



UK Pay Gap Report 2020



February 2021

kpmg.com/uk

We want to see real change



Bill Michael
UK Chair and Senior Partner

One thing our history has taught me is that in times of crisis, our people help take this firm forward. Our milestone 150th year didn't leave us much time to look back to our history. Instead, it showed me the power and resourcefulness of the people we have today.

Moving to large-scale remote working, practically overnight, has transformed the way we work at KPMG. While we've been further apart, in many ways we've come closer together. Virtual working has had a levelling effect: I have learned a lot from junior colleagues on how to use collaborative technologies, for example.

This pandemic has also been a real reminder of the importance of diversity and inclusion. The thousands of talented people at KPMG bring with them a multitude of perspectives and experiences, and they draw on them when working with our clients, our communities and each other.

We do not want gender, ethnicity, identity, disability or background to be a barrier to anyone's career at KPMG. That's why we are voluntarily publishing our sexual orientation and disability pay gaps for the first time this year. We want to be as transparent as possible on the gaps that exist and how we are closing them.

While it's encouraging to see that our gender pay gap has reduced, the strength of feeling following the police killing of George Floyd was a painful reminder of how much more we need to do to support, develop and retain our BAME colleagues. When the world spoke up in outrage, my colleagues at KPMG did too. I've heard, first hand, of their experiences in the firm, and I know we have to do better.

This year, we are also publishing our Black heritage pay gap for the first time. In July 2020, we created a five-point plan that addresses the problems Black colleagues experience at KPMG. Of course, this won't change our ethnicity gap figures from one year to the next, but I am confident it will make a difference in the long term. You can read more about this on p14.

I want to see real change, which is why I have decided to become Chair of our Inclusive Leadership Board. As an ally, I commit to creating a diverse and inclusive firm, one where everybody has a chance to 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.

A stylized, handwritten signature in dark blue ink, consisting of a large 'B' followed by a series of loops and a long horizontal stroke.

Bill Michael
UK Chair & Senior Partner

We are proud to be a leader in pay reporting



Anna Purchas
Head of People
until 31 October 2020



Kevin Hogarth
Chief People Officer
From 1 November 2020

Diversity is at the heart of everything we do at KPMG. The talented individuals who work here are from a wide variety of backgrounds. Their differences are the key to the success of this firm.

Over the course of our 150-year history, there have been many talented individuals who have helped KPMG become the firm it is today. Our founding partner, Sir William Barclay Peat, argued for women to join the profession in 1909, opening the door for the pioneering women that followed. Pioneers like Ethel Watts who, in 1924, became the first woman to be an accountant by examination and came to work for our firm. Or Dame Sheila Masters, the first woman to be president of the ICAEW. These remarkable women paved the way for the women in our firm today.

We are proud to be a leader in pay reporting. We first published our gender pay gap voluntarily in 2015 and our ethnicity gap voluntarily in 2017. This year we publish our sexual orientation, disability and Black heritage pay gaps for the first time too, in the knowledge that reporting these gaps details what's working, whilst identifying where we need to take action.

This year has seen a further reduction of the firm's gender pay gap. The median has now decreased by over ten percentage points in the last two years. While we are proud of our progress, we know we have much more to do if we want to continue on this positive trajectory.

As is clear in this year's data, the ethnicity gap is not where we want it to be, partly the result of having too few BAME employees at a senior level. The Black heritage pay gap is significant too. We're serious about taking action to address this. That starts with us being transparent about the problem and having a plan to solve it.

Addressing the issue starts with leadership and we're proud that we've made real progress at the very top of our firm. Appointments at Board, vice-chair, partner and director level has resulted in the most diverse leadership team in our history.

The COVID-19 crisis has had a big impact on our business, and we're proud of how our people have adapted. We made our people a priority from the outset and their response has been remarkable.

When schools and nurseries closed, we knew that many colleagues would be both working from home and caring for others. We supported those who needed to take time off with special leave at full pay.

We're making our business as inclusive as possible. With the help of technology, we're creating an environment where our people work more flexibly and reach their full potential.

Read on for more information on our action plan and to explore the data in more detail.

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, these figures relate to all KPMG staff and partners. The pay gaps are based on hourly pay taken at 5 April 2020. Bonus pay is based on bonuses paid up to the period 5 April 2020.

Median gender pay gap
as of April 2020, including partners

16.9%

✓ Reduced by 5.2% points
from 2019 (22.1%)

Mean gender pay gap
as of April 2020, including partners

36.2%

✓ Reduced by 3.2% points
from 2019 (39.4%)

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.

