



UK Corporate Responsibility Report 2019

**In respect of the year
ended 30 September 2019**

December 2019

kpmg.com/uk



It all adds up: Supporting our communities and the environment



Our success as a business depends not just on the outcomes we deliver, but also on the way we work. This means acting responsibly for our people, our clients and our communities.

Our Corporate Responsibility strategy focuses on the areas where we believe we can have the biggest impact – we aim to tackle disadvantage, power social mobility and take positive climate action.

This is the story of what we do, why we do it and the impact we're having.

Our 2019 highlights



Volunteering hours

67,102 ↑ 39%



Volunteers

4,398 ↑ 41%



Community beneficiaries

30,395 ↑ 46%



Community investment

£6.6m¹ ↑ 35%



Funds raised for the NSPCC

£930k²



People signed up to improve their numeracy as a result of National Numeracy Day

48,000³



Reduction in electricity consumption across our estate

11.8%



Community organisations supported

1,988 ↑ 82%



Students supported in social mobility coldspots and Opportunity Areas

5,370



1. Cash and in-kind investment
2. Since start of partnership in April 2018
3. Since May 2018

Boosting skills to power social mobility

We take a leading approach to social mobility by:

- making an impact at all stages of education
- deploying technology to enable skills development
- tackling regional disadvantage

Our work seeks to address two key problems limiting social mobility in the UK:

Problem: too many adults lack the foundational literacy and numeracy needed for work and life.

49% of adults have the numeracy skills of an 11 year old. 16% of the population has very poor literacy. This problem is worsening in our poorest communities.

Response: we use our convening power to effect positive societal change. KPMG's National Numeracy Day sets out to turn the dial on poor numeracy. We've prompted over 48,000 people to take steps to improve their numeracy, providing a much-needed spur to productivity and social mobility. KPMG's Vision for Literacy Business Pledge – established 2015 – now has 74 leading businesses behind it. Each has committed to tackle poor literacy in their workplaces and communities and act as a champion for change.

Problem: the UK hasn't embraced a lifelong learning culture. Too often, education is considered complete when we leave university. Given longer working lives and rapid changes in technological progress, this needs to change.

Response: we teach students the skills needed for the future world of work, focusing our efforts on the most disadvantaged areas of the country. KPMG's WorkReady programme encourages students to become lifelong learners. It educates young people about the changing world of work; the 4th Industrial Revolution; and the EQ that will make us expert users and creators of tech, majoring on creativity and problem solving.

A lifelong learning mindset depends on resilience and adaptability. Working with BecomingX, our WorkReadyX programme includes stories from Olympic gold medallists; Nobel Peace Prize winners and public figures like Bear Grylls, Gareth Southgate and Sir Ranulph Fiennes – to demonstrate to students how great people learn from failure and come back stronger.

Celebrating numbers with National Numeracy Day

Since launching National Numeracy Day in 2018, National Numeracy, KPMG and our partners have challenged negative attitudes towards everyday maths. We've done that by raising awareness of the issue and celebrating numbers across the country.

National Numeracy Day 2019 was a huge success. Ten Lead Supporters included Bloomberg, Santander and Experian championed the day – and over 400 educational institutions took part.

Since 2018, over 48,000 people have signed up to improve their numeracy skills thanks to National Numeracy Day. Our work has won plaudits including being judged 'best partnership' at the 2019 Better Society Awards.



KPMG's Deputy Chair Melanie Richards addresses National Numeracy Day supporters at our evening reception to celebrate the 2019 campaign

Over **90%** of WorkReady students reported improvements in problem solving skills

74 businesses engaged in Vision for Literacy Business Pledge

4,800 students took part in the National Numeracy Day outreach programme

93% of WorkReadyX students reported improvements in their ability to stay positive

Engaging with the community where it needs us most

In the UK, where you're from, and who your parents are, has a profound impact on the opportunities in your life. We believe that everyone should be able to go as far in life as their ability can take them and recognise we have a real opportunity to support people whose chances are limited through no fault of their own.

We're tailoring our interventions and focusing on where we can make the biggest impact. We're making long-term commitments to improve social mobility in areas where young people have less access to employers and fewer opportunities to prepare for the world of work.



