



# Making a tangible difference

2016 Corporate Citizenship Report



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## About KPMG LLP

KPMG is one of the world's leading professional services firms, providing innovative business solutions and audit, tax, and advisory services to many of the world's largest and most prestigious organizations.

KPMG is widely recognized for being a great place to work and build a career. Our people share a sense of purpose in the work we do, and a strong commitment to community service, inclusion and diversity, and eradicating childhood illiteracy.

KPMG LLP is the independent U.S. member firm of KPMG International Cooperative ("KPMG International"). KPMG International's independent member firms have 189,000 professionals, including more than 9,000 partners, in 152 countries.

## About this report

This report covers fiscal year 2016 (October 1, 2015 to September 30, 2016). We recognize that the Global Reporting Initiative (GRI) is the leading framework for sustainability reporting. We have used the GRI G4 guidelines to inform our reporting, especially on material aspects such as diversity of our workforce, greenhouse gas emissions, and training and education. Additional information can be found on our website: [KPMG.com/us](http://KPMG.com/us).



# From the Chairman and CEO

## Defining corporate citizenship for KPMG

Thank you for your interest in our corporate citizenship journey.

It's a journey that is influenced by our leading role as accountants and trusted advisors. But it's also motivated by our firm's culture in which our people care for one another – a culture where they can make a tangible difference, for our clients, society, and our local communities.

In a world facing unprecedented change, our work as auditors is immensely important in protecting the trust investors place in the capital markets. Similarly, speed and disruption – brought about by technology and rapid innovation – makes our work as business advisors vital to our clients as they adapt to change and enhance their business performance.

Corporate citizenship is a natural extension of who we are. As we work to ensure our clients' success, we're also passionate

about improving our local communities and society at large.

I am honored to lead with a team of more than 30,000 professionals who are always ready to step forward to serve their communities. I am especially proud of KPMG's commitment to lifelong learning, in which we support students at all grade levels and professionals throughout their careers in reaching their full potential. Our financial investments and volunteer focus help advance learning from preschool through college, to the working world. Our commitment respects the fact that learning never ends.

Every day, KPMG is making a difference somewhere, for someone – a client, an individual, a community. This report highlights our corporate citizenship efforts in 2016, and I am delighted to share our achievements with you. We're very proud of our firm's

culture. We're diverse, inclusive and we care for one another. Together these attributes position us to do great things for our communities.

I would like to thank all of our partners and professionals for their unwavering commitment to building communities and their efforts to make a measurable impact today and for generations to come.

We have much to celebrate; and we also know that there is much more to be done. I invite you to join us on the journey.

A handwritten signature in black ink, appearing to read 'Lynne'.

Lynne Doughtie  
Chairman and CEO, KPMG LLP



# Introduction: Making a tangible difference

We live in challenging times. And we recognize this environment creates opportunities for KPMG to make a tangible difference – for our clients, society, and our local communities. We win those opportunities by earning the public's trust, helping our clients succeed, strengthening the fabric of society, and helping our communities become more resilient.

## **Building trust for our clients and the public**

We take pride in our role as a guardian of the capital markets, helping investors make informed decisions. Our clients and the public affirm our commitment by their willingness to place their trust in our professionalism and integrity. Our clients appreciate the ways in which we innovate to help them navigate uncertainty and develop solutions to their most pressing challenges. As business and society continue to evolve at breakneck speed, earning and maintaining trust will remain paramount.

## **Empowering the change we want for the world**

We believe that education is essential to unlocking society's potential. It drives individual achievement as well as the big ideas and innovation that help companies and economies thrive and move forward. To empower the change we want for the world, we've committed ourselves to supporting lifelong learning, strengthening literacy among young learners, stimulating their interest in business, science, technology and math, and building the next generation of business leaders.

## **Serving our communities**

Our culture is one in which we support and care for our talented people. And we encourage them to channel their diverse backgrounds, experiences, expert opinions, and passions into serving the causes that matter most to our communities. Local agencies and institutions find us to be a willing, skilled and trustworthy partner.

They experience firsthand that our people share a passion for giving back, collectively embracing the call to stewardship and joining forces with others to leave the world in a better place for future generations.

Yes, we're accountants and business advisors who serve our clients and the public every day – but there's so much more to KPMG. In a constantly changing world, our firm can be trusted to anticipate the needs of tomorrow and deliver solutions to address the toughest business and societal challenges of our times.

# KPMG at a glance

## Revenue

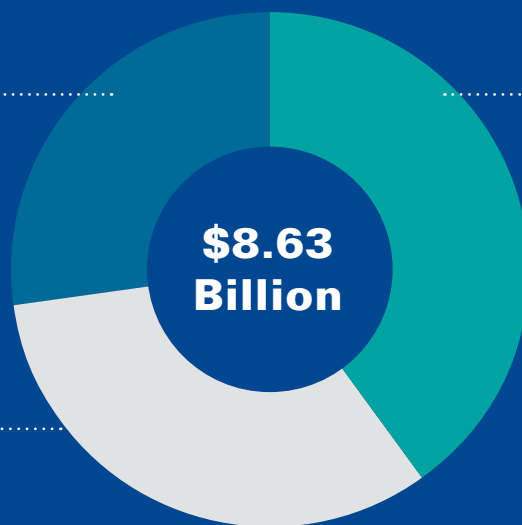
**27%**  
Tax



**40%**  
Advisory



**33%**  
Audit



**Business offices**

**106**

**13,090**

**Total suppliers**

**\$2.27 Billion**

**Total supplier spend**

## Total employees



**31,000**

**Including...**



**2,195  
Partners**



**6,000  
New hires in 2016**

A close-up photograph of a hand in a blue suit sleeve holding a metal ring. The ring has the word "Crane" written on it in red. The hand is positioned in front of a wall covered with many similar metal rings, some of which have other names written on them, such as "Thompson" and "Avery". The background is a light-colored wall with vertical lines.

# Earning trust

Earning the public's  
and our clients' trust

Our History Wall commemorates our collective progress as a firm.