Median ethnicity pay gap
as of April 2020, including partners

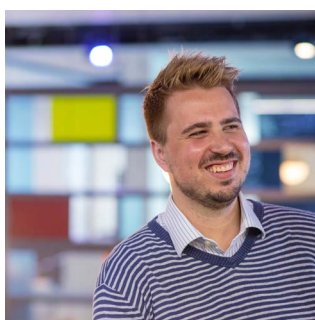
11.7%

✓ Reduced by 0.9% points
from 2019 (12.6%)

Mean ethnicity pay gap
as of April 2020, including partners

38.2%

^ Increased by 1.7% points
from 2019 (36.5%)



The data at a glance

Sexual orientation pay gap

The sexual orientation pay gap is the difference in average pay between those who have declared themselves heterosexual and those who have declared themselves as not being heterosexual, regardless of their role, level, length of service or location and any other differentiating factors. It has been calculated using the gender pay gap statutory methodology. This data does not include employees that have not declared their sexuality.

We are reporting our sexual orientation pay gap for the first time this year and on a voluntary basis.

3% Median sexual orientation pay gap as of April 2020, including partners

8% Mean sexual orientation pay gap as of April 2020, including partners

Black heritage pay gap

The Black heritage pay gap is the difference between all employees of Black heritage and all employees not of Black heritage, regardless of their role, level, length of service or location and any other differentiating factors.

We are reporting our Black heritage pay gap for the first time this year and on a voluntary basis.

9.6% Median Black heritage pay gap as of April 2020, including partners

39.3% Mean Black heritage pay gap as of April 2020, including partners

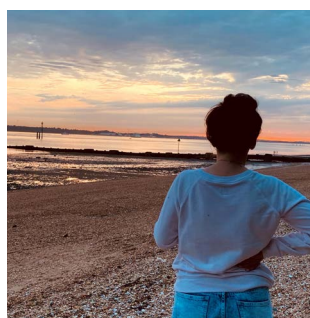
Disability pay gap

The disability pay gap is the difference in average pay between employees who have declared themselves as having a disability and those who have declared that they do not have a disability, regardless of their role, level, length of service or location and any other differentiating factors. It has been calculated using the gender pay gap statutory methodology. This data does not include employees that have not declared whether or not they have a disability.

We are reporting our disability pay gap for the first time and on a voluntary basis.

10% Median disability pay gap as of April 2020, including partners

10% Mean disability pay gap as of April 2020, including partners



All of our pay gaps are calculated using gender pay gap statutory methodology.

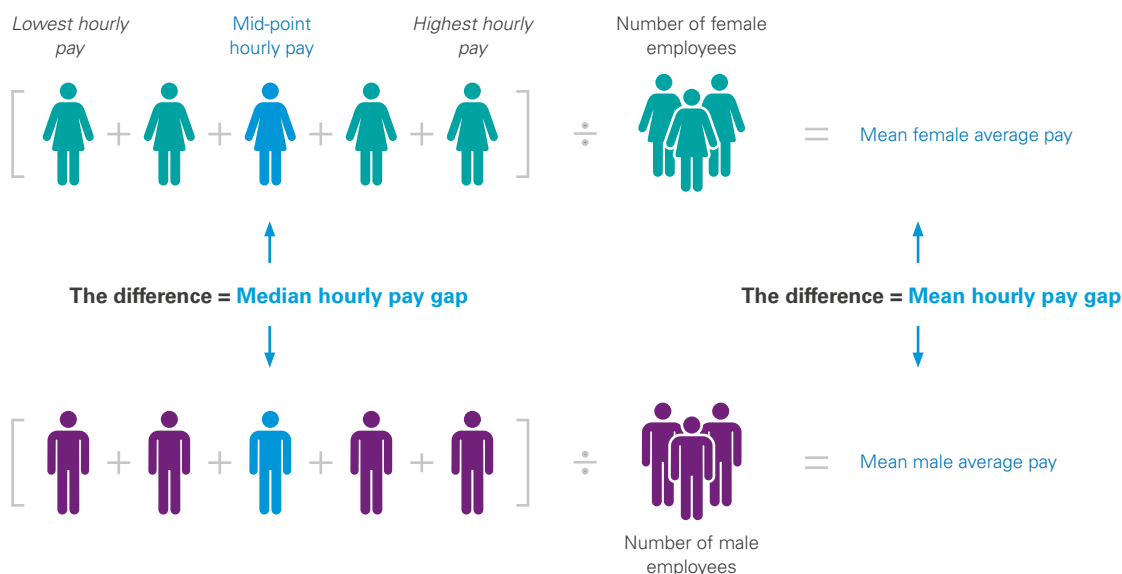
What's the difference between median and mean?