A WorkReady student from Beckfoot School in Bradford participating in the 2019 programme

Helping student number 10,000 become WorkReady

KPMG's **WorkReady** programme encourages students to become lifelong learners. It educates young people about how technology is reshaping the world of work; and develops the essential skills that will allow young people to thrive when they enter the workplace. Each year our WorkReady programme reaches thousands of students in social mobility coldspots where digital literacy lags and students lack meaningful encounters with employers.

This year we supported our 10,000th WorkReady student. In 2019, WorkReady participants gave students:

- a better understanding of the skills employers are looking for (97%)
- greater confidence about applying for jobs in the future (96%)
- a clearer understanding of how the world of work is changing (94%)

KPMG has been a pioneer of the **Skills Builder** framework which is embedded in WorkReady and provides a methodology for schools to teach soft skills, debunking the myth that these are innate. We provided seed funding from our corporate Foundation and have since embedded it into all of our work with schools. As a result the framework is now being used by thousands of schools and businesses and is set to become the official way soft skills are taught in UK schools.

2,470

students in social mobility coldspots engaged through our WE Schools Numeracy Speaking Tour

We are a
Cornerstone Employer in
4 areas of
low social
mobility

4.2

Average reading levels increase for students in Bradford supported by our remote Literacy programme with **TutorMate**

100%

of schools on our **WorkReady** programme are in areas of the lowest social mobility, as identified by the government



I highly recommend WorkReady – a very exciting opportunity for our students to develop their entrepreneurial and creative skills by working on business solutions using emerging technology. The content is taken from real businesses, yet is made very accessible for all students.

Houda Medjdoub Head of Business and ICT,
The Oakwood Academy, Nottingham

Tackling disadvantage with the NSPCC

The life chances of young people are strongly influenced by their earliest years. Our National Charity, the NSPCC, is one of the UK's leading charities and works to ensure that children are safe, cared for and have access to education and employment opportunities.

From fundraising to sharing skilled expertise, our firm is making a difference for vulnerable young people. Our employees have taken on a range of fundraising challenges, including running the London Marathon, trekking the Great Wall of China and taking part in our first ever Wheely Big Cycle. Since starting our partnership with the NSPCC in April 2018 we've raised over £900,000. This will pay for the NSPCC's Speak out Stay safe programme to reach 186,000 primary school children, giving them the knowledge to protect themselves from abuse. It will also pay for the NSPCC's trained volunteer counsellors to answer 93,000 calls for help to Childline.

Through our pro bono support we're sharing specialisms within KPMG to build the NSPCC's capacity and help the charity tackle systemic issues affecting young people.

“ This is an area where we don't have the expertise, so we need to come to organisations like KPMG to learn from your skills and experience. Today has really moved our thinking forwards – there are so many ideas we'll take away that will support the development of our innovation project.

Tony Stower Head of Online Safety and Innovation, NSPCC

1,700+

KPMG employees fundraising for the NSPCC

£930,000

raised since starting our partnership in April 2018

22

KPMG offices connected by our Wheely Big Cycle

130

KPMG employees sharing their Cyber expertise

Making an impact for the NSPCC

Dozens of colleagues spent the day with the NSPCC's online safety specialists to help them with their child safety online campaign, focusing on two key challenges:

- Internet of Toys: the cyber threats of internet-connected devices and toys
- Online ID: identification of children online for the removal of sexual imagery

The team developed an assessment framework for internet-connected devices and toys as well as an assurance matrix to help children identify themselves online.

Over 70 colleagues from the Cyber team participated in the second cyber pro bono day in support of the NSPCC's work to 'Keep Children Safe Online'. During the day, they looked at:

- Internet of Toys – building on the assessment framework produced in the first day, the KPMG team investigated six toys and devices and created an assessment tool for parents, guardians and teachers.
- Gaming – technical experts from KPMG helped the NSPCC understand the architecture of gaming, specifically: the big players; how they interact; where the key risks materialise; and how society can help mitigate them.

We shared the outputs at the NSPCC's How Safe Are Our Children Conference in June and they have been used to update content on the charity's website.



A group of volunteers in Aberdeen celebrate the start of our 'Wheely Big Cycle' to support the NSPCC

Creating a sustainable future

We're taking ambitious climate action, reducing our emissions, promoting a circular economy and engaging and influencing our stakeholders to create a brighter future for our planet.