# Trust underpins everything we do

Trust underpins everything we do as stewards of the capital markets. We recognize that trust is earned – and thus place the utmost priority on acting ethically, objectively and with integrity in all that we do. As strategists, problem solvers and analysts, we work with a global network to deliver new ideas and services to address some of the world's most urgent social, economic and environmental issues. All of our people confirm, when they join the firm and annually thereafter, that they understand our Code of Conduct, and agree to adhere to our Core Values, Shared Responsibilities, Global Commitments and Promises.

Our employees recognize that there is a higher purpose to all that they do – whether that's a tax filing, an audit or an enterprise risk management project.

## Free of conflict

We help responsible companies ensure their products are free of discriminatory practices such as forced labor. When the Securities and Exchange Commission's (SEC) Dodd-Frank rule on conflict minerals went into effect in 2012, we worked with numerous companies proactively to ensure they could continue to authentically source minerals free of forced labor or other criminal activity in their supply chains. This meant not just intimately knowing our clients' complex supply chains but also recognizing this complexity in our counsel and advice.

## Living our values

We have a 120-year history of acting ethically and working with integrity. Our seven values are the foundation of our culture where everyone at KPMG takes personal responsibility to do the right thing in the right way. At the center of this belief system is our [Code of Conduct](#)—our Promise of Professionalism—to each other, our clients, and the capital markets we serve, which compels us to align our culture of integrity with our values, words, and actions.

## Deliver today, anticipate tomorrow

We're proud of our ability to help clients thrive in today's marketplace while guiding them as they prepare to address tomorrow's challenges and opportunities. We're deeply committed to finding innovative solutions to the most difficult challenges facing our clients and society today.



# Our values

**We lead by example**

**We work together**

**We respect the  
individual**

**We seek the facts  
and provide insight**

**We are open and  
honest in our  
communication**

**We are committed  
to our communities**

**Above all, we act  
with integrity**

# Above all, we act with integrity

Today we work with a global network of organizations and people. Our suppliers are important partners for us and play an important role in our effort to be responsible corporate citizens. We expect all of them to commit to a set of [Ethical Principles](#). That is, they must always:

1. Act with Integrity
2. Respect the Individual
3. Commit to the Community

Every year, everyone at KPMG is required to affirm their agreement to comply with the Code of Conduct. Additionally, all partners and employees complete mandatory training that reinforces the principles of the Code and further builds understanding of the firm's expectations.

## **A resolute commitment to human rights**

Our people are our strength. Our talent is our core asset. Respecting – and championing – human rights, for us, is critical. A commitment that we address through every action and every decision we take. It is evident in our [Prohibition on Human Trafficking, our Recruitment and Wage Plan](#), and our stringent guidelines on not accepting products or services from subcontractors, outside consultants or other third parties who use human trafficking or forced labor.

As students of market drivers and experts on leadership strategies and solutions, we recognize that human rights continue to be an urgent area for attention and impact. With businesses increasingly operating in countries where human rights standards are inadequate or complex social and political factors are at play, these risks have continued to grow in scope.

Managing these risks effectively, though, doesn't just have serious bottom line implications for companies.

We've observed that doing so can help businesses enhance their social license-to-operate in new markets, build trust and achieve better results for themselves and society.

Building on what we've learned and to inform our teams, KPMG International released a [white paper](#) in December 2016 that details key insights and actions being taken by 11 corporations around the world to address this often convoluted and thorny issue.

“Many human rights problems are too big and too systemically pervasive for single organizations to solve. What is needed to drive real change is constructive collaboration between all relevant stakeholders including companies, regulators, NGOs and investors.”

—Richard Boele, Partner KPMG Banarra and Head of KPMG's Global Business and Human Rights Network

“The days have passed when companies expect their auditors to simply focus on financial reporting and compliance with accounting standards...today they expect the audit to provide a more relevant, forward-looking view of the world with valuable insights for management and board decision-making.”

- Lynne Doughtie, Chairman and CEO

### Data protection and privacy

With new technological tools emerging every year, our role as guardians of the capital markets – and our clients’ trust – requires that we put in place stringent standards and tools for our teams to confidently ensure the privacy and protection of all data. Protecting confidential data and information is a cornerstone of our profession and we take this responsibility very seriously.

We have several measures in place to do so including trainings and multiple policies that connect the many roles our team

members play - employees, client advisors, communicators, community members, supply chain contractors, technology users – with a recommended approach and guidelines for data privacy and protection.

### Our Information Management Office

We formed the Information Management Office (IMO) in 2013 to develop programs and tools to help the firm treat information as assets - with maximum leverage, appropriate protection and quality. As the market and our clients look to leverage information in new and innovative ways, the IMO team works with client teams across the United States to draw together their experiences, technologies and practices to best serve our clients and each other on issues such as big data, privacy, analytics, and knowledge management programs.

### Transparency Report

We released our annual [2016 Transparency Report](#) in December, which articulates some of the most important aspects of what we do to improve our audit quality through monitoring activities, accumulating and analyzing findings to identify root causes and developing appropriate remedial actions. The report also details our firm’s structure, governance and our approach to quality control.

Equally important to our success is being able to always look ahead. In 2016, we conducted a survey titled [Audit 2025: The Future is Now](#) across 200 chief executive officers, chief financial officers and other financial executives. There was overwhelming agreement that they want to hear more from their external auditors about financial and non-financial risks, informed by a forward-looking view of their industry and the marketplace. Many gave auditors high marks for providing insights to help them make more-informed business decisions, with nearly two-thirds saying they want their auditors to offer a clear point of view on critical issues.

### Further:

**47%** of the 200 respondents said they want auditors to provide constructive challenges on issues they may have uncovered in their auditing work, up from 32 percent of respondents who were asked the same question in 2014.

**60%** of respondents said they want their external audit report to provide insights on company risks and risk management practices, while 52 percent said it would be helpful to get a future-looking view of their risk environment.