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 plan



How we attract the best people

We aim to attract exceptional people from all backgrounds and empower them to reach their full potential. Our firm offers a number of initiatives to help do this. For students, our Black Heritage Talent Insight programme is the first of its kind, offering an opportunity to build networks and secure a space on a graduate programme. Our award-winning apprenticeship programmes gives school leavers a clear path into the organisation while studying.

At an experienced hire level, we give potential recruits information about our policies before they apply, for example on parental leave and flexible working, to help them make an informed choice. We know that those looking to take on a new challenge after an extended career break have a huge amount to offer, so our Return to Work programmes across Audit, Tax and Consulting provide a supportive route back into working life.



I was able to find out exactly what I wanted to do"

Kumi
Graduate Trainee

Kumi joined the Black Heritage Talent Insight programme last September. She wanted to work in an accountancy firm but worried she didn't have the right experience. The initiative invites final year students and graduates to take part in an assessment and, if successful, secure a place on one of our graduate programmes.

Our insight programmes enable participants to see what KPMG is like before they join, meeting others from different parts of the firm. "I loved meeting other people on the scheme," says Kumi. "Hearing their stories and their pathways was really interesting because mine wasn't a traditional one."

Kumi now works in transaction services in Deal Advisory. "I was able to find the perfect fit for me."



49.1%

of graduates who joined the firm this year were women



50.6%

of apprentices who joined the firm this year were women



42.6%

of directors and partners who joined the firm this year were women



7.4%

were from a BAME background

How we attract the best people



People don't generally associate big firms with that kind of thing"

Steve
Senior Manager

Six years ago, Steve applied for job at KPMG. He had a seven-month-old son and his wife was nearing the end of her maternity leave. He asked if he could work a four-day week. "I was a bit surprised when they said yes," says Steve. "People don't generally associate big firms with that kind of thing."

Steve's clients – which include large banking groups and payment service providers – aren't fazed by his work arrangements. "A number of clients have said it's a real positive that KPMG offers it," says Steve. "It puts more of an onus on organisation. I'm still running a team and they are clear what they are doing when I'm not there."

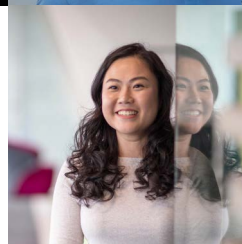
Now colleagues come to Steve for advice on adapting the way they work. "Relatively few men have moved to a flexible working schedule for childcare reasons," he says. "I've chatted to people who have thought of it and couldn't recommend it enough."

150 years of firsts

2020 marked 150 years of KPMG in the UK. One of our most significant pioneers is Ethel Watts who, in 1924, became the first woman to become an accountant by examination to the ICAEW. By going first, she paved the way for thousands of women to have a career in accountancy.

Her achievements are all the more remarkable because of her background. Born in 1896, her father was a police constable in East London and her mother worked as a police matron. But she was determined. In an era when few women entered higher education, she went to university in 1913. After qualifying as an accountant, she joined the firm, working for Sir Harry Peat.

Ethel went on to start her own firm Ethel Watts & Co, which she led for almost 40 years.



How we support our people in their careers

We're addressing potential barriers to progression head on.

We have award-winning schemes, including GROW, to help diverse talent reach the next stage of their career and 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 return from, parental leave.



37%

of GROW participants were promoted following the programme



98%

of Empowering Parents programme participants are still with the firm one year on



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I am proud to work for a company that values difference"

Mark
Manager

In 2002, when Mark was 19, he started working in the city, having deferred university for a year. He felt like his options were endless. This changed weeks later when a doctor told Mark he would be registered as severely sight impaired (blind). "At the time I thought my life was over," says Mark. "Looking back, it made me the person I am now."

Mark came across KPMG's Disability network and felt it gave him a platform to develop, learn and access an incredible network of individuals both inside and outside of KPMG. He became chair of the WorkAbility network and says that this became a springboard to his career in Inclusion, Diversity and Social Equality. "I am proud to work for a company that values difference," says Mark. "And I'm proud to work alongside people that want you to create, and achieve, your own ambitions."

