



KPMG Turkey Sustainability Report

For reporting period
1 October 2019 to 30 September 2021

KPMG Turkey

kpmg.com.tr



Contents

3	About The Report	4	Message from our Country Managing Partner
6	KPMG Global and Turkey	10	Key Highlights
13	Our ESG Journey	21	KPMG Turkey Management Systems
35	Intellectual Capital	41	Human Capital
57	Financial Capital	59	Social and Relationship Capital
67	Natural Capital	79	Annex
83	UNGC Principles Table	85	CarbonNeutral Certificates

About the Report

We are pleased to publish our second Sustainability Report for FY20 and FY21 together. We are proud to be one of the KPMG offices which issue ESG Report. Our report covers the term from October 2019 to September 2021 and has been prepared in accordance with the international sustainability standards and guidelines, including GRI standards (Core Option) and UNGC Early Adopter Programme. We have prepared our report based on IR principles and IIRC Integrated Reporting Framework with our value thinking approach and includes key IR concepts around value creation and IR capitals.

This report has been created with the combined effort of the KPMG Turkey ESG Committee and the active involvement of our business partners from different departments, led by our Sustainability Services team.

In this report, we describe key highlights of the 2 years, illustrating our firm's social, environmental, and economic performance and impacts. We hope you find our report interesting and informative.

We welcome your valuable feedback to improve our ESG performance. Please share your suggestions and feedback on the following link:
tr-fmmarkets@kpmg.com

Sustainability Services Department & ESG Committee
KPMG Turkey

Message from Our Country Senior Partner

Dear Stakeholders,

I am happy to share KPMG Turkey's second Sustainability Report with you, which has been prepared in accordance with international sustainability standards and guidelines including the GRI Standards (Core Option) and United Nations Global Compact (UNGC Principles) for our financial years 2020 and 2021. On behalf of KPMG Turkey, I am delighted to share that we are one of the leader leader professional services firm in Turkey that publishes regularly sustainability reports.

With a mission to inspire confidence and empower change, KPMG has ever been conscious of expanding its impact on businesses and communities all around the world. With this commitment, sustainability imbues all our activities and operations; thus, we remain resilient in a world with growing challenges, complex problems, and an ambitious race for innovation.

From this perspective, the years 2020 and 2021 were exceptionally challenging for the entire world, as the social and economic peaks of the COVID-19 pandemic affected billions of people and millions of businesses globally. During 2020 - 2021, the pandemic continued to exert its impact on social, economic, and commercial life on a global and national scale. Despite global vaccination efforts that have been supporting the normalization process, risk of new variants have remained a priority on the global agenda. In addition to risks and uncertainties caused by COVID-19 pandemic, central banks focus on increasing liquidity, climate change related disasters alongside social and political unrests in different parts of the world were other significant economic and political issues that defined 2021.

In recent years, the world has become more familiar with the disruptive consequences of the climate crisis. Governmental organizations, NGOs, industries, and markets are taking robust actions to combat these emerging risks.

As KPMG Turkey, we are aware of the detrimental effects of climate change on all living creatures and ecosystems; therefore, we not only focus on supporting our clients in this area, but we also aim to track the environmental impact of our services and enhance our mitigation strategies.

In KPMG, we believe that sustainability is not defined by mission statements alone, but also by bolder actions and commitments that follow. The result of this principle was KPMG's Impact Plan, which has defined its commitments around environmental, social, and governance (ESG) and holding all KPMGers around the world accountable for progress towards a more sustainable future. The ESG structure of our company, which was determined to be an uncompromising priority backed by a multi-billion-dollar investment, is shaped around four categories - Planet, People, Prosperity and Governance - enable us to support our clients' ESG journeys with our trained staff and global expertise.

All of these commitments are also the moral and strategic compass for KPMG in Turkey. We operate in line with the UNGC principles, of which we have been a signatory since 2019 and joined the Early Adopter Programme this year.

November 2021 became a milestone for Turkey with the ratification of Paris Climate Agreement, which was entered into force in 2016. As KPMG Turkey, our total GHG emissions in all scopes were 1,914.4 tonnes of CO₂e and offset the remaining to zero through carbon offsetting projects and preferring renewable energy resources for electricity supply (purchasing I-RECs) in accordance with The CarbonNeutral Protocol.

In the wake of our global Inclusion, Diversity and Equity (IDE) Collective Action Plan, we have taken important steps toward gender diversity with females representing 49% of our workforce of around 1,700 people and 41.4% of our executive team. We are committed to strengthening our mission to support our global initiative for women by filling more than one-third of leadership roles with women by 2025.

In Turkey, our innovative and original solutions and relentless passion to drive business change, helped us become the leading company in all our service offerings. The year 2021 also witnessed KPMG Turkey's establishment of the largest technology and digitalization team in its field, which enabled us to guide our clients from various industries and to shape and manage their digitalization strategies. Our journey to transform into a technology consultancy company that provides services with its own products under our "asset-based consulting" strategy continues rapidly and decisively. Additionally, As KPMG Turkey, we continued to provide sustainability solutions that included setting ESG strategies, structuring decarbonization roadmaps, calculating GHG emissions, reporting their ESG performance and providing sustainability assurance.

Financially, 2020 and 2021 were another successful years for the firm; one key accomplishment was that we increased the revenues by 24% and 23%, respectively. Similarly, we were able to offer jobs to many more professionals and by year-end the number of full-time staff had increased by 7% to 1,462. In that way, as KPMG Turkey, we are creating opportunity and value for the society we live in by creating jobs and improving capability and skills of our employees with the trainings we provide for them.

It would not be possible to achieve all of these achievements without the devoted efforts of our talented team in our offices. As a "People's Company" our first and foremost priority was always the well-being of our staff during the COVID-19 pandemic. With the introduction of new wellbeing initiatives including a hotline for psychological counseling, extended healthcare insurance, wellbeing seminars, continuous training for career development, and financial support, we tried to maintain our collective solidarity and have been proud to see the positive outcomes.

Our greatest strength in the face of this rapid change in the world is the trust we have in each other. At KPMG, we recognize that trust is always earned through integrity, perfection, courage, unity and striving for the better as we are committed to the highest standards of professional conduct in everything we do.

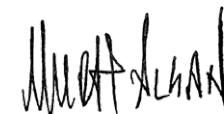
We are firmly committed to adhering to the ten principles of the United Nations Global Compact (UNG) related to the environment, human rights, labor and workplace rights, and anti-corruption measures. We will continue to track our progress, improve our performance against these UNGC principles and include our ESG performance results and practices in our sustainability report.

I hope all our stakeholders enjoy reading this publication, and hope you find our report useful, inspiring, and informative.

Kind regards,

Murat Alsan

KPMG Turkey
Senior Partner



KPMG Global and Turkey

145
COUNTRIES

4
OFFICES



Since 1982

We are with you. KPMG is one of the oldest auditing, tax and consultancy companies in Turkey.



Audit and Assurance Services



Tax Services



Advisory Services

We have
ISO 27001
Information Security Certificate
in all our offices.

4000+

Clients

Between 2020 - 2021
23%
growth



Number of employees
increased significantly
in 7 years

Top 3



We have always been in the top 3 in growth for
the last 4 years among country offices included
in the global KPMG network.

2019

Erdikler YMM and KPMG YMM
merged under the umbrella of
KPMG Turkey.

2020

Bursa office started operations.

2021

The consultancy department was
divided into two as "Deal Advisory"
and "Consulting".

KPMG Turkey

As one of the four largest international companies in the audit, tax, and advisory services sector, KPMG has been providing consultancy services since 1867. With its member firm network and over 236,000 employees in 145 countries, KPMG Turkey has worked with clients in countless sectors, ranging from financial services, consumer products, automotive and industrial manufacturing to food, retail, energy, telecommunications, and chemical industries. KPMG Turkey has also provided services with more than 1,668 employees to more than 4,000 companies from every sector since 1982 through its Ankara, Izmir, and Bursa offices along with its head office located in Istanbul, offering solutions that create value for the industries in a competitive market.

We, as KPMG Turkey, strive to create added value for our clients and the world by transforming realities and trends into knowledge and expertise in a rapidly transforming world. We shape institutions' growth with innovative and original solutions, enable them to make faster and more accurate decisions with the power of the largest technology team in the field, and guide them on their digital strategies.

Our Business

KPMG Turkey is part of a global network of professional services firms providing audit, tax, and advisory services to a wide variety of public and private sector organizations. KPMG's organization structure is designed to support consistency of service quality and adherence to agreed values wherever the member firms operate.

We operate at 4 offices across Turkey and had an average of 1,668 personnel for the year that ended on 30th of September 2021. Our audit services in Turkey are delivered through KPMG SMMM (Certified Public Accountant). Full details of the services offered by KPMG SMMM can be found on our [website](#)².

Our Vision

To be “the clear choice” in professional services for our clients, for our people, and for the communities we work in Turkey.

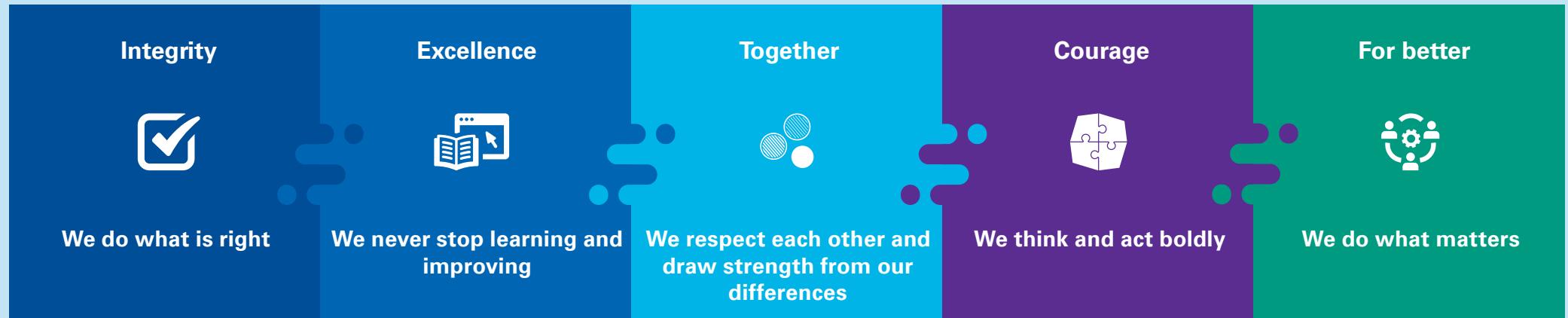
Our Ambition

To be the number one multi-disciplinary professional services firm in Turkey

² <https://home.kpmg.com/tr/en/home.html>

8 KPMG Turkey FY20-21 Sustainability Report

Our Values



Do work that matters: Every day, in ways big and small, we make a meaningful and positive difference for clients, people, and the communities we serve. We help create opportunity in a world with increasing complexities.

Come as you are: Our unique experiences and perspectives belong here. Both individually and as a team, we'll understand and value the differences that lead to stronger insights and innovation.

Thrive with us: We build relationships with colleagues who take care of each other. We'll have the KPMG community at our side, providing the support we need to be at our best and create opportunities for ourselves and others.

Learn for a lifetime: We grow our way in an environment where learning is continuous. We feed our curiosity, work with the best on emerging practices and technologies, and gain an advantage for life.

Make your mark: Our aspirations and initiative make KPMG better. Wherever we work, be recognized for the impact we make, the leadership we show, and the success we create with others.

Key Highlights



Environmental Performance

Awareness, environmental efficiency & carbon neutrality

KPMG Turkey became a certified CarbonNeutral® company

- **FY20: 1,034.13**

- **FY21: 880.27**

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



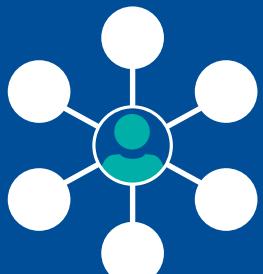
Financial Performance

Maintaining strong growth

- KPMG Turkey
 - o Net Total Revenue increased by **24%** in FY2020.
 - o Net Total Revenue increased by **23%** in FY2021.

- KPMG Global

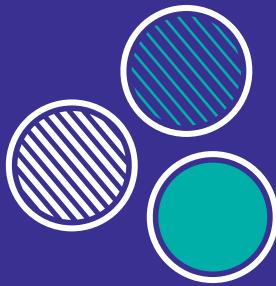
- o 2020 Revenue: **29.22 USD billion** (loss wrt. 2019 -1%)
- o 2021 Revenue: **32.13 USD billion** (growth wrt. 2020 9%)



People

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

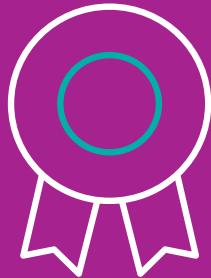
- Number of professionals in 2020: **1,409** (growth wrt. 2019 **8.38%**)
- Number of professionals in 2021: **1,668** (growth wrt. 2020 **18.38%**)



Diversity

Strong individually, even better together

- **49%** of our employees are female
- **130** women in leadership positions, representing **41.4%** of all leadership positions.



Recognition

Building trust in us as the clear choice

- **88%** of clients stated that they would recommend KPMG services
- The media trust our insights: KPMG Turkey was consulted as a source for **184** TV and radio broadcasts, **3,638** printed, and **34,286** digital publications.
- Number of awards (in Turkey): **4**



Community Investment

Sharing resources & expertise for the development of a broader society

- KPMG Climate Warrior Network has worked to raise funds for tackling climate change and environmental degradation during FY20 as explained in Environmental Performance.
- More than 14 projects undertaken during the FY20 and FY21 that covered a wide range of community investment activities.



ESG Investment

- We invested **600,000 TRY** for ESG programs in FY21.



Our ESG Journey

Our Impact Plan by KPMG Global

After going through an unprecedented year with the pandemic, the world is still facing grievous challenges. The inequality and unemployment have risen more dramatically than ever while the world faced the destructive consequences of the climate crisis, forest fires, floods, and other related natural disasters. As KPMG, we believe the ways of dealing with these exigent problems are cooperation and collaboration as well as willingness to do what is right across all parts of society, including business. Hence, our goal to making a positive impact on the world has burgeoned even more. In order to fulfil our responsibility in these areas, we have gathered our firm's environmental, social, and governance (ESG) commitments under one roof: Our Impact Plan. Using our values as a guide, Our Impact Plan shapes our commitments and actions across four important categories: Planet, People, Prosperity, and Governance. We've approached this plan by reviewing our collective commitments including our carbon footprint, renewable energy usage and inclusiveness. Our Impact Plan demonstrates the commitments we make on our way to become a better business as well as proclaiming these commitments to the United Nations (UN) Global Compact Principles and the UN Sustainable Development Goals. Our Impact Plan has been released by KPMG Global in the beginning of 2021 and update of 2022 has also been published.

In line with Our Impact Plan, we work to improve positive impact on Planet, People, Prosperity, and Governance;

Planet: Due to the human activities, the world is facing global crisis such as climate change, pollution, deforestation and other related issues pressuring the planetary boundaries. KPMG Turkey have also acknowledged KPMG Global's **Net-Zero Goal** and committed to reduce our **GHG emissions by 50%, a commitment that is aligned with Science Based Targets initiative (SBTi) targets.**

People: We're taking important steps toward gender diversity with **females representing 48.4%** of our people in KPMG Global, and **49% in KPMG Turkey.** It is our intention for women to fill more than one-third of leadership roles by 2025. We're also developing guidance for our member firms around the world to help ensure their processes meet our human rights commitments.