This year we've:

- committed to setting science-based environmental targets in 2020 that will make us a net-zero business by 2050
- launched a new Plastic Commitment focused on four action areas to reduce and remove unnecessary plastic
- delivered a series of inspiring events around the UK for over 700 employees with Blue Planet II producer Mark Brownlow
- worked closely with our strategic suppliers to provide guidance on environmental best practice and emissions reductions through our Sustainable Procurement programme
- opened a vegetarian restaurant in our Head office and reduced the carbon intensity of products we offer on our menus

“It's fantastic that KPMG have taken this issue so seriously and are inspiring employees to make changes to how they use and consume avoidable plastic. Collectively these small changes make a difference.

Mark Brownlow Blue Planet II Producer

63% of suppliers on our Sustainable Procurement programme reported a decrease in carbon emissions for 2019 – a 7% improvement

8m+ items of single use plastic removed

1,054 Plastic Pledges made by staff

11.8% reduction in electricity consumption¹



KPMG Vice Chair David Sayer makes a Plastic Pledge at our Blue Planet event

Meet our energy efficient Reading office

This year we put in place the finishing touches to our new Reading office at 2 Forbury Place. Our fit out has been awarded BREEAM Excellent status for its range of leading-edge sustainability features – so what makes this building so special?

There are a whole range of sustainability measures that have been incorporated right from the outset:

- A number of charging points on site for electric cars
- A green roof to promote local biodiversity
- Rainwater harvesting to flush the building's toilets with captured water
- Low-water volume taps
- ZipTaps to provide boiling, sparkling and still water

Measures have been introduced to ensure energy efficiency, including passive design features to low- and zero-carbon technologies, such as:

- Micro CHP (Combined Heat and Power)
- Air source heat pumps
- PV panels have been introduced on site

The building provides fully flexible lighting controls, with sensors and daylight-linking meaning lighting only comes on if needed.

Our new office is also much closer to Reading's transport connections, meaning we're able to help our employees reduce their carbon emissions through increased use of public transport.

¹ most recently available 2018 data

KPMG Foundation: Supporting the hardest to reach



We believe that every young person deserves the best possible start in life. For young people living in care or from deprived backgrounds, the opportunity to fulfil their educational potential can slip out of reach and they can be left behind.

The KPMG Foundation, an independent charity established by KPMG in the UK in 2000, seeks to improve the educational and social outcomes for young people from disadvantaged backgrounds and communities.

Focused on supporting early intervention and long-term programmes, since inception it has provided nearly £14 million of funding to over 70 charitable projects nationwide, principally through the support of the firm.

For more information about the KPMG Foundation, see our [Annual Report & Accounts](#).



Case Study: Family Rights Group

This year the Foundation has continued to invest in Lifelong Links developed by the Family Rights Group across the UK, to provide a network of relationships for a child in care. Lifelong Links helps identify and engage relatives and other supportive adults, willing and able to make a lasting commitment to a child, to support their health, happiness, education and overall wellbeing.

The focus of KPMG Foundations support is on children and young people in Scotland through a five year pilot, sharing experience across England through a Department for Education funded trial of Lifelong Links. In total over 1,000 children will benefit from extending and strengthening their family networks, as they move from childhood to adolescence, to adulthood. The Foundation is working with a network of others in Scotland, to share the learning from this work more widely. KPMG Foundation invested £100,000 in Lifelong Links Scotland during 2018-19.

Case Study: Frontline Social Work

Frontline aims to transform the lives of vulnerable children by recruiting and developing outstanding individuals to be leaders in social work. The KPMG Foundation is supporting Frontline to develop an effective coaching model for newly qualified social workers. The model will help social workers build greater confidence to provide the best solutions for children and their families by increasing their understanding of the complexities of child protection and how to positively influence the local system they work in.

During 2018-19, the Foundation helped over 200 newly qualified social workers complete coaching modules with experienced professionals, across six English Regions. It invested £100,000 to help ensure the programme can be delivered as effectively and efficiently as possible, by trialling different models, to ensure its longer term sustainability.



