



UK Pay Gap Report 2019



December 2019

kpmg.com/uk

Diversity is crucial to the success of our firm

Bill Michael
UK Chair and
Senior Partner



We know that there's not one single reason why we have pay gaps, which is why our initiatives to reduce them focus on every stage of people's careers.

Our firm welcomes difference and celebrates diversity. The talented people who work for KPMG bring a variety of skills, attributes and ideas to our firm. Together, they form teams that deliver high-quality work for our clients, and our communities, every single day.

We've made progress in reducing our pay gaps this year, but we still have a lot more to do. We publish our targets for gender, ethnicity, disability and sexual orientation and hold ourselves accountable to them. We know that there's not one single reason why we have pay gaps, which is why our initiatives to reduce them focus on every stage of people's careers.

There are two things that I'm particularly proud of this year. Our UK Board appointments mean that we have an equal number of men and women at the very top of our firm. It's a first for our firm, and a first for our industry too.

And I'm also proud of our impressive new hires, particularly in roles that have typically been male dominated.

At KPMG, we do not want gender, ethnicity, identity, background or beliefs to be a barrier to anyone's career. That's why we're taking action to reduce our pay gaps and we're creating a firm where everyone can thrive.

Declaration

I confirm that KPMG UK Ltd's pay gap data has been collected and presented within this report in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Bill Michael

UK Chair & Senior Partner

We're taking action to reduce our pay gaps

Anna Purchas
Head of People



We want all of our people to reach their full potential – whatever that looks like. And building an inclusive culture that supports our people to achieve that is my top priority. It's why people want to join our firm and why they choose to stay.

Reporting our gender and ethnicity pay data is one of the ways to understand how inclusive our business is. The data helps us reflect on what's working and identify where more action is needed.

Both our mean and median gender pay gaps have reduced this year, as well as our median ethnicity pay gap. The data shows that our pay gaps are largely driven by having more men than women in senior roles. Our ethnicity pay gap is a result of employing fewer Black, Asian and Minority Ethnic (BAME) individuals in senior roles and a higher proportion in junior roles.

While this challenge isn't unique to us, it's one we're working hard to change. We've focused on improving our diversity at senior levels for a number of years and these efforts are making a difference. In our latest round of partner promotions, 50% are female and 15% are from a BAME background – an increase of fourteen and five percentage points, respectively. And nearly half of all external partner and director hires this year are female.

I'm proud that we're delivering change, but we know there's more to do. That's why we've created an action plan which focuses on ways to make the biggest difference in the long term. It addresses every stage of someone's career. From how someone is recruited, to how they can progress, the culture we create and the role our leaders play.

Some of the actions we're taking, such as setting and driving diversity targets internally by business area, are having more immediate impact. Others will do little to decrease our pay gap in the short term, for example achieving gender parity for graduate and apprenticeship roles, but are still worth taking for our long-term success.

We've also listened to our people and are taking action on areas that we know will make a difference to them. I'm particularly proud of the support we provide to people returning from parental leave. 86% of people who come back from maternity leave stay with us – a huge positive for both us and them. We also publish our parental leave policies on our website – one of the first organisations to do so – to overcome people's concerns about moving jobs.

But the key in driving sustainable change is our culture. Having the right policies in place is great, but people need to feel empowered to use them. Our leaders play a crucial role here in creating inclusive teams, listening to people and driving action.

We're confident that we're taking the steps needed now that will make our business as inclusive as possible, for both our current and future employees. And by doing so, we will create an environment where our people can thrive and reach their full potential.

Read on for more information on our action plan and to look at our data in more detail.



We've focused on improving our diversity at senior levels for a number of years and these efforts are making a difference.

The data at a glance

Gender pay gap

The gender pay gap is the measure of the difference in average pay between all men and all women across an organisation, regardless of their role, level, length of service or location and any other differentiating factors.

Although not required by statute, the below figures relate to all KPMG staff and partners. The gender and ethnicity pay gaps are based on hourly pay taken at 5 April 2019. Bonus pay is based on bonuses paid in the period 6 April 2018 to 5 April 2019.

Ethnicity pay gap

The ethnicity pay gap is the difference in average pay between all White and all Black, Asian and Minority Ethnic (BAME) employees, regardless of their role, level, length of service or location and any other differentiating factors.

We report our ethnicity pay gap on a voluntary basis and it has been calculated using the gender pay gap statutory methodology.