Prosperity: KPMG has prioritized ESG topic in its agenda and, thus has a plan to spend more than **US\$ 1.5 billion to focus on the transformation of its ESG** agenda. As KPMG Turkey, we are a part of this investment. Climate risk assessment tools and the ClimateIQ will be used to help accelerate our clients' ESG journeys.

KPMG Global actively participates in these initiatives and as a part of this global network, KPMG Turkey leverages these initiatives and collaborations. Additionally, we also engage with national and international initiatives in Turkey. Detailed information is given in the Social and Relationship Capital section.

It is our responsibility to shape and lead the fight against these critical issues that the world is currently facing. Our drive and expertise will make a difference by creating inclusive and fair workplaces, driving sustainable and purposeful growth for our clients, building trust in and harness the power of the capital markets to spur needed innovations, empowering the most disadvantaged in our communities, helping preserve our planet so future generations can thrive and many other ways.

Governance: Our work with the **WEF**, to set the IBC metrics for ESG reporting, is one example of how we're using our experience and knowledge to help shape the future of sustainable business. We've played a role at the **International Integrated Reporting Council (IIRC)**, the **Financial Stability Board's (FSB) Taskforce on Climate-related Financial Disclosures (TCFD)** and the **Taskforce for Nature-related Financial Disclosures (TNFD)**.



United Nations
Global Compact

United Nations Global Compact

As KPMG Turkey, we are a member of "Environment", "Sustainable Finance", "Gender Equality", and "Diversity & Inclusion" working groups at Global Compact Turkey. We became signatory to the UN Global Compact in 2019. We committed to meeting fundamental responsibilities in four areas: human rights, labour, environment, and anti-corruption.

For accountability, we produce an annual Communication on Progress (CoP) to the UN Global Compact that outlines our efforts to operate responsibly and support society. UN Global Compact posts these communications on its website. This year, by being a part of the UNGC Early Adopter Programme, we have become one of the leading companies from Turkey which has adopted this programme. This report has been prepared [based on the questionnaire](#), which will be published on the UNGC website.

KPMG Turkey Governance

In KPMG Turkey, the Board of Directors focuses on strategic management matters and organizes shareholder meetings at least four times a year. The constitution of the Board is determined by the Board of Directors. Members of the Board are selected by partners at most for four years (regenerable once). The Board meets from time to time to undertake certain statutory duties for KPMG SMMM (including approving the annual accounts, the transparency report and ESG Report).

In addition to the Board, there are three main bodies that deal with key aspects of governance within the group. These are – The Management Team (MT) – The Audit and Risk Committee – The Nomination and Remuneration Committee.

Details about the roles and responsibilities and composition of each of these key bodies are available in KPMG Turkey Transparency Report. [Transparency Report 2020](#).

The Management Team is the management and oversight body of KPMG Turkey. The main responsibilities of the Management Team include decision and approval of overall strategy, policies, and procedures including ESG topics. Management of executive decisions for KPMG Turkey is undertaken by the Management Team, which meets regularly (minimum twice in a month) and is chaired by the Senior Partner. The Management Team consists of Senior Partner, Head of Quality and Risk Management, Head of Audit, Head of Advisory, Head of Tax, Head of Clients and Markets, Chief Operating Officer, Head of Performance and Head of People according to the governance structure. Due to the recent changes in the MT structure, Head of Performance seat has been removed while Legal Counsel chair has been added. Since 1st of October 2020, Chief Operating Officer and Legal Counsel seats have not occupied in the MT.

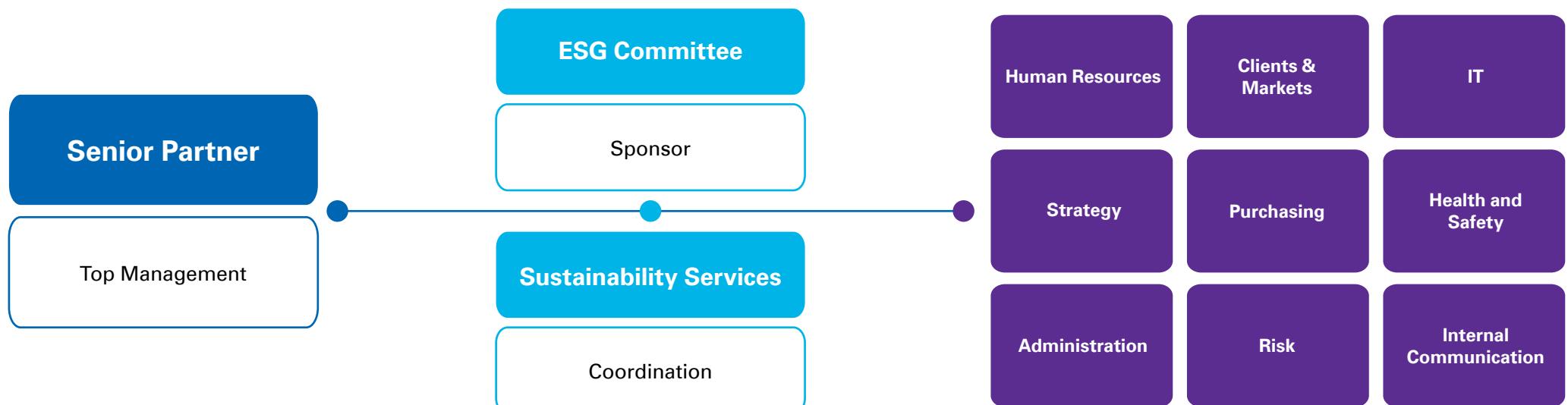
KMPG Turkey ESG Committee

The ESG Committee was founded in January 2022 with the aim of aligning KPMG Turkey with KPMG's global decision on prioritizing ESG. We aim to tackle actions comprehensively and efficiently with committee members from relevant departments to minimize ESG impacts of KPMG Turkey services and activities.

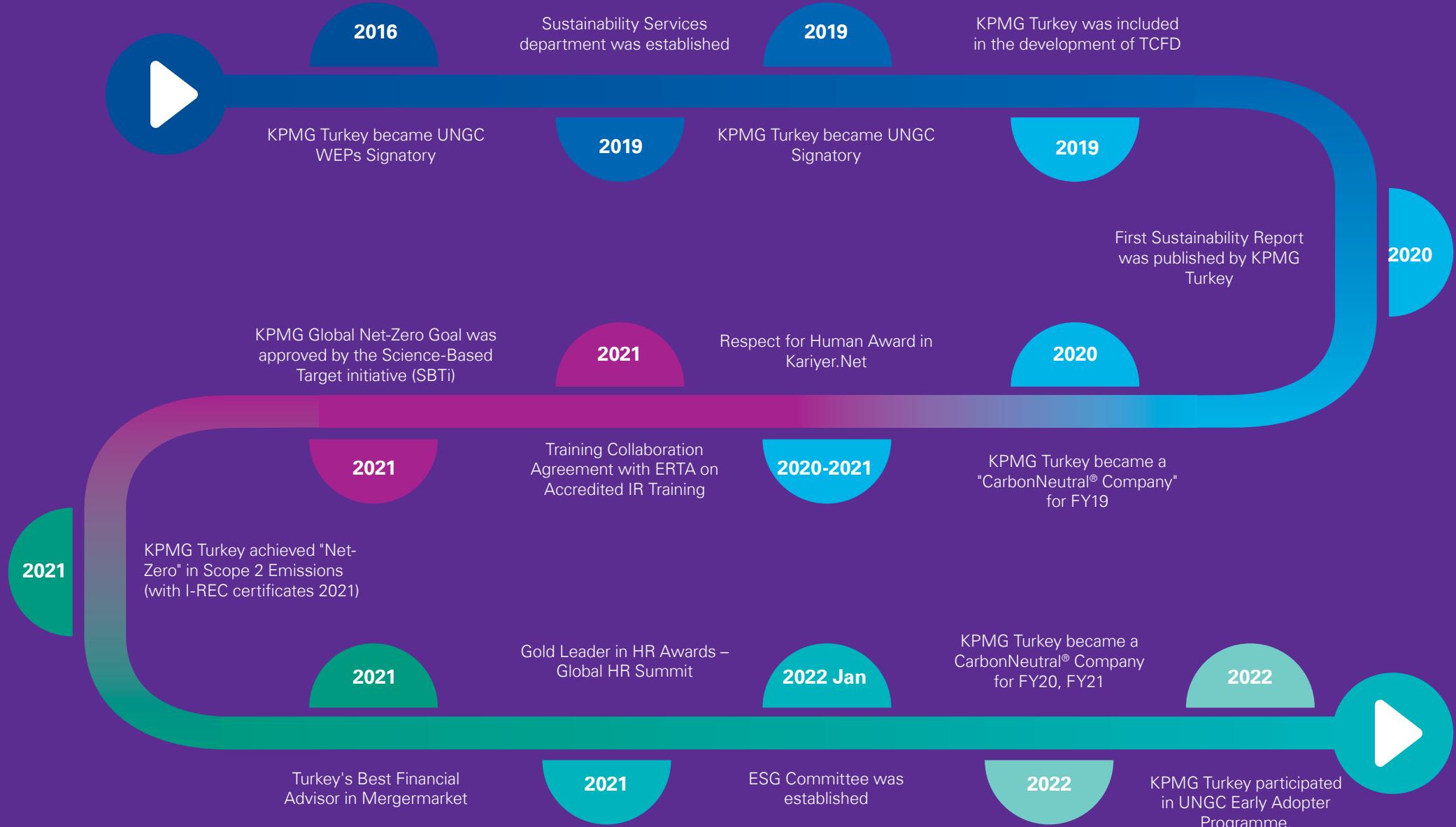
The committee consists of a chair from board (CFO) and members from Sustainability, Risk, HR, Purchasing, Communication and Marketing, Internal Communication, IT, Administration, and Occupational Health and Safety departments. The purpose of leading the committee by a senior executive is to manage risks and opportunities in ESG issues from the top level and to reach all levels of the company with management support.

The working team focuses on current activities of KPMG Turkey on ESG, suggesting ESG Policies and goals to the MT, implementing KPMG's "Our Impact Plan" requirements in the organization, investigating and determining methodologies and activities for GHG emission reductions, Net Zero Goal actions towards 2030, facilitating collaborations among departments, raising awareness and changing daily habits in the workplace. The committee comes together monthly and discusses the current agenda.

Progress in the studies of the committee's activities is reported monthly to the chairman. The chairman supports the committee activities and puts these initiatives on the agenda of the senior management. Each member of the committee is responsible of supporting company goals, contributing approaches, as well as enhancing methods and implementing the decisions based on their departmental processes. The Sustainability Services team of KPMG Turkey coordinates the committee studies, follows up on trends and expectations in local and global markets, and aligns the actions with KPMG Global Our Impact Plan requirements.



Our ESG Journey





SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

KPMG's climate targets validated by the SBTi

KPMG announces to become Net-Zero by 2030

Our Impact Plan 2022



Our Targets



Intellectual Capital

We aim to be effectively be aligned with the International Standard of Quality Management standard (ISQM 1) until 15th of December 2022.

We aim to achieve an attendance rate of **80%** for e-learning training and **100%** for QRM training. As KPMG Turkey, we aim to increase the positive impact that we engender in businesses and markets as well as having an approach that serves the Sustainable Development Goals. We intend to transform our intellectual capital into social benefit with purposeful goals.

- **140,000** hours training goal by 2022.



Human Capital

We aim to increase our women's employment rate up to **50%**. Our current rate is already **49%**.

50% female executives' rate on MT. Our current female executive rate is **33%**.

Zero Occupational Incident. We have already achieved this target for FY20 and FY21.



Financial Capital

Digitalization Investment goal is **3%** of revenue

Our ESG investment target for FY22 is about **850,000** TRY.



Social and Relationship Capital

5% of employees will be participating in volunteering programs by 2025.

Zero Non-Conformity for ISO 27001 Standard System.



Natural Capital

Net Zero Target: We aim to reduce our GHG emissions by **50%** by 2030 with 2019 as the base year. This target has been validated by SBTi.

We support and promote green economy transition. Hence, our policy is to purchase electricity from renewable resources. We aim to achieve **100%** renewable energy usage.

Achieve '0 Plastic Waste to Landfill' by 2025.



KPMG Turkey Management Systems

Internal System of Quality Control

Quality control system is a significant part of our management systems. Tone at the top, leadership, and a clear set of “Values and Conduct” are essential to set the framework for quality. However, these must be backed up by a system of quality control that ensures our performance meets the highest professional standards. To help all audit professionals concentrate on the fundamental skills and behaviours required to deliver a quality audit, KPMG has developed the Audit Quality Framework, based on International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements. Both are relevant to member firms that perform statutory audits and other assurance and related services engagements. KPMG International has quality control policies that apply to all member firms. These are included in KPMG’s Global Quality & Risk Management Manual (GQRMM) which applies to all KPMG personnel. KPMG SMMM is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls. These policies and associated procedures are designed to assist member firms in complying with relevant professional standards, regulatory and legal requirements, and in issuing reports that are appropriate in circumstances, as well as assisting member firm personnel act with integrity and objectivity and perform their work with diligence.

For more information: [Transparency Report 2020](#)

International Standard of Quality Management (ISQM 1)

Quality and integrity are the foundation that strengthen all areas of our business. While building a strong culture of consistency and accountability, we established our quality management system which is a never-ending focus for us as KPMG. The new International Standard on Quality Management 1 (ISQM 1) will replace the existing International Standard on Quality Control 1 (ISQC 1). The standards have been developed and approved by the International Auditing and Assurance Standards Board (IAASB).

This new standard will bring significant changes. KPMG Turkey is ultimately responsible for its own SoQM and for ensuring compliance with the requirements of the new standard. Additionally, the network will set requirements to member firms for their SoQM to ensure global consistency. There will be a significant change in the number of controls a member firm will need to implement, and the extent of documentation which will need to be retained.

Our response is the SoQM workstream – which is the Global Audit Quality Transformation ‘backbone’ - and is central to our efforts to enhance audit quality and consistency.

Systems of quality management in compliance with this ISQM are required to be designed and implemented by December 15, 2022. To meet our regulatory reporting deadline, all firms under KPMG network are expected to implement and operate all globally mandated controls by 30 September 2022.

ISO 27001 Management System

As KPMG Turkey, we take measures with global standards to protect the client data we obtain within the scope of the services we provide to our clients and our employees' data. Since 2016, we have implemented the ISO 27001 standard within our services and service processes. We analyse the Information Security risks of our operations by carrying out regular risk analysis activities, considering the objectives of our service processes and data, and taking the necessary actions. We keep our infrastructure and data safe with the latest technology and advanced security systems by monitoring current threats. To detect our vulnerabilities in security, we carry out regular penetration testing activities and continuously make the necessary improvements.

Quality and Risk Management

At KPMG Turkey, we transparently outline our risks to our shareholders and are committed to improving our quality and risk management control environment. With our strong expertise, we constantly improve Quality and Risk Management to strengthen the value creation process of our company and improve business continuity.

As KPMG Turkey, we draw attention to the importance of Quality and Risk Management for our stakeholders. We determine material risks that we organize by engaging with our key internal stakeholders and then develop responses for these topics. As KPMG Turkey, we care about the excellence of the professional services we provide to our customers, and we participate in the Quality Performance Review (QPR) process and Risk Compliance Programs (RCP) periodically.

The quality of the services provided in the Quality Performance Review processes is reasonable and adequate to create quality assurance, accompanied by Global auditor teams from KPMG International. In the Risk Compliance Program, compliance with legal regulations is audited under KPMG International's policies and requirements.