# The big picture

## Sustainable Development Goals

In 2015, KPMG International co-created the [SDG Industry Matrix](#) in partnership with the UN Global Compact (UNGC) to help businesses connect the 17 Sustainable Development Goals (SDGs) [also referred to as the Global Goals] with their commercial activities to help advance the goals collectively. These Global Goals play a fundamental role for us here in the United States, from better framing our commitment to empower the next generation of leaders through lifelong learning—more on page 15—to also helping us better analyze how we can use our strengths and resources to drive the SDGs forward. Some of the things we continue to regularly examine through the lens of the Global Goals include:

**How we advise** our clients around areas including efficient operations, responsible behavior or transparency;

**How we invest** financial and human capital in communities, locally and globally;

**How we conduct and manage** our own operations; and

**How we can use** our research and compelling thought leadership toward advocacy and action.

### Our own operations and a commitment to the environment

In particular, SDG #7 (clean energy), #12 (responsible consumption) and #13 (climate action) give us concrete direction and a framework to refine our ongoing efforts to reduce our carbon footprint.



**THE GLOBAL GOALS**  
For Sustainable Development

### Specifically, we:



**Are committed** to using 100% renewable energy by 2020;



**Work with partners, employees, suppliers and clients** to help them reduce their climate change impacts;

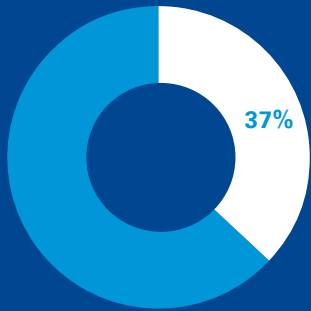


**Continue to measure, reduce and report** our emissions.



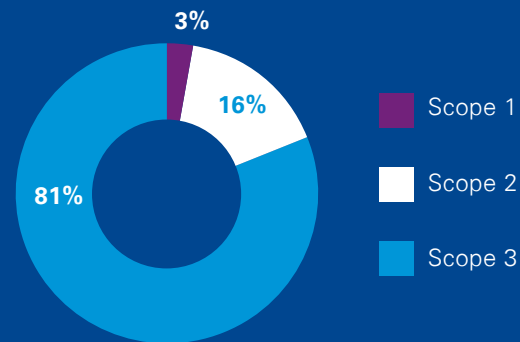
# Environmental performance<sup>1</sup>

## Renewable energy



37% of our electricity comes from renewable sources with the goal of 100% by 2020

## Carbon footprint by scope




## Carbon emissions

(Metric tonnes of CO<sub>2</sub>e/yr)<sup>2</sup>

Total scope 1 emissions	6,275
Total scope 2 emissions	29,702
Total scope 3 emissions	150,001
Total gross emissions	185,978
Renewable Energy Certificates	(12,510)
Total net emissions	173,468
Gross emissions per FTE	5.9
Net emissions per FTE	5.5

## Highlights

 **32%**  
reduction in office electricity since 2010 while significantly growing our headcount over the same period

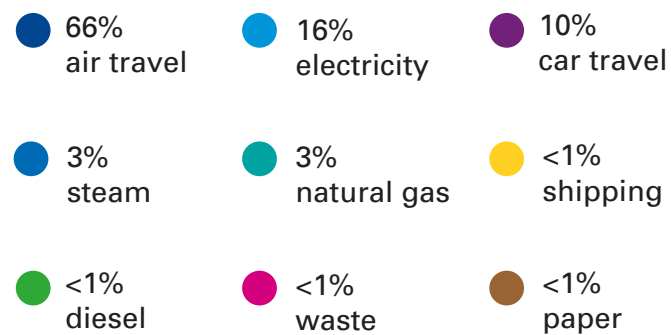
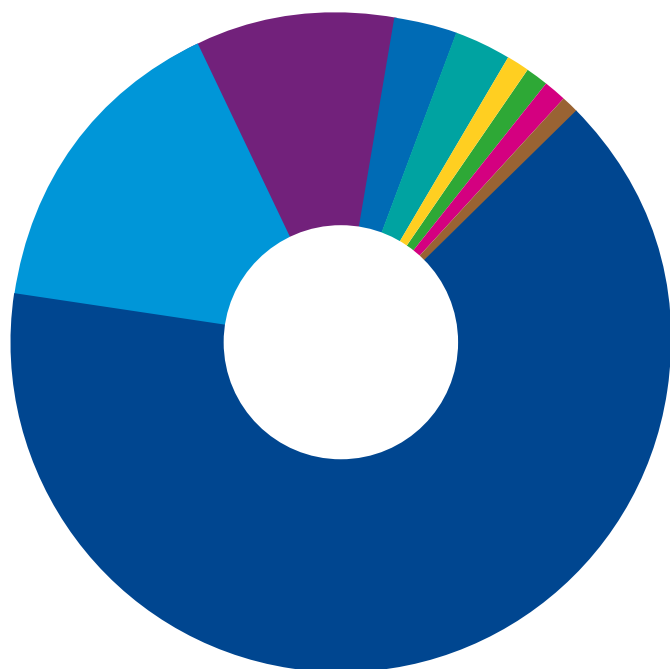
 **50%**  
of employees work in LEED certified offices

 **66%**  
of our carbon footprint is represented by air travel —making this the biggest challenge for us in years to come. KPMG works continuously to better manage travel and has implemented creative solutions to reduce its impact on the environment by leveraging technology to reduce the need to travel and share sustainable travel tips with employees when they do travel.

1. Period of time is October 1, 2015 to September 30, 2016 unless otherwise noted. Due to rounding, performing the calculations given in the equations may not return the exact results shown. More extensive metrics along with our methodology are posted on our website.

2. In 2016 the GHG calculation methodology for air travel emissions was updated to include “uplift” and “radiative forcing.” This change is in line with the recommended calculation methodology proscribed by DEFRA. To avoid inaccurate comparisons we have not included GHG performance data for previous years. Going forward we will regularly report air travel emissions using the new methodology.

