



UK Partner Diversity Report 2023

In respect of the year ended **30 September 2023**



We're committed to creating an inclusive environment where all colleagues thrive and reach their full potential, whatever their identity or background. This is fundamental to our success as a business.

Our inclusion, diversity and equity plan, Our KPMG: A fairer future for all, marks an ambitious but evolutionary chapter in our long-standing commitment to change, and to support this we've set long-term workforce diversity targets through to 2030.

Our plan is designed to create an inclusive environment, equitable experiences and accountable leaders, which will in turn help improve the representation of historically under-represented groups at our most senior levels of the business. It is also why we don't just focus on getting into our profession, but also how you get on and progress within our firm. Our 2022 Progression Report analysed the career progression of over 16,500 colleagues to highlight where more dedicated action is required. The research showed us that colleagues from low socio-economic backgrounds took on average 19% longer to progress in their careers.

The report also found a recurring 'hierarchy of progression' based on combined characteristics. Where there are intersections between lower socio-economic background and other characteristics, this has a significant effect. For example, lower socio-economic background combined with female gender identity and/or ethnic minority background is associated with the slowest progression.

As a values-led organisation, our commitment to integrity drives us to be transparent, accountable and lead with the highest ethical standards. This is why we are committed to having our Partner diversity data independently assured each year, to lead by example and affirm the importance of our societal commitments within our ESG reporting.



We're committed to fairer representation across our leadership.

Inclusion, diversity and equity is at the heart of our business strategy. Our 2030 targets represent our commitment to improving representation amongst the Partner population at our firm. We know that the nature of our changing business and workforce means that we won't necessarily see a linear increase in our Partner representation year on year, but we remain focused on our long-term ambition of building an inclusive environment, with accountable leaders and equitable experiences for all.

We are confident that we have strong foundations in place to support this. Robust controls ensure that pay and reward decisions, work allocation decisions and wider opportunities are based on fairness and consistency. While extensive data and insight is helping us build our understanding of where we need to focus our efforts to help us achieve our goals.

We're committed to delivering our long-term targets and reaching better representation across all levels of our firm, challenging ourselves to go further and faster wherever possible. Over the past year, we've introduced a number of new measures and initiatives to support this. Socio-economic background, disability and sexual orientation have all been added as key checkpoints across our people processes, alongside gender and ethnicity which were already in place. This helps us ensure we are monitoring these additional characteristics when reviewing our processes for fairness.

Alongside this, we've enhanced our overall approach to inclusion, diversity and equity analytics with the introduction of new technology, with the ambition of being able to provide more in-depth and intersectional data in the future.

In response to our research into progression rates, we also launched a targeted promotion-readiness programme 'Reach', to support colleagues from a non-professional background to develop and progress at a comparable rate to their peers. We hope the steps we are taking now will deliver a pipeline of talent to drive inclusive and sustainable growth.

This table shows how we're tracking against our targets.

	1 October 2023	1 October 2022	2030 target
% Female	29%	28%	40:40:20 ¹
% Ethnic minority	13%	14%	20%
% Disabled	8%	7%	15%
% Lesbian, Gay & Bi	3%	3%	6%
% Black heritage	1%	1%	5%
% Lower socio-economic background	24%	25%	29%
Number of partners ²	833	783	

More detail on all reporting methodology can be found in the appendix.

Further information on our inclusion, diversity and equity plan and progress can be found here.

¹ This target requires us to have a minimum of 40% women and 40% men in the relevant population.

20% is flexible and recognises the moving nature of our firm, while setting parameters for us to meet and stay within.

² This represents the total Partner headcount as at 1 October. This includes Partners that have undeclared responses, and those who have chosen to respond with "prefer not to say".

% Female is identified by the Sex at Birth passport data; we therefore have 100% declaration for this calculation. Data for all other categories is based on voluntary disclosures. Disclosure rates for Partners across these categories are:

	1 October 2023	1 October 2022
Ethnicity (including Black heritage)	93.4%	94.4%
Disability	92.8%	93.6%
Lesbian, Gay & Bi	92.9%	93.7%
Socio-economic background	77.4%	76.4%

Independent Limited Assurance Report



Grant Thornton UK LLP (“Grant Thornton” or “we”) were engaged by KPMG LLP (“KPMG”) to provide limited assurance over the Subject Matter Information described below.