How we work

Our people have worked flexibly for many years. This year is the first that all colleagues worked remotely at the same time, though. Fortunately, our investment in collaborative technologies meant that shift was a smooth one.

As the COVID-19 crisis developed, we offered special leave to give those with caring responsibilities as much time off as needed in order to ensure that the new working environment worked for them. We also increased our mental health and wellbeing support for colleagues, developed a buddying scheme and a podcast to help our people through this extraordinary time.



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Not quite the return
I'd imagined!"

Lizzie
Assistant Manager

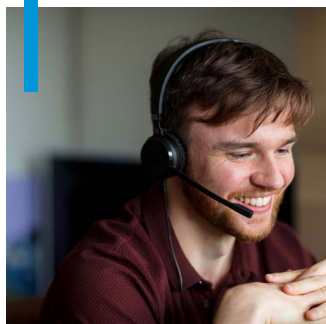
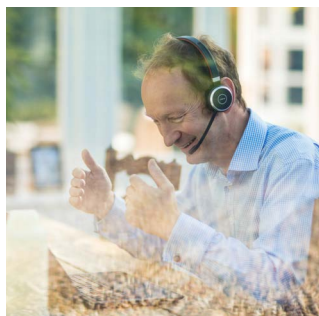
Lizzie's return to work after a 13-month break on maternity leave didn't lead to the return to the office that she'd expected.

Our COVID-19 special leave policy meant people with caring responsibilities could take time off during the working day without any deductions in pay. "Although my husband works flexibly and I've been able to get on with my 'day job' most of the time, the special leave code has certainly helped me work flexibly. From a wellbeing point of view, having the policy has lessened the burden of juggling both work and home"

On return from maternity leave, Lizzie has also taken advantage of our firm's 1:1 parental transition coaching, which has provided her with a confidential space to explore some of the challenges. On top of this, Lizzie joined virtual group coaching sessions with other parents returning to work. "It was a great opportunity to connect with colleagues in the same boat and allowed me to hear from others how they were coping."



How we work



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It was obvious my sexuality wouldn't be an issue for anyone"

Ian
Assistant Manager

Ian came out at university but when he joined KPMG's graduate scheme in 2015, he felt he needed to keep his sexuality to himself. "I was worried that my sexuality could hold me back," says Ian. "I think lots of people do the same thing in all sorts of workplaces." But he wasn't worried for long.

"I heard about our LGBT+ network Breathe and was soon meeting lots of open-minded people working in all corners of the firm. It was obvious my sexuality wouldn't be an issue for anyone," says Ian. Breathe is one of 14 employee networks at KPMG.

Since joining, Ian is thriving professionally; he's currently part of the Global Strategy Group in Aerospace and Defence. "My key message is to be authentic and open at work," says Ian. "Never hide who you are."



£31.7m

investment in training
this year



145

of our people have taken
shared parental leave this year

How our leaders are driving change

Our most senior people champion diversity and this year, UK Chair and Senior Partner Bill Michael became chair of the Inclusive Leadership Board. In addition to setting specific diversity and inclusion targets for each business area, we have also announced a Black Lives action plan which looks specifically at Black career progression in the firm.



55%

of our UK board members are women



27.3%

are from a BAME background



28.9%

of our partner promotions were women



22%

were from BAME backgrounds



We are going to be really transparent with the ways that we want to show progress and change."

John Amaechi OBE
Inclusive Leadership Board Member

In June, the firm announced plans to speed up inclusion and diversity at our business. John Amaechi OBE, a psychologist and world-leading adviser who sits on our Inclusive Leadership Board, agreed to guide our work.

"In the past, I have not been convinced that everybody believes that change needs to happen," says John. "At this point, I think the vast majority of people realise that there is nothing political, or politically correct, about wanting to be anti-racist."

The strength of feeling following the police killing of George Floyd was a painful reminder of how much more we need to do to support, develop and retain our BAME colleagues. When the world spoke up in outrage, colleagues at KPMG did too.

"Everybody at every grade wants to see change because they realise that equity for Black colleagues does not mean inequity for white colleagues. It doesn't mean that anybody is going to end up worse off. Everybody ends up better off," says John. "I think there is real energy behind this. We are putting in tangible and transparent structures that will enable these efforts against discrimination and racism to continue long after the media interest dies."

Our Inclusive Leadership Board

The Inclusive Leadership Board is where KPMG's progress against our inclusion, diversity and social equality vision is both internally and externally challenged. It reviews our targets, critiques our campaigns and strategies, identifies research and provides direction on inclusion and diversity. It is chaired by Bill Michael.

