in an estimated 2.1 million tonnes plus of carbon.**

KPI: Amount of rainforest protected (number of acres)

Total (all events in financial year 2020): 12,145 acres (4,919 hectares – 49 km², approximately 24 times the size of the country of Monaco)

More detail can be found on [our Climate Warrior Network website](#).

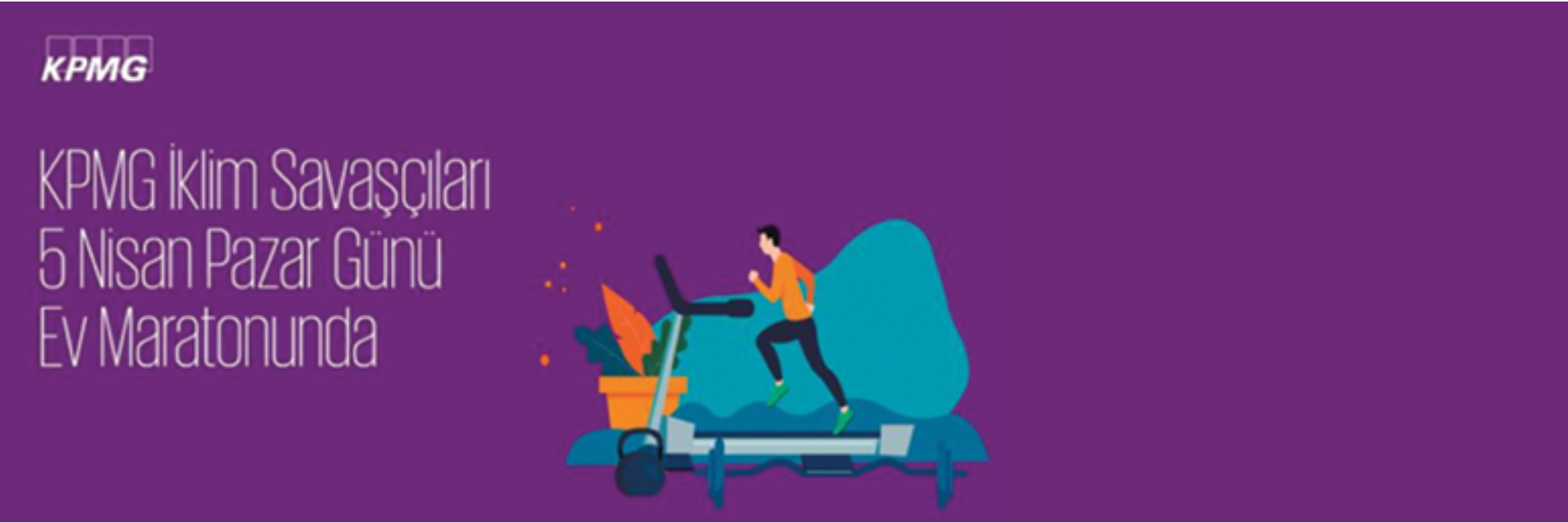
KPI: Estimate for stored carbon (tonnes of carbon equivalent, tCO₂e)

Total: 2.1m tonnes of carbon

At a global average the average citizen has annual carbon footprint of around 5 tonnes of CO₂e per annum (pre-Covid). Hence, the amount of rainforest protected is likely to include a similar amount of carbon to the amount emitted by 400,000 citizens (based on global averages).

The amount of carbon stored in tropical rainforest varies based on a range of factors such as density of vegetation and location. According to the external data used by Rainforest Trust, the estimated amount of carbon stored in an acre of rainforest is normally between 100-200 tonnes of carbon. Of the amount of rainforest protected by the KPMG Climate Warriors, as at June 2020, approximately 90% is in the Peruvian rainforest where the estimate of stored carbon is 186 tonnes of carbon per acre. More can be read on the project website: [Saving Indigenous Lands in the Amazon](#)