Community and environment data tables

Community	FY19	FY18	FY17
Community benefits			
Individuals directly supported	30,395	20,855	17,344
Organisations supported	1,988	1,092	1,053
Leverage (cash)	£1.6 million	£1.2 million	£1.0 million
Community investment			
Community contribution (cash, time, in-kind and management costs)	£6.6 million	£4.9 million	£4.1 million
Number of volunteers during working hours	4,398	3,123	2,915
Time spent volunteering during working hours	67,102 hours	48,184 hours	44,067 hours
FTE staff volunteering during working hours	27%	21%	21%

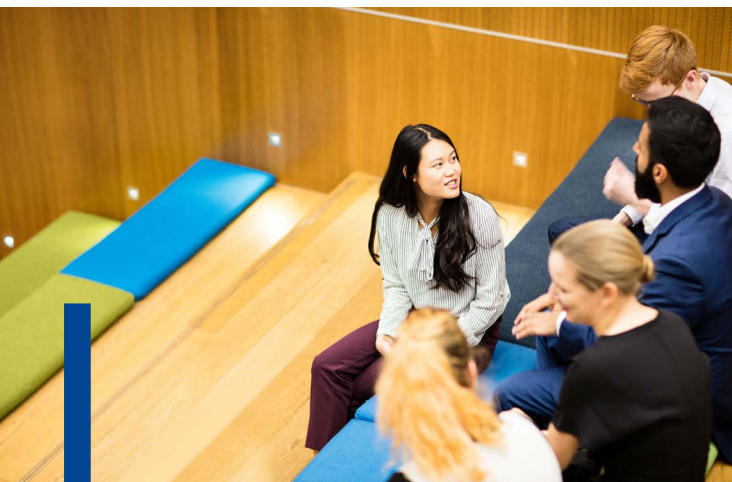
Unlike our community data, environmental data is reported for the preceding calendar year to the annual report – data is calculated in accordance with the BEIS methodology. In 2018, despite seeing a 20% reduction in our Scope 1 and 2 emissions, we saw an overall increase of 10% in absolute emissions due to increased business travel. We're constantly working to refine our policies and ways of working to encourage smarter and more energy efficient travel and ensuring wherever possible we are using technology to support remote working.

We remain on track to achieve our target of a 20% carbon reduction by 2020, having reduced our total carbon emissions by 20.4% against our 2010 baseline. We continue to use our environmental management system to manage our environmental impact and this year successfully transitioned to the ISO14001:2015 standard and re-certified our operations for another three years.

Emissions (kgCO ₂ e)	2018	2017	2016	2010
Scope 1¹				
Natural gas	2,019,659	2,049,145	2,739,805	3,334,743
KPMG owned/leased car travel	1,207,723	1,325,004	1,471,817	1,383,514
Total – Scope 1	3,227,382	3,374,149	4,211,623	4,718,257
Scope 2²				
Electricity from landlord sites	1,804,710	2,923,674	3,320,378	20,750,717
Electricity – total	1,804,710	2,923,674	3,320,378	20,750,717
Total – Scope 2	1,804,710	2,923,674	3,320,378	20,750,717

1 For offices without accurate natural gas consumption data, from 2016 onwards consumption has been calculated using average consumption and floor space data.

2 Electricity emissions have been calculated using the GHG protocol 'Location Based' approach. Electricity purchased from renewable electricity tariffs as per the GHG Protocol Scope 2 standard in buildings we own and control amounted to 73% of our kWh consumption for the year. Each unit of renewable electricity is backed by a levy exemption certificate ('LEC') or Renewable Energy Guarantee of Origin ('REGO') as evidence that the supply is from accredited renewable sources.



Emissions (kgCO ₂ e)	2018	2017	2016	2010
Scope 3				
Business-related car travel	2,404,447	2,476,743	2,533,498	4,213,005
Air travel				
Short	2,684,882	2,086,554	2,440,596	2,154,324
Medium	3,519,208	3,112,774	3,656,799	3,483,660
Long	33,737,688	29,162,389	30,069,513	26,100,724
Air travel – total	39,941,778	34,361,717	36,166,908	31,738,708
Rail travel	1,964,556	1,229,001	1,690,739	1,474,910
Transmission and distribution electricity	561,757	868,156	1,114,218	1,670,969
Well to tank	5,691,862	5,287,214	5,325,068	5,295,214
Total – Scope 3	50,564,401	44,222,831	46,830,430	-
Total gross emissions	55,596,493	50,520,654	54,362,431	69,861,780
Emissions per employee	3,811	3,617	4,146	6,814

Additional disclosures	2018	2017	2016	2010
Water (litres)	100,917,922	118,231,977	115,280,700	118,790,000
Paper (sheets)	39,866,875	46,781,575	47,190,475	78,433,500
Waste				
Total waste (kg)	2,642,252	2,813,597	2,263,390	2,495,504
Recycled waste (kg)	2,187,625	2,378,090	1,499,327	1,282,719
% waste recycled	83%	85%	66%	51%
CY Full-time equivalent	14,587	13,969	13,112	10,252

Auditor's independent limited assurance report



Grant Thornton

Independent limited assurance report

Independent limited assurance report to the Members of KPMG LLP on selected environmental and community data.

