



# Ethical Culture Review

Principia Advisory

October 2026

## Foreword

KPMG Australia (**KPMG**) has developed an [Action Plan](#) to help us address our well-publicised failings and drive meaningful change to improve our firm. This program of work covers our governance, culture and ethics, and controls.

As part of this Action Plan, we are openly participating in a series of third-party reviews, some commissioned by KPMG and others by key stakeholders. We understand that external scrutiny is needed and recognise that third-party reviews will be an important part of our journey to maintain or regain trust from all stakeholders. We also believe these reviews will help us learn from our failings – and are committed to taking further actions based on their findings and recommendations.

### Principia Advisory – Ethical Culture Review

One of our Action Plan commitments was to engage Principia Advisory (**Principia**) to undertake an independent retrospective review of the firm's whistleblowing system and our broader cultural context.

This review builds on the work undertaken by [Andrews Group](#) and is a critical step in helping us to better understand our cultural and ethical settings, and to identify opportunities for improvement.

In undertaking this review, Principia spoke to almost 500 KPMG Partners and staff, received survey input from nearly 3,400 of our people, reviewed 176 documents and undertook a review of 14 randomly selected cases from our whistleblower hotline.

The Principia review is now complete, and we are publishing their reports in full:

- a detailed Ethical Culture Review, which details Principia's scope, methodology, evidence and findings;
- a Report of Findings which summarises the findings of the review; and
- a Strategic Roadmap Report, which sets out Principia's recommendations to address their findings.

We are publishing all three of these reports as part of our ongoing commitment to transparency and to hold ourselves to account.

### KPMG's response

We would like to thank Principia for the thoughtful and professional way in which they conducted this review, and for their significant engagement with our people through the review process. We would also like to thank all the KPMG Partners and staff who participated in the review to help us build a better firm – for the benefit of our clients, people, stakeholders and communities.

The Principia reports contain 26 findings and 14 recommendations. We accept these findings in full and commit to acting on all recommendations.

# Ethical Culture Review

In summary, Principia identified three key themes that explain their findings:

- there has been a “say-do gap” between what has been said and what has been done in relation to our cultural aspirations, purpose and values;
- issues were compounded by structural weaknesses in our governance and oversight; and
- while there are widespread areas of strong ethical and speak-up culture at the ground level, there has been a high degree of variability in culture across the firm.

We are already taking steps that will help to address these findings – particularly in relation to our governance arrangements – but we fully acknowledge that there is more to do.

We will update our Action Plan to include new actions to reflect Principia’s recommendations and are committed to acting on them to make meaningful, lasting changes to improve our firm.

The progressive updates we make to our Action Plan will also consider the interdependencies between the findings and suggested improvements across the other third-party reviews completed and underway.

## Conclusion

While we do not underestimate the work ahead of us, the Principia report makes clear that there are strong foundations upon which we can build. Those foundations are our people.

Principia found that:

- “the great majority of KPMG people are committed to acting with ethics and integrity”;
- “KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity”;
- “people at KPMG express a pervasive desire to do the right thing by one another, their clients and the community and to work in a firm that values and supports this”; and
- “people at KPMG Australia have a strong ethical self-identity”.

This confirms what we already believed: that the vast majority of our people show up every day with dedication and integrity, in accordance with our values, to do great work for our clients – but that these people have been let down badly by the firm’s failings.

As leaders, we understand the importance of setting the right tone from the top. However, as the Principia review makes clear, we also understand that we will be judged not by what we say, but by what we do. We are committed to doing better.



**John Sams**

Chief Executive Officer, KPMG Australia



**Michael Ebeid**

Independent Chairman, KPMG Australia

# KPMG Australia Ethical Culture Review

6 October 2026



## IMPORTANT NOTICE

This Ethical Culture Review (Review) was commissioned by KPMG Australia as part of a broader program of independent reviews, governance reform and organisational renewal following events in respect of which the firm has publicly acknowledged failings.

This Review is an assessment of organisational culture, governance, accountability, whistleblowing and speak-up arrangements. It is not a disciplinary investigation, forensic inquiry or legal determination of individual responsibility. Findings are directed to organisational systems, cultural conditions, governance processes and recurring themes identified through the evidence reviewed, rather than findings about the conduct, motives or character of any specific individual.

The Review draws on multiple sources of information including document reviews, interviews, focus groups, survey data and case-file analysis. Certain findings reflect perceptions, experiences and themes reported by participants. The Review distinguishes, where possible, between verified evidence, participant perceptions and evaluative conclusions drawn from the totality of the evidence available.

The Review should be read as a whole. Individual findings should not be read in isolation or treated as findings of legal liability, misconduct or wrongdoing by any identified or identifiable person. Personnel or disciplinary matters (if any) and any findings about wrongdoing or culpable omissions should be determined through appropriate processes affording procedural fairness and consideration of all relevant and admissible evidence.

## LIMITED PURPOSE; NO RELIANCE

This Review has been prepared by Principia Advisory Sàrl, a Swiss limited liability company, solely for the use of the Board and management of KPMG Australia pursuant to a professional engagement, for the sole purpose of advising the Board and management of KPMG Australia about recommended changes that could be made by them, the reasons for those recommendations and the findings that supported those recommendations and reasons.

No duty of care nor other responsibility to any person or organisation is accepted, including to any individual partner of KPMG Australia. Persons other than the Board and management of KPMG Australia should rely on their own evaluation and investigations, consider their own circumstances, seek their own advice, and should not use or rely on the contents of this Review - or if they do, they do so at entirely their own risk.

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## Context to this Review

This Ethical Culture Review (Review) has been commissioned following reports made by an unnamed whistleblower, the subsequent investigation by KPMG Australia (KPMG) and disclosure in the Australian Senate. KPMG has publicly acknowledged that:

- Senior people within the organisation engaged in conduct that was unacceptable and not consistent with KPMG's stated values and ethical expectations.
- KPMG did not respond to the whistleblower's concerns as it should have and did not provide the whistleblower with the respect and support that should have been expected.
- KPMG adopted an overly legalistic approach, failed to appropriately manage conflicts of interest, placed excessive emphasis on workplace grievance processes rather than the ethical issues raised, and failed to provide appropriate safeguards and support to the whistleblower.
- KPMG failed to protect the whistleblower.

These matters form the context and background to this Review. They were reviewed in the Andrews Group Report, which concluded that KPMG's stated values were not followed in both the underlying conduct and the firm's response to the whistleblower disclosure. As part of its response Action Plan, KPMG engaged Principia Advisory to review its cultural context and underlying norms, with a particular focus on whistleblowing and speak-up.



## Executive Summary

KPMG Australia (KPMG) has admitted to wrongdoing by senior members of the firm and to broader deficiencies in its handling of a whistleblower report. As part of its Action Plan, the Board of KPMG have engaged Principia Advisory to review firm-wide ethical culture.

This Review is not a root cause analysis of the events disclosed by the whistleblower or their subsequent handling. Rather, it examines the cultural and governance conditions in which they occurred, including how concerns are raised and addressed, how decisions are made, and whether people feel able to challenge decisions and behaviour that may not meet the firm's standards. Drawing on a range of evidence, it provides a detailed assessment of KPMG's ethical culture and identifies changes we believe will be required to address existing weaknesses, rebuild trust and strengthen the firm's ability to recognise and act on concerns in future.

The paradox is that in recent years KPMG has made meaningful investment in systems and processes designed to reinforce its ethical culture. With caveats and reservations detailed below, many of these systems are well designed and functional. Moreover, the great majority of people at KPMG voiced a strong commitment to acting with integrity and want to do the right thing. Despite this, the firm's institutional and cultural resources were insufficient to avoid the failings that precipitated this Review.

Three powerful and interacting dynamics explain this context.

First, in the face of a changing commercial environment, the Review found that the firm's leadership took actions that were increasingly misaligned with the firm's stated ethical and cultural aspirations and purpose. This gap between what the firm said and what it did shifted behavioural incentives and created a strong signal as to what is expected and valued. We outline how this 'say-do' gap has played out in multiple arenas across the firm. In our view, this gap has contributed to a high degree of variance in readiness to challenge, an emerging shift in behavioural norms, and an erosion of the firm's fundamental sense of purpose and what is valued.

Second, the Review found that these leadership and institutional issues were compounded by weaknesses in governance and oversight that limited the firm's ability to identify, challenge and correct misconduct by leaders and the broader say-do gap. The evidence therefore points not simply to the actions of individual leaders, but to structural conditions that allowed departures from the firm's values and expectations to persist.

Third, the Review found a high degree of variability in experienced culture across the firm at local team level. While there exist widespread areas of strong ethical culture at the ground level, KPMG has not succeeded in creating the enabling conditions for a consistent ethical culture across the firm.

### 1. 'Say-do' gap

The Review identified a say-do gap operative at two related levels. The first concerns deviation in the decisions and behaviours of some individual leaders from expected standards and values. The recent whistleblower incident represents an acute example of this. In addition to such serious behavioural matters, the Review identified a broader pattern of leadership decisions and behaviours that are widely perceived to be inconsistent with the firm's stated values. Examples included the appointment of leaders who were widely viewed as not embodying those values, as well as reported behaviours that discouraged speak-up and challenge.

The evidence also pointed to a second, institutional form of the say-do gap. This arose where formal processes, controls or mechanisms intended to reinforce ethical culture existed but were not consistently perceived to operate effectively or in accordance with their stated purpose. Examples include the operation of the balanced scorecard in compensation and promotion decisions, perceived inconsistency in holding senior members of the firm accountable and limited recognition of people and values-based leadership.

### 2. Structural weaknesses in governance and oversight

Taken together, these conditions began to shift the experienced incentives for contributing to and sustaining a strong ethical culture and have weakened readiness to speak-up in parts of the firm. In this



evolving context the firm must rely on its governance and oversight systems to provide an effective check and balance. Unfortunately, a further finding of the Review is that KPMG had material weaknesses in governance and oversight that meant that the firm could not course correct when leaders and processes deviated from stated values and commitments. The partnership agreement, board composition and related governance structures concentrated power in the hands of a tightly connected group, undermined the independence and effectiveness of the Board, and created powerful institutional and cultural impediments to holding leaders properly to account.

### **3. High cultural variability coexists with domains of genuine ethical strength**

Notwithstanding these two significant areas of concern, the Review did not find that a consistently poor ethical culture predominates throughout the firm. In our view it would not be accurate to characterise KPMG Australia's culture as fundamentally 'broken'. Rather, the Review found a high degree of variability in experienced culture at local team level. The firm, in many ways, consists of a patchwork of micro-cultures substantially shaped and formed by partners who are both owners of the firm and its functional front-line leaders. We found widespread evidence of teams experiencing strong conditions of trust, speak-up and challenge formed by partners and team leads perceived to set an example of high integrity. We did, however, find evidence of a smaller number of teams in which speak and challenge is not normalised. We, moreover, found persistent weakness in speak up and challenge outside of trusted interpersonal networks and in and around the former executive team. We therefore find that, despite widespread areas of strong ethical culture and speak up at the ground level, KPMG has not succeeded at a structural level to create the conditions for a consistent cultural experience across the firm. Partners are a key cultural transmission mechanism of the firm and in our view, their role in building the culture, leading people, and encouraging challenge is not being appropriately valued, developed or incentivised.

### **Recommendations for institutional reform**

Our recommendations are designed to address these three cultural weaknesses, through four interlocking interventions.

- Reset leadership and governance around ethical stewardship
- Simplify and clarify the control environment
- Make conduct and culture consequential
- Strengthen independence and effectiveness of whistleblowing and speak-up architecture

To rebuild trust and confidence, we recommend that each intervention will require reinforcement through a defined period of independent external verification, tied to explicit chains of accountability and personal responsibility.

### **Rebuilding trust**

No one should underestimate the depth of the loss of trust that has occurred and the significance of the commitment required to regain and rebuild this trust. However, after spending three months crossing the country, speaking with nearly 500 KPMG partners and employees, receiving survey input from nearly 3,400 people, and reviewing thousands of pages of documents we believe that a credible pathway to achieving this renewal of trust exists as laid out in our Strategic Roadmap Report. Moreover, KPMG Australia has underlying cultural resources that can support this change. The great majority of KPMG people are committed to acting with ethics and integrity and want to work in a firm that supports and values this. Moreover, except for the governance arrangements and other deficiencies noted below, the firm has a mature and functional institutional architecture through which these aspirations can be operationalised. However, achieving this will require clear leadership commitment, strong accountability, incentive structures that make ethical behaviour consequential, greater transparency and effective internal and external oversight to maintain trust.

# Findings

## Ethical Culture Assessment

| Reference                      | Finding                                                                                                                                                                         |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EXPECTATIONS (Section 2.1.1)   |                                                                                                                                                                                 |
| E1                             | KPMG established a substantial ethical culture architecture to communicate expectations, however, it was sometimes compromised by complexity and fragmentation                  |
| E2                             | Ethical expectations were weakened by a perceived gap between professed values and visible actions                                                                              |
| AUTHORITY (Section 2.1.2)      |                                                                                                                                                                                 |
| A1                             | Weaknesses in the governance structure significantly constrained independent oversight of the executive                                                                         |
| A2                             | There was widespread reluctance to challenge those in positions of power, and a perceived concentration of power in a tightly connected leadership sub-group                    |
| ACCOUNTABILITY (Section 2.1.3) |                                                                                                                                                                                 |
| AC1                            | Leadership accountability for broader operational and strategic decisions was perceived to be weak                                                                              |
| AWARENESS (Section 2.2.1)      |                                                                                                                                                                                 |
| AW1                            | Comprehensive ethics training is provided, but it is often experienced as generic and compliance-driven                                                                         |
| AW2                            | There was not always a clear understanding of how to draw and apply red lines on the sharing of confidential information                                                        |
| AW3                            | KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning |
| DELIBERATION (Section 2.2.2)   |                                                                                                                                                                                 |
| DE1                            | KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas      |



| PROFESSIONAL SKILLS (Section 2.2.3) |                                                                                                                                                                                                                                 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PS1                                 | Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness                                            |
| CHARACTER (Section 2.3.1)           |                                                                                                                                                                                                                                 |
| C1                                  | KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity. Close relationships and collaborative norms sometimes inhibit candour and critical challenge |
| INCENTIVES (Section 2.3.2)          |                                                                                                                                                                                                                                 |
| I1                                  | Although KPMG formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice      |
| PURPOSE (Section 2.3.3)             |                                                                                                                                                                                                                                 |
| P1                                  | KPMG has taken numerous measures to reinforce purpose beyond profit, but in the context of a challenging operating environment the results have been mixed                                                                      |

## Whistleblowing and Speak-Up Environment Review

| CHALLENGE CULTURE (Section 3.1)                     |                                                                                                                                                                                   |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CC1                                                 | Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships |
| SPEAK- UP EFFICACY (Section 3.2)                    |                                                                                                                                                                                   |
| SU1                                                 | Multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited                                                                 |
| SU2                                                 | People's experience of case report handling is inconsistent across cases and escalation routes                                                                                    |
| SU3                                                 | Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting                                                                  |
| RETALIATION RISK AND ANTICIPATED COST (Section 3.3) |                                                                                                                                                                                   |
| RT1                                                 | There is a widespread perception that speak-up and challenge carries meaningful professional risk                                                                                 |
| RT2                                                 | KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated                       |



| PROCEDURAL JUSTICE AND INVESTIGATION CREDIBILITY (Section 3.4) |                                                                                                                                                                                         |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PJ1                                                            | Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low                                                                         |
| PJ2                                                            | Investigations do not always have clearly visible end-to-end ownership                                                                                                                  |
| PJ3                                                            | Perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility                                                                         |
| ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT (Section 3.5)        |                                                                                                                                                                                         |
| ACM1                                                           | People do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value                                                    |
| ACM2                                                           | The consequence framework for misconduct contains significant discretion and provides limited assurance that sanctions will be consistently proportionate to the severity of misconduct |
| ACM3                                                           | Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences                                                                 |
| COMMERCIAL PRESSURE AND ETHICAL JUDGEMENT (Section 3.6)        |                                                                                                                                                                                         |
| CP1                                                            | There is a residual risk that an over-emphasis on financial metrics adversely impacts challenge culture                                                                                 |



# 1. Introduction

## 1.1 Scope of Review

Principia Advisory was commissioned in June 2026 to undertake an Ethical Culture and Whistleblowing Review ("the Review") to provide the Board of KPMG with a credible, rigorous and evidence-based understanding of both its whistleblowing environment and broader ethical culture.

Specifically, the scope of work is to support the National Governance Board ("Board") and National Executive Committee ("NEC") in understanding the cultural conditions most critical to restoring stakeholder confidence and sustaining long-term organisational trust. It does this by assessing the effectiveness, integrity and credibility of KPMG Australia's whistleblowing and speak-up environment, focusing on the cultural and behavioural factors that influence its operation. It examines the organisational, leadership, governance, accountability and cultural conditions that shape ethical behaviour across the firm.

The report provides a clear view of cultural strengths, residual risks and priority areas for renewal through a combination of qualitative, quantitative and systems-based analysis.

In its accompanying Design of a Strategic Roadmap Report, Principia provides practical and prioritised recommendations which focus on strengthening trust, enhancing accountability and building a more resilient ethical culture. The goal is to create a clear pathway from independent assessment to implementation, ensuring that findings translate into meaningful, measurable and sustainable change.