Example from KPMG Climate Warrior Activities



7. Referencing

7.1 GRI standards index and SDG mapping

GRI 102: General disclosures		
GRI title	Report section	Page number
102-1 Name of the organization	KPMG in Turkey	18
102-2 Activities, brands, products, and services	Intellectual Capital	21
102-3 Location of Headquarters	KPMG in Turkey	18
102-4 Location of operations		
102-5 Ownership and legal form	KPMG in Turkey Please also see our 2019 Transparency Report	18
102-6 Markets served	Types of service	21-23
102-7 Scale of the organization	KPMG in Turkey Financial Capital	18, 41
102-8 Information on employees	Human Capital	29
102-9 Supply Chain*	*Information not available	
102-10 Significant changes to the organization and its supply chain*	*Not applicable	
102-11 Precautionary principle*	*Not applicable	
102-12 External initiatives	Our Commitments	17
102-13 Membership of associations	Social and Relationship Capital	43
102-14 Statement from senior decision-maker	Message from our Country Managing Partner	9
102-16 Values, principles, standards, and norms of behaviour	Overview of KPMG	11
102-18 Governance Structure	For our audit services (as an example of our governance structure), please see our 2019 Transparency Report .	
102-40 List of stakeholder groups	Annex: Priority stakeholders and material issues	63
102-41 Collective Bargaining	Not Applicable	
102-42 Identifying and selecting stakeholders	Contributing to our stakeholders' development	45
102-43 Approach to stakeholder engagement		

102-44 Key topics and concerns raised	Not applicable		
102-45 Entities included in the consolidated financial statement	KPMG in Turkey	18	
102 46 Defining report content and topic Boundaries	Foreword	7	
102-47 List of material topics	Materiality Matrix, Material Topics	64-65	
102-48 Restatements of information*	*Not applicable (This is the first sustainability report of KPMG Turkey)		
102-49 Changes in reporting*	*Not applicable (This is the first sustainability report of KPMG Turkey)		
102-50 Reporting Period	Foreword	7	
102-51 Date of the most recent report*	*Not applicable (This is the first sustainability report of KPMG Turkey)		
102-52 Reporting Cycle	Foreword	7	
102-53 Contact point for questions regarding the report			
102-54 Claims of reporting in accordance with the GRI Standards			
102-55 GRI Content Index	Referencing	59-61	
GRI 201: Economic performance (2016)			
GRI title	Report section	Page number	Relevant SDG
201-1 Direct economic value generated and distributed	Financial Capital	41	
201-2 Financial implications and other risks and opportunities due to climate change	Climate-related risks and opportunities, Sustainability risk management	15-16	
GRI 205: Anti-Corruption (2016)			
GRI title	Report section	Page number	Relevant SDG
205-1 Operations assessed for risks related to corruption	Quality and risk management procedures	24	
205-2 Communication and training about anti-corruption policies and procedures	QRM Trainings	26	
GRI 304: Biodiversity (2016)			
GRI title	Report section	Page number	Relevant SDG
304-3 Habitats protected or restored	KPMG Climate Warrior Initiative	55	 

GRI 305: Emissions (2016)			
GRI Title	Report section	Page number	Relevant SDG
305-1 Direct (Scope 1) GHG emissions	KPMG in Turkey GHG emissions inventory	53	  
305-2 Energy indirect (Scope 2) GHG emissions			
305-3 Other indirect (Scope 3) GHG emissions			
305-4 GHG emissions intensity	Our environmental footprint	51	
305-5 Reduction of GHG emissions	KPMG's climate response	52	
GRI 403: Occupational health and safety (2018)			
GRI title	Report section	Page number	Relevant SDG
403-1 Occupational health and safety management system	Occupational health and safety	38	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
403-8 Workers covered by an occupational health and safety management system			
GRI 404: Training and education (2016)			
GRI title	Report section	Page number	Relevant SDG
404-1 Average hours of training per year per employee	Employee training	33	
404-2 Programs for upgrading employee skills and transition assistance programs	Employee Training, QRM Trainings	26	
404-3 Percentage of employees receiving regular performance and career development reviews	Performance development	30	
GRI 405: Diversity and equal opportunity (2016)			
GRI title	Report section	Page number	Relevant SDG
405-1 Diversity of governance bodies and employees	Headcount key stats	29	  
GRI 413: Local communities (2016)			
GRI title	Report section	Page number	
413-1 Operations with local community engagement, impact assessments, and development programs	Annex: Priority stakeholders and material issues, Social and Relationship Capital	63 43	