Grant Thornton UK LLP ('Grant Thornton') has been engaged by KPMG LLP ('KPMG') to perform limited assurance procedures in respect of selected Environment and Community data (hereafter 'Selected Information') contained in the KPMG Transparency Report for the year ended 30 September 2019 ('the Report').

This report is made solely to the members of KPMG, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the members of KPMG those matters we are required to state to them in an independent limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than KPMG and the members of KPMG as a body, for our work, for this report, or for the conclusions we have formed.

Scope and subject matter

The Selected Information subject to our limited assurance engagement in respect of the Environment data for the year ended 31 December 2018, consists of:

- Direct emissions - gas and firm-owned vehicle fleet (in kilograms of CO₂) Scope 1;
- Indirect emissions - purchased electricity (in kilograms of CO₂) Scope 2;
- Other emissions - business related car, train and air travel, plus "upstream" emissions such as well to tank (WTI) and transmission and distribution (T&D) (in kilograms of CO₂) Scope 3;
- Total paper usage (in sheets);
- Total water consumption (in litres); and
- Total waste (recycled and non-recycled in kilograms).

The carbon footprint data is reported in accordance with the criteria set out in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), jointly issued by the World Business Council for Sustainable Development and the World Resources Institute (the 'GHG Protocol'). The CO₂ figures are calculated using the Department for Business, Energy & Industrial Strategy guidelines on 'Greenhouse gas reporting: conversion factors', issued on 18 July 2018.

The Selected Information subject to our limited assurance engagement in respect of the Community data for the year ended 30 September 2019, consists of:

- Community benefits relating to:
 - individuals directly supported (in number);
 - organisations supported (in number);
- Community investment relating to:
 - community contribution (cash, time, in-kind and management costs) (in £million);
 - volunteering during working hours (in number);
 - time spent volunteering during working hours (in hours);
 - FTE staff volunteering during work hours (in %);

The community data is reported in accordance with the criteria set out by the London Benchmarking Group.

Responsibilities of KPMG and Grant Thornton

Management is responsible for the preparation of the Selected Information contained in the Report. The Environment data has been prepared in accordance with the GHG Protocol, and the Community data has been prepared in accordance with the London Benchmarking Group (the 'Reporting Criteria'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error. Our responsibility is to express a limited assurance conclusion on the Selected Information based on the procedures we have performed and the evidence we have obtained.

Assurance standards used and work performed

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagement 3000 (Revised), 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' (ISAE 3000 (Revised)) and International Standard on Assurance Engagements 3410, 'Assurance Engagements on Greenhouse Gas Statements' (ISAE 3410), issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Selected Information is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of KPMG's use of the GHG Protocol and the criteria set out by the London Benchmarking Group as the basis for the preparation of the Selected Information, assessing the risks of material misstatement of the Selected Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our limited assurance procedures included:

- Review and assessment of the systems processes and controls to aggregate, validate and report the data;
- Discussions with key personnel responsible for the relevant process and governance thereof;
- Review of information provided by third parties and through enquiry, the existence of any assurance provided on the quality of information and underlying processes and controls applied;
- Analytical procedures and sample tests on collated data and conversion factors applied in accordance with the Department for Business, Energy & Industrial Strategy guidelines; and
- Review of an internal audit of the Community data undertaken by the KPMG Sustainability Services team.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our ethical requirements and quality control

We are able to confirm our independence and objectivity as follows:

- We are independently appointed by KPMG; and
- Our work is performed in accordance with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our team consisted of assurance professionals with a combination of environmental, sustainability and relevant sector experience.

In accordance with International Standard on Quality Control 1, Grant Thornton maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Selected Information is not prepared, in all material respects, in accordance with the Reporting Criteria.



Grant Thornton UK LLP
Chartered Accountants, Gatwick
4 December 2019



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