## 1.2 Limitations of the Review

The Review took place over a three-month period during which KPMG experienced material and substantial changes of relevance to the Review. There were changes to the Chair, CEO and National Executive Committee. The Partnership Agreement was amended to address some of the governance weaknesses identified in the Review. We have taken care to distinguish feedback relating to the previous leadership and governance arrangements from feedback relating to those in place at the end of the Review period. However, it has not always been possible to separate the two definitively.

Fieldwork and survey investigations were conducted during a period of intense media coverage of the events that lead to this Review and included two high profile appearances before the Parliamentary Joint Committee. It also took place during a redundancy program (Project Vector). While we have taken steps to mitigate any potential distortion to our findings, these events may have negatively impacted the way that participants related their experience of the firm to us.

The Review was conducted as an assessment of Ethical Culture and a review of the cultural and behavioural conditions surrounding Whistleblowing and Speak-up. It is not intended to express or imply any legal conclusions.

## 1.3 Guiding Principles

The Review was designed to provide an independent, evidence-based assessment of ethical culture across KPMG Australia. It was conducted in accordance with the following operational principles:

- *Independence:* The Review was commissioned by the National Governance Board, for whom we have prepared this report and to whom it is conveyed. The project sponsor and primary operational contact for Principia was the Chief Strategy Officer who led the remediation program and had no prior relationship with Principia. The methodology for each evidence strand was designed by Principia. The draft report was provided to KPMG Australia on 29 September 2026 to review for factual accuracy and clarification of expression. Other than matters of factual accuracy and clarification of expression, no changes to findings or recommendations were requested or accepted.
- *Confidentiality & Anonymity:* The Review has been designed and conducted with measures intended to protect the confidentiality and anonymity of all KPMG people who participated in Review activities. Personal information was accessed only to the extent reasonably necessary for the purposes of the Review, with access restricted to authorised members of the Review

team. Findings are reported in aggregated or de-identified form, and reasonable steps have been taken to minimise the risk of individual participants being identified.

- *Evidence-based and rigorously tested:* This Review has drawn from multiple sources of data, including a document review and systems analysis, a review of Hotline case files selected by Principia; extensive fieldwork based on explicit consent, and a voluntary people survey. These mechanisms allowed for both random sampling of, as well as self-selection, by a wide sample of KPMG Australia across multiple locations. All Review findings were tested against multiple strands of data and analysis. This allows for triangulation of information to produce a more reliable basis for findings.
- *Accelerated review timetable:* This Review has proceeded from 17 June- 30 September 2026 inclusive in accordance with the KPMG Action Plan (23 June 2026).<sup>i</sup> Given the accelerated review timeframe, Principia teams have produced evidence concurrently rather than sequentially and have carefully cross-referenced data to seek to triangulate findings.

## 1.4 Review Framework

Principia's Ethical Culture Assessment methodology is underpinned by our proprietary Ethical Drivers Model. This framework provides a view of organisational culture by three key domains of agency:

- Responsibility
- Capability
- Motivation

Nine underlying Ethical Drivers, supported by detailed dimensions, capture the different components of organisational ethical culture and capability, and provide the theoretical backbone for our assessment and strategic renewal methodology. They assess the ability of an organisation and its people to consistently make ethical, responsible decisions in line with established values and principles.

The Ethical Drivers Model is based on substantial peer-reviewed empirical research, detailed case-study assessments and Principia's operational experience.





| DOMAINS        | ETHICAL DRIVER      | DESCRIPTION                                                                                                                                       |
|----------------|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| Responsibility | Expectations        | Clarity, feasibility, and reasonableness of expectations on employees; consistency of leadership communication on conduct and behaviour.          |
|                | Authority           | Clarity and comprehensiveness of ownership for decisions, and the ability of people in the organisation to challenge authority.                   |
|                | Accountability      | Monitoring of responsible conduct; appropriate investigation and attribution of misconduct; suitable resolution and penalties for misconduct.     |
| Capability     | Awareness           | Ability to reflect on the impact of decisions; diversity of perspective and thought; institutional memory and means to learn from past events.    |
|                | Deliberation        | Appropriate capabilities to make effective, responsible decisions; atmosphere of constructive challenge; forums for discussion & debate.          |
|                | Professional Skills | Professional skills and expertise; commitment to promoting employee development; appropriate structures for recruitment and selection.            |
| Motivation     | Character           | Focus on desired dispositions of employees; active cultivation of dispositions and behaviour; strength of organisational principles.              |
|                | Incentives          | Effective structures of compensation and reward; appropriate performance management and metrics; systems of recognition, progression, and reward. |
|                | Purpose             | Clearly defined and articulated organisational purpose; commitment and understanding among employees; monitoring and tracking of value creation.  |

In addition, for the purpose of the review of KPMG Australia's whistleblowing and speak-up environment, Principia examined an additional six Whistleblowing and Speak-up Dimensions:

- Challenge Culture;
- Speak-Up Efficacy;
- Retaliation Risk and Anticipated Cost;
- Procedural Justice and Investigation Credibility;
- Accountability and Consequence Management; and
- Commercial Pressure and Ethical Judgement.

## 1.5 Methodology

Our evidence base for this Review includes three workstreams:

- Our Systems and Process team conducted document review of 176 carefully selected documents and a review of 14 Hotline cases selected by Principia.
- Our Fieldwork team conducted focus groups, scheduled interviews and walk-in interviews. The majority of these were conducted in person at six office locations across the country and a small number were conducted virtually.
- We fielded our Ethical Culture Index survey (hereafter referred to as the ECI survey) across all of the Australian offices. Results were analysed in the context of previous ECI and internal KPMG survey results and triangulated with the fieldwork.

### Systems and Process Review

#### a) Scope

This workstream conducted an analysis of selected documents as set out in Table 1, informed by the Ethical Drivers Model. This strand also examined the alignment between formal processes, governance arrangements and lived experience across the firm, as expressed in employee surveys and feedback.

| Table 1: Document Review (excluding case file documentation) |       |
|--------------------------------------------------------------|-------|
| Type                                                         | Count |
| Board / Committee Reporting                                  | 76    |
| Culture, Ethics and Whistleblowing Data                      | 6     |
| Employee Relations / Wellbeing information                   | 9     |
| Performance Evaluation                                       | 31    |
| Policies, Procedures and Processes                           | 26    |
| Training Materials                                           | 25    |
| Other                                                        | 3     |
| TOTAL                                                        | 176   |

In 2021, Principia conducted an Ethical Culture Assessment of KPMG Australia and made 21 recommendations. As part of our Systems and Process review, Principia undertook a review of the scope, appropriateness and effectiveness of this work as well as the firm's implementation of the recommendations. This included reviewing the documents in Table 1, as well as the fieldwork findings, from this perspective. This work was conducted by a sub-group of the Principia team who were not involved in the previous Principia work. These findings have been integrated into our overall Review findings and recommendations.

#### b) Methodology

Documents were assessed for their relevance to the nine Ethical Drivers and the six Whistleblowing and Speak-up Dimensions. Relevant documents were given a maturity rating of 'fragmented', 'established', 'embedded' or 'adaptive' with accompanying commentary to support the development of findings and recommendations.

The Systems and Process team also reviewed 14 cases that had been reported to the Hotline (referred to as 'reviewed case-file sample'). Case files were selected by Principia from a list of cases received by



the Hotline between July 2024 and November 2025. The requested sample was examined to provide contextual insight into whether Hotline reports are being managed and investigated appropriately by the firm. The sample size was deemed an adequate qualitative review methodology, proportionate to a small dataset.

In addition, members of the Principia team reviewed confidential documents which related to the specific whistleblowing incident that led to the Review. The scope of this document review was to obtain an understanding of the broader ethical culture surrounding the incident, rather than to review the incident specifically. Principia were also verbally briefed on the recommendations by the Andrews Group on 24 August 2026 and provided with the draft report entitled: "KPMG: Whistleblower lessons learned review into handling of whistleblower disclosure" on 27 August 2026. The findings from this report were publicly released on 17 September 2026.<sup>ii</sup>

### **c) Deployment of data**

The analysis of documents was used to inform a broad assessment that covers each of the nine Ethical Drivers. The documents were also assessed for their relevance against the six Whistleblowing and Speak-up Dimensions. The Systems and Process review informed both the Ethical Culture Assessment and the Whistleblowing and Speak-up Environment Review.

## **Quantitative Review**

### **a) Scope**

The ECI survey was fielded to all partners and employees in the Australian offices of KPMG.

The ECI survey measures sentiment across the dimensions of the Ethical Drivers Model. While sentiment broadly tracks the underlying fundamentals of ethical culture over time, it is also influenced - at any one point in time - by major events and other factors that are salient at that moment to participants. ECI evidence was therefore used as part of a triangulation approach and to validate and test findings from the other analytical strands.

### **b) Methodology**

The ECI survey was open for two weeks, from 4 -18 August 2026 with an analytical sample of 3,393 responses, representing 41.6% of the active survey population of 8,153.

Principia analysed the ECI survey results in aggregate, across demographic and organisational groups, to protect confidentiality.

The ECI survey also included two open-text questions. The responses were analysed using complementary thematic and evidence-classification techniques.

The analysis was undertaken within the context of Principia's commitment to all respondents that Principia would not share any information with KPMG Australia that could identify individuals.

A comparison with the 2021 ECI survey results was also undertaken.

### **c) Deployment of data**

These findings were triangulated with the qualitative and systems-based evidence to enable observed patterns to be interpreted in the context of the broader organisational and underlying cultural conditions identified through the Review.

## **Qualitative Fieldwork Review**

### **a) Scope**

The qualitative review consisted of 31 scheduled interviews, 332 randomly selected focus group participants across roles and service lines, and 100 walk in interviews across six cities in-person and virtually. The six offices were Adelaide, Brisbane, Canberra, Melbourne – Collins St, Sydney-Barangaroo and Perth. The Review engaged with 463 people in total as part of the qualitative fieldwork. These interviews, focus groups and walk ins focused on reviewing the lived experience of ethical culture at KPMG, and how people experience whistleblowing and speak-up in practice. Informed by the Systems review, the fieldwork offered an evaluation of how current policy and governance arrangements operate in practice and the extent to which they support trust, accountability, effective challenge and



organisational learning across offices, service areas and levels of seniority. As per our Guiding Principles, these sessions were designed and conducted with measures intended to protect the confidentiality and anonymity of KPMG people.

## b) Methodology

### Scheduled Interviews

- Scheduled interviews were held with board members, members of the National Executive Committee (NEC), governance stakeholders, senior leaders, partners and employees. These interviews were initially pre-selected using criteria such as role, seniority, proximity to governance/whistleblowing and speak-up processes. A minority of interviews were recommended through word of mouth from other interviews and focus groups, as well as being identified by the Systems and Process review as useful to our analysis.

### Focus Groups

- Focus Group participants were selected randomly by Principia based on service lines, tenure grade and location. Focus group participants were asked about ethical culture at KPMG, ethical judgment, commercial pressure, accountability, challenge culture, speak-up efficacy and investigation credibility.

### Walk In Sessions / Office Hours

- Walk in interviews were largely self-selected and self-initiated interactions, though a significant minority were randomly chosen focus group participants who could not attend the scheduled focus groups. They were conducted in a private room in KPMG offices (and occasionally virtually) during designated 'drop in' hours. No identity or role information was recorded for walk in interviewees.
- While most walk ins came to Principia because they wished to share specific feedback, the Review team emphasised that Principia were not a reporting entity and were engaged to undertake an assessment of culture and behavioural conditions relating to ethical culture.
- Participants were asked about ethical culture at KPMG, ethical judgment, commercial pressure, accountability, challenge culture and speak-up efficacy and investigation credibility.

## c) Deployment of data

The participant data was analysed against each of the Ethical Drivers and Whistleblowing and Speak-up Dimensions to identify themes and generate findings. The Team used the lexicon described below to describe findings with internal consistency.

### Lexicon

The Review uses a controlled set of qualitative terms to describe the incidence and distribution of observations. These terms do not denote fixed numerical thresholds and should not be interpreted as estimates of population prevalence. They describe patterns within the evidence available to the Review, taking account of the volume, independence, spread and consistency of supporting evidence, together with material contrary evidence.

These terms are isolated; limited; occasional; recurring; widespread; predominant; and pervasive.

**Isolated** refers to a single bounded occurrence; **limited** to a small number of occurrences within a restricted context; **occasional** to intermittent occurrences that do not form a consistent pattern; **recurring** to repeated independent observations constituting a recognisable pattern; **widespread** to evidence across multiple materially different parts of the firm or evidence streams; **predominant** to a broadly distributed phenomenon that appears to shape ordinary experience or behaviour; and **pervasive** to the principal or prevailing pattern within the stated scope.

Wherever possible we distinguish between a **perception** by KPMG people that a condition or practice (for example accountability or retaliation) exists, and evidence for the underlying **reality** of this condition or practice. Both can be relevant to the understanding of culture as shared beliefs can shape behaviour as much as underlying reality of conditions, even though the implications for how to address them may be very different.



## **Use of AI**

Principia deployed Microsoft 365 Copilot (Enterprise, September 2026) including associated capabilities for data analysis, quality assurance and validation preparatory to the writing of the Review report. All AI analysis was subject to strict human oversight and review.



## 2. Ethical Culture Assessment

In this section we provide an assessment of ethical culture across KPMG Australia. We examine the organisational, leadership, governance, accountability and cultural conditions that shape ethical behaviour across the firm. The following analysis is structured according to the nine components of the Ethical Drivers Model as follows:

- **Responsibility (section 2.1):** Expectations, Authority and Accountability
- **Capability (section 2.2):** Awareness, Deliberation and Professional Skills
- **Motivation (section 2.3):** Character, Incentives and Purpose

### 2.1 Responsibility

This driver examines the conditions that determine whether people at KPMG Australia have a clear understanding of their responsibilities, are appropriately empowered to act in accordance with them and are subsequently held accountable for their decisions. This section considers:

- **Expectations:** Clarity, feasibility and reasonableness of expectations on people, and consistency of leadership communication on conduct and behaviour
- **Authority:** Clarity and comprehensiveness of ownership for decisions, and the ability of people in the organisation to challenge authority, and
- **Accountability:** Monitoring of responsible conduct, appropriate investigation and attribution of misconduct, suitable resolution and penalties for misconduct.

#### Summary of findings

| Reference                                                                                                                      | Finding                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EXPECTATIONS (Section 2.1.1)                                                                                                   |                                                                                                                                                                |
| E1                                                                                                                             | KPMG established a substantial ethical culture architecture to communicate expectations, however, it was sometimes compromised by complexity and fragmentation |
| E2                                                                                                                             | Ethical expectations were weakened by a perceived gap between professed values and visible actions                                                             |
| AUTHORITY (Section 2.1.2)                                                                                                      |                                                                                                                                                                |
| A1                                                                                                                             | Weaknesses in the governance structure significantly constrained independent oversight of the executive                                                        |
| A2                                                                                                                             | There was widespread reluctance to challenge those in positions of power, and a perceived concentration of power in a tightly connected leadership sub-group   |
| ACCOUNTABILITY (Section 2.1.3)                                                                                                 |                                                                                                                                                                |
| AC1                                                                                                                            | Leadership accountability for broader operational and strategic decisions was perceived to be weak                                                             |
| See Section 3 of report: <i>Whistleblowing and Speak-Up Environment Review</i> for further findings relating to Accountability |                                                                                                                                                                |

### 2.1.1 Expectations

This section explores whether KPMG Australia expresses to its people what ethical conduct requires of them, and whether those expectations are clear, feasible and reasonable.

|                   |                                                                                                                                                                       |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding E1</b> | <b>KPMG established a substantial ethical culture architecture to communicate expectations, however, it was sometimes compromised by complexity and fragmentation</b> |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Ethical culture begins with a clear articulation of what is expected of people throughout the organisation. As well as legal and regulatory requirements, the firm must define broader ethical standards, including how to exercise professional judgement in grey areas, and set clear expectations for leaders and managers to build, reinforce and sustain an effective culture of ethics.

KPMG has invested substantially in all three areas. Following a sanction for exam cheating, it established a comprehensive Ethical Culture Program in 2021, sponsored by the CEO and the People and Inclusion function lead. The program had the stated ambition to embed ethics, values and conduct in the firm's formal structures, with responsibility assigned at senior levels.

Ethical culture became a strategic pillar of the firm's LEAP 2021–2025 strategy and remained a focus in LEAP 2.0. Through these strategies, KPMG linked ethics and values to its purpose and its ambition to be the most trusted and trustworthy professional services firm. LEAP 2.0 places inclusive, ethical and speak-up culture within its "Inspired People" pillar, connecting values-led behaviour and ethical decision-making to the firm's strategic vision for its people, clients and society.

Two independent CA ANZ reviews in December 2025 recognised KPMG's significant investment in building, managing and measuring ethical culture, including the resources allocated to it and the establishment of a Purpose Office. Ethical culture metrics are monitored and reported, and values and purpose feature in the firm's communications, strategy, training and reward systems. The firm also publicly reports misconduct information annually and has established a retaliation monitoring system.

The Review found that some of KPMG's most mature, visible and consistently applied systems concern independence, regulatory compliance, risk management and professional standards reflecting the firm's significant regulatory obligations. There was predominant feedback from respondents which highlighted the rigour of the client intake process. Examples given included the comprehensive steps involved in managing conflicts of interest when being assigned to or working on a project.