Median gender pay gap as of April 2019, including partners

22.1%



Reduced by 5.4%
from 2018 (27.5%)

Median ethnicity pay gap as of April 2019, including partners

12.6%



Reduced by 1.0%
from 2018 (13.6%)

Mean gender pay gap as of April 2019, including partners

39.4%



Reduced by 3.0%
from 2018 (42.4%)

Mean ethnicity pay gap as of April 2019, including partners

36.5%



Increased by 0.8%
from 2018 (35.7%)



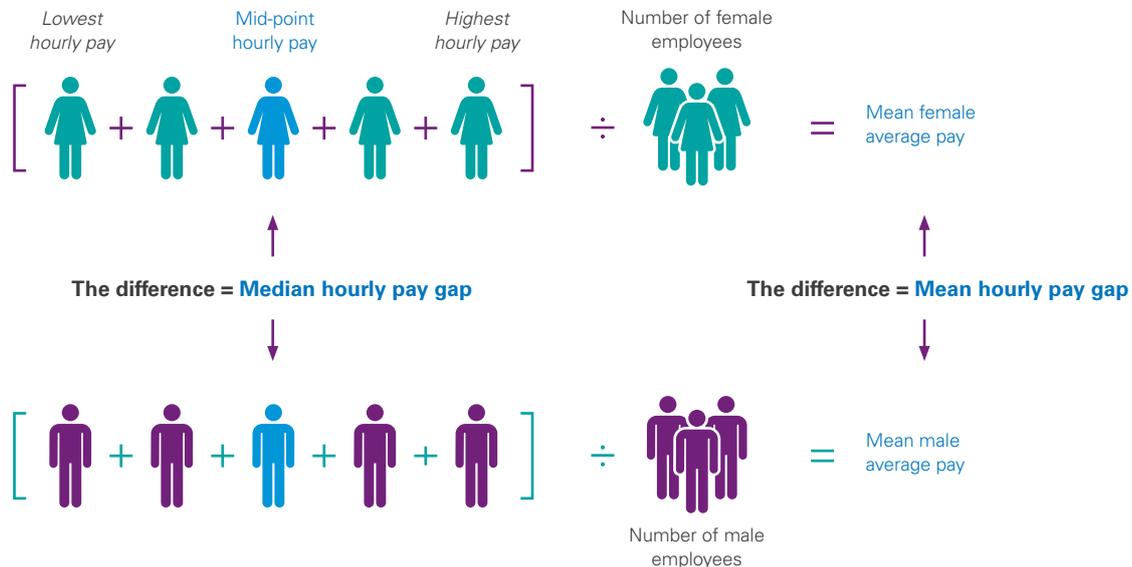
What's the difference between median and mean?

The mean gender pay gap is calculated by adding up all of the pay of KPMG employees and dividing it by the number of employees.

The median gender pay gap is calculated by lining up all of KPMG's employees' pay and finding the mid-point for both men and women. The difference between those two mid-points is the median gender pay gap.

What's the difference between the pay gap and equal pay?

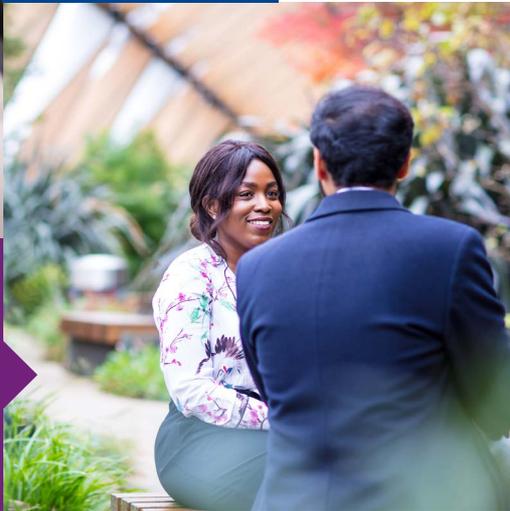
We have an aggregate gender pay gap, but this is not the same as paying a man and a woman differently for doing identical work. Equal pay is a legal requirement in the UK. We have robust processes and monitoring in place to ensure that our people are treated and paid fairly, meeting both our legal and moral obligations.



Our action plan to address our pay gaps



How we attract the best people



How we support our people's careers

How we work



How our leaders are driving change



Our action plan to address our pay gaps

How we attract the best people

We want to recruit from the broadest talent base possible at all levels. And we don't want to miss out on the best people, because they either aren't aware of the opportunities available or think that KPMG isn't an option for them.