## Percent of carbon footprint by source



## Office sustainability



37

LEED certified  
offices



29%

decrease in paper  
use since 2010

## Sustainability goals

### Reduce net emissions

by 10% per Full-Time  
Equivalent employee by  
2020 against a baseline  
year 2016

### Purchase 100% renewable

**energy** for our offices by  
2020

### Continue to build

new offices and major  
construction projects to  
U.S. Green Building Council  
LEED standards

### Introduce and promote

new technologies,  
processes and workflows  
to help reduce travel

## Waste



9

=

136,299

offices  
participate in  
food waste  
composting

lbs. of food waste  
diverted from landfills

## Making a Tangible Difference:

# Composting

At KPMG, our people are empowered to pursue their passions and interests. As a firm that prioritizes innovation, we appreciate everyone's diverse experiences and perspectives and encourage everyone to contribute to our firm's collective impact. KPMG's journey toward voluntary food composting started with one employee in our Boston office who knew that small steps can lead to big action. While several of our offices composted as directed by local regulations, the efforts remained disparate and locally defined.

Mel Levanti is a senior associate in our Integrations Operations Network (ION). Part of her responsibilities includes running the Boston office's conference center, which caters to over 15,000 people for trainings and meetings every year. "I wanted to bring my passion for environmental sustainability with me to KPMG. The conference center provided me with the perfect place to experiment with ideas and improvements given our high traffic. Besides, we don't just operate a kitchen – we manage all aspects of the center, which gives us direct responsibility for pursuing efficiency and sustainability programs," she says.

The Boston office – with more than 1,000 team members across seven floors – was already offering single stream recycling. Composting felt like a natural next step. After a few vendor conversations and price comparisons, Mel was ready to make the move – empowered by her manager Connie Hudson.

Composting bins were introduced in 2015. But, as Mel quickly realized, that was the easy part. Then began the education and behavior change process.

"The firm always encourages us to come up with ideas which they will help fund and scale. It doesn't help that composting rules change city to city – but in two years alone, we have expanded this program well beyond Boston," she adds.

### Environmental sustainability at KPMG

KPMG is always focused on the long-term impacts of our decisions. That is why environmental sustainability is a core component of our citizenship strategy. Implementing sustainable principles,



Mel Levanti with her table top signage encouraging employees to compost.

reducing our carbon emissions, and addressing local environmental challenges not only adds value for our clients, but also reflects the values, integrity, and ethics of our professionals.

**"All of our actions add up – we have to persevere and make sure everyone understands that their small steps do lead to big results."**



# Lifelong learning

Supporting society through  
lifelong learning





# Empowering next generation leaders

We believe that education is the key to unlocking everyone's potential. Education doesn't just help us pursue a successful life, it helps lift societies. As a civilization, education helps create a sense of purpose – from the educators and the coaches to the students and the learners – that helps us all progress. Together. Because through education, we can tangibly address issues --- such as poverty and inequality – that are often preconditions for continued success and our growth.

To play our part in breaking that cycle, we champion lifelong learning. To empower the next generation of leaders, we must support people throughout their journey from Pre-K to the C-Suite with the tools and support they require to succeed – a commitment well aligned with our support of the UN Sustainable Development Goals, especially Goal #4: Quality of Education.

After all, we have the advantage of an incredibly talented pool of people, who are trusted advisors, change agents and deep thinkers. We've continued to go beyond our role as business professionals to understand the conditions, often systemic, that influence these issues – and lifelong learning is how we as a firm can play an active role in the solution.

## The challenge

The ongoing skills gap is an urgent and critical issue. Every year, over 1.2 million students drop out of high school in the United States alone. About 25 percent of high school freshmen fail to graduate from high school on time. Fewer than 40 percent of graduating seniors have mastered reading and math and are poorly equipped for college and real world life. Clearly the current system is not working.

With 50 percent of the millennial workforce expected to work in jobs not even created today – due to multiple factors including

“Investment in education and lifelong learning is one of the most important catalysts for addressing formidable societal issues, including income disparity and youth unemployment. We know that a commitment to lifelong learning can help break the cycle of poverty.”

- John Veihmeyer, Chairman,  
KPMG International

the rise of artificial intelligence and robotic process automation— the need to retool our workforce for the jobs of tomorrow is critical and will continue to play an important role in our investments in lifelong learning.

### Our programs

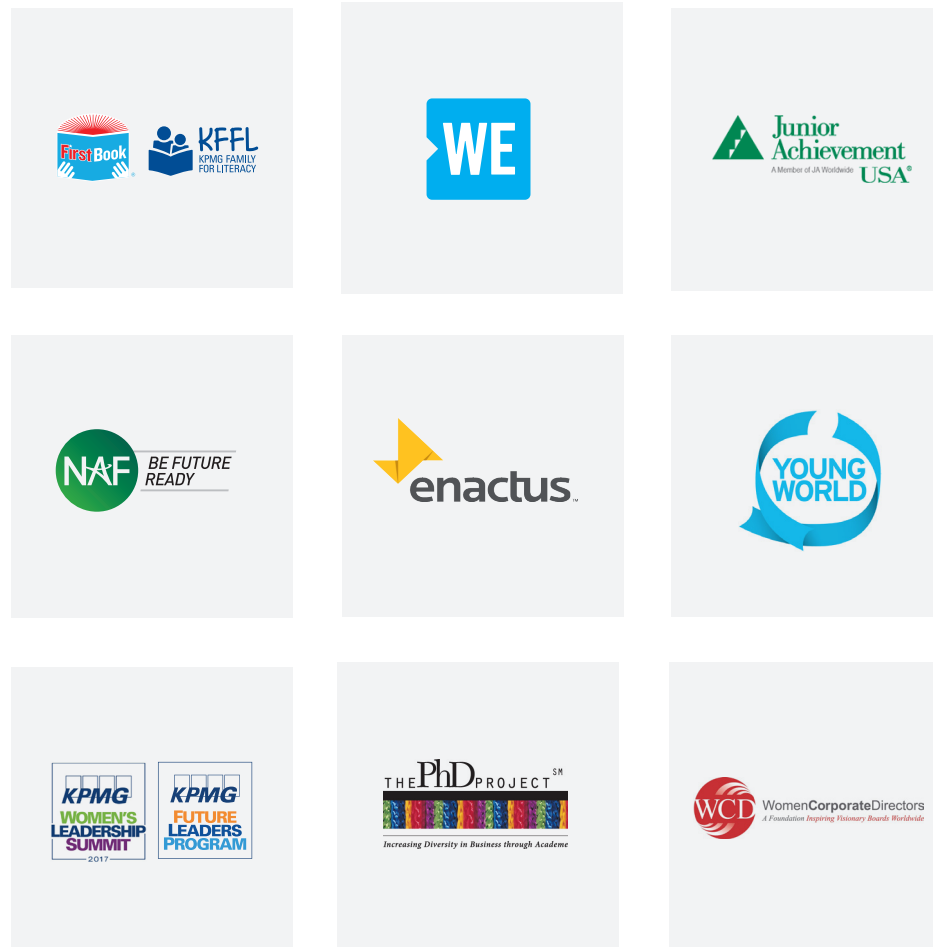
And while we can't achieve this alone, we have a wealth of tools at our disposal to lead the charge on addressing the skills gap, including a clear commitment from our leadership, the KPMG Foundation, a dedicated corporate citizenship team and our enterprising people who continue to support their local communities through efforts like:

- Our signature program, KPMG's Family for Literacy, to distribute books and educational resources to programs and schools serving children from low-income families in the United States.
- Our work with WE to educate and empower young people to become agents of change through service [See more from Managing Director Sue Robison on page 20].

Our lifelong learning programs [see grid to the right] provide opportunities for KPMG and our people to support the next generation of leaders at many stages of development.

### KPMG lifelong learning initiatives

Below are many of the programs and organizations with which we collaborate to activate our investment in lifelong learning from pre-K to the C-Suite.



**KPMG's Family for Literacy**

# Bringing the power of books to children

## A school librarian's lifeline

For Shelly Williams, a librarian at Mytilla Miner Elementary School, Washington D.C., books – and KPMG – hold special meaning. “Our kids have access to books at school but besides the public library, they have limited access to books at home because they are very expensive,” she explains.

This is where [KPMG's Family for Literacy \[KFFL\] program](#) comes in. Established in 2008, KFFL combats childhood illiteracy by providing new books to children from low-income families in partnership with First Book, an award-winning nonprofit social enterprise.

“KPMG provides kids the books they want to read and keep forever. Every year I ask my children to help me choose books they want to read. KPMG then sends me the required funds to purchase these books through First Book,” Shelly says.

As a result, more students are excited about reading and are engaging in book swaps with their classmates and friends. More parents are reading with their children at home.



An elementary school student in Houston participates in Read Across America Day.



KPMG employees visit the school to read to kids across grade levels on Read Across America Day, an annual event that Shelly cherishes along with her students. “Most of our teachers are women. It’s incredibly useful to have men [KPMG volunteers] come in to read to the kids – it means a lot for these kids to see potential male role models. Often they’ll talk about their careers and it opens the children’s minds about what they can do.”

For the roughly 330 students in this school, KPMG volunteers and the donated books provide a vital lifeline. While KPMG has donated more than 2.9 million books since 2008, the true value of what these books bring to the children is well beyond that. Reading allows them to imagine, aspire, and fall in love with education and learning.

### KPMG boosts academic outcomes

First Book surveyed members that had received books and educational resources on behalf of KPMG. See the percentage of respondents who agreed with the following statement about the educational resources provided to them on behalf of KPMG.

97%

Agreed that the resources they were able to purchase helped them engage their students around reading.

91%

Agreed that their students’ attitudes toward reading improved significantly after receiving books from KPMG.

73%

Agreed that their students’ reading proficiency improved after receiving books on behalf of KPMG.



(Top): KPMG volunteers participate in book activities with students. (Bottom): A student in Houston opens a brand new book. Teachers agreed that the donated books increase their students’ reading proficiency.



**Readers to leaders:  
books make a difference**



# 200,000+

new books donated in FY16



# 2.9 million

books donated through the KFFL program since 2008 to programs serving kids-in-need in partnership with First Book. This remarkable achievement represents more than 20% of all books and resources funded by First Book's corporate supporters over the same period.



Who's ready to read? Teachers report their students show an increased interest in reading after receiving books from First Book.



**Making a tangible difference:**

# Service through leadership

## A managing director recounts her experience with WE

Sue Robison is a managing director in KPMG's Development & Exempt Organizations practice. She started her career at KPMG right out of college almost 20 years ago.

Early in her tenure, she became involved with local community activities in her home city of Seattle, eventually becoming an Involve Champion - a local office champion who encourages his/her colleagues to participate in community activities – and joining [KPMG's Network of Women \[KNOW\]](#). But her experience with international charity WE stands out.

WE is a movement that seeks to empower young people to change the world through education and service. WE collaborates with companies like KPMG to connect employee volunteers with youth to help them develop skills like communication and problem solving, while creating positive change in the world.

For KPMG, connecting with youth in local markets across the United States offered a tangible way of engaging our teams, clients

and their families on our mission to empower the next generation of leaders through lifelong learning. Partnering with WE also offered us a meaningful way of expanding our work around KPMG's Family for Literacy, reiterating that literacy and education are essential to becoming future leaders.

One of the programs WE offers is WE Day, a series of events which brings together tens of thousands of youth as a celebration of the year-long educational initiative through WE Schools. Students cannot buy a ticket to WE Day, they must earn their way there through local and global service work. KPMG employees can use the opportunity to volunteer with their families or host clients and their children for the event.

As a mother of two teenage daughters, Sue jumped at the chance when WE Day came to Seattle in 2016. "Think of it as a concert and pep rally to help youth focus on their abilities and passions and then channel them for service opportunities," describes Sue. "It started with joining my daughters at a



Sue Robison [far left] with her daughter and friends at WE Day.

WE Day in the capacity of a parent. I saw the power of what WE is trying to do first hand. Today I am much more involved with Seattle schools and other WE programs beyond my own daughters' involvement.

In recruitment, we talk about the KPMG family – this is what family does. We come together and work toward a greater purpose."

"WE Day focused on how kids could change the world while the WE Youth Summit focused on how we can help in our own community, not just worldwide. Together, the two events taught us great leadership skills, helping me learn more about being a service-minded leader and get more involved in service activities at school and in my community."