KPMG has also defined broader ethical and professional expectations. Its purpose, "Inspire Confidence, Empower Change", is accompanied by a statement of values, a Global Code of Conduct and specific policies, including detailed requirements on confidentiality, data protection and harassment. The firm asserts the importance of ethical challenge through the Global Code of Conduct, ethical decision-making frameworks (RIGHT/CARE)<sup>iii</sup>, leader training and Audit Culture Hub. It has established a network of 58<sup>iv</sup> 'Ethics Champions' – designated individuals whose role is intended to provide ethical advice and guidance and visibly advocate for ethics within offices and divisions. It has also invested in firmwide initiatives to raise the visibility of its purpose and values across the firm, including Purpose Week.

Ethical expectations also feature in partners' annual performance assessments. Values-aligned behaviour is one of three main areas assessed through Partner Performance Feedback, with attention to how leaders achieve outcomes. For example, in the case of audit partners, the framework includes specific Conduct Expectations covering regulation, ethics and culture, alongside a globally mandated Audit Quality goal: "I will sustain a relentless focus on audit quality, upholding the highest professional standards and levels of objectivity, independence, ethics and integrity within our system of quality management". (For a discussion of how this worked in practice see Finding I1 - 'Incentives' below.)

Taken together, these measures created a comprehensive formal ethical culture architecture that generally succeeded in conveying how KPMG expects its people to behave. The firm reinforces them through induction, regular mandatory training cycles, firm-wide communications and leadership messaging.

However, the effectiveness of the Ethical Culture Program was compromised by the complexity of the program, competing demands and, most fundamentally, a 'say-do' gap in which visible actions, particularly by leaders, were perceived to be at variance with stated ethical expectations (see Finding E2 - Expectations).



Recurring feedback suggests that the number and variety of initiatives launched over time made it difficult for people to see how they connected as a coherent whole or to understand the principles that unified them. Recurring feedback from interviewees identified an opportunity to better translate initiatives such as mandatory training into day-to-day practice, including through lessons learned in internal team meetings.

In addition, we heard recurring feedback that the ethics initiatives sat within an extensive and often disjointed ecosystem of policies and rules. Amidst this complexity, a typical understanding of ethics at the firm appears to have defaulted to one of compliance and risk management which were viewed as having clearer rules and processes. By contrast, some of the ethical culture initiatives were perceived as having strong initial visibility but lacking sustained integration.

The Ethical Drivers of Expectations, Awareness and Deliberation are closely connected, and the Ethical Culture Program sought to strengthen all three. The findings here should therefore be read alongside those concerning people's awareness of ethical context (Finding AW1 - Awareness) and their ability to exercise effective ethical and professional deliberation (Finding DE1 - Deliberation).

## Finding E2

### **Ethical expectations were weakened by a perceived gap between professed values and visible actions**

It is a major theme of this review that professed ethical commitments and the effectiveness of the Ethical Culture Program was diminished by a failure to consistently role-model and demonstrate ethical commitments in the actions and decisions of leaders. Where professed values diverge from organisational practice, the behaviours that people observe are likely to have a stronger influence on their understanding of what is expected, tolerated and valued.

As KPMG has identified in its Action Plan, the whistleblower matter that precipitated this Review revealed a clear gap between the firm's stated values and actual practice. Principia heard that the matter has prompted widespread concern across the organisation, with many partners and professionals expressing deep disappointment and loss of trust in members of the prior leadership. For some participants, these events appeared to challenge their previously held assumptions about the firm's commitment to integrity and ethical conduct.

However, a gap between what is said and what is done can diminish ethical culture even when it does not involve misconduct. Our review reveals evidence of a broader gap between professed values and lived experience in other significant areas including performance, promotion and compensation. These issues are largely institutional and predate the current circumstances concerning the whistleblower disclosure.

The areas in which we found evidence of a gap between professed values and visible actions will be covered in greater detail in following sections but are summarised at a high level here.

- **Banding, progression and balanced scorecard:** KPMG employs a balanced scorecard designed to ensure that remuneration and progression is aligned to values expectations. However, our Review reveals a widespread perception that financial metrics carry substantially greater weight than non-financial metrics in practice (see Section 2.3.2 - Incentives).
- **Accountability for misconduct:** We observed a widespread perception in our quantitative and qualitative analysis that people do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value. (See Section 2.1.3 - Accountability and Section 3 - Whistleblowing and Speak up)
- **Leadership appointments and performance:** There was a widespread sense that KPMG has many excellent leaders of high integrity and strong commitment to firm values across levels. However, there was also a recurring perception that some highly visible leaders did not behave in a way that was consistent with KPMG values and were not held accountable (See Section 2.2.3 - Professional Skills and Section 2.3.1 - Character).
- **Leadership responsibilities devolved:** The decision to take people leadership responsibilities away from some partners and allocate those responsibilities across different levels within the firm has created a perception amongst many that people leadership is not sufficiently valued in practice by the firm. There was a recurring perception that it is not valued in end-of-year calibration processes or given 'protected time' in terms of utilisation targets.

- **Time reporting for internal metrics:** KPMG policy states that all project time allocations must be accurately recorded. However, we heard recurring feedback about team members under-reporting actual time worked, often under explicit or implicit pressure from partners or team leaders; the examples appeared to concern internal performance metrics rather than incorrect or inappropriate billing of clients. A second recurring example relates to partners or others who were perceived to take the credit internally for winning client projects to increase their sales metrics when their role may have been smaller than that recorded on the internal client management system. The examples provided again appeared to relate to internal metrics used for measuring performance targets including for performance appraisals, bonuses and remuneration banding, rather than the incorrect or inappropriate billing of clients. Nonetheless these examples demonstrate that some formal policies or stated requirements are perceived to matter less than others. At the very least, this affects the seriousness with which the firm is perceived to be committed to applying and enforcing policy provisions and rules consistently.

These varied instances of an observed ‘say-do gap’ are visible to people within the firm, and in our view, have been material in undermining how effectively the ethical and cultural aspirations articulated by the firm have been embedded. These are residual risks for the firm.

To close the ‘say-do’ gap, KPMG will need to rebuild ethical leadership credibility through visible alignment between words and actions. This means demonstrating the commitment to ethical expectations through concrete and visible decision-making in areas such as performance and remuneration, and leadership accountability processes. Leaders should be equipped and expected to model ethical courage, consistency, and transparency, so that ethical expectations are supported by example rather than messaging alone.

### 2.1.2 Authority

This section concerns whether ownership of ethical decisions is appropriate, clear and comprehensive, whether responsibilities are matched by sufficient authority, and whether people can question decisions or challenge those in positions of power. It also considers whether leaders are open to challenge and whether formal and informal routes for raising concerns operate effectively.

|                   |                                                                                                                |
|-------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Finding A1</b> | <b>Weaknesses in the governance structure significantly constrained independent oversight of the executive</b> |
|-------------------|----------------------------------------------------------------------------------------------------------------|

If issues arise, the firm must be able to rely on effective checks and balances through formal governance arrangements and appropriate challenge to course correct. Under the Partnership Agreement, the National Governance Board (“Board”) is the primary governance body for the Australian firm. However, the Board had deficiencies that impeded its ability to exercise effective oversight of the National Executive Committee.

Firstly, at a structural level, the Partnership Agreement did not allow for independent board members between 1 October 2025 and 11 August 2026. Although the Partnership Agreement has now been amended to allow for independent members and also mandates an independent Chair, the lack of independent directors during this period was perceived to significantly impact its effectiveness.

Second and relatedly, elected partner Board members were perceived to face inherent structural conflicts when overseeing executives who influenced their career progression and remuneration. They are not remunerated directly for their board duties and as working partners within the firm, they sit within the divisions of the executives on the NEC they were required to oversee. These executives were both senior to them in rank and had influence over their career progression and compensation. This arrangement was described by many partners as a circular governance model rather than an appropriate system of checks and balances.

Moreover, the Partnership Agreement does not provide that the Board has a specific role or responsibility to oversee culture within the firm, and it does not currently have a sub-committee with responsibility for culture (see Finding A2 - Authority). Likewise, the CEO doesn’t have any explicit responsibility in the Partnership Agreement for oversight or monitoring of the firm’s purpose, culture and values. We see this as a significant omission given the importance of culture to the long-term success and sustainability of the firm.



We did see evidence that the Board received regular updates on culture indicators including survey results and on broader strategic, risk and compliance topics related to culture. This included quarterly risk management, Office of General Counsel and People and Inclusion reports. However, having reviewed samples of culture related board reporting materials, it is our view that presentation of data may not have formed a sufficient basis for an appropriately robust discussion.

The firm has partly addressed this governance weakness by amending the Partnership Agreement to allow for an appropriate balance of independent board members. We consider this to be an important, though not sufficient, step. It is further noted that during the course of the Review, the Board has commenced a review of its Charter, Sub Committee requirements, terms of references and roles and responsibilities as part of its Action Plan.

#### **Finding A2**

#### **There was widespread reluctance to challenge those in positions of power, and a perceived concentration of power in a tightly connected leadership sub-group**

As will be explained further in Section 3 (Whistleblowing and Speak-up), there is widespread variation in the speak-up culture within KPMG Australia. While we heard that there is recurring readiness to challenge within many local teams, there is in general much less readiness to speak-up to those in authority outside such trusted local relationships. This reticence to speak-up was evident amongst senior leaders and partners – those who should have been in the best position to push back against inappropriate decisions and actions.

In leadership interviews and partner focus groups, we heard a recurring perception that the previous leadership team contained a tightly connected leadership sub-group who were perceived to be insular and at times, actively discouraged challenge. We heard recurring accounts of a reluctance to share or receive unwelcome information. The evidence supports concern about the quality and independence of challenge within the former senior leadership environment, but not that NEC members never disagreed or challenged one another.

Across the partnership, focus group participants gave recurring evidence of a reluctance to challenge members of senior leadership. Some partners described partner roadshows and consultation exercises as one-way communications, in which questions about commercial results or strategy were discouraged. A small number of partners associated direct challenge with anticipated consequences for relationships, sponsorship, banding, remuneration or future leadership opportunities. This is notable given the partners are owners of the firm, that the senior leadership is leading on their behalf, and that the firm was actively promoting its firm value of "courage" and advocating for a speak-up culture. This is discussed further in Finding AC1 (Accountability) below.

During the course of the Review a new CEO and Chair were appointed. Following these appointments, we heard recurring feedback that people have perceived a significant change of tone under the new leadership with notably greater transparency and a greater openness to direct questioning. A key focus area will be maintaining this transparency and strengthening the conditions for constructive challenge across all levels of the firm. This includes deepening confidence for people to question decisions and ensuring that ethical courage and openness are consistently modelled by leaders. Building a culture where respectful and appropriate challenge is normalised and supported will be central to sustaining trust and embedding the firm's broader ethical and cultural commitments.

### **2.1.3 Accountability**

Accountability concerns how the organisation responds when responsibilities or standards are not met. In Section 3, the Whistleblowing and Speak-up Environment Review provides a detailed analysis of accountability and consequence management in cases of misconduct. In this section we examine the broader cultural context of accountability for performance and operational outcomes within the firm.

#### **Finding AC1**

#### **Leadership accountability for broader operational and strategic decisions was perceived to be weak**

As outlined above in Findings A1 and A2 (Authority), the governance mechanisms at KPMG provided for limited and insufficiently independent checks and balances on the CEO and National Executive Committee during the period in which the whistleblower events occurred. In addition, the Review found



a perceived broader weakness in leadership consultation and accountability, including in relation to operational and strategic decision making.

We heard widespread feedback from partners that they felt too much power had accumulated in a small group of senior leaders who did not consult appropriately or take accountability for operational failures. Many reported that they “no longer felt like owners”. While recognising that a firm of more than 600 partners cannot consult on every major decision, they expressed frustration with what they saw as centralised decision making without sufficient mechanisms for oversight or accountability.

Areas raised by partners concerned both major strategic decisions and day-to-day operational matters. Concerning the former, we heard examples of significant internal business decisions in which partner feedback was discouraged or ignored, in circumstances where implementation could have been substantially more effective with greater openness to feedback. There was a recurring perception in partner focus groups that some senior leaders were not held appropriately accountable for the failure of significant strategic projects. Partners further described operational decisions with significant implications for their teams, for example the appointment of a People Leader, being made without their consultation or even, in some cases, notification. For many partners, these experiences contributed to a broader perception that there were insufficient opportunities to scrutinise decisions or hold decision makers accountable.

While it is not unusual for partners to have different views about the quantity and type of information received in a partnership structure, partners linked limited transparency and consultation around key decisions and business information to their broader concerns about the effectiveness of accountability.

## 2.2 Capability

At the core of this domain is whether people at KPMG Australia have the relevant professional and deliberative capacities to make responsible decisions utilising appropriate ethical and professional judgement. This section considers three core drivers of capability:

- **Awareness:** How the firm supports the ability of people to reflect on the impact of decisions; diversity of perspective and thought; institutional memory and means to learn from past events
- **Deliberation:** How the firm supports appropriate capabilities to make effective, responsible decisions; atmosphere of constructive challenge; forums for discussion and debate, and
- **Professional skills:** How the firm supports the development of professional skills and expertise, including the capacity to select, develop and appoint senior leaders and people leaders.

### Findings – Capability

| Reference                    | Finding                                                                                                                                                                         |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AWARENESS (Section 2.2.1)    |                                                                                                                                                                                 |
| AW1                          | Comprehensive ethics training is provided, but it is often experienced as generic and compliance-driven                                                                         |
| AW2                          | There was not always a clear understanding of how to draw and apply red lines on the sharing of confidential information                                                        |
| AW3                          | KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning |
| DELIBERATION (Section 2.2.2) |                                                                                                                                                                                 |



| Reference                           | Finding                                                                                                                                                                              |
|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DE1                                 | KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas           |
| PROFESSIONAL SKILLS (Section 2.2.3) |                                                                                                                                                                                      |
| PS1                                 | Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness |

### 2.2.1 Awareness

Awareness concerns the ability of people within the organisation to recognise the ethical implications of its decisions and activities. Awareness sits in a close relationship with Expectations (the ability to clearly express ethical expectations) and Deliberation (the ability to exercise sound ethical judgement in an unclear or ambiguous context) and many of the findings made here are relevant across the three areas. The Review examined whether decisionmakers consider the effects of their actions on relevant stakeholders, whether different perspectives are sought and taken seriously, and whether the organisation identifies and learns from the causes of previous failures.

|                    |                                                                                                                |
|--------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Finding AW1</b> | <b>Comprehensive ethics training is provided, but it is often experienced as generic and compliance-driven</b> |
|--------------------|----------------------------------------------------------------------------------------------------------------|

KPMG seeks to create awareness of regulatory, compliance and broader ethical obligations through a program of mandatory ethics and integrity trainings supported by communications from leadership, relevant functions and partners. Trainings are integrated into key professional staging points (for example at induction, promotion) as well as in a cadence of annual trainings. These learnings cover the KPMG code of ethics, internal policies and key regulatory requirements such as independence regulations.

The results of this training program appear to be mixed. There is evidence from both survey results and qualitative findings of self-reported confidence in identifying and applying relevant obligations, however, this confidence in identifying and applying relevant standards drops sharply when one moves outside regulatory requirements such as independence into more ambiguous, context-dependent ethical or interpersonal issues.

A reason for this variation in practical understanding may be that the training, while acknowledged to be comprehensive, is widely described as generic and compliance-oriented (see further E1 - Expectations). Making significant use of video and online platforms, it allows little opportunity for genuine engagement or reflection on role relevant scenarios. Moreover, workload and utilisation pressures create a predominant competing demand on people's time. We heard evidence that many professionals complete mandatory ethics training in a perfunctory manner.

As in other driver areas, variations in awareness and understanding between teams was strongly influenced by partner role modelling and leadership (see further CC1). We observed widespread evidence of partners who took the time to explore both the regulatory and ethical context of teamwork and behaviour, instilling strong awareness as well as deliberative practice in their teams. However, we saw recurring evidence of teams where this did not regularly take place leading to significantly lower ethical awareness.

There are significant opportunities to improve ethical awareness within the firm. This includes creating a more relevant, immersive, and scenario-based training environment. In addition, it would be useful to engage partners to more fully integrate learning opportunities for team members to build their ethical awareness into their day-to-day team meetings and interactions.



|                    |                                                                                                                                 |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding AW2</b> | <b>There was not always a clear understanding of how to draw and apply red lines on the sharing of confidential information</b> |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------|

Variation was observed in the understanding of what constitutes confidential information and norms around internal information sharing. We observed genuine unclarity as to where the line of acceptable behaviour should lie, as well as evidence of rationalisation and motivated thinking based on considerations of efficiency, quality, and helping colleagues. Clearly some of this uncertainty is retrospective with the benefit of hindsight and has been triggered by the firm's people reflecting on the whistleblower incident. However, many participants observed that the unclarity about where redlines lie in relation to internal information sharing had predated current issues.

A key focus area for KPMG will be clarifying and reinforcing the distinction between non-negotiable rules and areas requiring professional judgement. While uncertainty and variation of understanding was observed on the question of what constitutes protected confidential information, we cannot be certain that similar uncertainty does not exist in other significant areas of the control environment.