On the other hand, within the scope of the Global Compliance Review, we are subject to an audit process every three years by the auditors of KPMG International. We follow these processes meticulously and document them to improve ourselves and increase the productivity of our partners and clients.

KPMG Turkey updates Enterprise Risk Management (ERM) inventory annually by asking Audit, Tax, Advisory, HR, COO, National Information Technology Security Officer (NITSO) and Marketing Heads to identify their top risks. Then, the file is consolidated, and MT receives ERM inventory. Risks are categorized as minor, moderate, major and catastrophic for the topics classified as financial, regulatory and legal, reputation, human capital, clients, operational and strategic.

Risk cards include cause, consequence, and related controls to mitigate risks as well as risk owners and KPIs. Accordingly, the risk is scaled in the heat map and action plans are detailed. We are informed that the action plans are included in the business plan and are closely monitored by MT.

KPMG Turkey monitoring programs evaluate both:

- Engagement performance in compliance with the applicable standards, applicable laws and regulation and KPMG International key policies and procedures; and
- KPMG Turkey compliance with KPMG International key policies and procedures and the relevance, adequacy and effective operation of key quality control policies and procedures.

In addition, we provide training to all our stakeholders on quality and risk management, and independence. We ensure that all our employees take KPMG Independence Training, Integrity Training, and Data Privacy Training starting from the first days they join KPMG. We aim to continuously increase our quality and provide a reliable service for our customers and stakeholders.



Quality And Risk Management Procedures

Our internal monitoring program also contributes to the assessment of our quality control system's design, implementation, and operation. These include:

- Quality Performance Reviews (QPR)
- Risk Compliance Programs (RCP),

which are conducted annually.



Quality Performance Review (QPR):

KPMG Turkey is subject to the monitoring process **Quality Performance Review**, which is performed by KPMG International whose main purpose is assessing member firm's quality control system's compliance with KPMG Turkey's professional standards and applicable legislative provisions.

Another aim of QPR process is to determine situations in which issues identified by the auditors are required to be met by systemic, repetitive, or corrective action at once.



Risk Compliance Program (RCP):

KPMG International develops and maintains quality control policies and processes that apply to all KPMG firms. These policies, processes, and related procedures fulfil the requirements of ISQC1. During the annual RCP, we perform a robust assessment that includes documenting quality controls and procedures, conducting related compliance tests and reporting exceptions, action plans and conclusions.

The objectives of the RCP are to:

- Document, assess and monitor the extent of KPMG Turkey's quality control system's compliance with Global Quality & Risk Management (GQ&RM) policies and key legal and regulatory requirements relating to the delivery of professional services.
- Provide the basis for KPMG Turkey to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements.

When issues are identified, we are required to develop appropriate action plans and monitor the status of each action item.

Compliance Policy and Management at KPMG Turkey

KPMG Turkey has structured a discipline committee to monitor and analyse non-compliance issues in line with global KPMG compliance policies. This committee is represented at MT level in our company. Non-compliance and complaints issues are regularly evaluated. Ethics and Independence partner who is a member of this committee is the contact person at highest level at KPMG Turkey.

As KPMG Turkey, we place anti-bribery and anti-corruption and issues in a very first place due to our ethical values. We have zero tolerance for any form of bribery and corruption. We are committed to conducting business fairly and ethically, avoiding even the perception that KPMG or anyone who works for and on behalf of KPMG would offer or accept a bribe to obtain an advantage. Our policy includes facilitation payments, nepotism and reciprocity, or inappropriate gifts and entertaining. Bribery (in all its forms) is illegal, unethical, unacceptable, and inconsistent with our Code of Conduct and Values –even if the activities and behaviours are permitted or tolerated in other parts of the world. The engagement among employees is provided by trainings on code of conduct, anti-bribery and anti-corruption and compliance with laws, regulations and professional standards are currently included within "We Do What is Right: Integrity at KPMG" course, which is updated annually. For these reporting periods, we have not indicated any incidents.



KPMG International Hotline & KPMG Turkey Hotline

The KPMG International Hotline is an anonymous reporting mechanism for concerns about possible illegal, unethical, or improper conduct. For the avoidance of doubt, the KPMG International Hotline is used by all KPMG partners and staff, and people outside of KPMG, who:

- wish to report on matters which they believe involve either KPMG International or its people, including the conduct of senior leadership of a member firm,
- have already exhausted the grievance procedures of their member firm and wish, as a last resort, to bring the matter to the attention of KPMG International,
- do not have their own established mechanisms for investigating complaints or do not have a formal non-discrimination policy to protect reporters in their member firm. More information is available on the link: [KPMG International Hotline](#)

Additionally, "The Whistle - Blowing Hotline" facilities the reporting of possible illegal, unethical, or improper conduct when the normal channels of communication have been proven ineffective or difficult. The Hotline is available to be used by all staff, as well as clients, contractors, suppliers, and others in a business relationship with KPMG.

The Whistle - Blowing Hotline is only be used for reporting any concerns related to accounting, internal accounting controls, auditing, banking crime, financial crime, bribery (including in relation to a client of KPMG, in so far as it affects KPMG), failures by KPMG or our people to meet professional standards. Stakeholders can use this hotline for the concerns related to KPMG Turkey itself, its employees or senior leadership of KPMG Turkey. More information is available on [The Whistle – Blowing Hotline](#)

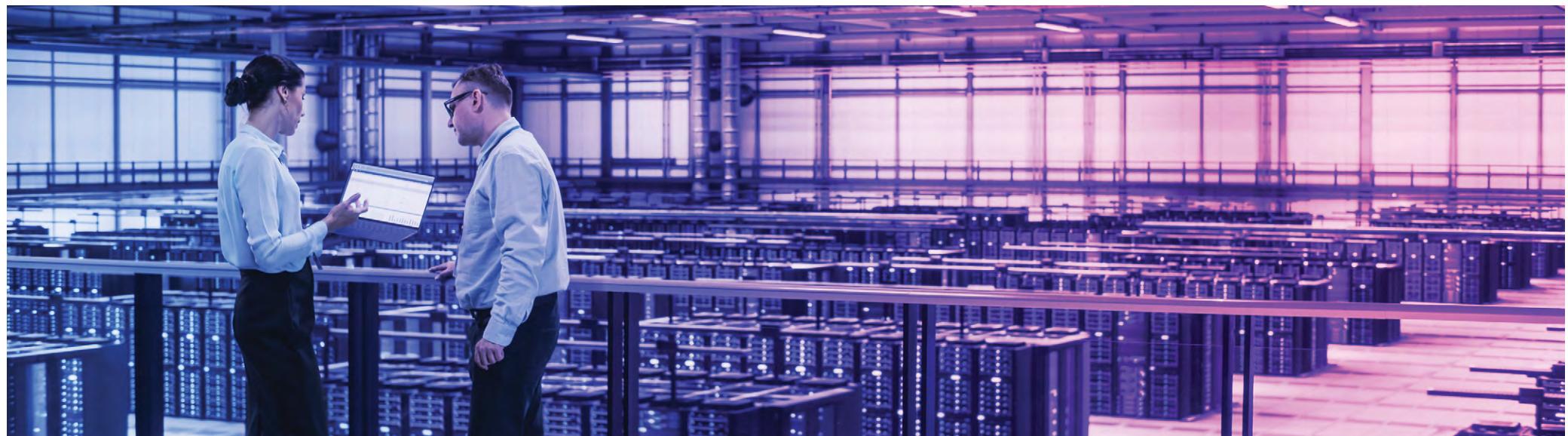


Global Quality and Compliance Review (GQCR) Program

Member firms are selected for review using a risk-based approach, which considers a number of factors including financial conditions, national risks, monitoring programs' results and people surveys. Member firms that are associated with a higher risk are subject to review more frequently, with all firms being reviewed at least once every four years. The GCR team performing the reviews is independent of the KPMG member firm and an expert on 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) in addition to 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 corroborates 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, when necessary, to appropriate KPMG International and regional leadership, to ensure timely remedial actions are taken by the member firm.



ESG Risks

Failure to effectively achieve our environmental, social and governance objectives and manage our ESG risks may inhibit the ability to meet our stakeholder expectations, impact our services (Audit, Valuation Services, etc.), successfully manage our environmental footprint, and achieve our inclusion and diversity objectives. Consequently, during FY21, with the definition of ESG Risks, Enterprise Risk Management (ERM) tool was developed and impact and likelihood of ESG risks were determined.

Among the responses developed by KPMG Turkey to build an effective governance structure against these risk issues, following responses in ESG area were identified as part of ERM:

- Setting and tracking Net Zero Goal (approved by SBTi) and carbon offsetting projects
- Tracking ESG metrics
- Leading KPMG Turkey ESG Working Committee
- Global AAS ESG Working Group membership
- Publication of Sustainability Report
- Women's Empowerment Project

The risk assessment process includes governance, human rights, labour rights, environment, and anti-corruption topics. These topics are managed fully in our operations. We train our employees against corruption risks and make agreements with 3rd parties and suppliers. We sign anti-corruption documents at the client's request based on the conditions. We consider these risks in the entire value chain, and we continue to work on this issue.

As KPMG Turkey, in FY21, to manage our climate change risks, we determined Our Net Zero Goal commitment, calculated our GHG emissions and planned our validation audits, created our ESG Working Group, reviewed and updated our materiality assessment, and are working to achieve our ESG Goals.

Materiality Topics of KPMG Turkey

Stakeholder Engagement

At KPMG Turkey, we acknowledge our potential impact on living creatures, markets, businesses, and the society we live in. Our internal and external stakeholders, including professionals, companies, and institutes, are affected by our activities. Being a responsible corporate citizen, valuing stakeholder engagement, understanding stakeholder requirements and expectations and amplifying the positive impact we make are what we strive for. The stakeholder engagement evaluation is carried out biennially, and the most recent one was conducted via online channels due to the COVID-19 pandemic. The details can be found in the table given on next page.



Stakeholders	Their relevance for us	Methods of engagement
Clients	Primary 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 correspondences by people communications team, professional trainings, performance and development evaluations, 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 <i>Gündem</i> - published quarterly- and an annual series of sectoral reports "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 enable us to raise sector performance	Media screenings, market research
Professional bodies and academia	Provide insights on new standards and trends as well as collaborations	Active participation in working groups and committees of professional bodies (such as TUSIAD and SKD), project-based collaborations with academics, career events at universities to attract new talent.
Suppliers and business partners	Provide the products and services which are necessary for our operations	Ongoing engagement during business engagements, supplier reviews
Civil society	Help us fulfil our responsibilities to the society	Regular events, activities, and year-round communication with partner NGOs (such as UNGC, SKD Turkey, HAYTAP, Tohum Otizm Foundation, TEGEV, ERTA and TEMA), events that encourage volunteering by bringing employees and partner NGOs together
Alumni	Help us share KPMG values and standards	Social media (alumni group on linkedin), mail groups to communicate achievements of previous KPMG employees

Materiality Analysis

As KPMG Turkey, we continue to develop our services in line with the expectations and needs of our stakeholders. We are aware of the significance of our stakeholder's impact through our business ventures. Therefore, we have placed shareholder engagement and materiality analysis, at the center of our ESG Strategy. Before presenting our materiality topics for FY20 and FY21 to our stakeholders, we evaluated WEF's 2021 Risks, GRI principles, current trends, and our sustainability priorities. We evaluated and updated our external stakeholder engagement process for FY21. We shared these material issues with KPMG Turkey partners, managers, and the ESG committee during the remote Internal Stakeholder Engagement process and enumerated our material topics as the following.



With this approach, "Public Trust and Reputation", "Climate Change", "Privacy and Data Security", "Integrity Ethics and Independence", "Technology and Innovation", "Quality and Risk Management", "Client Satisfaction", "Economic Performance", "Talent Development and Training", "Regulatory Change" were determined to be material topics for our internal and external stakeholders. Additionally, "Diversity" and "Giving Back to Communities" are also our material topics that we are focusing on.

We keep improving our sustainability performance and metrics by focusing on our material issues with the KPMG Turkey ESG Committee. The values and awareness that KPMG brand imbued has enabled us to elevate our reputation which has reinforced our client's trust in us in the field of data privacy and security.

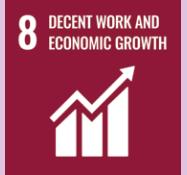
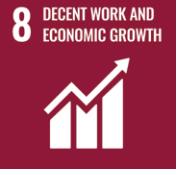
Our goal with Independence Training, which all our employees must attend and complete once a year, provides full compliance with data privacy, data security and independence standards.

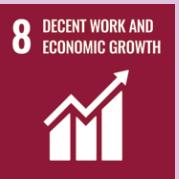
Additionally, KPMG Global's commitment to Net-Zero validates our concerns regarding our impact on the environment and climate change. Thus, we set goals to reduce 50% of our GHG emissions by 2030.

Furthermore, we advance on our digital transformation journey with investments in technology and increase the impact we have on our clients and business partners. In talent development and training fields, we create a fostering environment for our newly graduated employees who join our network every year to develop their skills, we set and aim to increase our impact.

United Nations Sustainability Development Goals (UN SDG) Mapping

Materiality Topic	Our Target	Related SDGs	GRI Reference
Public Trust and Reputation	<p>We will continue to comply fully with our Ethical and HR Policies and Standards.</p> <p>We aim to sustain and improve our stakeholders trust and client satisfaction.</p>		GRI 205 Anti-corruption
Climate Change	<p>Net Zero Target: We aim to reduce our GHG emissions by 50% by 2030 (the base year 2019). This target has been validated by SBTi.</p> <p>We support and promote the transition to a green economy. Hence, our policy is to purchase electricity from renewable resources. (100% renewable energy usage)</p> <p>Achieve "0 Plastic Waste to Landfill" by 2025.</p>	   	GRI 305 Emissions
Privacy and Data Security	Zero non-conformity for ISO 27001 Standard System.		GRI 418 Customer Privacy
Integrity Ethics and Independence	We aim to achieve an attendance rate of 80% for e-learning training and 100% for QRM training.		GRI 205 Anti-corruption

Materiality Topic	Our Target	Related SDGs	GRI Reference
Technology and Innovation	Digitalization investment (%3 of revenue)	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	 17 PARTNERSHIPS FOR THE GOALS
Diversity & Inclusion	We aim to increase female employment rate up to 50% at MT level.	 10 REDUCED INEQUALITIES	 5 GENDER EQUALITY
Quality and Risk Management	We aim to be effectively aligned with the International Standard of Quality Management (ISQM 1) until 15 th of December 2022.	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	GRI 418 Customer Privacy
Client Satisfaction	We aim to be the accountability partner with our clients and consistently focus on improving client satisfaction and loyalty to the highest levels.	 8 DECENT WORK AND ECONOMIC GROWTH	GRI 102 General Disclosures
Economic Performance	We aim to sustain and improve our economic performance. Community program investment 2022 goal.	 8 DECENT WORK AND ECONOMIC GROWTH	 10 REDUCED INEQUALITIES

Materiality Topic	Our Target	Related SDGs	GRI Reference
Talent Development and Training	<p>We aim to achieve an attendance rate of 80% for e-learning training and 100% for QRM training. As KPMG Turkey, we aim to increase the positive impact that we engender in businesses and markets as well as having an approach that supports the Sustainable Development Goals. We intend to transform our intellectual capital into social benefit with purposeful goals.</p> <p>5% employees participating in volunteering programs by 2025.</p> <p>140,000 hours of training by 2022.</p>	  	GRI 404 Training and Education
Regulatory Change	<p>We aim to be effectively aligned with the International Standard of Quality Management standard (ISQM 1) until 15th of December 2022.</p>	 	GRI 101 Foundation

**"Business
intelligence and
technology drive
sustainable
development
and the green
transition."**



Intellectual Capital

Our Intellectual Capital

Our primary support to customers is to translate our local and global expertise alongside our Intellectual Capital and have a positive impact on businesses and the society in order to accelerate the sustainable development. As KPMG Turkey, we provide business intelligence and innovation support to our clients to enhance their green transition and sustainability strategy, inspire confidence and empower transformation while adhering to the principles of professionalism, soundness and integrity.