Limited assurance conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of this report.

Subject Matter Information

The scope of our work was limited to assurance over selected aspects of the KPMG UK Partner Diversity Report (“the Report”) as at 1 October 2023 listed in the table at the end of our report (“the Subject Matter Information”).

Our assurance does not extend to any other information that may be included in the Report for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria used for the measurement or evaluation of the Subject Matter Information and to form our judgements are KPMG’s Reporting method statement included in the appendix to the Report (the “Reporting Criteria”).

Inherent limitations

The absence of a significant body of established practice on which to draw to measure or evaluate the Subject Matter Information allows for different, but acceptable, measurement or evaluation techniques and can affect comparability between entities and over time. In particular we draw attention to the methodologies and assumptions based limitations KPMG have disclosed in the Reporting Criteria.

As part of our work, we were unable to contact some Partners who did not give their consent under GDPR regulations to be contacted to confirm their Diversity data directly with us. In these instances, we picked an alternative sample item.

Members’ responsibilities

The Members of KPMG are responsible for:

- the design, implementation and maintenance of internal control relevant to the preparation and presentation of Subject Matter Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or establishing suitable Reporting Criteria;
- measuring or evaluating and presenting the Subject Matter Information in accordance with the Reporting Criteria; and
- the preparation of the Report and the Reporting Criteria and their contents.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information has been prepared in accordance with the Reporting Criteria;
- forming an independent limited assurance conclusion, based on the work we have performed and the evidence we have obtained; and
- reporting our limited assurance conclusion to KPMG.

Our independence, professional standards and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Management (ISQM) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” and accordingly we maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Limited Assurance Report



Continued

Assurance standards and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" ("ISAE 3000 (Revised)"), issued by the International Auditing and Assurance Standards Board (IAASB). This standard requires that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks which vary in nature from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not report a reasonable assurance conclusion.

Work performed

Considering the circumstances of the engagement our work included, but was not restricted to:

- assessing the suitability of the Reporting Criteria as the basis of preparation for the Subject Matter Information;
- assessing the risk of material misstatement of the Subject Matter Information, whether due to fraud or error, and responding to the assessed risk as necessary in the circumstances;
- conducting interviews with relevant KPMG management and examining selected documents to obtain an understanding of the processes, systems and controls in use for measuring or evaluating, recording, managing, collating and reporting the Subject Matter Information;
- performing selected limited substantive testing including agreeing a selection of the Subject Matter Information to corresponding supporting information;
- evaluating the overall presentation of the Subject Matter Information; and
- reading the Report and narrative accompanying the Subject Matter Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

Intended use of this report

This limited assurance report, including our conclusion, is made solely to KPMG in accordance with the terms of the agreement between us. Our work has been undertaken so that we might state to KPMG those matters we are required to state to them in an independent limited assurance report and for no other purpose. We have not considered the interest of any other party in the Subject Matter Information.

To the fullest extent permitted by law, we do not accept or assume responsibility and deny any liability to any party other than KPMG for our work or this report, including our conclusion.

Grant Thornton UK LLP

Grant Thornton UK LLP
Chartered Accountants
Cambridge

Date: 26 January 2024

Independent Limited Assurance Report

Continued



Underlying Subject Matter	Units	Subject Matter Information 1 October 2023
Female	%	29%
Ethnic minority	%	13%
Disabled	%	8%
Lesbian, Gay & Bi	%	3%
Black heritage	%	1%
Lower socio-economic background	%	24%

Appendix: Reporting method statement

Partner diversity overview

We report Partner diversity data covering the following indicators:

- % Female
- % Ethnic minority
- % Disabled
- % Lesbian, Gay & Bi
- % Black heritage
- % Lower socio-economic background

Data sources

Our primary data sources for Partner diversity data are:

- Our HR monitoring system: SuccessFactors – Employee Central (SF-EC) module
- Right to work documentation (passports) to determine % Female, using Sex At Birth data
- Self-declaration diversity profiles

With the exception of % Female, calculations for all other categories rely on voluntary completion of a self-declaration diversity profile. This means that some responses are undeclared. Partners and colleagues have the option to respond with “prefer not to say” and “I don’t know” too.

Reporting period

Data is reported annually, as at 1 October. Our data therefore reflects Partner promotions that take effect on this date.