– Olivia Robison, 15 years old



Sue Robison (far right) with colleagues at the 2016 Youth Summit by WE.

## The Future Leaders Program

# Paying it forward to promising young women

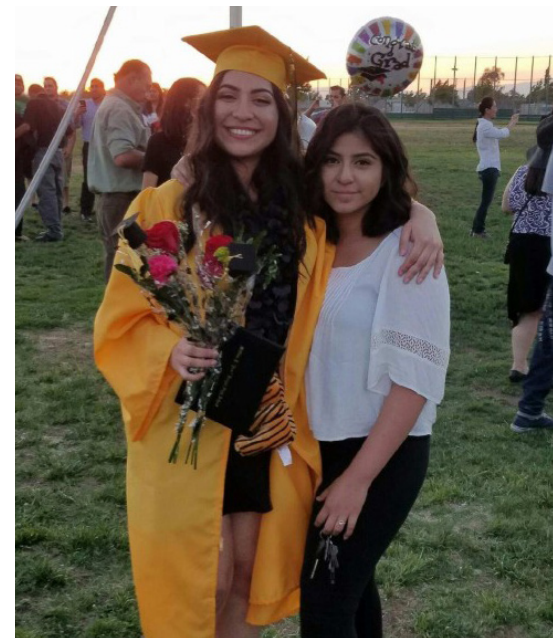
An Emory University freshman recounts her journey

Evelyn Valencia is a freshman at Emory University. She wants to major in biology and sociology on her way to eventually becoming an orthopedic surgeon. Growing up in a family struggling to make ends meet, Evelyn knew early on that attending college could be the key to unlock a better future for herself. As a high-performing high school senior in 2016, she was selected for KPMG's [Future Leaders Program](#).

Funded by proceeds from the KPMG Women's PGA Championship and KPMG Women's Leadership Summit, the KPMG Future Leaders Program was launched in 2016 with the 66th U.S. Secretary of State Condoleezza Rice as its ambassador. A key part of our Lifelong Learning initiative, the Program affords top female high school seniors across the country the

opportunity to enhance their personal growth through college scholarships, a leadership development retreat at Stanford University, a mentoring relationship with a woman business leader, and an introduction to golf.

In addition to receiving an annual KPMG Future Leaders Scholarship of \$10,000 for each year of college, recipients attend a three-day KPMG Future Leaders Retreat at Stanford University focused on leadership training, career development skills and a golf session. They are also paired with a mentor – a woman leader participating in the KPMG Women's Leadership Summit.



Evelyn Valencia with her sister at her high school graduation.





KPMG's 2016 Future Leaders class with their mentors.

"The KPMG Future Leaders Program will help prepare these young women to be leaders at their universities and in their communities. I'm proud to work with KPMG on this important mission to strengthen future generations of women leaders."

- Condoleezza Rice, 66th U.S. Secretary of State

For Evelyn, the retreat was life-changing.

"I met 15 other girls through the Program who like me had their own inhibitions about what they want to do and become. Learning golf was calming and taught me a lot about self-control and networking," she says. "It was eye opening to see and meet women like me in high positions. The fact that KPMG is investing in helping girls like me become future leaders is very inspiring."

And the ripple effect of the three-day retreat has continued to spread and make an impact. One of the biggest impacts:

being paired with a woman leader. "I was paired with Cheryl Choy from AT&T who I connect with at least once a semester. Sometimes we chat more informally – she has made herself available to me." Evelyn's mother was deported to Mexico last year leaving her father in charge of two young daughters. "For my father, this has been an immense source of comfort – knowing that I have a successful adult guiding me when he's not available or focusing on being mother and father to my younger sister."



# Activating people

Activating our people  
in their communities





# Inclusion drives progress

Our people are our greatest assets. Their diversity of thought, perspective, backgrounds and passions positions us to make a tangible difference through everything we do.

Nourishing a culture of continuous learning where our people build skills and expand knowledge daily is paramount. This begins with fostering an inclusive environment that attracts and retains a values- and purpose-driven diverse workforce.

By supporting our people throughout their journey of lifelong learning, we're not just cultivating their intellectual capital of unique skills, backgrounds, and experiences for innovative solutions, but also enabling them to thrive in their careers. This includes:

- **Knowledge building** and year-round coaching designed to empower our multigenerational workforce to advance to new levels of responsibility and impact; and
- **Actively building** a pipeline of diverse candidates through an array of national leadership development programs including the Future Diversity Leaders program and our partnership with NAF to mentor young diverse students as they pursue careers in finance and accounting.



## Training and leadership

Equally critical to help our teams continually grow their business skills and become engaged community leaders is offering them plenty of learning and development opportunities in a variety of formats and channels. We do this through an ongoing calendar of classroom style courses and virtual forums. In 2016, we issued over 1.7 million Continuing Professional Education [CPE] credits or roughly 53 CPEs for every KPMG team member. We continue to invest in innovative learning technologies, including electronic games and simulations, social media collaboration, and a growing library of video-based “micro-learning” modules viewable on a mobile device.

Our people are extraordinary because they understand deeply the purpose of their work and the value each team member brings. We support over 175 chapters of seven diversity networks and inclusion councils across our offices to ensure our teams can have open dialogues, participate in group activities and grow personally and professionally. Being ranked consistently among the top employers by DiversityInc for diversity in the workplace is a testament to these efforts. Proactively building an inclusive culture is a priority for us and we will continue to evolve our programs and initiatives as our workforce – and our society – become ever more diverse.