KPMG Turkey carries out the capital value creation strategy for stakeholders as follows:

- **For our professionals (people):** Provides wide-range career paths and develops people's technical skills through invaluable experience.
- **For our clients (companies):** Consistently supports decision-making processes, business efficiency, technology and innovation; prepares customers to enter new markets; provides quality and risk management; and creates wide-scope strategies for improving their businesses.
- **For our society (community we live in):** Provides ethical and sustainable services and orients customers to operate their businesses sustainably, highly skilled professionals in all aspects of life.

As KPMG professionals, we participate in events and contribute to publications every year since we feel responsible for sharing our knowledge with the public. We share our industrial experiences with the public and stakeholders by participating in various initiatives and publishing research reports. In FY20-21, we joined many platforms and events that were moved to digital channels due to COVID-19. Some of the events we attended were "Technology Sector Days", "Turkey Energy Summit", "Istanbul Economy Summit", "Sustainability Summit", "The Changing Power of Accounting and Finance in Sustainable Institutions", "Ethics and Trust in the Digital Age" etc.

Types of Services that We Provide

Audit and Assurance

Independent, quality financial statement audits

KPMG Turkey is one of the leading audit firms in Turkey, with clients in all major business industries. KPMG Turkey employs audit specialists who provide audit and legal assurance services that meet our clients' legal requirements. 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).

Tax

As KPMG Turkey's tax professionals, we believe that we have a duty to engage in discussions and debates surrounding tax transparency and responsibility. We work with our clients to design tax strategies that are fitted for the current tax system and are also future proofed since multinationals and local firms' taxes are always under the scrutiny of both tax authorities and the public. Our team of responsible tax advisors offers a wide range of services designed to provide effective tax compliance, advice, and certification, in order to give our clients a competitive advantage both in local and international markets.

Using our in-depth experience and knowledge, we provide competitive analyses and alternative solutions to our clients while offering them financial legislation compliance services.

Advisory

KPMG Turkey Advisory Services aim to offer solutions for our clients' challenges and meet their businesses' demands with mergers and acquisitions; restructuring; performance and technology; quality and risk management and compliance; sustainability and climate strategy; management; reporting; 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.

KPMG Turkey advisory team consolidates the requirements of clients under three main categories:

Growth: KPMG Turkey believes that no matter how tough economic conditions are, there is always an opportunity for growth for businesses with solid financial sheets and predictable cash flows.

Governance: KPMG Turkey assists you to strengthen your company by improving consistent decision-making process or help you to manage difficult disposal processes easily and smoothly.

Performance: KPMG Turkey builds the exact performance improvement system that clients need in terms of efficient and effective resource management, gaining importance.

Our experts provide advisory services to private sector companies, private equities, financial institutions, NGOs, and public organizations. Our advisory services assist with the development and implementation of strategies for long-term challenges, as well as responding to our clients' immediate needs.

Our advisory services include the following services:

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

Sustainability Services:

 Sustainability Strategy, Roadmap, and Implementation	 Circular Economy
 Sustainability Training, Assurance and Reporting for Standards and Initiatives Including GRI and CDP	 Sustainable Supply Chain
 Integrated Reporting Training, Advisory and Assurance	 Human Rights and Social Impact
 ESG Due Diligence	 EU Green Deal Gap Analysis
 Social and Environmental Compliance Audit	 Climate Advisory Solutions Covering Decarbonisation Roadmap, Renewable Energy, Climate Scenario and Risk Assessment
 ESG Criteria and Rating	 TCFD Reporting
 Sustainable Finance Instruments and Responsible Investment	 KPMG True Value (Socio-economic and Environment Impact Measurement and Valuation)
 ESG & Dynamic Risk Assessment	

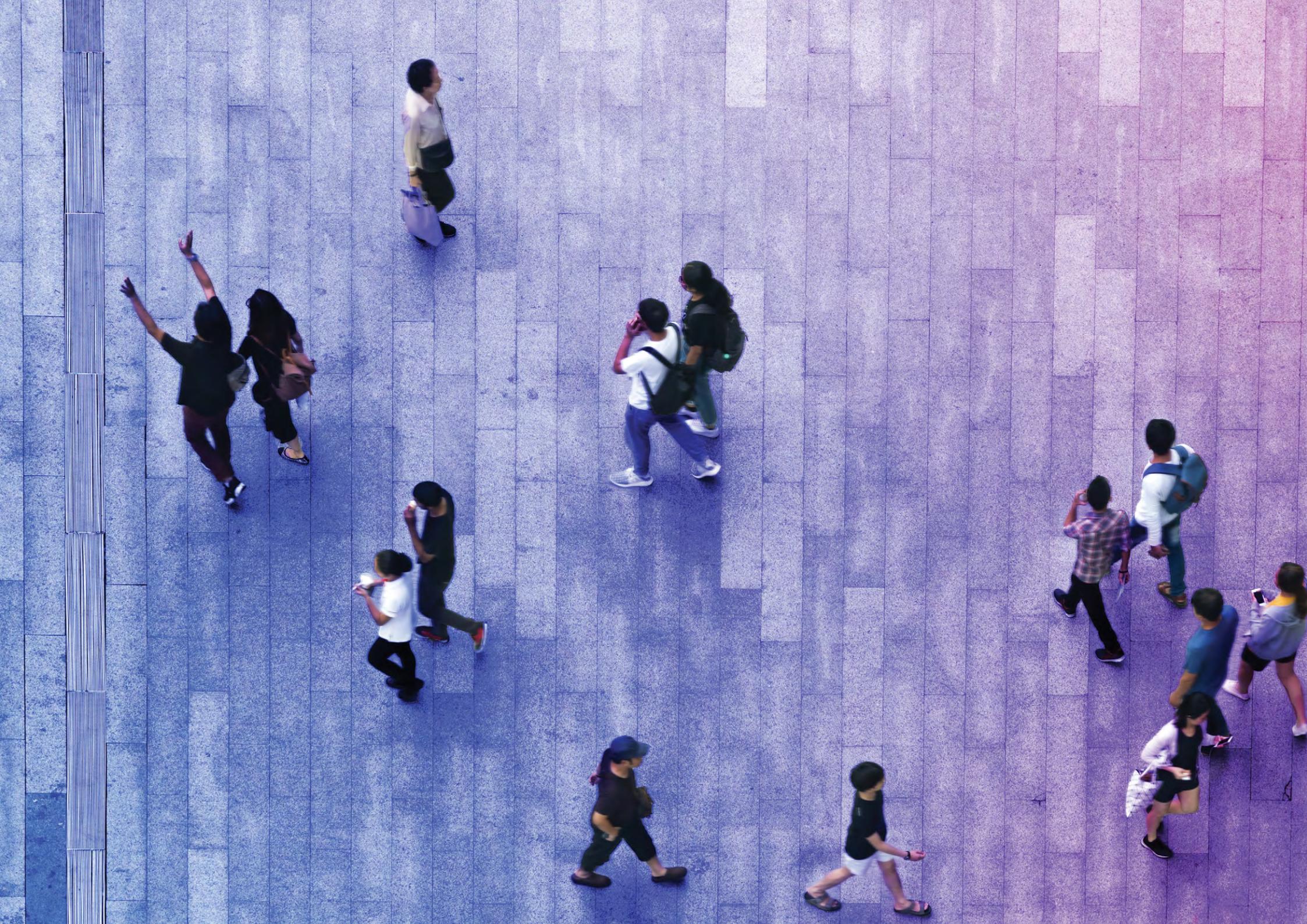
Recognition of KPMG Turkey by FY20-21

KPMG Turkey received many awards in different fields. Most important awards are listed below:

Awards for FY20-21	Taken by	Institution
"Respect for Human" Award 2020	KPMG Turkey	Kariyer.Net
"Respect for Human" Award 2021	KPMG Turkey	Kariyer.Net
Turkey's Best Financial Advisor 2021	KPMG Turkey	Mergermarket
Gold Leader 2021 in HR Awards	KPMG Turkey – Hande Senova	Global HR Summit

*Golden Leader Awards, organized as part of the “**Global HR Summit 2021**”, one of the most important events within Human Resources industry, took place on November 25 with 35,000 single votes from the business world. Hande Şenova, our Partner in Charge of Human Resources at KPMG Turkey, became one of Turkey's 50 most admired CHROs as a result of voting and won the **Golden Leader 2021** award.*





"We continue to invest in our people with a focus on high performance & deep sense of ownership & purpose."



Human Capital

We place people at the heart of our operations. Employees are our most significant assets, and we always support them to develop their skills, experience, and deep expertise to achieve our vision. Investing consistently in our people with a focus on high performance & deep sense of ownership and purpose, we are designing our HR processes such as recruitment, performance management, development, career management and retention in the best way. We aim to be “the employer of choice” both by the professionals and the new grads.

We respect and apply Universal Declaration of Human Rights, International Labour Rights standards and UNGC principles.

We are committed to treat our all stakeholders with dignity and aligned with the Labour Law and relevant legislations. We respect our subcontractors and third-parties, clients, consultantsconsultants, and we expect all parties we work with to comply with our ethical principles. These principles we work with oppose child labour, forced labour, discrimination in respect of employment and occupation and corruption. We are not against to collective bargaining but it is not applicable for our operations and services.

Gender Equality

In KPMG Turkey, we place great importance on gender equality in workplace. Our total workforce includes 49% of female employees. Number of women executives in manager above level at KPMG Turkey are 41.4%. As KPMG Turkey, we believe that women's employment is crucial. We encourage gender equality in our operations, and we ensure that there is a balance between male and female employees in our recruitment process; we aim to increase our female employment rate up to at least 50%. We are signatory of UNGC and WEPs.

Female employees in the total workforce: **49%**

Number of **women executives**: **41.4%**

Promotion rate: **68%**

Performance feedback rate: **71%**

Headcount Key Statistics

Human Capital

Headcount key statistics and HR metrics are given in the table below for FY20-21:

Key HR Metrics	FY20	FY21
Number of people at KPMG Global	200,000	236,000
Number of offices in Turkey	3	4
Number of employees	1,409	1,668
Number of female employees	702	817
Number of executives (Partners, Directors, and Managers)	327	314
Number of women executives (Partners, Directors, and Managers)	137	130
Ratio of female employees who returned to work after maternity leave	100%	100%
Number of female employees who 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	10	9
Number of female employees returned from maternity leave	10	10
Number of permanent employees	1,361	1,475
Number of temporary employees	48	193
Number of full-time employees	1,355	1,462
Number of part-time employees	6	13
The number of female employees who continued working after maternity leave	7	9



Our Recruitment Policy

We are trying to establish our workforce in a way that reflects the diversity of the society, humanity, and world we live in. Our main goal is to create a diverse, inclusive, and righteous work environment. We do not have any content in our recruitment policies or guidelines that would constitute an obstacle or prejudice towards any individual. We move forward with this awareness in our business activities and services to ensure the balance between male and female employees in our recruitment process.

New Talent

KPMG Turkey hired 302 new graduates in the financial year 2021.

The KPMG Ideation Challenge is one of our young talent programs, where we emphasize gender diversity; for applicants, one of the participation criteria is having at least one female and one male in the team.

The program provides opportunity for new talents to interact with their peers as they work together to develop a solution to a real business problem. Participants develop their innovative ideas and transform them into business projects by collaborating with KPMG's people, who provide mentorship to bring ideas to life. Successful participants can participate in the KIC Global Challenge, where teams from all around the world compete.

Within the scope of this project, students are introduced to professional life, provided a platform to draft solutions to contemporary problems, and are even offered the opportunity to implement auspicious projects. They also have the opportunity to develop their teamwork and presentation skills while getting the chance to improve their team collaboration skills.

In 2021, participants were challenged to create an advanced technology solution that helps an organization or industry of their choice to overcome or leverage the impacts of the global pandemic. COVID-19 has been a change agent (both positive and negative, including digital transformation, environmental and societal implications, health care services, and remote working) in all types of organizations.

In 2022, the topic of the challenge was to create an advanced and cost-effective solution that helps an economy, industry, community, or organization to achieve carbon neutrality.

Compensations and Benefits

The fringe benefits applied in our company are as follows:

				
Senior retention award	Performance bonus to reward the performance of our employees	Cash vehicle allowance	Cash phone allowance once every 3 years	Data link to all employees
				
Meal card	Private health insurance	Life insurance	Personal accident insurance	Maternity allowance
				
SMMM & CISA awards	Work from home (pandemic support) allowance	10 days KPMG leave		

KPMG Turkey's remuneration and fringe benefits policy is structured to be the preferred company in its sector for sustainable success and to ensure its current employees work with high motivation and efficiency. Wages and benefits are designed to be fair for all employees, reward high performance, be competitive and be motivating. Existing remuneration and fringe benefits practices are reviewed and updated in line with requirements, upon careful consideration of market research results, sectoral dynamics, KPMG strategies, and budgets. Determination of wages and annual wage increases, annual performance premium, R&D rewarding and bonus applications, meal, car & mobile phone allowance, maternity allowance, private health insurance, personal accident and life insurance, and busy season bonus are considered within the scope of determining policies. These policies are implemented for all employees except partners.

Performance Development

Our Performance Development System aims to design, develop, and deliver processes to support a "high-performance culture" that rewards and recognizes achievement by promoting behaviors, attitudes, and skills required for a sustainable business success. The PDM system at KPMG includes the assignment of performance managers, goal setting, interim and year-end review, and promotion. The chart presented on the following page explains each stage of the PDM cycle.