The Review highlights the need to strengthen shared understanding of ethical boundaries, particularly around confidentiality, information sharing, and everyday compliance practices, so that expectations are consistently applied and visibly upheld across the firm. It is important to note that during the course of this Review, the firm has undertaken a number of actions to address clarity in relation to the sharing of confidential information.<sup>v</sup>

|                    |                                                                                                                                                                                        |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding AW3</b> | <b>KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning</b> |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

KPMG possesses broad mechanisms for gathering feedback on cultural vulnerabilities and warning signals and for integrating them into the governance cycle. These include engagement surveys and employee listening exercises, risk monitoring, case-management and reporting, and external and internal culture reviews. We also heard from management that employee-listening data is widely available to leaders to develop and implement action plans at a divisional and team level.

Reporting on these sources was integrated into the National Executive Committee and board reporting cycles. Principia saw documentary evidence that similar themes about reluctance to speak-up, fear of retaliation, and accountability were reported across multiple meetings between 2022 and 2026. This demonstrates that signals were being reported within the senior management and governance processes of the firm. However, there was limited evidence in the documentation reviewed that the firm converted these warning signals into sustained organisational learning and consistent firmwide impact. For further discussion on the impact of this on the Whistleblower and Speak-up environment, see Findings SU3 and ACM3 in Section 3 (Whistleblowing and Speak-up) below.

At a governance level, the issue does not appear to be an absence of data (although as noted above in Section 2.1.2 - Authority, some of the board reporting materials seen by Principia appeared to be not appropriate for a truly robust discussion). The issue is more in follow-through, effective communication and behavioural change. The Review found variable evidence what barriers might be impeding the translation of ethical vulnerabilities into sustained change. One hypothesis is that the number of competing priorities that the former senior leadership team were pursuing created distraction (see finding E1 - Expectations). In qualitative fieldwork, we heard that other potential barriers to sustained learning could be time constraints for debriefing at the end of projects, insufficient transparency of lessons learned from anonymised cases, and inconsistent follow up of themes in surveys, exit interviews and partner feedback tools. It is also our observation that in a firm with multiple competing priorities and limited resources, there can be time constraints on what level of reflection is practicable.

The firm can do more to enhance its capacity to convert insight into action. This means ensuring that feedback loops, cultural diagnostics, and governance reporting translate into visible learning and behavioural change. Embedding structured reflection and follow-through within leadership and governance processes will be key to sustaining ethical and cultural maturity across the organisation.

### 2.2.2 Deliberation

Deliberation concerns how people make decisions in ambiguous contexts where the application of rules or established procedures requires professional judgement. The Review considered whether people are equipped and expected to exercise sound judgement, whether difficult questions can be discussed openly, and whether appropriate forums, guidance and support are available to assist responsible decision-making.

|                    |                                                                                                                                                                                   |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding DE1</b> | <b>KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas</b> |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

As reviewed in Finding E1 (Expectations), KPMG has invested in a range of capabilities designed to support effective deliberation in contexts where decisions require the exercise of ethical or professional judgement.

The strongest examples of decision-support processes arose in professional and engagement-risk settings rather than concerning broader human, stakeholder or ethical issues. Examples most cited were RAPID assessments (a risk assessment planning process used at the start of engagements) and qualification calls for government work. Fieldwork indicates that these tools create effective moments for structured deliberation, particularly at engagement start and during risk assessment. The Review heard widespread feedback that client engagement and risk assessment systems work well to identify conflicts of interest and client risk, as well as managing the regulatory requirements of government clients.

These arrangements appear to be strongest in identifying, routing and controlling defined risks; however, they provide less assurance that broader human, stakeholder and ethical considerations are consistently surfaced and debated beyond a risk-management or compliance lens.

Building on these systems, KPMG developed frameworks to support broader ethical deliberation including the CARE, ACCEPT and RIGHT frameworks. While these frameworks are both innovative and sophisticated, evidence suggests that few interviewees outside Audit were aware of or reported using them. In practice, most participants described seeking advice from partners, Risk, People and Inclusion, the Department of Professional Practice, or People Advisory Boards (PABs). The role of the PABs received widespread positive feedback. Some teams had structured processes in which potential conflicts, professional risks and ethical implications were discussed before work commenced at kick-off meetings, often paired with check-ins on the team's wellbeing.

However, the Review also heard that ethical decision-making support does not operate consistently, mainly due to feasibility issues under time pressure. Access, use and effectiveness vary by division, engagement size, location, seniority, partner, issue type, and the willingness of local leaders to create time for deliberation. As noted in finding AW2 (Awareness) there was not always a clear understanding of how to draw and apply red lines on the sharing of confidential information.

KPMG also established a network of 'Ethics Champions' and 'Ethics Ambassadors' aimed to provide a visible resource for teams to discuss and engage on ethics within the firm. The Ethics Champion Network met on a quarterly basis and attended a dedicated Ethical Leadership Summit in Sydney in 2025. Ethics champions were known in some areas but described elsewhere as unfamiliar, inactive or insufficiently equipped to provide useful support. Isolated interviewees and members of the Ethical Champions Network who participated in the Ethical Leadership Summit in Sydney reported that there was no follow-up to embed their new capabilities.

Interviewees did provide some examples of deliberative processes leading to better ethical outcomes, such as disengaging from clients when teams judged it to be the right thing to do; local leadership refusing to continue work with a client until a toxic representative was removed; rejecting a potential client through a risk assessment tool; and raising poor managerial behaviour that ultimately led to consequences.

Overall, the picture on ethical deliberation is mixed. Whereas KPMG appears to have established a robust and practically effective suite of tools to support deliberation in the context of defined risks, it has had a much more variable success in supporting consistent and effective deliberation on ethical grey areas.

### 2.2.3 Professional Skills

Professional Skills concerns whether the organisation equips its people with the right professional capabilities to fulfil client responsibilities as well as the leadership capabilities to sustain ethical culture over time. The Review considered how the organisation identifies the skills required for particular roles, develops those skills over time, and selects, recruits and appoints people with the capabilities needed for positions of responsibility

|                    |                                                                                                                                                                                             |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding PS1</b> | <b>Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness</b> |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The ability to meet ethical and regulatory obligations depends on effective professional and leadership competence. Core client-side professional capability is perceived to be a material strength of KPMG and a genuine source of pride within the firm. There was mixed feedback in relation to the firm's capacity to create and sustain the skills required to effectively shape ethical culture among leaders at all levels of the organisation. Areas of relative weakness concern how leaders are selected, and how effectively the 'People Leader' model is used to manage and develop more junior team members.

ECI results and fieldwork feedback consistently highlight KPMG's strong technical and professional skills. People across the organisation described a predominant commitment to delivering excellent results for clients and strong development opportunities for technical and professional capability. However, there was less confidence that individuals' capabilities were consistently matched to the most critical roles. There was a recurring perception that technical expertise and commercial performance were sometimes weighted more heavily in senior appointments than people-leadership capability.

While technical and professional skills are seen to be a material strength, evidence from our Review suggests the leadership-development and people-management environment is comparatively weaker. The evidence we collected on leadership capability must be interpreted with caution, as interviews, focus groups and free-text survey comments revealed materially different views of different leadership populations. Participants generally viewed partners in their local teams and the new national leadership more positively. Participants widely viewed the quality of senior leadership as inconsistent, particularly in its handling of the incident at the centre of this Review, and below the standard they expected of a firm of KPMG's size and maturity. We heard recurring feedback that there have been senior leaders who were perceived to not role model KPMG values even before the current whistleblower-related issues, reinforcing broader concerns about the consistency of leadership.

Four related areas of concern appear to contribute to this comparative weakness.

- I. There is a widespread perception among partners that appointment and succession processes for senior leadership positions are opaque and allow too much discretion to the Chief Executive. Both ECI survey results and fieldwork suggest there is widespread concern about whether the most capable individuals are consistently placed in the most critical positions. Formal systems exist, including role profiles, values expectations, calibration and succession-planning processes, as well as coaching for designated emerging leaders. However, the quantitative and qualitative evidence we collected suggests that these mechanisms do not consistently produce outcomes that are visible or trusted. Interviews included recurring references to senior appointments being made without a clear and transparent process or visible appointment rationale. This view was particularly prevalent among partners and senior leaders with direct visibility of appointment processes, lending weight to the concern that formal arrangements were not always operating as intended in key appointments.

This perceived weakness and opacity in the appointment process had two results. First, a number of leaders appointed to senior roles in the organisation were widely viewed as not embodying the values of the firm, as well as exhibiting behaviours that discouraged speak-up and challenge. These appointments and the subsequent behaviour of these leaders contributed significantly the perception of a 'say-do' gap within the firm.

Second, some interviewees also reported that the opacity in appointment process could reduce willingness to speak-up and challenge within the NEC, because individuals appointed through a non-transparent process may perceive that they could be replaced in the same way.

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- II. Participants also reported that the availability of leadership development varied. Formal leadership-development programmes exist, but access to development in non-technical, interpersonal and people-leadership skills was perceived to be uneven and insufficiently transparent. Rather, partners and other professionals commonly described a reliance on an 'apprenticeship' model in which people-management and leadership skills are acquired organically through experience and exposure to supervising partners over the course of an individual's career. This model can be highly effective where strong role models are present, but it also creates variability because access to high-quality development depends on team allocation, relationships and local leadership quality.
  - III. There was recurring evidence that KPMG does not make effective use of upward feedback for leadership development. Although partners participate in Partner Performance Feedback processes, there was recurring evidence of reluctance to provide candid feedback because of concerns that the content and context of their comments may reveal their identity.

There are also questions about whether Partner Performance Feedback from employees is being used in the way most likely to achieve KPMG's leadership-development objectives. Evidence gathered during the Review suggested that the process was associated more closely with performance management than with development and was therefore not consistently regarded as credible, safe or designed to support learning.

- IV. Fourth, we heard widespread feedback about challenges relating to the new 'People Leader' model. The firm has recently consolidated responsibilities for people leadership to a smaller group of individuals. People Leaders have primary responsibility for managing key People lifecycle events such as onboarding, offboarding, changes in employment, performance management, career and development. We heard examples of them being assigned up to seven counselees, sometimes across different geographies and bands.

Fieldwork revealed widespread dissatisfaction with aspects of the model. The quality of the support and mentorship from People Leaders was perceived to vary considerably, with fieldwork participants describing allocation as a matter of 'luck'. While many excellent People Leaders undoubtedly exist within KPMG, this experience is not consistent. We heard from counselees that some People Leaders struggle to find sufficient time to meet with counselees, particularly where they are based in different offices.

Under the previous model, responsibility for managing key People lifecycle events for team members rested primarily with partners. Under the new model, People Leaders can be at a range of levels within the firm and are perceived to not always possess the status, influence or organisational understanding required to achieve effective outcomes for counselees. There was also a recurring perception that moving responsibility for these aspects of people leadership away from partners sends an unintended signal that responsibility for people and culture is of lesser importance.

Furthermore, People Leaders receive no relief from utilisation targets, despite the significant time required to perform the role effectively. An initial proposal to create a buy-out of time for People Leaders did not eventuate, which we heard has become a source of widespread frustration. People Leaders also consistently expressed the view that fulfilling the role was not sufficiently recognised or valued in calibration discussions. This contributed to a predominant sense among People Leaders that this critical responsibility was effectively being treated as "volunteer work".

These areas of concern suggest that KPMG's formal leadership systems are not translating consistently into ethical and people-centred outcomes. Opaque appointments risk undermining confidence in leadership integrity and reducing willingness to challenge. Uneven development perpetuates variability in leadership quality and ethical role-modelling, while distrusted feedback mechanisms limit learning and accountability. Weaknesses in the design and support of the People Leader model further constrain the firm's ability to develop and support its people consistently. Together, these factors weaken KPMG's ability to sustain an ethical culture through leadership example, people management and succession.

## 2.3 Motivation

At the core of this section is whether people at KPMG Australia are clearly and consistently motivated to do the right thing.

This section considers:

- **Character:** Focus on desired dispositions of people; active cultivation of dispositions and behaviour; strength of organisational principles
- **Incentives:** Effective structures of compensation and reward; appropriate performance management and metrics; systems of recognition, progression and reward, and
- **Purpose:** Clearly defined and articulated organisational purpose; commitment and understanding among organisation's people; monitoring and tracking of value creation.

### Findings – Motivation

| Reference                  | Finding                                                                                                                                                                                                                         |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHARACTER (Section 2.3.1)  |                                                                                                                                                                                                                                 |
| C1                         | KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity. Close relationships and collaborative norms sometimes inhibit candour and critical challenge |
| INCENTIVES (Section 2.3.2) |                                                                                                                                                                                                                                 |
| I1                         | Although KPMG formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice      |
| PURPOSE (Section 2.3.3)    |                                                                                                                                                                                                                                 |
| P1                         | KPMG has taken numerous measures to reinforce purpose beyond profit, but in the context of a challenging operating environment the results have been mixed                                                                      |

#### 2.3.1 Character

This section concerns the behavioural dispositions of people within KPMG Australia. The Review considered whether people feel a personal responsibility to act ethically and share a meaningful commitment to doing the right thing. It considered how the organisation cultivates these qualities through its working environment.

|                   |                                                                                                                                                                                                                                            |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding C1</b> | <b>KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity. Close relationships and collaborative norms can sometimes inhibit candour and critical challenge</b> |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

People at KPMG express a pervasive desire to do the right thing by one another, their clients and the community and to work in a firm that values and supports this. In this sense we found that people at KPMG Australia have a strong ethical self-identity. We also heard recurring feedback in focus groups and interviews that the events of the past months have called into question this self-conception. Many doubted whether the firm's commitment to ethics and integrity is as strong as they had previously believed it to be. Occasional focus group participants openly reflected on whether they themselves had been part of a declining ethical context without realising it.



This generally positive and aspirational ethical self-identity is reinforced by a widespread sentiment that KPMG has a collaborative, collegial and relationship-oriented culture. Participants repeatedly described KPMG as having a reputation for being kinder and less aggressive than its peers. Many noted this reputation was a key reason for choosing to join KPMG over other firms. However, there was a recurring concern that the prioritisation of financial metrics within the incentive system was posing a risk to these collaborative foundations (see further discussion in Section 2.3.2 - Incentives).

This traditional self-identity as collaborative and collegial is a cultural strength. However, it can also create unintended consequences in some contexts. On the one hand, we find that people in KPMG are more likely to raise concerns within trusted relationships so that collaboration and candour work effectively together. Yet we also heard recurring qualitative feedback that these same collaborative norms can sometimes make it harder to speak-up, with some people reluctant to have challenging conversations for fear of causing offence or discomfort to colleagues.

We also heard recurring feedback of exclusive and insular behaviour, where loyalty to tightly connected internal networks could lead people to protect the interests of connected colleagues over the long-term interests of the firm. The whistleblowing matter that led to this Review was front of mind for many participants, but comments about the behaviour of insular groups were not limited to this example.

When these factors come together, they can reduce willingness to question the behaviour of others or make it easier to justify or minimise it. We heard recurring accounts of colleagues being given the benefit of the doubt, with questionable conduct sometimes assumed to be innocent. This particularly arose for some participants trying to make sense of the matter that prompted this Review. Occasionally participants perceived that observed behaviour may also be compared against conduct they perceived to be worse at other firms, thus rationalising said behaviour or making it seem less serious by comparison. In these instances, it is possible that confidence in the character of the firm and its people could contribute to complacency, resistance to challenge or a muted response to adverse information.

In summary, we found a strong desire among people at KPMG to do the right thing and to support and care for colleagues. This is a considerable strength and a foundation for renewal. As discussed above, building on it will require leaders to model ethical expectations and values consistently, and deliberate effort to establish leadership and behavioural norms that balance collaboration with candour.

### 2.3.2 Incentives

The incentives driver concerns the formal and informal rewards that shape what people prioritise and how they behave. The Review considered whether performance measures, compensation and informal recognition support ethical conduct and the organisation's stated values or create pressures that work against them. It also considered whether these arrangements are applied fairly and transparently.

|                   |                                                                                                                                                                                                                                   |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding I1</b> | <b>Although KPMG formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice</b> |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The formal structure of the incentives system at KPMG allows for ethical behaviour and contribution to culture to play a role in determining remuneration, bonuses and other rewards. The performance and remuneration system has been designed to incorporate a balanced scorecard which aims to reward a range of financial and non-financial metrics including values-based behaviours. The system design makes it clear that performance outcomes and remuneration decisions can be adjusted in cases of misconduct, ethical breaches and non-compliance.

KPMG applies the balanced scorecard to partners as well as employees. In addition, for partners, there is a formal Partner Performance Feedback process for gathering feedback from team members to assist in the overall assessment of an individual partner's performance. We heard from members of management that this process has recently been refreshed to place a greater emphasis on a partner's impact on culture, values and the firm's risk environment.

However, evidence suggests that the ethical and cultural dimensions of the balanced scorecard are often perceived to be insignificant in determining remuneration and progression outcomes in practice. There was a recurring belief that although ethics and contributions to culture are considered, financial metrics



carry substantially greater weight in decisions about remuneration and bonuses and are almost always determinative.

We heard recurring feedback that this perception of the primacy of financial metrics drives a host of undesirable behaviours. For example, it was linked by occasional participants to pricing proposals which are perceived to not appropriately cost the resourcing required to deliver the work. This is perceived to create pressure to under-record time and can limit time for mentoring, people leadership, training and team development. Participants also perceived that the predominance of financial over non-financial metrics encouraged internal competition instead of a form of collaboration that may be beneficial to both KPMG and its clients.

When assessing the accuracy of the perception that financial metrics predominate, it is important to distinguish two components of the incentives system: the operation of the balanced scorecard to collate data on non-financial areas, and the operation of the process to calibrate performance ratings across teams and divisions.