We've a number of initiatives for school leavers and students, like our Black Heritage Insight Week, that help us. At the experienced hire level, we give potential recruits information about our policies, like parental leave and flexible working opportunities before they apply – so they can make an informed choice and have an open conversation at interview. And we expanded our successful Return to Work programme in Audit to Tax, Legal, Pensions and Consulting, to give people who have had an extended career break a supportive route back into the workplace.



To have equal access of opportunity you've got to know it exists



Daniel
Audit Associate

Being able to road-test an employer before you join sounds too good to be true, but that's exactly what our Insight programmes do.

Daniel took part in our Black Heritage Talent Insight Programme and enjoyed meeting people already working at the firm. "It really exposed that KPMG cares about diversity and inclusion. You hear companies promoting the tagline, but you don't know the reality."

Raising awareness is a huge part of levelling the playing field and attracting people from different backgrounds, who may have no prior knowledge or experience of KPMG. "It can be much harder for black and ethnic

minorities, not because they don't have what it takes, but because they often don't know what's out there, what's required and how to navigate these places. Insight programmes are a great chance to see what working somewhere is really like." Following the Insight Programme Daniel was successful in securing a role on a KPMG Graduate programme and is now working and training for his accounting qualifications.



It can be harder for black and ethnic minorities, not because they don't have what it takes, but because they often don't know what's out there.

Our action plan to address our pay gaps

How we attract the best people

I've managed to crack the work-life balance



Nana
Senior Manager

When a one-year career break multiplied into a six-year one, Nana Adjey-Twum knew it was time to get back

into audit. So she put a shortlist of potential firms together. "I wasn't prepared to compromise. I wanted to go back into a role that was intellectually challenging. And I wanted a peer group of like-minded people." KPMG could offer her both.

Nana dials up, or dials down, her hours depending on the time of year. "During the busy season, I'll work four or even five days a week. In the summer, I'll take five weeks off with the family."

A flexible approach to working in no way dampens Nana's ambitions. "My performance manager is incredibly supportive. She took the same journey as me – taking time out to have children, then returning to the business and progressing to partner. With role models like that, it makes me think I can go all the way too."



I wasn't prepared to compromise. I wanted to go back into a role that was intellectually challenging.



In 2019



49% of the graduates who joined the firm are female

50% of apprentices who joined the firm are female



4 new Return to Work programmes have been launched this year



45% of directors and partners that joined the firm this year are female

14% are from a BAME background

Our action plan to address our pay gaps

How we support our people's careers

We know there are points in people's careers where there may be barriers to progression. We've not only identified them, we're addressing them head on.

To level the playing field, we've award-winning schemes like GROW to help diverse talent reach the next stage of their career, or our Black Heritage Reverse Mentoring programme, which helps leaders understand what KPMG needs to become more inclusive and helps mentors expand their network. We also provide coaching, training and mentoring support for people preparing to go on, or returning from, parental leave.

It's helped ease my concerns about maternity leave



Jennifer
Senior Manager

Jennifer joined the firm whilst pregnant with her second child and initially felt apprehensive about sharing her

news. "I quickly realised the fears were in my head. As soon as I told the firm, the whole ethos of KPMG immediately came into play and everyone was immensely supportive."

Being part of the Empowering Parents Programme has allowed her to meet lots of parents juggling the same issues and discuss coping strategies. She's also had one-to-one coaching sessions, dedicated HR support and a maternity buddy in her team. Jennifer has recently returned to work after maternity leave and found it to be a positive experience. "It's been fantastic coming back. I felt very apprehensive about it but everyone has been incredibly understanding and supportive. I've been able to work from home and leave at fixed times with absolutely no judgement. It's really refreshing to work somewhere where you do great quality work for impressive clients, but also have the flexibility to spend time with your children."

“ It's really refreshing to work somewhere where you do great quality work for impressive clients, but also have the flexibility to spend time with your children.



In 2019



37% of GROW participants were promoted following the programme



99% of Empowering Parents Programme participants are still with the firm one year on

Our action plan to address our pay gaps

How we work

We're building an inclusive workplace, where flexible working is the norm and has been for many years. This year we've invested in, and rolled out, technology that makes it even easier for people to work in the office, at home, or in between. We also advertise our shared parental leave policies so that all parents feel able to take time out of the workplace to care for their children.

We want the best people on projects that will enhance their career. Which is why we're looking at how we allocate roles – so everyone has equal access to work on projects that can help them take a step up, if they want to. And to give people the skills they need to fulfil their potential, we've invested £42.9 million in training and development.