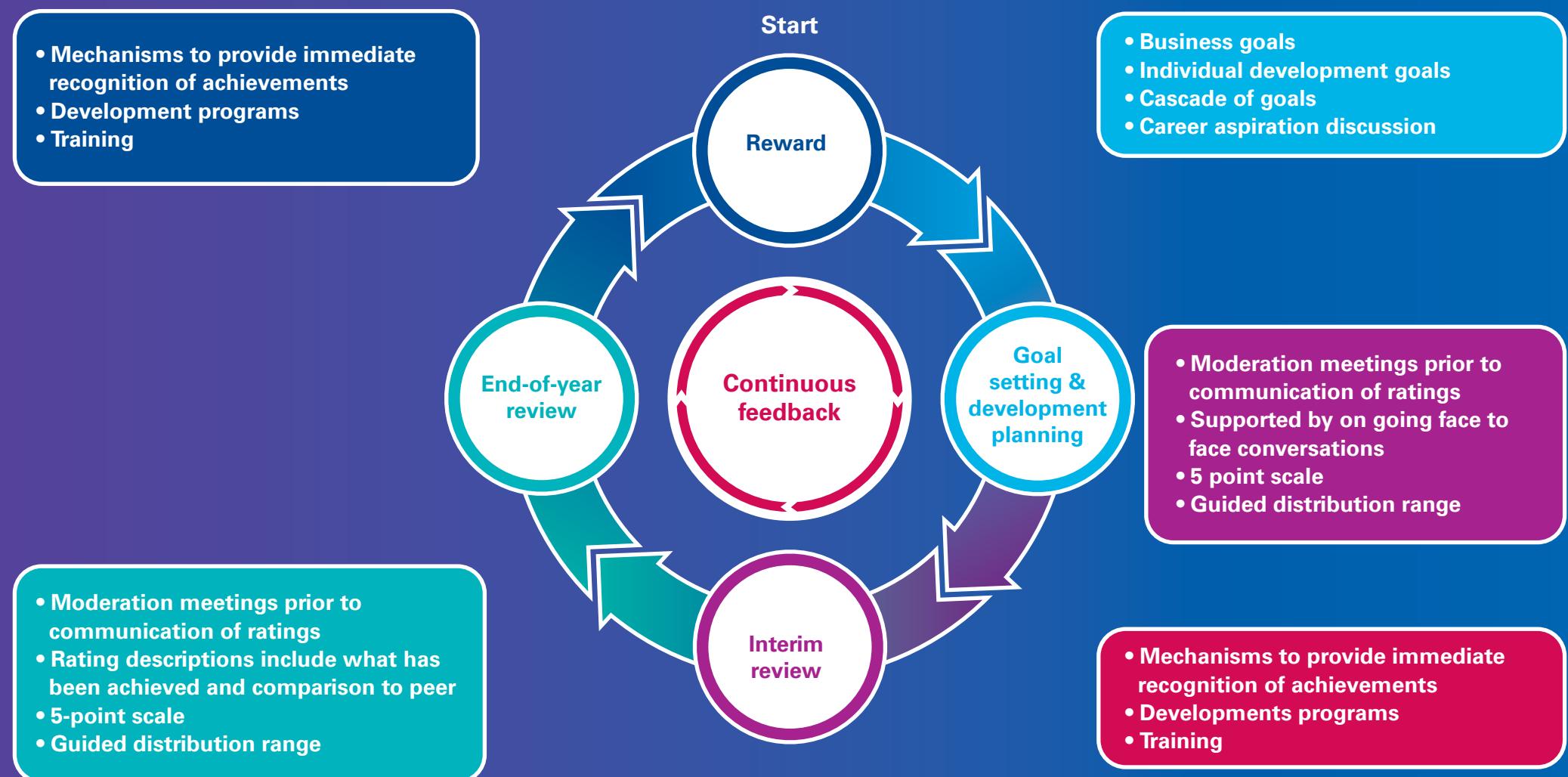
For FY20 and FY21, KPMG Turkey had two definite performance year evaluation terms as interim and year-end. Each employee was evaluated by their Performance Manager and Project Managers in these round table meetings and rated from 1 (outstanding) to 5 (unsatisfactory performance). Prospective promotions were also discussed at these meetings.

In the table below, our metrics such as promotion rate, performance feedback rate, number of expats in the firm are demonstrated for the FY20 and FY21:

Key HR Performance Indicators	FY20	FY21
Promotion rate	67%	68%
Performance feedback rate	90%	71%
Awards for HR (Best employer list etc.)	-	Golden Leader Awards 2021, Top 50 CHRO
Number of staff on overseas secondment	8	9
Number of expats working in the firm	3	1
Performance Development Management (PDM) system completionn rate	90%	71%
New Graduate Recruitment	172	302

KPMG Performance Development Management (PDM) cycle, which is used for evaluating our employee's performance and project management efficiencies, is illustrated below:

PDM Cycle



Capability Building at KPMG Turkey

In KPMG Turkey, there are considerable numbers of development programs for all employment levels, from trainees to partners, which aim to strengthen soft skills and prepare our employees for more senior positions. Furthermore, our employees at managerial levels have to participate in a day long soft skill training which focuses on communication and includes team-client management. For occupational skills, almost every function has its own annual training program that focuses on keeping its employees up to date on relevant standards, regulations, and technological developments. Each of these trainings differ in terms of content; for instance, one may be hybrid and held in a digital classroom or a physical one while the other one may be based on global resources and/or local resources. Moreover, Quality and Risk Management training sessions are conducted in line with the QRM standards regularly. Global training sessions are also a significant part of our training programs that develop our professionals' technical and soft skills. Based on the team's ad hoc requirements, specialized trainings could be organized in line with their demands.

Each function and level has its' own curriculum, which is established based on their own standards. Annual technical training program is revised annually according to the changes in legislations or standards. The audit curriculum goes through Global Guidelines such as Audit Foundations and Clara Workflow. Tax and Advisory curriculums are dependent on local and global standards. Soft skill training is focused on strengthening people management capabilities such as giving feedback and team management. Each training program is evaluated at the end of the module and is expected to be scored as at least 4.25 out of 5.00. Summary of total training hours including e-learning (online trainings) and in class are shown in the table below. These sessions also include soft and technical trainings that range from standard updates to certification preparations. We have seen a massive increase in participation due to the increase in "online" Technical Training modules and programs.

Training Hours	FY20	FY21
Total Training Hours	116,743	142,502
Training Hours Per Person	76.10	95.00
Total Hours of In-Class Trainings	106,206	125,117
Total Online (E-Learning) Training Hours	10,537	17,385
Total Training Hours for PDM	25,606	23,582
Total Training Hours for Manager Below	81,128	121,644

Quality and Risk Management (QRM) Trainings

All KPMG Turkey partners and client facing professionals as well as certain other individuals are required to complete integrity and independence trainings that are appropriate to their employment level through KPMG Training upon joining KPMG Turkey and on an annual basis thereafter. We also provide all partners and employees annual trainings on below topics:

- The Global Code of Conduct and ethical behaviour, which include KPMG's anti-bribery policies and compliance with laws, regulations, and professional standards; and
- Reporting suspected or actual actions that do not comply with laws, regulations, professional standards, or KPMG's policies.

All individuals are required to complete this training within three months after joining KPMG Turkey. Quality and risk teams follow completion of these sessions by all employees. The Main Quality & Risk Training sessions are:

- **Independence Training:** Independence Training at KPMG includes KPMG's Independence policies and SEC Independence rules that employees of all levels must comply with every year.
- **Integrity Training:** Beginning with the release of the Integrity at KPMG Training, all member firms are required to ensure that all client facing and non-client facing staff -at manager or above level- working in the firm's purchasing, marketing, or accounting/finance departments, complete the following training on bribery and compliance with laws, regulations, and professional standards annually. KPMG member firms are obliged to provide training to their employees every year on KPMG policies (Global Quality & Risk Management Manual policy 14.4.3), including anti-bribery, compliance with laws, regulations, and professional standards.
- **Data Privacy Training:** KPMG has required all employees to complete Data Privacy training to emphasize the importance of protecting personal, confidential, and company-owned information and ensure that employees know how to protect this information.





- **Sentinel Training:** Sentinel is the Lead Partner Approvals and Global Conflict Management system, and it determines if the engagement requires lead partner's approval and provides the mechanism for identifying and managing potential conflicts of interest. Basically, it's an independence check system. Sentinel training provides information on this system. When people understand the definition of their roles and responsibilities properly, this directly affects the quality of their work. This protects KPMG and its clients against the potential risks of non-compliance with independence rules.
- **Annual Compliance Confirmation:** In order to ensure that partners and staff are complying with regulatory requirements and firm policies, all staff is required to complete the Annual Compliance Confirmation. The Annual Compliance Confirmation covers the period from 1st of October 2021 to 30th of September 2022 and the Code of Conduct.

List of QRM Trainings	Taken by
Global Independence Training	All employees, including new employees, annually
Integrity Training	Biennially, all employees
Data Privacy	New joiners
Sentinel Entity and CEAC KYC Training	All above manager levels
Sentinel Entity Management Roles and Responsibilities Training	New joiner employees, manager above

People Board

The main aim of the "People Board" is to identify and respond the needs of the employees of our company. The meeting is held once every 15 days. Board members meet to discuss people related topics such as people survey actions, Performance Management Processes and so on. People Board consists of partners from each function. By this organization, KPMG Turkey's people related topics could be represented and discussed comprehensively. Every meeting has its unique agenda. Furthermore, people survey actions have been reviewed regularly and revised if necessary.

Target Gender Equality & Women Empowerment

At KPMG Turkey, we welcome diversity and equality, which is embedded in our Equality, Diversity, and Inclusion Policy. Our employees receive equal treatment (including access to employment, training, and opportunities for promotion and services) regardless of gender. Below, our actions have been indicated in detail for Target Gender Equality (TGE):

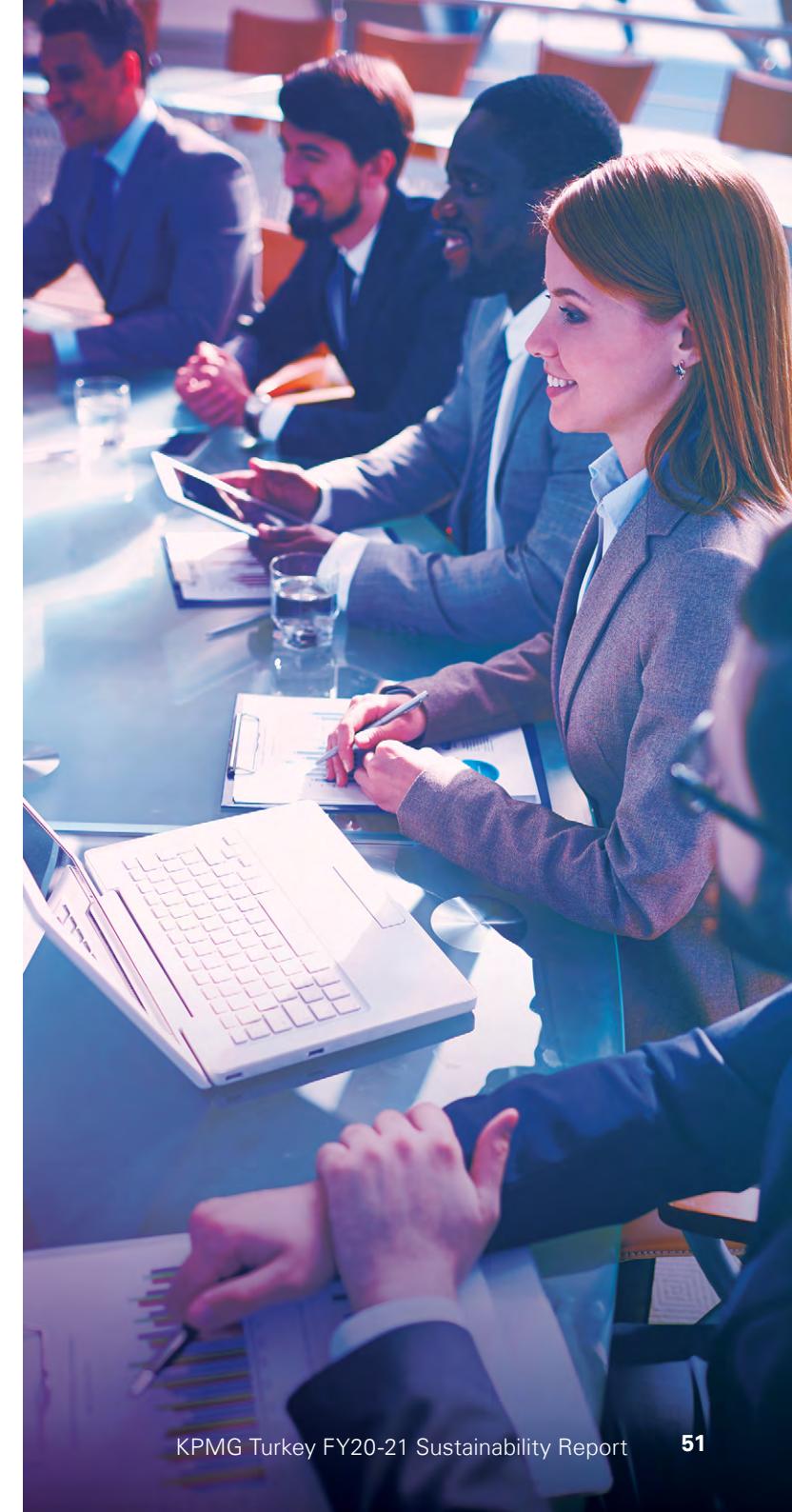
- We adopt the "Equal Pay for Equal Work" policy. Our criterion for determining our remuneration packages is based on the employee's performance and not their gender.
- In 2016, we signed the Women Empowerment Principles.
- We support women in business life on various platforms. For raising awareness, we conducted a series of research on "Cracking the Code". With this research, we aimed to determine the status of gender equality in business life, to unveil myths, and make women's experiences visible. We searched for solutions, made suggestions, and most importantly, we ensured that this research was accessible on different platforms to overcome prejudices and change the mindset.
- We are actively participating in the Women on Board Association Turkey (YKKD), a group of women leaders voluntarily committed to bringing more women onto Turkish corporate boards, where we offer cross-company mentoring opportunities to women. We also work with female employees in different organizations and mentor them.
- We support female networks and women's labor by collaborating with institutions, especially by suggesting at least one women candidate for promotion.

TGE provides KPMG Turkey with a guided roadmap about where we are and the way to go. We also had a chance to have a TGE network. Through this network of employers in the Turkish private sector, we identify and share best practices in the progression and retention of women. We started working on an action plan which focuses on ways to make a bigger impact in the long term. Whilst we have a better gender balance in our entry roles, the gap is driven by employing more males than females at a senior level and employing more females in support and non-revenue generating roles. Although progress has been made in some areas, we recognize that there is more to do to reduce these gaps.

We have developed our Inclusion, Diversity, and Social Equality (IDSE) Strategy and datasets that help us to better understand the actions we need to take to drive change. We are focusing on better representation at all levels in our organization and providing development opportunities to all colleagues. Our People Board through a project team will be accountable for progress towards our IDSE targets and will report quarterly progress to our management team. We are currently collecting and analyzing diversity data. We will set gender diversity targets to increase the representation of women at senior levels to drive action and hold ourselves accountable to change. We will determine the principles of evaluating promotion priorities among equal candidates.

Our senior leaders are champions of gender diversity. Our aim is to retain and promote our top female talent through mentoring and sponsorship. We plan to organize female partners' meetings that will focus on gender diversity, challenge related issues, and promote female role models in the firm. For further projects, we are also considering implementing a mentorship program between female employees and senior level employees. The mentor helps to guide and support career goals and ambitions. The program is expected to have an impact on the attainment and progression of our women, and the engagement of our male colleagues as mentors. It continues to grow to support more women across the organization.

- We are working on supporting our female employees who are mothers with caregiver or nursery services.
- Our TGE project team also works with improving the TGE program and related action plans in addition to working with our People Board on how to progress in areas strategically selected for improvements.