On the balanced scorecard itself, a review of template divisional scorecards found variation in the prominence given to behavioural, people or cultural metrics. In some divisions, meaningful non-financial expectations are integrated into scorecards whereas in others they are primarily reflected through compliance requirements or mandatory training completion. In fieldwork, we heard recurring feedback that financial areas were seen to be more measurable than non-financial areas and were therefore seen to be given more weight.

There is also widespread criticism of the effectiveness of the Partner Performance Feedback process in assessing values and behaviours as part of the balanced scorecard. Participants raised concerns that verbatim comments could be shared with partners or People Leaders who might influence their own performance and remuneration reviews, discouraging candid feedback. They also report that partners could nominate the people asked to provide feedback, unless their Partner Development Manager intervened. In partner focus groups, a recurring perception was that the feedback was used to move partners down a remuneration band, rather than to recognise inspiring leadership and strong role modelling of the values.

When it comes to the performance calibration process, there is evidence that KPMG has introduced mechanisms intended to improve fairness and consistency in performance decisions. Performance calibration processes are used across the firm, supported by bias-disruptor roles and training designed to challenge subjective judgements, introduce diverse perspectives and reduce the influence of bias during performance discussions. These practices indicate a deliberate effort to promote consistency in the application of performance outcomes and associated rewards.

However, there was recurring scepticism about whether the processes to determine performance ratings and remuneration decisions are fair and consistent. It was outside the scope of this Review to verify the fairness of specific remuneration outcomes. However, we found a lack of confidence in the consistency and transparency of remuneration outcomes.

We note that calibration decisions take place in the context of a finite bonus pool for allocation. There is a widespread belief that financial outcomes took primacy in the calibration discussions. We also heard recurring evidence from fieldwork of a perception that performance calibration outcomes are influenced by how effective and well prepared a People Leader is in advocating for an individual. This links to questions about the effectiveness and consistency of the People Leader role (see Section 2.2.3 – Professional Skills). We heard widespread feedback that People Leaders are expected to support and develop others alongside their normal utilisation and sales targets, without protected time for these responsibilities. Given their importance in shaping ethical culture with their counselees, this may limit how effectively they can fulfil the role and reinforces the perception that commercial performance takes priority over people leadership.

Taken together, the evidence points to a gap between the formal design of KPMG's performance and remuneration system and how its priorities are experienced in practice. Closing that gap will depend on ethics, contribution to culture and people leadership carrying more consistent and visible weight in decisions across divisions. It will be assisted by providing greater recognition and time for People Leaders to fulfil their responsibilities. In our view, this would strengthen confidence that the balanced scorecard rewards the behaviours KPMG says it values.

### 2.3.3 Purpose

Purpose describes the foundational commitments that stand at an organisation's core including its understanding of who it most fundamentally serves and what it understands itself to be for. The Review considered whether KPMG clearly articulates its purpose and whether this is reflected in the day-to-day experience of KPMG people.

#### Finding P1

**KPMG has taken numerous measures to reinforce purpose beyond profit, but in the context of a challenging operating environment the results have been mixed**

Purpose is foundational to a healthy ethical culture. It describes an organisation's understanding of what it ultimately exists to achieve and whom it exists to serve. While commercial organisations necessarily pursue financial success, purpose-led organisations understand growth and profit to stem from their ability to fulfil the client or societal needs they exist to serve. Purpose therefore situates commercial success in the context of the deeper value an organisation seeks to create.

KPMG has made substantial and sustained efforts to strengthen a sense of shared purpose. It has articulated its purpose to *'Inspire Confidence. Empower Change'* and has invested in initiatives to activate purpose including Purpose Week and Global Values week. The Review also found a robust commitment among KPMG's people to delivering excellent work for clients, meeting professional standards and supporting colleagues.

While these are important foundations for a shared organisational purpose, the Review identified limited evidence that the firm's stated purpose itself operated as a practical reference point for everyday work or decision-making. Identification with the firm's purpose also appeared variable, with participant accounts describing stronger identification at team, office, or service-line level with greater uncertainty about the firm-wide purpose or 'North Star'.

But organisational purpose is communicated not only through what an organisation says, but also through the priorities it sets and the behaviours and outcomes it most visibly recognises and rewards. This wider perspective helps explain the mixed evidence on the lived experience of purpose within KPMG.

Quantitative and qualitative feedback suggests that financial performance and growth has assumed greater visibility and practical organisational weight across a number of areas including performance calibration. Participants repeatedly described an increasingly challenging commercial operating environment and heightened pressure on financial performance. The Review identified a recurring pattern across the qualitative evidence in which revenue, utilisation and winning work were described as increasing in importance compared with other markers of performance. A more limited set of participants contrasted the recognition associated with these outcomes with that given to less readily measurable contributions, including people leadership, broader stewardship, and the effective management of ethical risks.

The practical significance of these signals was most apparent where commercial and ethical or professional considerations pointed in different directions. The fieldwork contains recurring examples of tensions between commercial objectives and considerations of quality, professional judgement, stewardship of the firm or the interests of people. This included pressure associated with pricing, resourcing, client deadlines and utilisation, as well as instances in which participants considered that work had been won on terms that made high-quality and sustainable delivery more difficult.

The evidence does not suggest that commercial considerations invariably prevail when such tensions arise. KPMG's formal systems require commercial decisions to take account of broader considerations including integrity, quality, client interests, public interest and risk. The Review also identified examples of leaders challenging client behaviour and declining opportunities on ethical grounds as well as prioritising professional or ethical requirements despite commercial consequences.

Nevertheless, the qualitative evidence found a recurring perception among participants that financial performance and growth is ultimately what really matters to the firm.

This was not a uniform experience and coexisted alongside recurring evidence of commitment to clients, professional standards and colleagues. Even so, this perception illustrates the potential for the priorities experienced in practice to communicate a narrower understanding of success than the broader purpose articulated by KPMG.



Taken together, KPMG has made sustained efforts to reinforce an understanding of purpose beyond profit, but the results remain mixed. Its people consistently report a strong underlying commitment to clients, professional standards and one another, while the firm's stated purpose is not yet consistently experienced as the common reference point for day-to-day priorities and decision-making. In a more challenging operating environment, maintaining alignment between the purpose KPMG articulates and the priorities and behaviours through which that purpose is experienced becomes increasingly important.



### 3. Whistleblowing and Speak-Up Environment Review

This section provides an assessment of the effectiveness, integrity and credibility of KPMG Australia's whistleblowing and speak-up environment, focusing on six dimensions: Challenge Culture; Speak-Up Efficacy; Retaliation Risk and Anticipated Cost; Procedural Justice and Investigation Credibility; Accountability and Consequence Management; and Commercial Pressure and Ethical Judgement.

The assessment draws on Principia's review of systems and process materials as well as relevant quantitative and qualitative fieldwork evidence including scheduled leadership interviews, randomly selected focus-groups and self-selected walk-in interviews. Alongside these evidence sources, Principia reviewed 14 Hotline case files selected by Principia (see above Methodology section for further detail). The files were reviewed against criteria relating to intake, triage, ownership, independence, investigative quality, reporter protection, communications and closure. The files covered a broad range of reported concerns, including workplace conduct and employee relations, retaliation, performance and promotion fairness, discrimination, integrity, independence and conflicts of interest.

The case file review provides a valuable source of evidence because it allows direct examination of how concerns were received, escalated, investigated and resolved in practice. It therefore offers a different perspective from that available through interviews, survey responses, governance documentation and systems materials. Even so, the case review should be understood in the context of its purpose and scope. The reviewed cases represent a relatively small sample from a single reporting channel and do not provide a representative assessment of all speak-up activity or investigative practices across KPMG. In addition, the processes documented within Hotline case files often differ from the types of matters described by fieldwork participants. The case-file review has therefore been used as one component of a broader process of triangulation, helping to test, contextualise, and interpret themes emerging from qualitative, quantitative, and systems review evidence.

The purpose of this section is to provide a balanced assessment of the cultural environment within KPMG that either facilitates or impedes effective speak-up and challenge. For the purposes of this report, Principia distinguishes between challenge, speak-up and whistleblowing. While whistleblowing is a category of action defined in law with specific protections, KPMG's Whistleblower Policy adopts a broader definition encompassing many forms of organisational speak-up.<sup>vi</sup> Both whistleblowing and speak-up can be distinguished from challenge, which refers to the broader willingness to appropriately question decisions, express alternative views and raise concerns in a professional context.



| Reference                                                             | Finding                                                                                                                                                                                 |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>CHALLENGE CULTURE (Section 3.1)</b>                                |                                                                                                                                                                                         |
| CC1                                                                   | Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships       |
| <b>SPEAK- UP EFFICACY (Section 3.2)</b>                               |                                                                                                                                                                                         |
| SU1                                                                   | Multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited                                                                       |
| SU2                                                                   | People's experience of case report handling is inconsistent across cases and escalation routes                                                                                          |
| SU3                                                                   | Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting                                                                        |
| <b>RETALIATION RISK AND ANTICIPATED COST (Section 3.3)</b>            |                                                                                                                                                                                         |
| RT1                                                                   | There is a widespread perception that speak-up and challenge carries meaningful professional risk                                                                                       |
| RT2                                                                   | KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated                             |
| <b>PROCEDURAL JUSTICE AND INVESTIGATION CREDIBILITY (Section 3.4)</b> |                                                                                                                                                                                         |
| PJ1                                                                   | Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low                                                                         |
| PJ2                                                                   | Investigations do not always have clearly visible end-to-end ownership                                                                                                                  |
| PJ3                                                                   | Perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility                                                                         |
| <b>ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT (Section 3.5)</b>        |                                                                                                                                                                                         |
| ACM1                                                                  | People do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value                                                    |
| ACM2                                                                  | The consequence framework for misconduct contains significant discretion and provides limited assurance that sanctions will be consistently proportionate to the severity of misconduct |
| ACM3                                                                  | Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences                                                                 |
| <b>COMMERCIAL PRESSURE AND ETHICAL JUDGEMENT (Section 3.6)</b>        |                                                                                                                                                                                         |
| CP1                                                                   | There is a residual risk that an over-emphasis on financial metrics adversely impacts challenge culture                                                                                 |

### 3.1 Challenge Culture

*This section assesses the extent to which people at KPMG feel able to question decisions, challenge authority, and raise concerns.*

|                    |                                                                                                                                                                                          |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding CC1</b> | <b>Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships</b> |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

A significant finding of the Review is that the readiness to speak up and challenge was significantly shaped by trusted local relationships.

We observe that the readiness of employees to speak up is principally determined by the behaviour of the partner or frontline leader responsible for their immediate working environment, leading to significant variation across the firm. The local leaders' conduct, role-modelling and readiness to receive challenge provided the first and most influential context for whether employees felt able to question decisions, express different views or raise concerns. Where firm-wide speak-up expectations came into tension with the tone set by local leadership, the locally set tone was generally perceived to be more influential in determining behaviour.

The Review found widespread evidence of teams and leaders who created environments characterised by openness, constructive challenge and mutual trust. Participants described local leaders who welcomed difficult conversations, encouraged questioning and supported people in challenging clients, peers and senior colleagues where necessary. The Review also heard examples of local environments in which people who raised material concerns were protected and valued. These examples demonstrate that effective challenge can and does exist in many parts of the firm.

However, these positive conditions were not experienced consistently. Alongside examples of highly supportive leadership, the Review heard recurring accounts of environments in which challenge was discouraged, concerns were received defensively and difficult questions were treated as unwelcome. There were also limited accounts of employees choosing not to raise material issues because of how they expected their local leader to respond. As a result, employee experiences vary markedly between teams, offices and reporting lines.

Significantly, the Review also found evidence that local leadership could weaken challenge culture even in contexts where strong professional norms would ordinarily be expected to sustain it. Pockets of reluctance to challenge behaviours were observed even in technical domains where questioning, scepticism and the identification of risk, error and poor judgement form part of normal professional practice.

The significance of this variation should not be downplayed. Strong challenge culture across much of an organisation does not eliminate risk if challenge is absent in a small number of critical environments. Significant organisational failures may require only that one critical concern is not raised, heard or acted upon in one team, reporting line or decision-making environment.

A corollary of the finding that challenge culture operates within the boundaries of trusted local relationships is that confidence to challenge diminishes when issues extend beyond those established relationships. In this sense, challenge culture appears not only to be sustained locally but also bounded locally. Accordingly, the Review found that trust in local leaders does not consistently translate into confidence in the firm's broader challenge and speak-up culture.

A second significant finding of the Review is widespread evidence of a reluctance to challenge at the most senior levels of the organisation. As discussed in Section 2.1.2 (Authority), the Review repeatedly heard examples of limited constructive challenge within and around the former senior leadership environment, including concerns about a reluctance to raise unwelcome information and hesitation to challenge individuals in positions of authority. A number of partners who regularly engaged with senior decision-making bodies described an environment in which challenge was often filtered, softened or deferred. The Review indicates that challenge becomes more difficult as issues move up organisational hierarchies and we heard recurring accounts of reluctance amongst partners to challenge senior leadership, despite occupying positions from which robust challenge would ordinarily both be expected and supported.

## 3.2 Speak-up Efficacy

*This section assesses the extent to which people at KPMG believe that raising concerns leads to meaningful investigation and, where necessary, action, remediation and organisational change.*

### Finding SU1

**Multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited**

KPMG has established multiple formal and informal routes through which concerns can be raised. These include both reporting line and specialist reporting pathways. The evidence reviewed demonstrates that concerns are capable of being received, escalated and resolved through existing mechanisms.

Despite this infrastructure, the Review found limited confidence that raising concerns will consistently lead to meaningful action, appropriate remediation, visible consequences or organisational learning. Across interviews, focus groups, and walk-ins, and survey data participants repeatedly expressed doubt that speaking up ultimately makes a difference.

Importantly, the evidence does not support the finding that low confidence in speak-up efficacy arises because concerns are not acted upon. The Review identified examples of concerns being escalated, investigated and resolved appropriately. However, as will be discussed below, it also identified examples of delays, unclear ownership, repeated referrals of concerns and uncertain resolution. The resulting picture is not one in which people at KPMG conclude that concerns are invariably disregarded, but one in which many people lack confidence that raising a concern will consistently lead to meaningful action.

### Finding SU2

**People's experience of case report handling is inconsistent across cases and escalation routes**

Much of this uncertainty arises from the inconsistency of post-report experiences. Amongst those who spoke to us about first hand reporting experiences there was variance. Occasional participants described friction and complexity arising from management of the concern moving between functions, delays, requiring repeated follow-up or non-transparent outcomes and resolutions. Participants also occasionally came to speak to us to report positive experiences of concerns being recognised and addressed appropriately, particularly at the local level.

The case-file review similarly provided evidence of both effective escalation and uneven handling. Credible examples of the speak-up system operating effectively were identified, including one substantiated matter followed by a documented consequence, an informal resolution aligned with the reporter's preference and an internal challenge from case handlers in relation to a process deviation involving an independence issue. At the same time, there were also a limited number of cases in which people experienced protracted handling, repeated requests for information, unclear investigative scope or uncertain resolution pathways. The Review therefore found evidence that, while KPMG has functioning mechanisms through which concerns can be escalated and appropriately resolved, the widespread scepticism that raising a concern will reliably produce a meaningful outcome has some basis. The effectiveness and fairness of these processes are examined in further detail in Section 3.4 (Procedural Justice and Investigation Credibility).

### Finding SU3

**Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting**

The Review also found that confidence in the effectiveness of speaking up is weakened by limited visibility of outcomes. Across the fieldwork, participants repeatedly described speak-up processes as opaque or difficult to understand. Participants rarely reported seeing clear evidence of remediation, behavioural change, accountability, systemic improvement or organisational learning following concerns that had been raised. As a result, many appear to infer that raising a concern has not led to meaningful outcomes. (Accountability and Consequence Management is considered further in Section 3.5).

The evidence supports a more nuanced conclusion about actual outcomes. It suggests that people at KPMG frequently lack sufficient information to distinguish between concerns that were ignored and



concerns that were addressed appropriately but not communicated. Confidentiality and privacy obligations appropriately constrain what can be disclosed about individual matters. However, people frequently judge the effectiveness of speak-up systems by whether they can see evidence that concerns lead to action, learning and change. Where updates are limited, outcomes are unclear, or organisational responses are absent, confidence that speaking up makes a difference is correspondingly weakened. What is desirable, therefore, is not unrestricted transparency or disclosure of case details, but the firm providing credible process information, appropriate reporter feedback and aggregated evidence that people's concerns lead to action and learning.

This visibility issue is exacerbated by governance arrangements that provide stronger visibility over the processing of concerns than over their effectiveness. Board and governance reporting reviewed by Principia demonstrates that speak-up matters are counted, referred and closed, but provides considerably less visibility regarding investigation quality, remediation, reporter experience, recurring themes and organisational learning. As a result, governance arrangements provide stronger assurance that concerns are moving through the system than that they are resulting in meaningful organisational change. This matters because the factors that most influence employee confidence in speak-up efficacy, namely whether concerns lead to meaningful action, remediation and organisational learning, are also the areas receiving the least visibility through governance reporting.