### Training options

 **6,790**  
classroom instructor-led sessions of 2,916 unique courses<sup>1</sup>

 **339**  
virtual sessions of 251 unique courses<sup>2</sup>

### Our on-demand library includes:

 **2,189**  
options for our people

 **603**  
vendor-developed courses

 **1,220**  
internally developed courses

 **366**  
micro-learning modules

1,2. Several courses more than once

## We are proud to have been

Named consistently to Fortune's Best Companies to Work For – rising to No. 43 in 2016 from No. 63 in 2015



**Ranked No. 3** in DiversityInc's 2016 “Top Companies for Diversity Councils”



**Ranked No. 2** in DiversityInc's 2016 “Top Companies for LGBT Employees”

And received awards from:



# Our people



## Women



**44%**  
Workforce



**42%**  
New Hires



**40%**  
Promotions\*



**19%**  
Partners



**38%**  
Board



## Ethnic Minorities



**32%**  
Workforce



**43%**  
New Hires



**28%**  
Promotions\*



**11%**  
Partners



## Employee engagement survey

**86%**  
KPMG is a great place to work

**85%**  
KPMG is a great place to build my career

**87%**  
Proud to work at KPMG



**45%**

Our people engaged in diversity networks



**28%**

Membership growth in diversity networks FY16 over FY15

\*into and within management

**Championing diverse leadership**

# The multiplier effect

Tatiana Podel, a Tax manager in KPMG's Orlando office, started her journey with KPMG as a college freshman after investigating other companies that she didn't feel were a fit for her. "But KPMG was different. An audit manager was happy to talk to me about what he did and what I wanted to do," she says. She left a resume with him. A few months later, the team came calling – Tatiana was being considered for KPMG's Future Diversity Leaders Program (FDL). She participated, and is now an eight-year veteran at KPMG where she juggles multiple clients in the firm's Business Tax Services practice.

The FDL aims to recruit high-potential, ethnically diverse freshmen and sophomores, who are planning to major in business. The FDL program provides these students an opportunity to consider KPMG as their employer of choice through leadership skills training, ongoing coaching and mentoring as well as internships.



Tatiana Podel with the KPMG Orlando team.

"I feel like I work for a small firm with big firm resources – they always support passion and innovation."



"KPMG gave me time and invested in me. Why would I ever even interview with any other firm?"

Tatiana was introduced to finance and accounting in high school as a student in a NAF academy in Orlando. KPMG has sponsored NAF nationally for several years as a tangible way for team members to make a difference in their local communities. NAF's vision: a world in which all young people have equal opportunity for successful futures. Having been a participant in NAF curriculum and activities throughout high school, Tatiana decided this is how she would give back.

"When I joined KPMG full-time, I connected with the team that led our work with NAF and volunteered to become a champion for my local office," she adds. Soon KPMG gave her a budget to sponsor a student intern, organize student field trips to the KPMG office to see firsthand the world of accounting, and time off to teach classes.

Her work as a NAF champion is something she believes is ever more powerful because of her team's support. "KPMG wants us to be a part of our community. I've always lived in Florida. Being a KPMG team member ensures I can live at home and help others in my community," she says.

"I'm a big believer that no matter what you do in life, a basic background in financial intelligence is critical. It's a skill you need to succeed in life and live life responsibly – something that's not taught well enough in school. That's why I work with NAF to reach as many students as I can so that they can learn this basic level of financial responsibility."

- Tatiana Podel, Tax Manager

#### NAF by the numbers

57,450

The number of high school students that have participated in a NAF Academy of Finance since 2010

96%

The high school graduation rate of NAF participants

92%

The percentage of NAF high school students expressing aspirations to go to college

22

The number of NAF Academies of Finance that KPMG supported in FY16

\$300,600

Amount KPMG contributed to NAF in FY16

**Local impact**

# Driving collective progress

Our emphasis on purpose-driven and meaningful work positions our people to do great things for our communities and for each other. By recognizing their role as community members and encouraging them to pursue their passions, we empower our people to actively build purpose and resilience in the fabric of our societies. Given the varied interests of our employees, we provide resources and support that enable them to demonstrate our core value of giving back wherever they are.



**Offer volunteer time release**, which provides 12 hours of paid time annually to all our people.



**Leverage the passion and talents** and experiences of our people through skills-based volunteerism and service on nonprofit boards.



**Practice corporate philanthropy** through our strategic alliances with nonprofits that operate nationally and in communities where KPMG has offices.

### Nonprofit board service

For many of our experienced professionals, serving on nonprofit boards provides an immediate and meaningful opportunity to share their business knowledge and experience with a cause they care about. It also helps them become better leaders and build their network.

In 2016, 972 KPMG employees served on a nonprofit board helping service 1,420 nonprofits – including local and national organizations. Additionally, we trained 930

employees on nonprofit board readiness, helping them start their journey in pro bono service.

Being able to help provide insight and business acumen is a core expertise for our team, and we are proud to make a tangible difference across multiple issues including youth education, anti-bullying, leadership development, poverty, cancer and heart health.

### FY2016 nonprofit board service at a glance



**972**

people reported service on nonprofit boards



**930**

people trained in nonprofit board readiness



**1,420**

nonprofit organizations served



**18,000+**

hours served on nonprofit boards

**48%**

of KPMG partners/employees volunteered at least one hour

**162,600**

volunteer hours

**53,100**

employee paid-volunteer hours

**\$26,042,000**

in cash contributions made by KPMG LLP and KPMG Foundation

**\$2,861,300**

raised by employees' fundraising activities

**\$16,308,400**

donated by partners and employees



Recognized as one of the top 50 most community-minded companies in the U.S.

# Make a choice, activate your passion

KPMG Partner Len Van Orden spotlights his work with the National Multiple Sclerosis Society

Len H. Van Orden has been with KPMG for 30 years – and worked across several practices in that time. He’s witnessed many changes, but the culture has remained focused on purpose and making a difference. From early on, he remembers KPMG emphasizing the importance of being involved in the progress of your community. Not sure then how he could best contribute, he decided to join some colleagues who were participating in a bike ride fundraiser for the National Multiple Sclerosis [MS] Society in New York.

Two years later, he became the New York team captain of the KPMG team for MS – and ever since has been a loyal fundraiser for the MS Society.

“When I see the impact on people’s lives it just confirms why I do this every year. It has also opened my eyes to become more active in my community on other issues.

I have a deeper appreciation for how all the small stuff adds up,” he says, adding, “as a leader too, this work has helped me influence others to consider volunteering. As a firm, we have always tried to empower our people to make choices about what they want to get involved in – we’re here to support you. Set goals and we will help you achieve them.”