I wanted to be around when my daughter was born



Andy
Senior Manager

Andy's day job sees him helping clients tackle their IT risks. He has another job, too: he's a dad. "I wanted to be

around when my daughter was born, but worried what the impact would be on my career and our finances." Then a colleague told him about shared parental leave and the support the firm provided: "I had no idea about the level of generosity and structure of the package." Andy has taken six weeks of shared parental leave this year and he'll take another three months off in 2020.

Since returning, Andy talks honestly with clients and colleagues about his time at home and how it's made him more empathetic. "This is what thousands of mums do every year. Now I have a taste of what it's like for them, when they come back to work."

“ This is what thousands of mums do every year. Now I have a taste of what it's like.

I'm a big believer in helping people build up their experience



Logan
Partner

Logan is one of the partners in our Private Equity practice who spends a lot of time team building – literally. "We'd

had feedback that people wanted an opportunity to work with different people, but the standard way of doing things was to roll an entire team on from one project to the next." Not anymore.

Now Logan consciously reshuffles teams on every engagement, meaning colleagues pick up a wider range of skills in a shorter space of time. And that helps them progress their careers. "Looking at the work we've got and how we allocate it makes commercial sense too: if people are more motivated, then clients benefit as well."

“ If people are more motivated, then clients benefit as well.

In 2019



£42.9 million
investment in training this year



155 of our people have taken shared parental leave this year

Our action plan to address our pay gaps

How our leaders are driving change

Our most senior colleagues champion diversity and set specific diversity and inclusion targets for their business area, because a one-size-fits-all approach can have its limitations.

We hold our leaders to account, assessing their progress against these targets as part of their broader performance metrics. And our Inclusive Leadership Board, with external members and representatives from our Executive Board and Board, challenges our efforts.



Every little action makes a difference



Rachel
Consulting Director,
and **Yewande**
HR Consulting
Business Partner



As a self-confessed ‘people person’, Rachel combines her day job of helping solve clients’ complex problems with another important role: working with her HR colleague Yewande to bring in ways to make the consulting team more

inclusive and diverse. “Two things get me out of bed in the morning: doing great work with clients and helping develop both clients and colleagues.”

She feels lucky to be able to turn ideas into actions. “Whatever we come up with, we have the ability to push through. At times it can be hard work, but every little action really does start to make a difference.” This includes starting a Women in Consulting Alumni network and regular lunch and learns, where people share their stories and build their networks.

From an HR perspective, Yewande is particularly proud of the capability framework and salary progression model they’ve brought in. This level of transparency allows existing and new colleagues to be fairly rewarded for the skills they bring, while also giving people a clear view of what they need to progress. It’s also a fairer way to match the right people to the right projects. “We’re already seeing the benefits, as we know how important access to varied and stretching work is to people’s progression.”

Combining their business and HR perspectives allows Yewande and Rachel to take tailored actions. “Being able to bring in solutions hand-in-hand with the business means we know we’re focusing our efforts on where they’ll have the biggest impact.”

“Two things get me out of bed in the morning: doing great work with clients and helping develop both clients and colleagues.”

In 2019



50% of our UK board members are female



50% of our latest partner promotions are female
15% are from BAME backgrounds

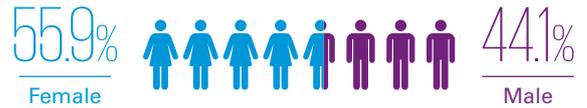
Our gender pay data in detail

The total in-scope KPMG population for base pay gender pay reporting is 15,884, with a male / female split of 8,135 / 7,749.

The quartiles set out the gender distribution across KPMG Ltd in four equally-sized quartiles.



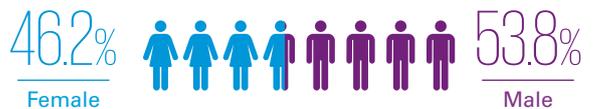
Pay quartiles – colleagues / Q1 lower



Pay quartiles – colleagues / Q2 lower middle



Pay quartiles – colleagues / Q3 upper middle



Pay quartiles – colleagues / Q4 upper



Basic pay – colleagues

This is the difference in average pay between men and women, excluding partners.

Basic pay / **Mean pay gap**

18.6%  **Reduced by 3.1%**
from 2018 (21.7%)

Basic pay / **Median pay gap**

18.6%  **Reduced by 4.0%**
from 2018 (22.6%)

Bonus

This is the difference in average bonus paid between men and women who received a bonus, excluding partners.