Occupational Health and Safety

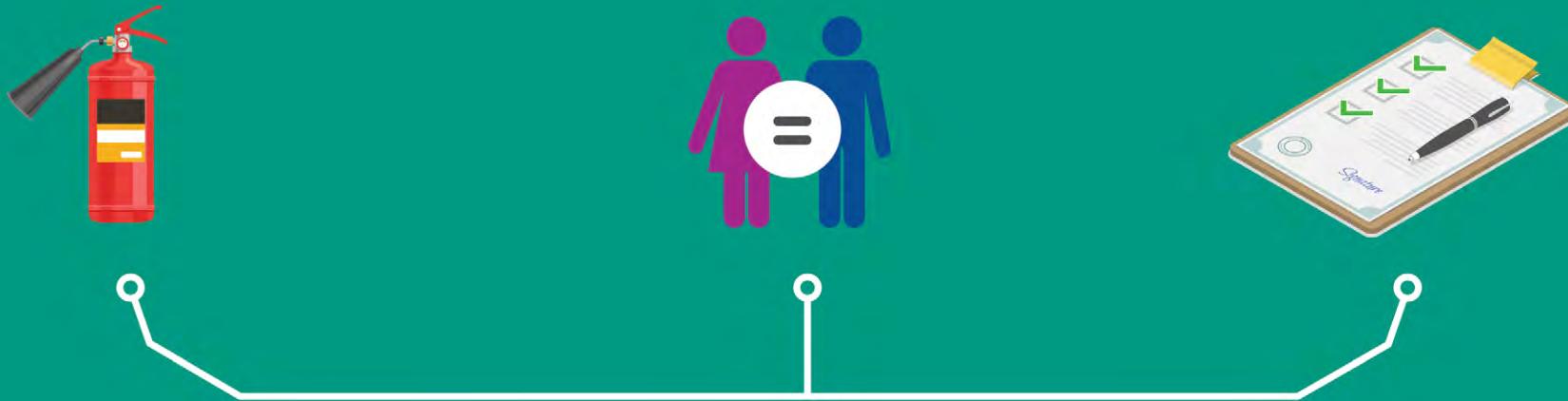
Since our employees are the most significant assets of KPMG Turkey, we prioritize occupational health and safety (OHS) of our employees by providing health and safe workplace for them and complying with the requirements of OHS law and legislations. Our OHS approach is structured and managed based on our OHS policy.

The given table is related KPIs with KPMG Turkey's OHS:

KPI	FY20	FY21
OHS Training Hours*	2,240	6,552
Number of accidents	0	0

*in all offices in Turkey.





Our OHS approach

- To provide ergonomic, healthy, and safe work environment by making a risk assessment to reduce and eliminate the risk of work accidents and occupational diseases
- To provide a healthy working environment by monitoring heating, lighting, and noise levels, and taking thermal comfort, lighting, and noise measurements to prevent adverse conditions in the offices
- To determine the measures to be taken workplace emergencies with emergency plans and to ensure that these are reinforced through drills
- To conduct periodic health examinations to keep our employees' health under control
- To be ready for first aid response in emergencies by organizing first aid training
- To provide training to improve occupational health and safety awareness of our employees

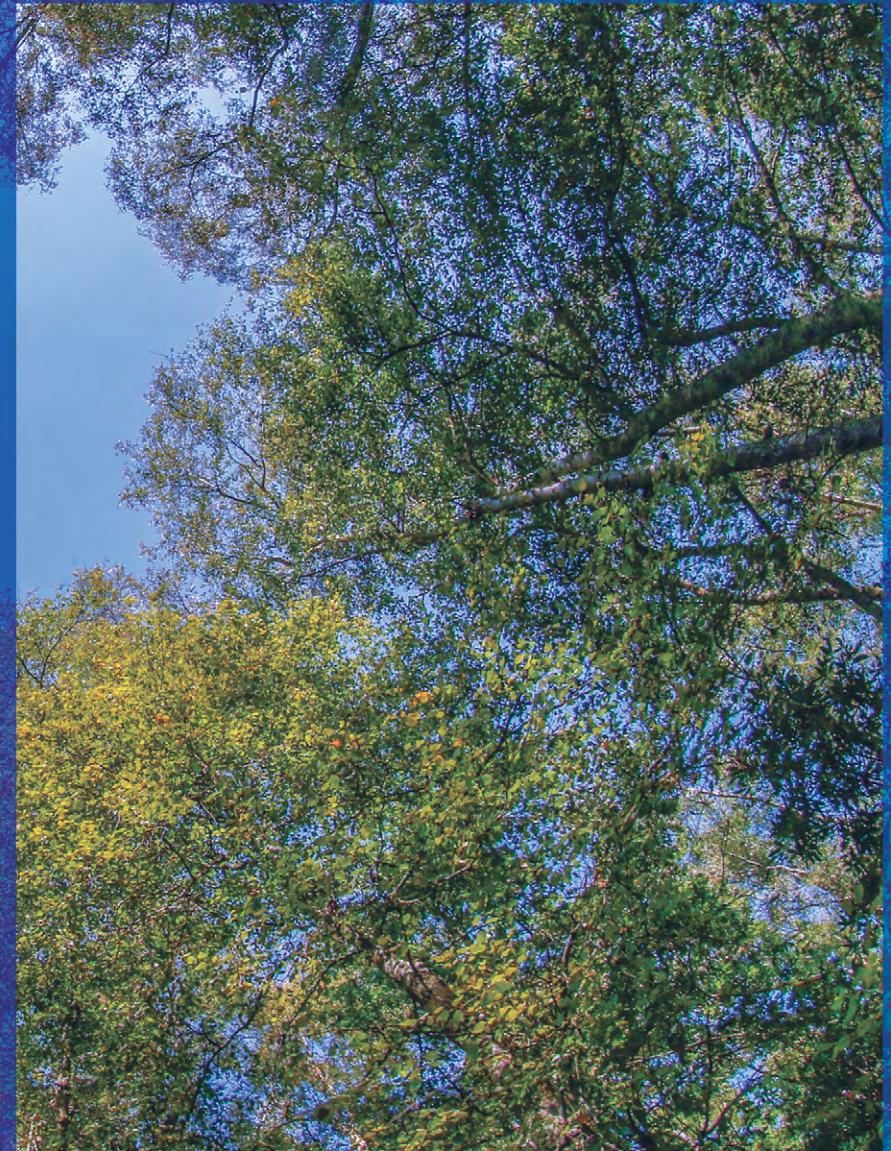


COVID-19 Management

The COVID-19 pandemic, which affected the whole world and reshaped living standards, brought certain limitations to KPMG Turkey's activities. Our Administrative Affairs team leaded the necessary actions during the pandemic, normalization period and carried out preventive actions. COVID-19 preventive actions were taken in accordance with the Pandemic Action Plan of the Turkish Republic Ministry of Health. During this Pandemic, an "Epidemic and Disease Crisis Team" was established, regular meetings were held, current issues were evaluated, and decisions were made to ensure safe working conditions for all employees. In this context, offices were cleaned every day and the offices were disinfected on weekends. Our offices have been redesigned to facilitate social distance among employees. All employees were divided into groups among themselves (as A / B / C and G groups), then revisions were made according to the course of the pandemic and the statements of the Ministry of Health. Employees are currently divided into two groups - vaccinated and unvaccinated. Masks have been distributed to all our employees in the offices. Also, N95 Masks were supplied and distributed to our employees to be used in public transportation. Disinfectant devices and, the direction and direction signs have been placed at various places in the office. Medical Waste Bins were placed on the floors for the safe disposal of the used masks. Additionally, necessary warning were placed in the printer rooms in the offices and it was ensured that they could be used without assistance.

An online reservation system has been implemented for daily arrivals at the offices to monitor our employees' health. The list of employees who come to the office regularly was sent to İŞMER in the Istanbul office and to the receptions of offices in other locations. Other than these, a reservation system was adapted for controlling the number of people in the offices. Until the vaccination become prevalent, the KPMG offices were available only for employees with the increase in vaccination rates, the meeting rooms which were re-arranged according to social distancing rules and were used for client meetings.





The value of our success we share with stakeholders



Financial Capital

As KPMG Turkey, the financial benefit we create is as crucial as the direct or indirect financial asset we try to create for our clients, market, and businesses. Although the negative impacts of COVID-19 pandemic, KPMG Turkey achieved increase in overall revenue and growth rate. In FY20 and FY21 KPMG Turkey increased its revenue by 24% and 23%, respectively.

- **KPMG Turkey**

- o Net Total Revenue increased by 24% in FY2020.
- o Net Total Revenue increased by 23% in FY2021.

- **KPMG Global**

- o 2020 Revenue: 29.22 USD billion (loss wrt. 2019 -1%)
- o 2021 Revenue: 32.13 USD billion (growth wrt. 2020 9%)

Our Long-term Vision

We focus our services on ensuring the long-term success of our client's enterprises.

Integrity and Transparency

We firmly adhere to the values of integrity, which are supported by an adequate and comprehensive risk and quality management system that helps mitigate the risks our company is exposed to. Our financial success is based on principles of professionalism and honesty which KPMG Turkey is imbued with. We want to remain a successful company, but we also aim our success to amplify the value we create for our stakeholders. Profit will always remain as a by-product of the value we produce for society rather than being the main goal itself.

Management of Assets

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

We share our experience
and knowledge fostering
value creation for our
stakeholders and KPMG.

Shared experience and
knowledge fostering
value creation for our
stakeholders and KPMG



Social and Relationship Capital

As KPMG Turkey, we are aware of our responsibility towards the environment, the society we live in and every living creature, and we reflect this to our employees and working environment. That is why we embrace all kinds of responsibilities that will benefit our world, and above all, we take responsibility as human beings. We help create long-term value in today's rapidly changing conditions with our sustainability team, which is a part of the KPMG Global network. We are resolved on creating value for our customers with our services delivered by our expert team to define, report accurately, and effectively manage challenges and priorities in the environment, social ecosystem, and governance.

To contribute to the society more effectively, we are working on spreading the giveback culture among all company's professional employees. We share our knowledge and experience with the community and support professional development. On the other hand, we are also developing a culture of volunteerism among our employees and stakeholders. Additionally, to accelerate the "entrepreneurship mindset", we brought together undergraduate/bachelor/post-graduate students to develop solutions by working with their peers for real-world business challenges at the Ideation Challenge organized with the KPMG International.

In the FY20-21, we, as KPMG Turkey, supported various charities and civil society partners.

Supported Charities: Rainforest Trust UK, Wish Tree Project schools, Tohum Autism Foundation, Down Syndrome Association, Kitap Koala, Cerebral Palsy with STEPTEMBER, ERTA

Civil Society Partners: Child Education Association, "Sen De Gel Derneği", "Nature Training Studies" with TEMA Foundation, HAYTAP, Hayata Destek Derneği, LÖSEV, WWF.



Our Corporate Social Responsibility Projects

Our purpose drives us to serve our stakeholders with a relationship based on professionalism, ethics and 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.

Corporate Social Responsibility Campaigns and Activities

Nature education with TEMA Foundation: Protecting natural ecosystems is imperative for leaving a positive future for children. Thus, we have supported TEMA Foundation's "Nature Education Studies" to raise awareness among children and young people who are our future, by contributing to 5,725 children's engagement with nature since 2017.

Sen de Gel Association: "Sen de Gel" carries out projects for the sustainable development of least developed countries. KPMG Volunteers went to Senegal and Gambia and provided independent audit services for sustainability projects carried out in these countries. KPMG Turkey contributed to the good life projects of the association that changed the lives of more than 200 thousand Senegalese and Gambian people in 3 years.

We Protected Rainforests with the KPMG Climate Warriors: Continuing to encourage volunteerism, KPMG Turkey took another crucial step and established the KPMG Climate Warriors Network this year. The Climate Warriors Network includes volunteers from KPMG teams in Europe and Asia and organizes activities that aim to draw attention to climate change and other catastrophic environmental problems, and to provide resources to non-governmental organizations. Within the scope of the cooperation with the Rainforest Trust, 4,919 hectares of rain forest were protected thanks to the activities undertaken in 2020; this has contributed to the capturing of approximately 2.1 million tons of CO₂e equivalent carbon.

We make wishes come true with the "Wish Tree": We realized our traditional "Wish Tree" project with the support of our volunteers in which we make children's smile and make their wishes come true. We received wishes from children at Ağrı Türkeli School, Mardin Artuklu Bağlıca Primary School/Middle School/IHO and Tohum Autism Association Special Education Practice School from our authorized teachers at the schools.

We support the Tohum Autism Foundation: Each year on 2nd of April, World Autism Awareness Day, we support projects carried out by Tohum Autism Foundation. In April 2021, we contributed to the "Light a Blue Light on Autism" campaign with KPMG Volunteers. For the Wish Tree project, which is our traditional project, we asked the wishes of our 130 very special children, who were educated in the Tohum Autism Foundation's school for special needs, by authorized teachers at Tohum Autism Foundation, and we made these wishes come true with our Wish Tree volunteers.

Our support to the Child Education Association: Child Education Association aims to ensure that hearing impaired children receive education under equal conditions with their peers in the 0-6 age group where the brain development is the fastest. With the "Hear My Silence" project carried out, education and health services are provided to hearing-impaired children and their families in the early and pre-school period. As part of this project, on March 3rd, World Hearing Day in 2021, we expressed with our volunteers we communicated the sentence "As KPMG, on March 3rd World Hearing Day, we support the education of hearing-impaired children in the early stages" through sign language.

We say "True Friends Don't Count Chromosomes" with the Down Syndrome Association: With the Down Syndrome Association, which we always show our support for, we showed that "True Friends Don't Count Chromosomes", and that we stand by the individuals with Down Syndrome; thus, we worked on "Let our color be known" project, a platform used to show support to individuals with Down Syndrome on "21 March World Down Syndrome Day", with our volunteers. We supported the Turkish Down Syndrome Association by wearing socks with different patterns.

We know the value of books and stray animals with the "Book Koala": Together with the Book Koala, we are happy to show our support for stray animals by quoting statements from the book on 8th of September, World Reading Day in 2021. We continue to emphasize the "Paying it Forward Books" for schools that want to buy books for their library, and "Paying it Forward Animal Food" for helping stray animals. The proceeds from Book Koala sales were used to finance the treatment of animals.

We are always with our friends with HAYTAP: In 2021, on 4th of April Stray Animals Day, we shared about HAYTAP's Retired Animals farm. It is a farm for donkeys, cows and sheep who have grown weak, old, unable to sustain themselves, and have served people throughout their lives.

We stand by children with Cerebral Palsy with STEPTEMBER: Cerebral Palsy is the most common physical disability in infants and children. More than 6,000 babies and children are diagnosed with Cerebral Palsy every year in our country. Children with Cerebral Palsy can walk, talk, and go to school like their peers with the right treatment and special training. As KPMG volunteers, we downloaded the STEPtember application, which was established to increase awareness of this illness, where you can track daily step counts and donate at the same time. With the team that joined this challenge, we showed KPMG's team spirit while supporting children with Cerebral Palsy.

We support LÖSEV and believe that everything starts with a child's dream: We were with LÖSEV during "Children with Leukemia Week" so that children could achieve their dreams. We also promoted the LSV Shop for those who wanted to support children who were chains their dreams on our social media accounts.

"This Waste Writes Code!" Cooperation with Vodafone: The electronic wastes we have collected since 2020 for has been recycled by a licensed recycling organization, which will reduce this waste's environmental impact; coding classes will be funded for school children in low-income districts with the revenue generated from this initiative. The coding classes opened will also have EBA Support Points to support distance education. This project, which was implemented to promote electronic waste recycling and raise awareness won the Environment category at the 2021 Partnership for Sustainability Awards organized by the United Nations Global Compact Ukraine Local Network. The "Waste Writes Code" project was also awarded at the Sustainable Business Awards 2021.

We Support WWF: During 'Earth Hour: Turn off the Lights, Light Up the Future', we joined the fight against the climate crisis with WWF Turkey. We also supported the WWF's "Turning Off Your Lights for Earth Hour" project and turned off the lights in our office for 1 hour and called on our volunteers to turn off the lights in their homes.