Standards and guidance

Our methodology for the reporting of our firmwide diversity data, including Partner representation, is based on external standards and guidance (see further information in the ‘Reporting methodology’ section below). As external standards and guidance evolves, where this results in a change in recommended reporting methodology, we adapt our reporting approach to align with these changes. The change is applied in the year the external standard or guidance is applied. We do not restate prior year comparatives using new methodology, however we do seek to ensure differences between prior year and current year reporting methodology are explained.

Reporting methodology

Number of Partners

The total headcount of Partners is derived from our HR monitoring system.

Applicable Partners include:

- Those on a partnership work contract.
- Internal and client-facing groupings
- Those with an ‘active’ employment status at the point of data extraction.

The following groups are excluded from our calculations:

- KPMG International personnel, based in the UK (International Headquarters and personnel classified as Exceptional Items)
- KPMG Global Services personnel
- KPMG Resource Centre personnel
- MBS Malta legal entity personnel
- Inbound or Outbound assignees without pay
- Contractors and temporary personnel

The percentage calculated for Ethnic minority, Disabled, Lesbian, Gay & Bi and Black heritage is based on the total Partner headcount, which means it includes Partners with undeclared responses, and those who have responded with “prefer not to say” too.

In line with guidance from social mobility experts, the Bridge Group, the percentage calculated for lower socio-economic background is based on the total Partner headcount, excluding Partners with undeclared responses, and those who have responded with “Never worked or long-term unemployed”, “I don’t know” and “prefer not to say”.

% Female

% Female is identified by the binary Sex at Birth passport data. We therefore have 100% declaration for this calculation. The percentage of females is calculated as the number of females out of the total Partner population.

Appendix: Reporting method statement

Continued

% Ethnic minority

This is a grouping for all colleagues who have declared as having the below ethnicities:

- Arab ethnicity
- Asian/Asian British: Bangladeshi
- Asian/Asian British: Chinese
- Asian/Asian British: Indian
- Asian/Asian British: Pakistani
- Asian/Asian British: Other Asian
- Black/African/Caribbean/
Black British: African
- Black/African/Caribbean/
Black British: Caribbean
- Black/African/Caribbean/
Black British: Other Black
- Jewish ethnicity
- Mixed/multiple ethnic groups:
White & Asian
- Mixed/multiple ethnic groups:
White & Black African
- Mixed/multiple ethnic groups:
White & Black Caribbean
- Mixed/multiple ethnic groups:
Other Mixed
- Other ethnic group

Ethnic minority self-declaration response options and groupings align with [Government guidance](#) used in census reporting. The exception to this is we also include the option of 'Jewish Ethnicity', based on consultation with, and feedback from, our Jewish society employee network.

% Disabled

Disability self-identification is provided in response to the question "Do you consider yourself to have a disability or long-term condition? In accordance with the Equality Act 2010, this covers a range of conditions, both visible and non-visible including physical health, mental health and neurodiverse conditions."

% Lesbian, Gay & Bi

We report on colleagues who have declared as Lesbian, Gay or Bi collectively. Lesbian, Gay & Bi response options and groupings align with [Government guidance](#) used in census reporting. The exception to this is we use the term 'Bi' rather than 'Bisexual', based on guidance from LGBT+ rights charity Stonewall and in consultation with our LGBT+ network, Breathe.

% Black Heritage

This is a grouping for all colleagues who have declared as having the below ethnicities:

- Black/African/Caribbean/
Black British: African
- Black/African/Caribbean/
Black British: Caribbean
- Black/African/Caribbean
/Black British: Other Black
- Mixed/multiple ethnic groups:
White & Black African
- Mixed/multiple ethnic groups:
White & Black Caribbean

Black Heritage self-declaration response options and groupings align with Government guidance used in census reporting.

% Lower socio-economic background

Our reporting descriptions and methodology is based on guidance from social equality experts, the Bridge Group. We use parental occupation as our measure of socio-economic background. This is based on [The National Statistics Socio-Economic classification](#), which identifies the occupation of the highest earner in your household at age 14 as the most robust indicator of socio-economic background. Low socio-economic backgrounds are defined as [NS-SEC 5, 6 and 7 occupations](#). Examples include receptionists, electricians, plumbers, butchers and van drivers.



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