### 3.3 Retaliation Risk and Anticipated Cost

*This section considers actual and perceived risks associated with raising concerns, including professional reputation, work allocation, relationships, opportunities and progression.*

|                    |                                                                                                          |
|--------------------|----------------------------------------------------------------------------------------------------------|
| <b>Finding RT1</b> | <b>There is a widespread perception that speak-up and challenge carries meaningful professional risk</b> |
|--------------------|----------------------------------------------------------------------------------------------------------|

Across fieldwork, ECI survey results and historical KPMG survey data, participants reported predominant concern that raising issues could result in retaliation in some form. The Review does not determine the prevalence of actual retaliation, nor whether adverse experiences described by participants were caused by speaking up. However, it identifies a persistent perception that speaking up may carry costs, particularly where concerns involve individuals with influence over work, progression or reputation.

During walk in interviews, we heard recurring reports of adverse consequences that were perceived to be associated with speaking up, including impacts on performance processes, reduced access to work, diminished progression opportunities, reputational harm and deterioration in workplace relationships. There were also occasional reports from those who had observed colleagues becoming professionally isolated, move teams or leave roles after raising concerns. While we are not able to establish whether retaliation in fact occurred in these cases, these reports do indicate the existence of a perceived association among employees between raising a concern and subsequent disadvantage and that these related experiences contributed to wider expectations about the potential cost of speaking up.

A notable feature of the evidence is that employees often understood retaliation more broadly than formal employment actions. Recurring concerns focused less on dismissal, disciplinary action, remuneration or promotion decisions, and more on informal or discretionary consequences, including reduced sponsorship, work allocation, client exposure, influence, reputation and workplace relationships. Furthermore, these concerns were most pronounced where concerns involved senior or influential individuals. Equally notable was the recurring perception that peers could admonish speak-up or challenge.

This distinction between formal and informal consequences is important because it appears that the anticipated consequences employees fear arise through informal and relationship-based processes rather than easily identifiable employment decisions. This makes it difficult for either the individual or the firm to establish conclusive evidence of retaliation.

The evidence further suggests that perceptions of retaliation are shaped not only by personal experience but also by observation of colleagues and discussion within teams. Consequently, perceptions of retaliation appear capable of social contagion, even where individuals have not experienced adverse consequences themselves.



|                    |                                                                                                                                                                    |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding RT2</b> | <b>KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated</b> |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The review found that KPMG has established formal safeguards intended to prevent retaliation, including a Retaliation Monitoring System (RMS). The RMS monitors selected indicators, including exit, performance ratings, leave and utilisation, and provides for further review where potential concerns are identified.

The Review found evidence that these arrangements are operational. KPMG reported that between July 2025 and June 2026, 14 RMS matters were escalated for review, with no cases of retaliation substantiated. The documented design of the RMS contains a number of positive features. Monitoring is not limited to an immediate period following a report, and the firm reports that the RMS has been extended in some circumstances beyond the original reporter to witnesses and individuals involved in matters with multiple reporting parties. The existence of these controls demonstrates organisational recognition of retaliation risk and provides an important formal foundation for reporter protection.

However, the evidence reviewed did not demonstrate a consistently applied end-to-end protection framework. The Review found no evidence of routine retaliation risk assessments at case intake, structured protection plans proportionate to case-specific risks, clearly assigned accountability for reporter protection, systematic review of protections over time, or independent scrutiny of employment decisions affecting reporters. Nor did the evidence demonstrate a distinct and sufficiently independent process for investigating alleged retaliation or defined monitoring or check-ins following case closure.

It should be noted that these are limitations in the documented design and demonstrated operation of the control environment and do not establish that protective action was necessarily ineffective. However, to ensure that the RMS is operating as intended, the 100% rate of non-substantiation should prompt KPMG to undertake independent quality assurance on its RMS.

These limitations are also particularly relevant given the nature of the risks identified in Finding RT1. The RMS primarily monitors formal employment indicators. While important, these measures may not identify the forms of disadvantage most commonly anticipated, including impacts on sponsorship, reputation, client exposure, workplace relationships and professional networks.

Case review evidence suggests protection measures are not consistently operationalised in isolated cases. In addition, an independent lessons-learned review by the Andrews Group concluded that whistleblower protection had failed in one significant case. While isolated case evidence should not be generalised across all matters, it demonstrates that the existence of policies and monitoring arrangements did not ensure effective protection in every instance, potentially creating material risks for those reporters.

Taken together, the evidence suggests that the formal anti-retaliation controls in place at KPMG are not always sufficient to ensure protection in practice. The evidence does not demonstrate consistent protection from the point a concern is raised, through investigation and consequential decisions, and following case closure. The Review therefore finds both an assurance gap across the lifecycle and case file review evidence of a lack of consistent protection.

### 3.4 Procedural Justice and Investigation Credibility

*This section considers two related but distinct questions: how much confidence people have in the fairness and credibility of KPMG's investigation processes, and what the available evidence shows about how those processes operate in practice.*

Fieldwork and the ECI provide important evidence of perceptions of procedural justice. While some participants had direct experience of raising concerns or participating in investigations, most perceptions of KPMG's investigative processes were informed by what they had observed or heard about the experiences of others. Particular care was given to interpreting accounts of direct experience, since most of these accounts came through walk-ins, and thus were self-selecting. As such, we could not assume that these accounts were representative of broader experience with KPMG's investigations processes. Further, because walk-ins were anonymous, it was neither possible nor appropriate to verify the accounts given. As such, even where accounts of direct experience were shared, they typically provide evidence of the confidence people have in the fairness and credibility of KPMG's investigation processes rather than independently verified evidence of how those processes operate in practice.



The Review considered this evidence alongside KPMG's policies, process documentation and a sample of case files. These provided a separate basis for assessing the design of the investigation system and how it operated in the selected cases. The case review was not intended to verify individual anonymous accounts but enables the Review to assess whether concerns emerging through the fieldwork are consistent with the strengths or weaknesses independently observable in case handling. This distinction does not diminish the importance of perceptions – confidence that concerns will be recognised, investigated and resolved fairly can itself affect trust in and willingness to use formal reporting processes.

**Finding PJ1**

**Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low**

The Review found recurring evidence that trust in the fairness, effectiveness and credibility of KPMG's investigation processes is low. This sentiment was particularly pronounced among participants who reported direct experience of formal reporting or investigations but was not confined to this group. Participants without direct experience also repeatedly questioned whether concerns would be investigated independently whether reporters would be protected and whether meaningful actions would follow. The evidence therefore indicates that concerns about the credibility of investigative processes extend beyond those who have personal experience.

The fieldwork was not uniformly negative. The Review also heard limited positive accounts of concerns being addressed, including participants who described formal complaints as having been handled well, reporters being supported and matters producing positive outcomes. Other participants expressed confidence in particular local processes, leaders or specific People and Inclusion team members.

The process documentation and case files similarly present a mixed picture. KPMG has substantial investigative infrastructure, including defined intake routes, triage criteria, escalation pathways, governance arrangements and case-management processes. The case file review provides evidence that this infrastructure operates in practice. Reviewed matters generally showed evidence of intake, assessment and investigative activity. Some demonstrated thoughtful handling, including efforts to protect confidentiality, appropriate escalation, active engagement with reporters and formal investigation of serious concerns. These examples suggest that KPMG possesses investigative mechanisms capable of producing procedurally just outcomes.

However, the case file review also identified genuine procedural weaknesses. It is Principia's view, on the basis of the evidence that we reviewed, that a limited number of reviewed cases contained procedural deficiencies relating to matters including independence and reporter protection that created a potential risk to the integrity, independence or credibility of the investigative process. While the case file review does not support the conclusion that such deficiencies are characteristic of KPMG investigations generally, it does provide an independent evidential basis for some of the types of concerns expressed through the fieldwork.

In addition to this, the case file review identified a number of cases that contained departures from the standards of transparency, communication and proactivity that KPMG itself commits to providing. KPMG, for example, commits to keeping reporters appropriately informed and supported and to progressing investigations promptly. In a limited number of cases, however, reporters were informed that concerns had been reviewed, or allegations had been found to be unsubstantiated without receiving sufficient information to understand the basis for those conclusions.

Confidentiality, privacy, legal or other considerations may legitimately constrain what a reporter can be told. It is not the case that reporters must be given visibility of every investigative or remedial step. Rather, they need sufficient information to understand that their concern has been meaningfully considered and to have confidence in the integrity of the process. Where that assurance is absent, appropriate investigative measures may do little to strengthen the reporter's confidence in procedural justice.

Taken together, the evidence does not support a conclusion that KPMG's investigation processes generally lack procedural justice. The Review found functioning investigative processes, including examples of thoughtful and reporter-centred handling. However, it also identified genuine procedural deficiencies in a limited number of reviewed cases and broader weaknesses in communication, transparency and assurance that provide an evidential basis for at least some of the concerns underlying low confidence in procedural justice.

**Finding PJ2****Investigations do not always have clearly visible end-to-end ownership**

Responsibility for receiving, assessing, investigating, resolving and overseeing whistleblowing, speak-up and misconduct matters is distributed across several functions and oversight bodies. Which function or oversight body becomes involved depends on factors including the reporting route, the nature and severity of the concern, and the stage the matter has reached. The Review found evidence of clearly defined responsibility in particular circumstances. Employee Relations, for example, is responsible for triaging and categorising matters received through local channels, while the Chief Risk Officer is responsible for reviewing Hotline reports and identifying the appropriate function to investigate. The case files also provide evidence of these structures operating in practice, with matters progressing through different functions and bodies as they are received, assessed, investigated, and resolved.

The involvement of several specialist functions and oversight bodies is not itself a weakness. Complex matters may legitimately require different expertise and decisionmakers. However, the evidence indicates that stage- and context-specific responsibilities did not always translate into clearly visible end-to-end ownership.

The fieldwork contains several accounts of concerns moving between functions or being divided into different components, with reporters uncertain about who was ultimately responsible for coordination, progression, communication and resolution, and repeated follow-up required. This issue was particularly evident where concerns were complex, crossed functional boundaries or involved several connected issues.

Amongst those who had direct experience with the investigation process, the Review found evidence this lack of visible ownership had implications for perceptions of procedural justice. Participants described having to follow up repeatedly, navigate between functions and, in some instances, deal separately with connected aspects of the same concern. Where it is unclear who is responsible for coordinating matters as a whole, reporters have less assurance that progress is being maintained and that someone remains accountable for bringing the matter to resolution.

The Review therefore found that responsibilities are identifiable at particular stages and operate in practice. It did not find that ownership is absent throughout the system or that coordination routinely fails. However, the evidence shows that responsibility for investigations as a whole is not always clearly visible, particularly when concerns cross functional boundaries, creating procedural risk around continuity, communication, timeliness and accountability.

**Finding PJ3****Perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility**

The fieldwork identified recurring perceptions that KPMG can be overly legalistic, process-driven or risk-oriented in its approach to investigations. Participants characterised aspects of the process as legalistic not humanistic and questioned whether the approach taken in some matters was conducive to reporters feeling safe and supported. More fundamentally, occasional participants perceived the firm's classification, framing and management of cases as focused primarily on managing legal or organisational risk, rather than giving appropriate weight to the reporter welfare and broader ethical considerations.

These perceptions matter because participants linked the way significant matters had been handled with their confidence in the investigative process. Participants connect perceptions of legalism and risk management with feeling unsafe, insufficiently supported and unable to trust that the process would respond appropriately to the human and ethical dimensions of their concern. Occasional participants described formal reporting processes as off-putting. The evidence supports the conclusion that perceptions of a defensive, risk-oriented or insufficiently human-centred response contributed to reduced confidence in procedural justice and, in some accounts, reluctance to use formal reporting routes.

While the case file review identified examples of reporter-centred handling, it also identified related, but narrower, weaknesses in case handling. The review found evidence of impersonal or closure-focused communications, support and next-step guidance that were limited, expressed welfare and retaliation



concerns that were not adequately addressed, and outcome communications that provided limited explanation of the assessment undertaken.

The fieldwork findings are also consistent with the conclusions reached by the independent Andrews Group in its review of a significant whistleblower matter. The Andrews Group review concluded that the firm failed to protect the whistleblower, that questions requiring ethical and professional judgement had been approached primarily through a legal lens and that support for the whistleblower had become adversarial rather than human centred.

Principia did not review the underlying evidence considered by the Andrews Group and is not in a position to independently verify those conclusions. Nor can a conclusion concerning one significant matter be treated as evidence that KPMG's investigations are generally overly legalistic. Nonetheless the Andrews Group's conclusions are relevant as an independent assessment of the same type of concern that emerged recurringly through Principia's fieldwork.

These observations are particularly relevant when considered in the context of KPMG's own stated commitments. The firm commits to investigating reports promptly, concluding investigations as quickly as possible and keeping those involved informed, supported and protected throughout the process. While these commitments do not explicitly establish a firm-wide human-centred expectation for investigations, they make clear that case handling should involve support and protection alongside procedural compliance.

The fieldwork also lent support to the commitment of the firm to an investigations process that ensures rigour, independence and fairness while not compromising on support and protection for the reporter. In particular, the Review heard from management about recent efforts to strengthen the firm's human-centred approach to investigations, including providing trauma-informed training for relevant teams. Participants referred to an explicit emphasis on duty of care and human-centred approach rather than defaulting to a defensive or purely legal response.

Put together, the Review found evidence that some cases were handled in an overly legalistic, process-driven or risk-oriented way, but it found no evidence that this has compromised procedural justice across the firm. It does, however, suggest that these perceptions reduced confidence in the fairness and credibility of investigations. In some instances, these perceptions also reduced willingness to use formal reporting processes.

### 3.5 Accountability and Consequence Management

*This section examines whether misconduct, including by senior or commercially important individuals, is met with consistent and proportionate accountability, and whether the operation and outcomes of the consequence management system is sufficiently credible to sustain trust.*

#### Finding ACM1

**People do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value**

An effective accountability system requires that people have confidence that comparable standards will be applied regardless of an individual's seniority, influence, relationships or commercial contribution.

In the fieldwork, participants provided recurring accounts of behavioural concerns involving revenue-generating individuals appearing to result in limited action, and sponsorship and relationships with influential leaders being perceived to affect outcomes.

Apparent differences may reflect evidence, contextual procedural requirements or mitigating factors that were not visible to participants or available to the Review. These findings therefore do not show that senior or commercially important individuals systematically received preferential treatment, but they nonetheless demonstrate a credibility problem. The Review heard widespread feedback that people do not consistently believe that comparable conduct would produce comparable consequences where seniority, commercial contribution, sponsorship or influential relationships were involved.

These perceptions are consequential regardless of whether they are accurate in every instance. If employees believe commercial value, seniority or patronage can protect individuals from accountability, they may question whether raising a concern will achieve a meaningful outcome and whether the personal cost of doing so is justified.

#### Finding ACM2

**The consequence framework for misconduct contains significant discretion and provides limited assurance that sanctions will be consistently proportionate to the severity of misconduct**

KPMG has established a substantial accountability framework, including conduct categories, escalation thresholds, defined aggravating and mitigating factors, assessment templates, consequence guidance, governance forums and disciplinary processes. The framework broadly demonstrates that accountability has been formally incorporated into the firm's governance arrangements.

However, the evidence reviewed could not establish a sufficiently clear relationship between the severity of misconduct and the consequences ultimately applied. While a consequence framework exists, the Review observed significant discretion in the selection and application of consequences, particularly for partners and senior personnel. In particular, the partner consequence guidance that we reviewed is expressly described as a guide and preserves broad powers for the CEO and Board to adjust, reduce or remove proposed consequences. Although discretion may be appropriate in achieving fair outcomes, the framework does not consistently require departures from indicative consequences to be documented, justified, compared with precedent or independently reviewed.

The Review also observed that some aggravating and mitigating factors relating to discretionary decisions extend beyond the conduct itself and include consideration of issues such as financial or reputational impact on the firm. Such factors may be relevant to organisational risk but may also result in materially similar conduct receiving different consequences because of its institutional impact rather than its intrinsic seriousness or the harm caused.

More fundamentally, the evidence available did not enable Principia to assess systematically whether comparable misconduct resulted in comparable consequences across cases. This is an assurance limitation rather than evidence that outcomes were inappropriate. However, it limits the firm's ability to demonstrate that accountability is being applied consistently in practice.



|                     |                                                                                                                                |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------|
| <b>Finding ACM3</b> | <b>Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences</b> |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------|

The procedural justice findings identified a visibility gap between investigative activity and what reporters could see and understand (see PJ1). The review finds that a similar gap exists with accountability outcomes.

The governance materials reviewed demonstrate that KPMG did not consistently provide governance forums with sufficient visibility of how significant matters were resolved, whether consequences were applied, or whether remediation was completed and effective. As a result, the evidence reviewed often provided greater assurance that concerns entered the system than that accountability outcomes were ultimately achieved.

Confidentiality necessarily limits what the firm can disclose about individual cases. It may be inappropriate to share the detail of an investigation, disciplinary decision or outcome with reporters or the wider workforce. However, these constraints do not prevent the firm from providing more detailed feedback to reporters, communicating how accountability processes operate, reporting aggregated information on consequences, identifying recurring themes, or demonstrating the remediation and organisational learning that result from concerns raised.

There is a cultural risk when people cannot distinguish between a confidential process and an ineffective one. Where outcomes remain opaque, observers may conclude that nothing happened even where appropriate action was taken. This weakens the deterrent and norm-setting effect of accountability and reinforces the perception that raising concerns achieves little. It also deprives the firm of recognition for instances in which its systems have operated effectively.