Annex: Priority stakeholders and material issues

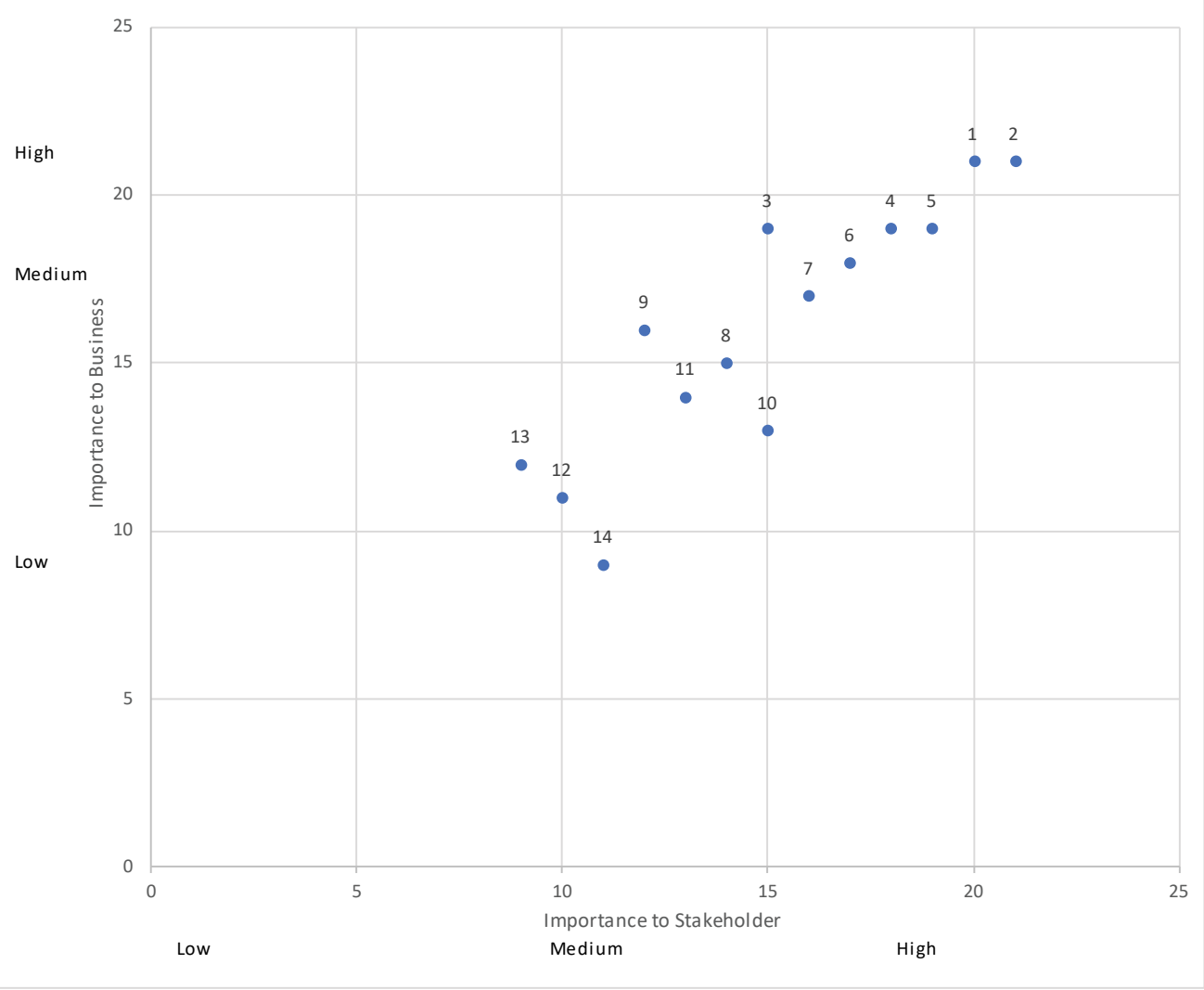
Priority stakeholders and material issues

Our business ecosystem is shaped by our relations with stakeholders and the regulations and practices governing the markets in which we operate. We are continually in search of new ways of engaging with our stakeholders to understand their needs, expectations, potential and limitations and where they interact with our own guiding principles. Our Sustainability Report reflects this engagement process by addressing issues deemed material by our stakeholders. These issues are identified in feedback received from our stakeholders such as satisfaction surveys and have then been used to update our Materiality Matrix. In this report, material issues are structured in accordance with the Capitals Framework developed by the International Integrated Reporting Council (IIRC). An analysis of our key stakeholder groups is shown in the table below and of our material topics in Materiality Matrix.