The icing on the cake?

Including his daughters in early years on the bike tours – and helping them see his role as a member of his community. “Now my older daughter is chair of philanthropy in her sorority, I can’t say enough about connecting with young people through these activities. It can be a life-changing perspective – and knowing that we can help drive that is immensely powerful.”



Len completing a bike ride fundraiser.

## Len’s achievements

**\$395,831**

Raised by KPMG for the MS Society New York City Chapter through the bike tour since Len started his involvement

**\$50,000**

Len’s personal funding total

## KPMG’s contribution

**\$400,854**

Raised by KPMG for the MS Society in FY2016

**15+**

Offices supported the MS Society through various activities in FY2016



**Here are some of the organizations that our people proudly support in their local communities in FY16**

**American Heart Association**

\$468,352

The nation's oldest and largest voluntary organization dedicated to fighting heart disease and stroke.

**American Cancer Society**

\$540,029

A nationwide voluntary health organization dedicated to eliminating cancer.

**Big Brothers/Big Sisters**

\$155,854

Nonprofit that matches children with caring adults to help guide them on a path to success.

**Boys & Girls Clubs**

\$72,135

National nonprofit helping millions of kids and teens develop essential skills, make lasting connections and have fun.

**Boy Scouts**

\$103,347

The largest Scouting organization in the U.S. and one of the largest youth organizations in the country.

**Girl Scouts**

\$46,408

A youth organization for girls in the U.S. and American girls living abroad.

**Multiple Sclerosis Society**

\$400,854

A nonprofit organization and a movement to do something about MS now and end the disease forever.

**Special Olympics**

\$38,087

The world's largest sports organization for children and adults with intellectual disabilities.

**United Way**

\$2,549,936

A nonprofit organization that works with almost 1,200 local United Way offices throughout the country in a coalition of charitable organizations.

# Q&A: looking ahead

In conversation with  
KPMG U.S. Chairman and CEO  
Lynne Doughtie



**You’ve said “responsible corporate citizenship requires us to advise responsibly and act responsibly with each other as well.” How are you activating that since you took the reins as chairman and CEO in 2015?**

I’ve been fortunate to spend more than 30 years with KPMG in a number of different roles. These decades have taught me that maintaining a culture of responsibility is something we must constantly work at, especially as we undergo one of the most dramatic shifts in our workforce generationally and technologically. We are being very explicit about our culture and expectations when recruiting top talent. Our values are non-negotiable. Our outlook on the world as guardians of the capital market is non-negotiable. And our commitment to integrity and ethical behavior is non-negotiable. That’s why our clients choose us.

Earning the public’s trust is a continuous journey and advising responsibly is a critical element of how we do that every day. This is the lens through which we look at our culture and role as a corporate citizen. We’re strategic thinkers and analysts, but we’re much more than that. We’re members of our communities. We’re parents and caretakers. We’re purveyors of a lot of information and data.

We don’t just advise our clients on how they can continue to grow their businesses more sustainably, we share how they can most effectively address – and champion – global issues like income disparity, unemployment, and privacy so that together we’re building resilient economies.

**What are your thoughts on acting responsibly with each other?**

Diversity and inclusion influence everything we do — how we recruit, train, and grow our people, serve clients, engage in corporate citizenship, invest, and build public trust. The nature of our work is such that we spend a lot of time together. It’s critical that we respect each other and are inherently tuned in to this sense of collective purpose. Together we can make a tangible difference. As you have read in this report, we’re doing that in a variety of ways. Whether it’s Len’s work with the KPMG team to raise funds for the MS society [page 32], the work we’re doing through the Future Diversity Leaders Program to empower people like Tatiana to succeed [page 28], or our work with incredible partners like WE and First Book on youth empowerment and education [page 17], we know it takes a village – or in our case a team – to be effective. That’s where our philosophy on lifelong learning comes in.

**Tell us more about that – what does it mean to champion lifelong learning?**

Lifelong learning, very simply put, is the ongoing support each of us needs to succeed – all the way from Pre-K to the C-Suite. Every stage in this journey requires a varying set of tools that can make the difference between success and stagnation. We see firsthand how critical this support can be for our people. Investing in education and lifelong learning is one of the most important catalysts for addressing pervasive issues such as poverty and unemployment. They’re interconnected, and education can break the cycle.

As the skills gap continues to grow, we view investing in lifelong learning as critical in ensuring that people in our communities have the skills to continue to thrive and are empowered to confidently lead us into the future. We want to champion these leaders, and this report outlines how we’re doing that, from bringing books to children who otherwise cannot afford them to helping more women attend and graduate from college, to mentoring professionals throughout their careers. By committing to lifelong learning, we’re not just streamlining our focus or investments, we’re looking to move the needle tangibly on an issue that has continued to hold millions back.

### Why is KPMG uniquely positioned to help tackle the skills gap challenge?

Our strength as a firm is our ability to act as a convening brand and our people's dedication to serving as mentors, advisors, fundraisers, and leaders. By committing to invest in lifelong learning, we're harnessing these strengths to bring about a meaningful shift in the education landscape. Our focus on building an inclusive culture is an important aspect of this effort. The diversity of thought, perspectives, and backgrounds each of our people bring help us address issues like youth unemployment and access to education more effectively. It's especially gratifying to see that reflected in KPMG's [Fortune](#) and [DiversityInc](#) rankings. These are testaments to how our people care for our clients, communities, and each other.

Competing for talent is not a singular trend. It's interconnected with the issues I just laid out. People want to work for an employer that is socially responsible, and our focus

on lifelong learning is appealing on many levels. It will help us have deeper impact while continuing to grow our pipeline of diverse leaders and bring more youth into the education system. As KPMG's Chairman and CEO, I'm committed to amplifying our lifelong learning initiatives by advancing literacy, building future leaders, and making a meaningful difference in all that we do.

"We're strategic thinkers and analysts but we're much more than that. We're members of our communities. We're parents and caretakers. We're purveyors of a lot of information and data. We don't just advise our clients on how they can grow their business most sustainably but also how they can address – and champion – global issues most effectively so that together we can build resilient economies."



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