In the KPMG Impact Plan 2025 Databook,<sup>vii</sup> the firm discloses a summary table setting out the number of reports raised, including substantiated matters reviewed by the ER Panel and the types of actions taken. This is a positive foundation, as it shows that the relevant data is being tracked and made available. However, the data presented is extremely high-level and evidence gathered during the Review suggests that people at KPMG do not yet have sufficient visibility of accountability outcomes to translate these processes into confidence that concerns lead to proportionate consequences.

The Review therefore finds that accountability outcomes are not consistently visible enough to operate as a credible cultural signal. This limits confidence not only in the accountability framework itself, but also in the broader speak-up system.

The answer is not to disclose confidential case details. Rather, sufficient evidence, communication and governance should be reported to demonstrate that concerns are taken seriously, proportionate consequences are applied, remediation follows and the organisation learns from misconduct. The firm already provides annual external reporting and should continue to build on this foundation by strengthening internal communication about these numbers and outcomes.

## 3.6 Commercial Pressure and Ethical Judgement

*This section assesses the extent to which growth objectives, client pursuit activities, commercial incentives and professional obligations influence ethical judgement, challenge, escalation and decision-making across the firm.*

|                    |                                                                                                                |
|--------------------|----------------------------------------------------------------------------------------------------------------|
| <b>Finding CP1</b> | <b>There is a residual risk that an over-emphasis on financial metrics adversely impacts challenge culture</b> |
|--------------------|----------------------------------------------------------------------------------------------------------------|

As described in Section 2.3.3 (Purpose), the Review identified a recurring perception across the qualitative evidence that financial objectives have obtained increasing practical prominence within KPMG. The evidence also indicated variable experience of how commercial and ethical or professional considerations were balanced when they came into tension.

The evidence did not indicate that these conditions resulted in a widespread absence of ethical challenge. Professional obligations and ethical expectations remain relative strengths, and the Review identified



examples in which leaders supported challenge, rejected prospective work, challenged clients, or prioritised professional, ethical or risk considerations despite commercial consequences. KPMG's formal systems also require that relevant decisions take account of integrity, quality, client interests, public interest and risk.

Despite this, the qualitative evidence found recurring accounts linking commercial pressure with greater difficulty in challenging or escalating concerns, particularly where commercially important clients were involved. This was not a uniform experience, and other accounts described leaders welcoming challenge and ethical or professional considerations prevailing. Nevertheless, participants' accounts indicated that the perceived consequences of challenge could increase where raising an issue might delay an important engagement or place revenue at risk.

This uncertainty matters because an effective challenge culture depends on more than the willingness to raise an issue. It also depends on confidence that the concern will be escalated where necessary, will receive appropriate consideration and is capable of influencing a decision. Where that confidence is weaker, commercial considerations may acquire greater practical weight not because ethical or professional considerations are absent, but because firm members are less certain that challenging on those grounds will be supported or effective.

The residual risk is therefore not that financial considerations invariably override ethical or professional judgement, or that firm members are generally unwilling to speak up. It is that an increased emphasis on financial metrics may weaken confidence that ethical challenge will be supported, escalated and capable of influencing decision-making where material commercial interests are at stake. The potential consequence is material because the risk arises in circumstances where robust challenge may be most important.



## About Principia

Principia Advisory is a specialist consulting and advisory firm with a focus on organisational ethics and culture. Principia brings together academics, experts and practitioners in the field of applied ethics and organisational culture. Operating for over 15 years, we have conducted independent reviews for major private and third sector organisations across the world.

[www.principia-advisory.com](http://www.principia-advisory.com)



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<sup>i</sup> <https://kpmg.com/au/en/about/governance-leadership/action-plan.html>

<sup>ii</sup> Andrews Group Report. Lessons learned review into handling of whistleblower disclosure, and KPMG Response 17 September 2026, available at <https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2026/andrews-group-report-september-2026.pdf.coredownload.inline.pdf>

<sup>iii</sup> R.I.G.H.T. stands for Recognise, Identify, Grapple, Highlight, Take Action. The R.I.G.H.T. framework transitioned into the global C.A.R.E ethical decision-making framework which was introduced in Australia at Global Values Week in May 2026. C.A.R.E. stands for Consider, Assess, Respond, Evolve.

<sup>iv</sup> Ethics Champions numbers as at April 2026

<sup>v</sup> <https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2026/action-plan-update-4-september-2026.pdf.coredownload.inline.pdf>

<sup>vi</sup> <https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/policies/kpmg-australia-whistleblowing-policy.pdf>, last updated July 2026

<sup>vii</sup> <https://assets.kpmg.com/content/dam/kpmgsites/au/pdf/2025/kpmg-au-impact-plan-2025-databook.pdf>

# KPMG Australia Ethical Culture Review

## Report of Findings

6 October 2026

### IMPORTANT NOTICE

An Ethical Culture Review (Review) was commissioned by KPMG Australia as part of a broader program of independent reviews, governance reform and organisational renewal following events in respect of which the firm has publicly acknowledged failings.

The Review was an assessment of organisational culture, governance, accountability, whistleblowing and speak-up arrangements. It is not a disciplinary investigation, forensic inquiry or legal determination of individual responsibility. Findings are directed to organisational systems, cultural conditions, governance processes and recurring themes identified through the evidence reviewed, rather than findings about the conduct, motives or character of any specific individual.

The Review drew on multiple sources of information including document reviews, interviews, focus groups, survey data and case-file analysis. Certain findings reflect perceptions, experiences and themes reported by participants. The Review distinguishes, where possible, between verified evidence, participant perceptions and evaluative conclusions drawn from the totality of the evidence available.

This Report of Findings should be read as a whole. Individual findings should not be read in isolation or treated as findings of legal liability, misconduct or wrongdoing by any identified or identifiable person. Personnel or disciplinary matters (if any) and any findings about wrongdoing or culpable omissions should be determined through appropriate processes affording procedural fairness and consideration of all relevant and admissible evidence.

### LIMITED PURPOSE; NO RELIANCE

This Report of Findings has been prepared by Principia Advisory Sàrl, a Swiss limited liability company, solely for the use of the board and management of KPMG Australia pursuant to a professional engagement, for the sole purpose of advising the board and management of KPMG Australia about recommended changes that could be made by them, the reasons for those recommendations and the findings that supported those recommendations and reasons.

No duty of care nor other responsibility to any person or organisation is accepted, including to any individual partner of KPMG Australia. Persons other than the board and management of KPMG Australia should rely on their own evaluation and investigations, consider their own circumstances, seek their own advice, and should not use or rely on the contents of this Report of Findings - or if they do, they do so at entirely their own risk.



## Context to Ethical Culture Review

The Ethical Culture Review has been commissioned following reports made by an unnamed whistleblower, their subsequent investigation by KPMG and disclosure in the Australian Senate. KPMG has publicly acknowledged that:

- Senior people within the organisation engaged in conduct that was unacceptable and not consistent with KPMG's stated values and ethical expectations.
- KPMG did not respond to the whistleblower's concerns as it should have and did not treat the whistleblower with the respect and support that should have been provided.
- KPMG adopted an overly legalistic approach, failed to appropriately manage conflicts of interest, placed excessive emphasis on workplace grievance processes rather than the ethical issues raised, and failed to provide appropriate safeguards and support to the whistleblower.
- KPMG failed to protect the whistleblower.

These matters were reviewed in the Andrews Group Report, which concluded that KPMG's stated values were not followed in both the underlying conduct and the firm's response to the whistleblower disclosure. As part of its response Action Plan, KPMG engaged Principia Advisory to review its cultural context and underlying norms, with a particular focus on whistleblowing and speak-up.

## Structure of the Findings

The Findings of the Ethical Culture Review that follow are presented in two parts, reflecting the scope of Principia's Review. The **Ethical Culture Assessment (ECA)** examines the broader cultural context, how responsibility, capability, and motivation shape ethical behaviour and decision-making across the firm. The **Whistleblowing and Speak-Up Environment Review** focuses on the systems and experiences associated with raising concerns, structured around six dimensions that describe the maturity of KPMG's speak-up environment.

Each section lists the headline findings only, providing a clear overview of the key insights emerging from the evidence base. Together, they offer a coherent picture of KPMG's cultural landscape following the events that prompted the Review.

## Ethical Culture Assessment

The Ethical Culture Assessment Findings are organised using Principia's **Ethical Drivers Model**, which examines how ethical behaviour is shaped by three interdependent dimensions - **Responsibility**, **Capability**, and **Motivation**.

Each headline finding represents a distinct insight into how these drivers operate within KPMG' culture. Together, they form a diagnostic map of the conditions that enable or constrain ethical behaviour, showing where alignment between values, systems, and lived experience is strongest, and where it requires reinforcement.

## Responsibility

In this section, we present the Findings from our review of the conditions that determine whether people at KPMG Australia had a clear understanding of their responsibilities, were appropriately empowered to act in accordance with them and were subsequently held accountable for their decisions. This section considers:

- **Expectations:** Clarity, feasibility and reasonableness of expectations on people, and consistency of leadership communication on conduct and behaviour
- **Authority:** Clarity and comprehensiveness of ownership for decisions, and the ability of people in the organisation to challenge authority, and
- **Accountability:** Monitoring of responsible conduct, appropriate investigation and attribution of misconduct, suitable resolution and penalties for misconduct.

| Reference      | Finding                                                                                                                                                        |
|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| EXPECTATIONS   |                                                                                                                                                                |
| E1             | KPMG established a substantial ethical culture architecture to communicate expectations, however, it was sometimes compromised by complexity and fragmentation |
| E2             | Ethical expectations were weakened by a perceived gap between professed values and visible actions                                                             |
| AUTHORITY      |                                                                                                                                                                |
| A1             | Weaknesses in the governance structure significantly constrained independent oversight of the executive                                                        |
| A2             | There was widespread reluctance to challenge those in positions of power, and a perceived concentration of power in a tightly connected leadership sub-group   |
| ACCOUNTABILITY |                                                                                                                                                                |
| AC1            | Leadership accountability for broader operational and strategic decisions was perceived to be weak                                                             |

## Capability

At the core of this Ethical Driver is whether people at KPMG Australia have the relevant professional and deliberative capacities to make responsible decisions utilising appropriate ethical and professional judgement. This section presents Findings across three core drivers of capability:

- **Awareness:** How the firm supports the ability of people to reflect on the impact of decisions; diversity of perspective and thought; institutional memory and means to learn from past events
- **Deliberation:** How the firm supports appropriate capabilities to make effective, responsible decisions; atmosphere of constructive challenge; forums for discussion and debate, and
- **Professional skills:** How the firm supports the development of professional skills and expertise, including the capacity to select, develop and appoint senior leaders and people leaders.

| Reference           | Finding                                                                                                                                                                              |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AWARENESS           |                                                                                                                                                                                      |
| AW1                 | Comprehensive ethics training is provided, but it is often experienced as generic and compliance-driven                                                                              |
| AW2                 | There was not always a clear understanding of how to draw and apply red lines on the sharing of confidential information                                                             |
| AW3                 | KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning      |
| DELIBERATION        |                                                                                                                                                                                      |
| DE1                 | KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas           |
| PROFESSIONAL SKILLS |                                                                                                                                                                                      |
| PS1                 | Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness |

## Motivation

This section examines the conditions influencing whether people at KPMG Australia demonstrate a clear and consistent motivation to do the right thing. It outlines Findings on:

- **Character:** Focus on desired dispositions of people; active cultivation of dispositions and behaviour; strength of organisational principles
- **Incentives:** Effective structures of compensation and reward; appropriate performance management and metrics; systems of recognition, progression and reward, and
- **Purpose:** Clearly defined and articulated organisational purpose; commitment and understanding among organisation's people; monitoring and tracking of value creation.

| Reference  | Finding                                                                                                                                                                                                                         |
|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHARACTER  |                                                                                                                                                                                                                                 |
| C1         | KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity. Close relationships and collaborative norms sometimes inhibit candour and critical challenge |
| INCENTIVES |                                                                                                                                                                                                                                 |
| I1         | Although KPMG formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice      |
| PURPOSE    |                                                                                                                                                                                                                                 |
| P1         | KPMG has taken numerous measures to reinforce purpose beyond profit, but in the context of a challenging operating environment the results have been mixed                                                                      |

## Whistleblowing and Speak-Up Environment Review

The Whistleblowing and Speak-Up findings are organised around six dimensions that together describe the health and maturity of KPMG's environment for raising concerns. These dimensions reflect both the formal system and the lived experience of speaking up, from initial awareness through to resolution and learning.

Each headline finding highlights a specific aspect of how these dimensions operate in practice. Taken together, they provide a diagnostic view of the organisation's speak-up climate.

| Reference                                        | Finding                                                                                                                                                                                 |
|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CHALLENGE CULTURE                                |                                                                                                                                                                                         |
| CC1                                              | Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships       |
| SPEAK- UP EFFICACY                               |                                                                                                                                                                                         |
| SU1                                              | Multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited                                                                       |
| SU2                                              | People's experience of case report handling is inconsistent across cases and escalation routes                                                                                          |
| SU3                                              | Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting                                                                        |
| RETALIATION RISK AND ANTICIPATED COST            |                                                                                                                                                                                         |
| RT1                                              | There is a widespread perception that speak-up and challenge carries meaningful professional risk                                                                                       |
| RT2                                              | KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated                             |
| PROCEDURAL JUSTICE AND INVESTIGATION CREDIBILITY |                                                                                                                                                                                         |
| PJ1                                              | Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low                                                                         |
| PJ2                                              | Investigations do not always have clearly visible end-to-end ownership                                                                                                                  |
| PJ3                                              | Perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility                                                                         |
| ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT        |                                                                                                                                                                                         |
| ACM1                                             | People do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value                                                    |
| ACM2                                             | The consequence framework for misconduct contains significant discretion and provides limited assurance that sanctions will be consistently proportionate to the severity of misconduct |



|                                           |                                                                                                                         |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| ACM3                                      | Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences |
| COMMERCIAL PRESSURE AND ETHICAL JUDGEMENT |                                                                                                                         |
| CP1                                       | There is a residual risk that an over-emphasis on financial metrics adversely impacts challenge culture                 |



## About Principia

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Principia Advisory

# KPMG Australia Ethical Culture Review Strategic Roadmap and Recommendations

6 October 2026

A graphic element in the top right corner consisting of overlapping geometric shapes: a red triangle pointing downwards, a dark blue triangle pointing upwards, and a light grey triangle pointing downwards, partially overlapping the red one. The word "PRINCIPIA" is written in white, uppercase, sans-serif font across the red triangle.

PRINCIPIA



## **IMPORTANT NOTICE**

An Ethical Culture Review (Review) was commissioned by KPMG Australia as part of a broader program of independent reviews, governance reform and organisational renewal following events in respect of which the firm has publicly acknowledged failings.

The Review was an assessment of organisational culture, governance, accountability, whistleblowing and speak-up arrangements. It is not a disciplinary investigation, forensic inquiry or legal determination of individual responsibility. Findings are directed to organisational systems, cultural conditions, governance processes and recurring themes identified through the evidence reviewed, rather than findings about the conduct, motives or character of any specific individual.

The Review drew on multiple sources of information including document reviews, interviews, focus groups, survey data and case-file analysis. Certain findings reflect perceptions, experiences and themes reported by participants. The Review distinguishes, where possible, between verified evidence, participant perceptions and evaluative conclusions drawn from the totality of the evidence available.

This Roadmap Report should be read as a whole. Individual findings should not be read in isolation or treated as findings of legal liability, misconduct or wrongdoing by any identified or identifiable person. Personnel or disciplinary matters (if any) and any findings about wrongdoing or culpable omissions should be determined through appropriate processes affording procedural fairness and consideration of all relevant and admissible evidence.

## **LIMITED PURPOSE; NO RELIANCE**

This Roadmap Report has been prepared by Principia Advisory Sàrl (a Swiss limited liability company) for the sole use of the board and management of KPMG Australia pursuant to a professional engagement, for the sole purpose of advising the board and management of KPMG Australia about recommended changes that could be made by them, the reasons for those recommendations and the findings that supported those recommendations and reasons.

No duty of care nor other responsibility to any person or organisation is accepted, including to any individual partner of KPMG Australia. Persons other than the board and management of KPMG Australia should rely on their own evaluation and investigations, consider their own circumstances, seek their own advice, and should not use or rely on the contents of this Roadmap Report - or if they do, they do so at entirely their own risk.



## Overview

Principia Advisory was commissioned in June 2026 to undertake an Ethical Culture Review (“the Review”) to provide the Board of KPMG with a credible, rigorous and evidence-based understanding of both its whistleblowing environment and broader ethical culture.

The scope of work was commissioned to support the National Governance Board (“Board”) and National Executive Committee (“NEC”) in understanding the cultural conditions most critical to restoring stakeholder confidence and sustaining long-term organisational trust. It does this by assessing the effectiveness, integrity and credibility of KPMG Australia’s whistleblowing and speak-up environment, focusing on the cultural and behavioural factors that influence its operation. It examines the organisational, leadership, governance, accountability and cultural conditions that shape ethical behaviour across the firm. The Findings of this Review are set out in the Ethical Culture Review Report.

In this Strategic Roadmap and Recommendations Roadmap Report (“Roadmap Report”), Principia provides prioritised recommendations which focus on strengthening trust, enhancing accountability and building a more resilient ethical culture, together with structured design principles for turning these recommendations into a fully developed Operational Plan. The goal is to create a clear pathway from independent assessment to implementation, ensuring that findings translate into meaningful, verified and sustainable change.