Step by Step K10: With the K10 Step by Step Campaign, our Running Team ran for the Istanbul Marathon and the Tohum Autism Association in the Half Marathon.



Supplier Management

Following the commitment with the UN's Guiding Principles on Human Rights, the subject of human rights has featured in KPMG's strategy, which also influenced our relationship with clients and suppliers. In 2015, KPMG Global implemented a Supplier Code of Conduct to further deliver on our commitment and disseminating best practices.

KPMG Turkey has policies and procedures in place that are designed to ensure its business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and Code of Ethics of POA and other applicable independence requirements, such as those promulgated by the SEC. Compliance with these policies and procedures is reviewed periodically. All prospective business relationships are evaluated to assess association risks and to identify potential auditor independence and conflicts of interest issues. A relationship involving a third-party service provider that a member firm will use to assist with client engagements or other purposes is also evaluated to determine whether the third party has the competence to provide the relevant services. The individuals providing the services are required to confirm they understand and will comply with applicable ethics and independence requirements, and they are also required to complete ethics training. Our sub-contractors that we work together are required to complete the Independence Training and sign our independence rules. Certain third parties are required to complete independence training.

We care to include miscellaneous statements in the contracts such as child labour, working hours, health and safety, harrasment, and bribery to make sure that our suppliers meet basic human rights, laws, and regulations. We also gather various financial documentation from our suppliers to corroborate that their employees have social securities and that the company has no tax debt to local authorities. To achieve sustainable business and procurement,

we develop alternative suppliers to reduce the risk of interruption of products and services.

Memberships

Globally, we are members of 25 trade associations and we actively engage with regulators to share insights in debates or serve on boards, executive committees and working groups and to ensure the sustainable development of our business.

UNGC - United Nations Global Compact Turkey

BCSD Turkey - World Business Council of Sustainable Development / SKD

ERTA - Integrated Reporting Turkey Network

AHK - German Turkish Chamber of Commerce and Industry

Association of Financial Institutions

DEİK - Foreign Economic Relations Board of Türkiye

OSD – Automotive Manufacturers Association

TAYSAD - Automotive Suppliers Association of Turkey

TKYD - Corporate Governance Association of Turkey

TSPB – Turkish Capital Market Association

PERYÖN - People Management Association of Turkey

TABA/AmCham - Turkish American Business Association

TEİD - Ethics and Reputation Society

TİDE - The Institute of Internal Auditing

TİM - Turkish Exporters Assembly

Turkish Contractors Association

ACCA - Association of Chartered Certified Accountants

TÜSİAD – Turkish Industry and Business Associations

IIA – International Investors Associations of Turkey

Women Association in the Board of Directors

TÜBİSAD – Informatics Industry Associations

TBV - Turkish Informatics Foundation

İSACA - Information Systems Audit and Control Association

ISO – International Organization for Standardizations

Banks Association of Turkey

Association of Researcher Pharmaceutical Companies

Client Relationships

Our relationships with clients are established by principles of ethics and independence and are the basis of the quality of our work and the sustainability of our business. Beginning at onboarding, our relationships are supported by direct interactions between clients and professionals, satisfaction surveys and various other 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.

As KPMG Turkey, we care about the satisfaction of our clients with the services we offer, and we aim to improve our services gradually. We send Client Insight Surveys to our customers with IPSOS for our projects we complete every month, and we develop and improve our services with our customers' feedback. The Loyalty Index Score is also calculated by surveying customers' overall satisfaction, recommendations for KPMG, re-work trends, and the financial value creation of our services between the grade range -66 and 135. Our grade scale is shared below, and KPMG Turkey's customer loyalty index score was 99 in FY20 and FY21. It shows that KPMG customers have remained in the retained category; 9 of 10 customers are satisfied with KPMG.

100-135	Highly Retained
70-100	Retained
40-70	Vulnerable
10-40	Possibly Lost
-66-10	Lost







Natural Capital

Against the increasingly destructive effects of climate change, as KPMG Turkey, we aim to measure our impact, reduce this impact, respect our environment, and continue to walk down this path. Climate change, one of the biggest threats we face is not our only environmental material topic; it is accompanied with water, responsible consumption, waste management, and sustainable supply chain. Since climate crisis requires urgent actions globally, KPMG Global has announced Net Zero Goal Plan to leave a habitable nature for the wellbeing and health of the future generations and all living organisms. As part of this plan, we structured our climate change strategy and made an initial commitment to set an ambitious goal to reduce our GHG emissions by 2030 in our Net Zero Journey.

Focusing on our impacts on climate change, we measure, calculate, analyse, categorize, and monitor our GHG emissions regularly and work on the areas to reduce our emissions. Business travel is one of the main emission sources in our business model. Air travels and the use of rental vehicles, which are preferred primarily to have gradually decreased with COVID-19 pandemic. As KPMG Turkey, we are aware of the impact we have created regarding the climate crisis and are carrying out mitigation strategies accordingly.

Carbon Neutrality

As KPMG Turkey, we support the low-carbon economy transition with our carbon neutrality strategy. While we seek to reduce our GHG emissions, we provide funding to the credible and transparent projects that reduce emissions throughout the world. Having our GHG emissions validated,

KPMG Turkey once again achieved CarbonNeutral® company certification from Natural Capital Partners, the leading experts a recognized expert on carbon neutrality and climate finance.

This certification proves our commitment to tackle climate change, beside our compliance with The CarbonNeutral CarbonNeutral Protocol.

1,034.13 tCO₂e and 880.27 tCO₂e are our total GHG emissions from Scope 1, 2 and 3 emissions for FY20 and FY21 respectively, and both years have been offset to zero via I-RECs and carbon offsets in accordance with The CarbonNeutral® Protocol. For the neutralization of Scope 1 and 3 emissions, carbon credits generated from the Delhi Electric Rail System project in India was purchased. KPMG Turkey purchased 1,009 MWh of I-RECs covering its total electricity consumption for FY20 and FY21 thereby reducing Scope 2 emissions to zero. Carbon Neutralization and I-REC certificates are available in the Annex section.

Information on Offset Project

Delhi Electric Rail System, India

Project type: Transportation

Region: Asia

Standard: CDM

Under the Clean Development Mechanism (CDM) methodology for mass rapid transit projects, Metro Delhi Project is supported by carbon finance for installing over 100 kilometres of state-of-the art electric rail systems with new trains. Emission reductions are achieved through GHG emissions reductions per passenger-kilometre, compared to conventional modes of transportation. Reducing transportation emissions is crucial since India has the highest death toll per year from air pollution. In addition to supporting emissions reductions per climate action (SDG 13), the project also reinforces SDG 3, SDG 9, SDG 11, and SDG 17.



Our Net Zero Goal

As a global organization, we believe that a science based transition to green economy is crucial. In November 2020, KPMG announced its ambition to become a net-zero organization by 2030 as part of its continued efforts on delivering growth in a sustainable way and providing climate solutions for member firms, clients, and communities.



KPMG firms have collectively committed to:

- 100% Renewable Electricity by 2022 in its 22 Board Countries, and by 2030 for the wider network.
- Offsetting any remaining GHG emissions through externally accredited voluntary carbon offsets to remove emissions it cannot reduce any further from its operations and supply chain.

In January 2021, we committed to reduce our carbon emissions by 50% between 2019 and 2030, as a part of a 1.5-degree Celsius Science Based Target.

Our commitment to achieving emission reduction about 50% by 2030 has been validated by Science Based Target (SBTi) in November 2021. The SBTi is a collaboration between Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI), and the Worldwide Fund for Nature (WWF). The SBTi defines and promotes best practices in science-based target setting and independently assesses companies' targets. The SBTi helps organizations define achievable pathways to reduce emissions, on a year-by-year basis.

As KPMG Turkey, we have started to purchase renewable electricity in FY21. We have been obtaining I-REC (International Renewable Energy Certificates) for the all (İstanbul, Ankara, İzmir, and Bursa) offices since 2020. This way, 100% of our electricity demand in FY20 and FY21 was provided through renewable energy.

To offset any remaining GHG emissions, we worked with Natural Capital Partners (NCP), the leading experts on carbon neutrality and climate finance. This way, we offset our FY20 and FY21 GHG emissions.

GHG emissions calculated for FY20 and 21 are as follows:

FY20 1,034.13 tCO₂e

FY21 880.27 tCO₂e

To go beyond our efforts to becoming a net-zero company, KPMG Turkey has also researched the Net Zero Readiness Index of Turkey and made contributions to the Net Zero Readiness Index report prepared by our KPMG IMPACT global team. The report compares the progress of 32 countries in reducing greenhouse gas emissions and evaluates their readiness. The details of Turkey's current situation on potential and ability to reach Net Zero by 2050 can be reached out the link below.

[Net Zero Readiness Index: Turkey](#)



Our Net Zero Goal Action Plan

As KPMG Turkey, we took the first steps of reaching Net-Zero by 2050 in 2021. Then in 2022, with the establishment of the ESG Committee, we strengthened our internal stakeholder engagement process and accelerated our efforts to achieve our ultimate KPMG Turkey Net-Zero Goal together with ESG Committee and other departments. Starting in 2022, we will continue to raise awareness among our employees and in the society. By 2022, we will discuss emission reduction methods and activities in accordance with SBTi requirements and decide on our roadmap for the transition. At the same time, we are strengthening our emissions inventory and data collection channels to include the emissions of our professionals, not only within company boundaries but also outside of the company (remote working). In the coming years, we aim to switch from gasoline to diesel and electric vehicles for business travel, complete the voluntary Zero-waste certification process, implement Green Building certification requirements for our office buildings, increase the level of awareness for employees of KPMG Turkey on ESG topics, conduct internal audits for our offices, reduce our emission sources, and investigate ways for accelerating our emission reduction. While advancing towards this goal, we continue to identify other emission sources, get recommendations for reductions from our stakeholders, and take responsible steps.

Currently, 70% of GDP is now covered by a net-zero target whether at a national, regional, or country level; thus, net-zero is becoming a reality for many companies.

But turning commitments into action requires comprehensive planning and an appreciation of the impact of decarbonization upon a business. It is important to set achievable ambitions backed by science, while remaining flexible enough to respond to constantly evolving ideas, technologies, and regulations. KPMG proposes an eight-step robust, practical plan to disclose a path towards net-zero, reassuring investors, employees, government, and other stakeholders — and making companies more resilient to disruptions caused by climate change.

As KPMG, we leverage technology and develop innovative tools on ESG field to identify, quantify and manage risks due to climate change and ESG globally. Various tools to conduct climate risks assessments and perform scenario analysis were developed by KPMG offices. As an example, for these tools, we aim to use ClimateIQ to conduct climate risk assessments for our clients, a multi-industry risk management software and manage physical and transition risks due to climate change developed by UK teamment. ClimateIQ is a multi-industry risk management software tool that helps to identify, quantify, and manage physical and transition risks due to climate change and has been developed by the KPMG UK team. In 2022, this significant tool will be available for the use of all KPMG offices including KPMG Turkey to assess physical and transitional climate risks for tackling climate change and meeting customer expectations.



Circular Economy Project

Funded by the French Development Agency (AFD), "Preliminary Research Project on the Potential of Circularity in Five Sectors in Turkey" has been conducted in collaboration with Business World and Sustainable Development Association (BCSD Turkey), KPMG Turkey and KPMG France.

The results of this study were announced at the launch event which was held at the French Palace on 18th of March ,2022. The launch of the study which covered the period 2020-2021 and aimed to disseminate circular economy practices and raise awareness in this field was also broadcasted live online. The report was based on publicly available data and qualitative and quantitative data provided by voluntary companies and academicians. It includes assessments of circular economy strategies, exemplary good practices, and obstacles in transitioning to a circular economy in five industrial sectors: plastic packaging, textile, white goods, automotive and construction.

The study tabulated the circularity rates for the plastic and textile industries. Further studies should be undertaken with the contribution of more industry players. It is expected that the study will place as forerunner for upcoming studies regarding circularity in Turkey and encourage more companies to participate in them. You can access the report from the link below.

After the opening speeches, Partner, Audit and Assurance Services, KPMG Turkey Şirin Soysal and Senior Manager, Sustainability Services, KPMG Turkey Suna Batu made a joint presentation. In the presentation, the project was carried out with the cooperation of SKD Turkey, KPMG France and KPMG Turkey; the results of the 1st and 2nd phases, exemplary circular economy practices in the selected sectors, obstacles and opportunities were presented.

You can reach the report from the link below:
[Preliminary Research Project on the Potential of Circularity in Five Sectors in Turkey](#)



Environmental Data and Performance

GHG Emissions Methodology and Calculation

We have calculated our GHG emissions for FY20 and FY21 based on the requirements of CarbonNeutral Protocol 2021³ (The Global Standard for Carbon Neutral Programmes) issued by Natural Capital Partners. Our calculations are based on Intergovernmental Panel on Climate Change (IPCC) and GHG Protocol standards.

Since the beginning of COVID-19 pandemic, we have switched to a flexible working model. We are aware of our impact on the environment due to our business; thus, we included remote working emissions from electricity, heating, and cooling consumption into our calculation. These data are covered under Scope 3 emissions. The business travel both by road and airway have decreased significantly due to online meetings with clients during these fiscal years.

In FY20, business travel emissions with company leased vehicles were calculated within Scope 1 emissions. During the pandemic, KPMG Turkey started to rent vehicles, these emissions are calculated as Scope 3 emissions in FY21.

Rental vehicles, which we use primarily for business travels, and our air travel have gradually decreased due to the impact of COVID-19 pandemic on our business. As KPMG Turkey, we are aware of our environmental footprint we have created and to tackle climate crisis, we are carrying out mitigation strategies accordingly.

As KPMG Turkey, we have offset our Scope 1, 2 and 3 GHG emissions of FY20 and FY21 by investing in climate mitigation projects and I-REC certificates. In this way, we became a CarbonNeutral® Company which is a significant milestone in our journey to Net Zero.