The firm's five point plan

01 Dedicated resources

We've appointed a full-time project lead, backed by senior leadership, to deliver change in our firm.

02 Independent expertise & challenge

We have external, independent support and constructive challenge with John Amaechi OBE guiding our work.

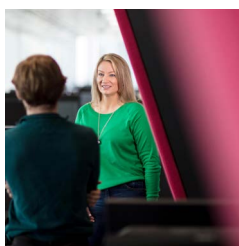


03 Progression

We're committed to at least doubling our Black population in leadership positions over the next two years. We will do more to retain our Black colleagues, accelerate our talent programmes and build a stronger pipeline of future Black leaders.

04 Education

All colleagues have undertaken anti-racism training. We've also provided practical learning for leaders on how to build the inclusive teams and we've created an allies programme to help us all learn from each other.



05 Leadership & accountability

Our leadership are engaged and to be accountable for driving this change, we're reviewing and recommitting our targets at all levels.

Our gender pay data in detail

The total in-scope KPMG population for base pay gender pay reporting is 15,885, with a male/female split of 8,136/7,749.

The quartiles set out the gender distribution across KPMG 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




Our gender pay data in detail


Basic pay – colleagues

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

Basic pay / **Median pay gap**

13.9%  **Reduced by 4.7% points**
from 2019 (18.6%)

Basic pay / **Mean pay gap**


16.5%  **Reduced by 2.1% points**
from 2019 (18.6%)

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 14,138 with a male/female split of 7,094/7,044.

Bonus / **Median pay gap**

31.5%  **Reduced by 1.8% points**
from 2019 (33.3%)

Bonus / **Mean pay gap**

43.2%  **Reduced by 4.9% points**
from 2019 (48.1%)

% of individuals to receive a bonus

Bonus / **Female**

78.1%

Bonus / **Male**

75.9%

Our ethnicity pay data in detail

The total in-scope KPMG population for base pay ethnicity pay reporting is 13,518 with a White/BAME split of 9,554/ 3,964. Our ethnicity data is based on those individuals who have chosen to declare their ethnicity, which is 82% of the total in-scope population.

The quartiles set out the ethnicity distribution across KPMG 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



Our ethnicity pay data in detail


Basic pay – colleagues

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

Basic pay / **Median pay gap**

6.9%  **Reduced by 1.0% point**
from 2019 (7.9%)

Basic pay / **Mean pay gap**


16.4%  **Increased by 2.3% points**
from 2019 (14.1%)

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 12,816 with a White/BAME split of 9,238/3,578.

Bonus / **Median pay gap**

30.1%  **Reduced by 3.2% points**
from 2019 (33.3%)

Bonus / **Mean pay gap**

36.8%  **Reduced by 3.6% points**
from 2019 (40.4%)

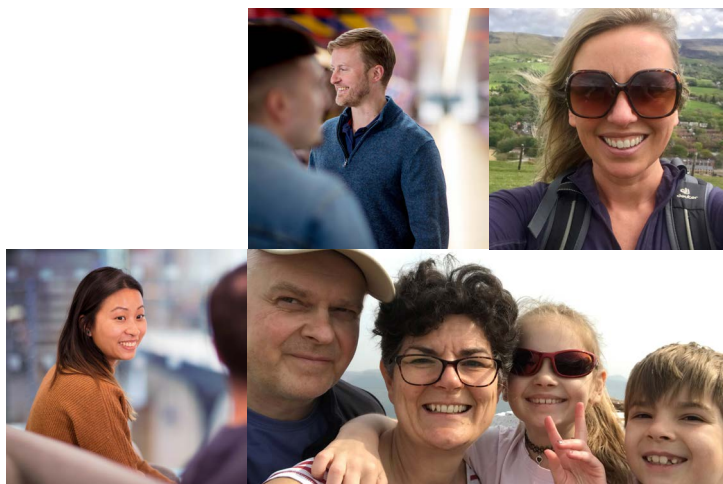
% of individuals to receive a bonus

Bonus / **BAME**

76.4%

Bonus / **White**

85.2%



Our diversity targets

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

Gender/ Female	Partner	Director	Senior Manager
	25%	39%	49%
Ethnicity/ BAME	Partner	Director	Senior Manager
	11%	15%	22%
Sexual Orientation/ Lesbian, Gay & Bisexual	Overall		
	3%		
Disability	Overall		
	6.7%		



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