These recommendations are designed to address the material Findings and accelerate a meaningful change in KPMG’s ethical culture and the effectiveness of its whistleblowing and speak-up culture. The overall objective is to rebuild trust that ethical behaviour is consistently expected, supported, rewarded and protected across the firm.

The recommendations fall into four categories:

1. Reset leadership and governance
2. Simplify and clarify the control environment
3. Make conduct and culture consequential
4. Strengthen whistleblowing and speak-up architecture

## Design Principles

The following recommendations should form the cornerstone of an integrated Strategic Roadmap and Operational Plan. In designing the final Plan, the following principles should be applied:

- **Integration with the wider remediation roadmap**

These recommendations form part of a broader programme of remediation and organisational renewal. To function effectively, they should be integrated into the wider remediation roadmap to create a single, coherent programme of change. This integrated approach should ensure that related initiatives reinforce one another, dependencies are actively managed, duplication is avoided and progress can be communicated through a clear and consistent narrative. The objective should be a roadmap that is comprehensive and robust as well as being understandable to both internal and external stakeholders.



- **A focus on institutional and structural reform**

The goal of the change programme goes beyond addressing the behaviours of any individual or group of individuals to focus on how the firm operates and governs itself at a structural and institutional level. This is the intent of the recommendations, and one the roadmap should reflect, explicitly addressing the systemic features of the firm that drive or mitigate ethical risk over time.

- **Strong sponsorship and ownership**

Visible, sustained and accountable sponsorship from the Board, National Executive Committee and other senior leaders should be established from the outset. Each recommendation should have a clearly identified executive sponsor and accountable owner with responsibility for implementation. Sponsorship should extend beyond formal approval to active leadership, communication, barrier removal and ongoing oversight of delivery.

- **Detailed design with implementation owners**

The recommendations set the direction of travel, but each should be translated into a detailed implementation plan developed by those responsible for delivery. This process should include clarification of scope, sequencing, dependencies, resource requirements, risks and measures of success. Involving implementation owners in detailed design will increase practicality, ownership and the likelihood of sustainable implementation.

- **Clear implementation horizons**

The roadmap should distinguish between short-term actions that demonstrate commitment and build momentum, medium-term reforms that establish new structures and practices, and longer-term initiatives that embed change and sustain outcomes. Different recommendations will naturally progress at different rates, but the overall roadmap should provide clarity on what stakeholders should expect over each implementation horizon.

- **Clear and comprehensive success markers**

Each recommendation should include clearly defined success criteria that describe both implementation progress and desired institutional outcomes. Success measures should incorporate leading and lagging indicators and, where appropriate, evidence from qualitative and quantitative sources. The focus should not be limited to whether activities have been completed, but whether the intended behavioural, cultural and organisational outcomes are being achieved.



- **Accountability for outcomes**

Building on the points above, accountability should extend beyond delivery of activities to achievement of outcomes. For each recommendation, the roadmap should define the accountable individual or body, the expected outcome, how progress will be verified and how results will be reported. Independent assurance should be used where appropriate to provide confidence that implementation is effective and credible.

- **Pre-mortem stress testing**

Before finalisation, the roadmap should be subject to structured stress testing. This should involve considering how implementation could fail, which assumptions may prove incorrect, where resistance may emerge and what unintended consequences could arise. The purpose is to identify vulnerabilities early and strengthen the design before implementation begins.

- **Resourcing and capability for delivery**

The roadmap should be supported by realistic assessments of resource requirements, capability needs and implementation capacity. Recommendations should not proceed without clear ownership, appropriate expertise and sufficient investment. Delivery assumptions should reflect the organisation's ability to absorb change and avoid creating additional implementation risk through over-commitment.

- **Transparency and stakeholder engagement**

Implementation should be accompanied by a clear approach to communication, engagement and transparency. Stakeholders should understand what is changing, why it is changing, how progress will be measured and where accountability lies. Regular reporting against commitments and outcomes can help build confidence, sustain momentum and demonstrate that change is being delivered in practice rather than merely announced.

## 1. Reset leadership and governance around ethical stewardship

This section has four recommendations which are designed to create the governance, leadership, behavioural and cultural conditions to:

- address oversights and gaps in governance and accountability, and
- reset the ethical vision of the firm and the senior leadership's commitment to delivering on it.

| Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Intended outcome                                                                                                                                                                                                                                                                                          | Linked findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <p><b>R1</b></p> <p><b>Reform the National Governance Board to enable effective and sufficiently independent oversight and challenge including:</b></p> <p>(a) an independent Chair and an appropriate balance of independent board members</p> <p>(b) explicit accountability for the Board to oversee the firm's values, culture and CEO performance and development</p> <p>(c) an Ethics and Culture board sub-committee with an independent Chair and majority of independent board members</p> <p>(d) independent oversight of the performance and remuneration process for elected partner board members, and</p> <p>(e) an external board effectiveness review annually for the next three years</p> | <p>An effective system of checks and balances in which the Board can provide sufficiently independent oversight and challenge of the executive, with explicit accountability for the firm's values and culture, CEO performance and development, and the effectiveness of culture-related governance.</p> | <ul style="list-style-type: none"><li>• Finding A1: Weaknesses in the governance structure significantly constrained independent oversight of the executive.</li><li>• Finding A2: There was widespread reluctance to challenge those in positions of power, and a perceived concentration of power in a tightly connected leadership sub-group.</li><li>• Finding AC1: Leadership accountability for broader operational and strategic decisions was perceived to be weak.</li><li>• Finding AW3: KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning.</li></ul> |



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| <p>R2</p> <p>Undertake a deliberate leadership reset including:</p> <p>(a) developing a clear ethical vision linked to the long-term success of the firm</p> <p>(b) implementing a more transparent leadership appointment process aligned with the ethical vision and cultural transition objectives</p> <p>(c) defining concrete leadership commitments</p> <p>(d) implementing accountability mechanisms to support the consistent role-modelling of the leadership commitments</p> | <p>Rebuild ethical leadership credibility through visible alignment between words and actions, a clear ethical vision linked to the long-term success of the firm, transparent leadership appointments, and consistent role-modelling of concrete leadership and behavioural commitments.</p> | <ul style="list-style-type: none"><li>• Finding E2: Ethical expectations were weakened by a perceived gap between professed values and visible actions.</li><li>• Finding A2: There was widespread reluctance to challenge those in positions of power, and a perceived concentration of power in a tightly connected leadership sub-group.</li><li>• Finding AC1: Leadership accountability for broader operational and strategic decisions was perceived to be weak.</li><li>• Finding PS1: Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness</li><li>• Finding C1: KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity. Close relationships and collaborative norms can sometimes inhibit candour and critical challenge.</li><li>• Finding P1: KPMG has taken numerous measures to reinforce purpose beyond profit, but in the context of a challenging operating environment the results have been mixed.</li><li>• Finding CC1: Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships.</li><li>• Finding I1: Although KPMG formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice.</li></ul> |
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| <b>R3</b><br>Review and reinforce the operating model and accountability for people leadership at all levels within the firm          | People leadership is treated as a critical responsibility, with clear accountability, sufficient capability, status, influence, time and recognition to develop and support people consistently and sustain ethical culture through leadership example and people management.         | <ul style="list-style-type: none"><li>• Finding PS1: Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness.</li><li>• Finding C1: KPMG people consistently express a desire to do the right thing, and to work in a firm that values and supports ethical integrity. Close relationships and collaborative norms can sometimes inhibit candour and critical challenge.</li><li>• Finding I1: Although KPMG formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice.</li><li>• Finding CC1: Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships.</li></ul> |
| <b>R4</b><br>Improve organisation-wide processes to learn from near misses and significant failures, including oversight by the board | Feedback loops, cultural diagnostics, near misses and significant failures are converted into demonstrable and sustained organisational learning, visible behavioural change and consistent firm-wide impact, supported by structured reflection, follow-through and Board oversight. | <ul style="list-style-type: none"><li>• Finding AW3: KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning.</li><li>• Finding SU3: Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting.</li><li>• Finding ACM3: Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences.</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                   |



## 2. Simplify and clarify the control environment

The current control environment is perceived as overly complex.

Within relevant regulatory constraints this should be substantially simplified and clarified and clearly linked to the 'why' of the ethical vision.

| Recommendation                                                                                                                                                      | Intended outcome                                                                                                                                                                                                                                                                  | Linked findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <b>R5</b><br>Review the learning and development architecture to promote principles-based ethical decision-making and the exercise of strong professional judgement | People are equipped and expected to exercise sound ethical and professional judgement, including in ambiguous and context-dependent situations, through relevant, immersive and scenario-based learning integrated into day-to-day team practice.                                 | <ul style="list-style-type: none"><li>• Finding AW1: Comprehensive ethics training is provided, but it is often experienced as generic and compliance-driven.</li><li>• Finding DE1: KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas.</li><li>• Finding PS1: Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness.</li></ul> |
| <b>R6</b><br>Simplify, clarify and integrate ethical expectations, including in relation to redline non-negotiables                                                 | Ethical expectations are simple, coherent and practically usable, with a shared understanding of ethical boundaries and a clear distinction between non-negotiable rules and areas requiring professional judgement, particularly around confidentiality and information sharing. | <ul style="list-style-type: none"><li>• Finding E1: KPMG established a substantial ethical culture architecture to communicate expectations, however, this was sometimes compromised by complexity and fragmentation.</li><li>• Finding AW2: There was not always a clear understanding of how to draw and apply red lines on the sharing of confidential information.</li><li>• Finding DE1: KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas.</li></ul>     |

### 3. Make conduct and culture consequential

This section has three recommendations which are designed to create the cultural and behavioural conditions for people to:

- believe that they will be rewarded for doing the right thing, and to
- trust that people who do not do the right thing will be appropriately sanctioned.

| Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Intended outcome                                                                                                                                                                                                                                                   | Linked findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| <p><b>R7</b></p> <p>Strengthen the implementation of the values-based criteria for performance, progression and remuneration including:</p> <p>(a) introduce a values and conduct gateway for a performance rating of 'Effective Performance' and above</p> <p>(b) review of the partner performance feedback process</p> <p>(c) increase oversight by the board, including commissioning an independent random sampling audit of the annual performance and remuneration processes to validate alignment with values-based criteria</p> | <p>Ethics, contribution to culture and people leadership carry consistent and visible weight in performance, progression and remuneration decisions, strengthening confidence that the balanced scorecard rewards the behaviours KPMG says it values.</p>          | <ul style="list-style-type: none"><li>• Finding E2: Ethical expectations were weakened by a perceived gap between professed values and visible actions.</li><li>• Finding I1: Although KPMG Australia formally embeds values and ethical considerations into its performance and remuneration architecture, there is a widespread perception that financial metrics carry substantially greater weight in practice.</li><li>• Finding PS1: Core client-side professional capability is perceived to be a strength, however, leadership development and people management is more variable with some areas of perceived weakness</li><li>• Finding CP1: There is a residual risk that an over-emphasis on financial metrics adversely impacts challenge culture.</li></ul> |
| <p><b>R8</b></p> <p>Strengthen the consequence framework including:</p> <p>(a) the development of an appropriate remuneration adjustment and recovery mechanism for serious misconduct, and</p> <p>(b) increased oversight by the board, including commissioning an independent random</p>                                                                                                                                                                                                                                               | <p>Comparable standards and consistently proportionate consequences are applied regardless of seniority, influence, relationships or commercial contribution, with appropriate documentation, justification, precedent comparison and independent oversight of</p> | <ul style="list-style-type: none"><li>• Finding ACM1: People do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value.</li><li>• Finding ACM2: The consequence framework for misconduct contains significant discretion and provides limited assurance that sanctions will be consistently proportionate to the severity of misconduct.</li></ul>                                                                                                                                                                                                                                                                                                                                                    |



| Recommendation                                                                                                                                  | Intended outcome                                                                                                                                                                                                                                                      | Linked findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| sampling audit of the consequence framework to validate consistency and proportionality                                                         | discretion and remuneration adjustment or recovery.                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Finding CC1: Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>R9</b><br>Improve transparency on consequences for misconduct and lessons learned without compromising confidentiality or procedural justice | People at KPMG can see credible evidence that concerns are taken seriously, proportionate consequences are applied, remediation follows and the organisation learns from misconduct, without disclosing confidential case details or compromising procedural justice. | <ul style="list-style-type: none"> <li>Finding AW3: KPMG collects substantial information about ethical and cultural vulnerabilities but does not consistently convert this into demonstrable and sustained organisational learning.</li> <li>Finding SU3: Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting.</li> <li>Finding PJ1: Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low.</li> <li>Finding ACM3: Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences.</li> </ul> |

#### 4. Strengthen independence and effectiveness of whistleblowing and speak-up architecture

This section has five recommendations, which should be read in conjunction with the recommendations in the Andrews Group report entitled “Lessons learned review into handling of whistleblower disclosure” dated 3 September 2026.

| Recommendation                                                                                                                                                                      | Intended outcome                                                                                                                                                                                                                                       | Linked findings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b>R10</b><br>Establish a centralised Integrity and Speak-Up function with a reporting line to an independent board committee with sufficient protections, authority and resourcing | A sufficiently independent, authoritative and well-resourced Integrity and Speak-Up function provides clearly visible end-to-end ownership, coordination, progression, communication and resolution across reporting routes and functional boundaries. | <ul style="list-style-type: none"><li>• Finding SU1: Multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited.</li><li>• Finding SU2: People’s experience of case report handling is inconsistent across cases and escalation routes.</li><li>• Finding PJ2: Investigations do not always have clearly visible end-to-end ownership.</li><li>• Finding ACM1: People do not consistently believe that accountability is applied impartially regardless of seniority, influence or commercial value.</li></ul> |
| <b>R11</b><br>Appoint a Whistleblower and Speak-up Protection officer with a reporting line to an independent board committee                                                       | Reporter protection is clearly owned and consistently applied from intake through investigation, consequential decisions and case closure, including protection from formal and informal forms of professional disadvantage.                           | <ul style="list-style-type: none"><li>• Finding RT1: There is a widespread perception that speak-up and challenge carries meaningful professional risk.</li><li>• Finding RT2: KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated.</li></ul>                                                                                                                                                                                                                 |



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| <p><b>R12</b></p> <p>Redesign the end-to-end Whistleblowing and Speak-Up process including defining an explicit protocol for the communication of misconduct matters</p> | <p>A consistent, fair and human-centred end-to-end process in which concerns are received, assessed, investigated and resolved with clearly visible ownership, timely progression, appropriate reporter feedback, support and protection, and credible communication of outcomes.</p> | <ul style="list-style-type: none"> <li>• Finding SU1: Multiple speak-up routes are established at KPMG, but employee confidence in the outcomes they deliver is limited.</li> <li>• Finding SU2: People's experience of case report handling is inconsistent across cases and escalation routes.</li> <li>• Finding SU3: Limited visibility and trust in resolution can create a negative feedback loop that may inhibit future reporting.</li> <li>• Finding RT2: KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated.</li> <li>• Finding PJ1: Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low.</li> <li>• Finding PJ2: Investigations do not always have clearly visible end-to-end ownership.</li> <li>• Finding PJ3: Perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility.</li> <li>• Finding ACM3: Inconsistent visibility of accountability outcomes weakens confidence that speaking up leads to meaningful consequences.</li> </ul> |
| <p><b>R13</b></p> <p>Commission an independent quality assurance audit of case management and investigations annually for the next three years</p>                       | <p>Independent assurance that case management, investigations and retaliation controls operate as intended and support rigour, independence, fairness, reporter protection, appropriate communication and procedurally just outcomes.</p>                                             | <ul style="list-style-type: none"> <li>• Finding SU2: People's experience of case report handling is inconsistent across cases and escalation routes.</li> <li>• Finding RT2: KPMG has established formal anti-retaliation controls, but consistent end-to-end protection of reporters and others involved is not adequately demonstrated.</li> <li>• Finding PJ1: Despite a substantial investigative framework, trust in procedural justice and investigation credibility is low.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |



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|                                                                                                                 |                                                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>• Finding PJ2: Investigations do not always have clearly visible end-to-end ownership.</li> <li>• Finding PJ3: Perceptions of overly legalistic handling weaken confidence in procedural justice and investigation credibility.</li> <li>• Finding ACM2: The consequence framework for misconduct contains significant discretion and provides limited assurance that sanctions will be consistently proportionate to the severity of misconduct.</li> </ul>                                                                                                                                                                                                                                                                             |
| <b>R14</b><br><b>Reconstitute and resource the Ethics Champions Network with protected time and recognition</b> | A visible, active and sufficiently recognised Ethics Champions Network that provides useful support for ethical deliberation across teams, offices and divisions and helps integrate ethical learning into day-to-day team meetings and interactions. | <ul style="list-style-type: none"> <li>• Finding E1: KPMG established a substantial ethical culture architecture to communicate expectations, however, it was sometimes compromised by complexity and fragmentation.</li> <li>• Finding AW1: Comprehensive ethics training is provided, but it is often experienced as generic and compliance-driven.</li> <li>• Finding DE1: KPMG has substantial formal frameworks and processes to support ethical decision making, but they do not consistently produce effective deliberation on ethical grey areas.</li> <li>• Finding CC1: Readiness to challenge is shaped by trusted local relationships. There is reluctance to challenge and to speak-up regarding senior colleagues or outside of trusted relationships.</li> </ul> |



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