³ https://assets.naturalcapitalpartners.com/downloads/The_CarbonNeutral_Protocol_Jan_2021.pdf

GHG Emissions Inventory for FY20

Scope	Source	GHG Emissions (tCO ₂ e)
Scope 1	Stationary	107.26
	Fugitive	56.38
	Mobile Combustion of leased cars (Gasoline)	25.40
	Mobile Combustion of leased cars (Diesel)	176.73
Scope 2	Electricity	191.02
Scope 3	Air transportation	365.53
	Wastes	0.53
	Mobile Combustion of rented cars (Gasoline)	0.17
	Transportation & Distribution of Electricity	29.62
	Remote working	81.49
Total		1,034.13

GHG Emissions of FY20

Scope	GHG Emissions (tCO ₂ e)	Weight of each scope in emissions (%)
Scope 1	365.77	35%
Scope 2	191.02	19%
Scope 3	477.34	46%
Total	1,034.13	100%

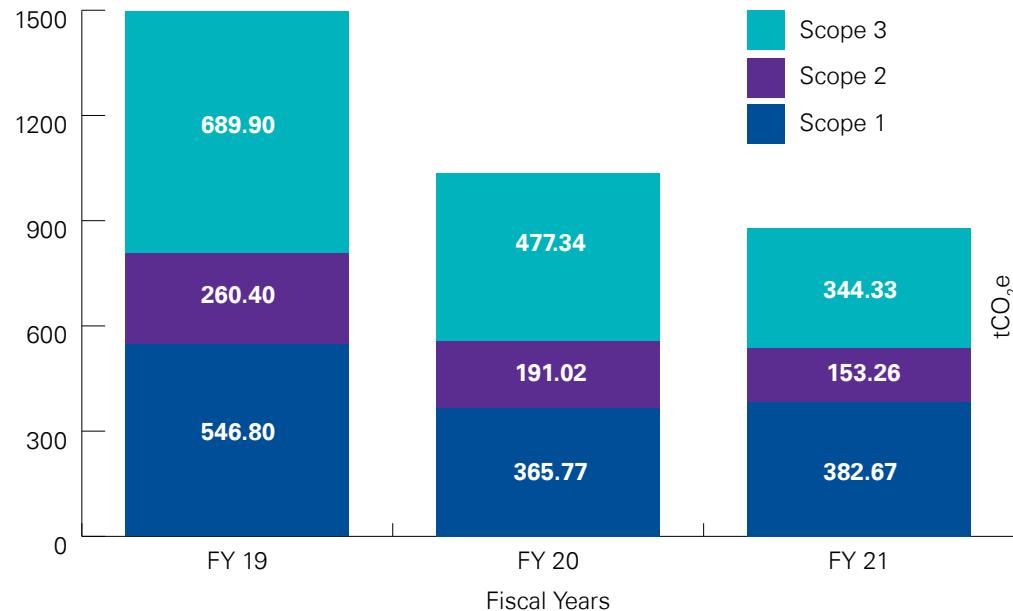
GHG Emissions Inventory for FY21

Scope	Source	GHG Emissions (tCO ₂ e)
Scope 1	Stationary	254.66
	Fugitive	96.05
	Mobile Combustion of leased cars (Gasoline)	20.81
	Mobile Combustion of leased cars (Diesel)	11.16
Scope 2	Electricity	153.26
Scope 3	Air transportation	55.27
	Wastes	0.25
	Mobile Combustion of rented cars (Gasoline)	4.35
	Mobile Combustion (Diesel)	6.08
	Mobile Combustion (Hybrid)	1.05
	Transportation & Distribution of Electricity	22.51
	Home office working	254.82
Total		880.27

GHG Emissions of FY21

Scope	GHG Emissions (tCO ₂ e)	Weight of each scope in emissions (%)
Scope 1	382.67	44%
Scope 2	153.26	17%
Scope 3	344.33	39%
Total	880.27	100%

Comparison of GHG Emissions by Years



Our total GHG emissions have decreased dramatically compared to FY19. Since business travels by company leased cars and air travel were lesser during pandemic, Scope 1 and Scope 3 emissions decreased significantly. Also, natural gas and electricity consumptions in the offices decreased, thus Scope 1 and 2 emissions decreased proportionally, respectively.



Water and Waste Management

As KPMG Turkey, we value and cherish our environment, and we try to reduce our ecological footprint through various initiatives in order to protect it. Besides the climate crisis, water scarcity and pollution are also serious problems which have adverse effects on human health, food, and ecological cycle. Reduction of water consumption at our offices and raising awareness among employees are some of our main internal actions in this regard. Thus, our offices are designed accordingly and installed with sensor-fitted taps for water efficiency. Moreover, we regularly inform our employees with regard to the importance of water conservation and encourage them to be more conscious in their daily lives. Besides, microplastics are considered as one of the harmful materials for human health and the environment; especially for the aquatic ecosystem. It is critical to diminish plastic consumption as much and as fast possible to protect the environment and people's livelihood.

Water Consumption

Water Consumption	FY19	FY20	FY21
m ³	7,607	2,730	1,793





Abbreviations

ACCA : Association of Chartered Certified Accountants	IESBA : International Ethics Standards Board for Accountants
AFD : French Development Agency	IIA : International Investors Associations
AHK - German Turkish Chamber of Commerce and Industry	IIRC : International Integrated Reporting Council
BCSD Turkey : World Business Council on Sustainable Development / SKD	IPCC : Intergovernmental Panel on Climate Change
CDP : Carbon Disclosure Project	I-REC : International Renewable Energy Certificate
CoP : Communication on Progress	ISACA : Information Systems Audit and Control Association
ERM : Enterprise Risk Management	ISO : International Organization for Standardizations
ERTA : Integrated Reporting Turkey Network	ISQC 1 : International Standards on Quality Control 1
ESG : Environmental, Social and Governance	ISQM 1 : International Standard on Quality Management 1
FSB : Financial Stability Board	MT : Management Team
GHG : Green House Gases	NCP : National Capital Partners
GRI : Global Reporting Initiative	NITSO : National Information Technology Security Officer
GQCR : Global Quality and Compliance Review	NGO : Non-governmental Organization
GQRMM : Global Quality & Risk Management Manual	OHS : Occupational Health and Safety
GQ&RM : Global Quality & Risk Management	OSD : Automotive Manufacturers Association
IAASB : International Auditing and Assurance Standards Board	PDM : Performance Development Management
IDSE : Inclusion, Diversity, and Social Equality	PERYÖN : People Management Association of Turkey

QPR: Quality Performance Review

QRM: Quality Risk Management

RCP: Risk Compliance Program

SBTi: Science Based Targets Initiative

SDG: Sustainable Development Goals

SoQM: System of Quality Management

TABA/AmCham: Turkish American Business Association

TAYSAD: Automotive Suppliers Association of Turkey

TBV: Turkish Informatics Foundation

TCFD: Taskforce on Climate-related Financial Disclosures

TEID: Ethics and Reputation Society

TGE: Target Gender Equality

TİDE: The Institute of Internal Auditing

TİM: Turkish Exporters Assembly

TKYD: Corporate Governance Association of Turkey

TNFD: Taskforce for Nature-related Financial Disclosures

TSPB: Turkish Capital Market Associations

TÜBİSAD: Informatics Industry Associations

TÜSİAD: Turkish Industry and Business Associations

UNGC: United Nations Global Compact

UNGC WEPs: United Nations Global Compact Women Empowerment Principles

WEF: World Economic Forum

WRI: World Resources Institute

WWF: Worldwide Fund for Nature

YKKD: Women on Board Association Turkey

Annex

GRI and UNGC Index

GRI 102: General Disclosures		
GRI Title	Report Section	Page Number
102-1 Name of the organization	About the Report	3
102-2 Activities, brands, products, and services	Intellectual Capital, Types of services	35-36
102-3 Location of Headquarters	KPMG Global and Turkey	6
102-4 Location of operations	KPMG Global and Turkey Please also see our 2020 Transparency Report	15
102-5 Ownership and legal form	Types of services	36
102-6 Markets served	KPMG Global and Turkey, Financial Capital	6-57
102-7 Scale of the organization	Human Capital	41-51
102-8 Information on employees	*Information not available	62
102-9 Supply Chain*	*Not applicable	-
102-10 Significant changes to the organization and its supply chain*	*Not applicable	-
102-11 Precautionary principle*	*Not applicable	-
102-12 External initiatives	Our ESG Journey	13-19
102-13 Membership of associations	Social and Relationship Capital	63
102-14 Statement from senior decision-maker	Message from Our Country Senior Partner	4
102-16 Values, principles, standards, and norms of behaviour	KPMG Global and Turkey, Human Capital	8-9, 41, 47-49
102-18 Governance Structure	For our audit services (as an example of our governance structure), please see our 2020 Transparency Report	
102-40 List of stakeholder groups	Stakeholder Engagement, Memberships	28-29, 63
102-41 Collective Bargaining	Not Applicable	-
102-42 Identifying and selecting stakeholders	Stakeholder Engagement	28-29
102-43 Approach to stakeholder engagement	Stakeholder Engagement	28-29

GRI 102: General Disclosures			
GRI Title	Report Section	Page Number	
102-44 Key topics and concerns raised	Message from Our Country Senior Partner, ESG Risks	4, 27	
102-45 Entities included in the consolidated financial statement	*Not applicable	-	
102-46 Defining report content and topic Boundaries	About the Report	3	
102-47 List of material topics	Materiality Analysis	30-33	
102-48 Restatements of information*	Not available	-	
102-49 Changes in reporting *	About the Report, Materiality Analysis, Our ESG Journey, Our Targets, Our ESG Risks	3, 13-19, 27, 30	
102-50 Reporting Period	About the Report	3	
102-51 Date of the most recent report*	KPMG Turkey Sustainability Report 2019		
102-52 Reporting Cycle	About the Report	3	
102-53 Contact point for questions regarding the report	Contact	86	
102-54 Claims of reporting in accordance with the GRI Standards	About the Report	3	
102-55 GRI Content Index	Referencing	79-81	
GRI 201: Economic Performance (2016)			
GRI Title	Report Section	Page Number	Relevant SDG
201-1 Direct economic value generated and distributed	Financial Capital	57	
201-2 Financial implications and other risks and opportunities due to climate change	*Not applicable	-	
GRI 205: Anti-Corruption (2016)			
GRI Title	Report Section	Page Number	Relevant SDG
205-1 Operations assessed for risks related to corruption	KPMG Turkey Management Systems	21-27	
205-2 Communication and training about anti-corruption policies and procedures	Quality and Risk Management (QRM) Trainings	48-49	
GRI 304: Biodiversity (2016)			
GRI Title	Report Section	Page Number	Relevant SDG
304-3 Habitats protected or restored	Not applicable.	-	
			

GRI 305: Emissions (2016)			
GRI Title	Report Section	Page Number	Relevant SDG
305-1 Direct (Scope 1) GHG emissions	Environmental Data (*We track our absolute GHG emissions (ton))	72	  
305-2 Energy indirect (Scope 2) GHG emissions			
305-3 Other indirect (Scope 3) GHG emissions			
305-4 GHG emissions intensity			
305-5 Reduction of GHG emissions			
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	52-54	
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	Performance Development	45-49	
404-2 Programs for upgrading employee skills and transition assistance programs	Capability Building and Trainings at KPMG Turkey	47	
404-3 Percentage of employees receiving regular performance and career development reviews	Performance development	45-46	
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	42	  
GRI 413: Local communities (2016)			
GRI Title	Report Section	Page Number	Relevant SDG
413-1 Operations with local community engagement, impact assessments, and development programs	Social and Relationship Capital	59-65	        

UNGC Principles Table

Ten Principle	Relevant Section	Pages
Principle 1: Businesses should support and respect the protection of internationally proclaimed human right	Human Capital	41-54
Principle 2: make sure that they are not complicit in human rights abuses	Human Capital	41-54
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human Capital	41-54
Principle 4: the elimination of all forms of forced and compulsory labour	Human Capital	41-54
Principle 5: the effective abolition of child labour	Human Capital	41-54
Principle 6: the elimination of discrimination in respect of employment and occupation	Human Capital	41-54
Principle 7: Businesses should support a precautionary approach to environmental challenges	Our Net Zero Goal	68
Principle 8: undertake initiatives to promote greater environmental responsibility	Natural Capital	67-75
Principle 9: encourage the development and diffusion of environmentally friendly technologies	Our Net Zero Action Plan	69

Certificates (1/3)



Certificates (2/3)

 THE INTERNATIONAL REC STANDARD

This Redemption Statement has been produced for

KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVIRLIK ANONİM ŞİRKETİ

by

GTE KARBON

confirming the Redemption of

87

I-REC Certificates, representing 87 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

LEVENT MAH. MELTEM SK. İŞ KULELERİ KULE 3 KAT:2-4-5-6-9 BEŞİKTAŞ/İSTANBUL Turkey

in respect of the reporting period

2021-01-01 to 2021-01-31

The stated Redemption Purpose is

Electricity consumption via meter no: 6176254000 in İŞMER (İş Kule Levent)

Evident

QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below

Verification Key

6 2 6 1 2 6 6 6

<https://evident.app/public/certificates/en/E+Ai0PDrizYT5BR/rvZDe9Wawud1Sb6/9WAeVzjdLq0=>

 THE INTERNATIONAL REC STANDARD

This Redemption Statement has been produced for

KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVIRLIK ANONİM ŞİRKETİ

by

GTE KARBON

confirming the Redemption of

1

I-REC Certificates, representing 1 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

LEVENT MAH. MELTEM SK. İŞ KULELERİ KULE 3 KAT:2-4-5-6-9 BEŞİKTAŞ/İSTANBUL Turkey

in respect of the reporting period

2021-03-01 to 2021-03-31

The stated Redemption Purpose is

Electricity consumption İŞMER (İş Kule Levent) - 6176254000

Evident

QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below

Verification Key

6 9 1 4 1 3 7 5

<https://evident.app/public/certificates/en/E+Ai0PDrizYT5BR/rvZDe7uGrtIRkr1DQa9l2jC5MM=>

Certificates (3/3)

 THE INTERNATIONAL REC STANDARD

This Redemption Statement has been produced for

KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVIRLIK ANONİM ŞİRKETİ

by

GTE KARBON

confirming the Redemption of

18

I-REC Certificates, representing 18 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

LEVENT MAH. MELTEM SK. İŞ KULELERİ KULE 3 KAT:2-4-5-6-9 BEŞİKTAŞ/İSTANBUL Turkey

in respect of the reporting period

2021-06-01 to 2021-06-30

The stated Redemption Purpose is

Electricity Consumption - İŞMER (İş Kule Levent) İş Merkezleri Yönetim ve İşletim A.Ş. 6176254000

Evident

QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below

Verification Key

1 3 5 3 2 9 2 2

<https://evident.app/public/certificates/en/E+Ai0PDrizYT5BR/rZDe/0Us57CRZ9mpgvFxclCq8=>



 THE INTERNATIONAL REC STANDARD

This Redemption Statement has been produced for

KPMG BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVIRLIK ANONİM ŞİRKETİ

by

GTE KARBON

confirming the Redemption of

19

I-REC Certificates, representing 19 MWh of electricity generated from renewable sources

This Statement relates to electricity consumption located at or in

LEVENT MAH. MELTEM SK. İŞ KULELERİ KULE 3 KAT:2-4-5-6-9 BEŞİKTAŞ/İSTANBUL Turkey

in respect of the reporting period

2021-09-01 to 2021-09-30

The stated Redemption Purpose is

Scope 2 Reporting: İŞMER (İş Kule Levent) İş Merkezleri Yönetim ve İşletim A.Ş 6176254000



Evident

QR Code Verification

Verify the status of this Redemption Statement by scanning the QR code on the left and entering in the Verification Key below

Verification Key

2 7 9 3 8 7 3 6

<https://evident.app/public/certificates/en/BcmiW9vbknZkZ8vjKKOz3XhsZs80MxhuafgzXWw/YBQ=>



Contact

Sustainability Services Department and ESG Committee

For detailed information:

KPMG Turkey
Clients & Markets
tr-fmmarkets@kpmg.com

İstanbul

Levent Mh. Meltem Sk. İş bankası
Kuleleri No 14/10 Beşiktaş
T : +90 212 316 6000

Ankara

The Paragon İş Merkezi Kızılırmak Mah.
Ufuk Üniversitesi Cad. 1445 Sok. No:2
Kat:13 Çukurambar 06550 Ankara
T: +90 312 491 7231

İzmir

Folkart Towers Adalet Mah. Manas
Bulvari No:39 B Kule Kat: 35 Bayraklı
35530 İzmir
T : +90 232 464 2045

Bursa

İnallar Cadde Plaza, Balat Mahallesi
Mudanya Yolu Sanayi Caddesi No: 435
K:5 D:19-20 Nilüfer
T : +90 232 464 2045

kpmg.com.tr
kpmgvergi.com



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG Bağımsız Denetim ve SMMM AS., a Turkish corporation and a member firm of the KPMG International Cooperative. All rights reserved. Printed in Turkey.

The KPMG brand and KPMG logo are registered trademarks of the KPMG International Cooperative.