Stakeholder analysis: Relevance and engagement methods

Stakeholders	Their relevance for us	Methods of engagement
Clients	First users of our services	Client satisfaction survey, sector reports, function reports, services reports, sector and service specific events with clients to provide detailed information on KPMG services, panels at KPMG events. Regular communication during and after projects.
Employees	Provide the necessary knowledge and skills to deliver our services.	Key methods include regular employee events, regular correspondence by people communications team, on the job trainings, performance and development evaluation procedures, Global People Survey, orientation meetings with newcomers, internal newsletters.
Shareholders (Partners)	Engagement leaders and providers of financial capital	One-on-one and team meetings, podcasts
The media	A vital channel for us to screen and keep our reputation and public trust	Articles and interviews by KPMG experts for sector magazines and reports, TV and radio channels; social media communication, press releases, brochures, service specific reports, KPMG publications such as Gündem and Bakış published every quarter and an annual report "Sektörel Bakış.
Government and regulatory authorities	Set the legislative and regulatory context in our service area	Audits by Public Oversight Accounting and Auditing Standards Authority and regulatory consultation
Competitors	Provide a benchmark and help us to raise sector performance	Media screening, market research
Professional bodies and academia	Provide us insights on new standards and trends as well as service collaboration	Active participation in working groups and committees of professional bodies (such as TUSIAD and SKD), project-based collaboration with academics, career events at universities to attract new talent.
Suppliers and business partners	Provide us the products and services which are necessary for us to continue our operations	Ongoing engagement during normal business activity, supplier reviews
Civil society	Help us to make sure that we fulfil our responsibilities to the society	Regular events, activities and year-round communication with partner NGOs (such as HAYTAP, Tohum Otizm Vakfı, TEGEV, TEMA), events to bring employees and partner NGOs together to encourage volunteering.
Alumni	Help us to spread KPMG values and standards	Social media (alumni group on linked in), mail groups to communicate achievements of previous KPMG employees, summer welcoming event

Materiality matrix



Materiality matrix	Materiality Issue
1	Public trust and reputation
2	Covid-19
3	Biodiversity Loss
4	Privacy and Data security
5	Climate Change
6	Quality and risk management
7	Integrity, ethics and independence
8	Client satisfaction
9	Talent development and training
10	Economic performance
11	Investment & Innovation
12	Regulatory change
13	Giving back to communities
14	Diversity

Material Topics

Material topics	GRI reference	Matrix references	KPI
Economic performance, investment & innovation	GRI 201 Economic Performance	10 and 11	Revenue, assets
Public trust and reputation, Integrity, ethics and independence, regulatory change	GRI 205 Anti-corruption	1,7 and 12	Number of awards, media coverage,
Biodiversity loss	GRI 304 Biodiversity	3	Amount of protected rainforest
Climate change	GRI 305 Emissions	5	GHG Emissions, Energy consumption Paper consumption Amount of protected rainforest
Covid-19	GRI 403 Occupational Health and Safety	2	Occupational health and security procedures
Talent development & training	GRI 404 Training and Education	9	Professionals who received formal performance feedback in the year. Total Training Hours,
Diversity	GRI 405 Diversity and Equal Opportunity	14	Female employees in workforce, female executives
Giving back to communities,	GRI 413 Local Communities	13	Supported charities, Corporate social responsibility campaigns and activities, Global corporate citizenship support and initiatives
Privacy and data security, quality and risk management	GRI 418 Customer Privacy	4 and 6	Quality and Risk Management Procedures (QRM Trainings)
Client satisfaction	N/A	8	% of Clients Who Would Recommend Our Services

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