The total in-scope KPMG population for bonus gender pay reporting is 14,139 with a male/female split of 7,095/7,044.

Bonus / **Mean bonus gap**

48.1%  **Reduced by 0.6%**
from 2018 (48.7%)

Bonus / **Median bonus gap**

33.3%  **Increased by 4.1%**
from 2018 (29.2%)

% of individuals to receive a bonus

Bonus / **Female**

85.8%

Bonus / **Male**

85.2%

Our ethnicity pay data in detail

The total in-scope KPMG population for base pay ethnicity pay reporting is 13,346 with a White / BAME split of 9,442 / 3,904. Our ethnicity data is based on those individuals who have chosen to declare their ethnicity, which is 84% of the total in-scope population.

The quartiles set out the ethnicity distribution across KPMG Ltd in four equally-sized quartiles.



Pay quartiles – colleagues / Q1 lower



Pay quartiles – colleagues / Q2 lower middle



Pay quartiles – colleagues / Q3 upper middle



Pay quartiles – colleagues / Q4 upper



Basic pay – colleagues

This is the difference in average pay between White and BAME colleagues, excluding partners.

Basic pay / **Mean pay gap**

14.1%



Reduced by 0.3%
from 2018 (14.4%)

Basic pay / **Median pay gap**

7.9%



Reduced by 0.4%
from 2018 (8.3%)

Bonus

This is the difference in average bonus paid between White and BAME colleagues who received a bonus, excluding partners.

The total in-scope KPMG population for bonus ethnicity pay reporting is 12,741 with a White/BAME split of 9,170/3,571.

Bonus / **Mean bonus gap**

40.4%



Reduced by 1.4%
from 2018 (41.8%)

Bonus / **Median bonus gap**

33.3%



Increased by 5.3%
from 2018 (28.0%)

% of individuals to receive a bonus

Bonus / **BAME**

88.2%

Bonus / **White**

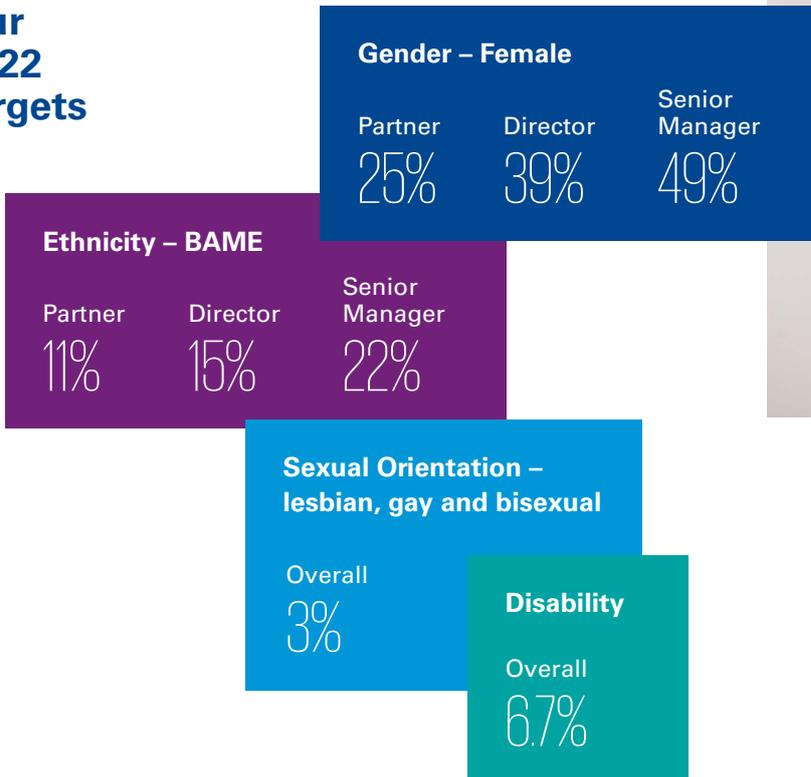
93.3%

Our diversity targets - where do we want to be?

We have set inclusion, diversity and social equality representation targets to 2022 as a way to drive action and hold ourselves accountable to change.

You can explore our Diversity Data Explorer on our Annual Review website to understand the progress we're making against our targets.

Our 2022 targets





kpmg.com/uk



© 2019 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Design by CREATE | CRT115937 | December 2019