



Our Corporate Responsibility in action



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Leading the way on literacy



Literacy is a fundamental skill for our firm, our clients and the UK economy. However, the state of literacy in the UK makes grim reading.

The CBI has found that 37% of businesses are dissatisfied with young people's literacy skills and use of English. In the UK's most deprived wards, up to 35% of the adult population lack the literacy skills expected of an 11-year-old. If every child left primary school with the reading skills they need, our economy could be more than £32.1 billion bigger by 2025.

We have a long and successful history of promoting literacy in the UK. In 2005, the KPMG Foundation launched the Every Child a Reader campaign which was then rolled out by government in 2008 to support 35,000 children a year. Since its inception in 2008, KPMG Families for Literacy, a global programme, has distributed three million books worldwide. In 2009 our research revealed that poor literacy cost the UK economy over £2.5 billion every year.

More recently, our partnership with the National Literacy Trust has been driving the literacy agenda in the UK. We've been working to reframe the UK's literacy policy and to galvanise the business community to take action on literacy and social mobility.

We led the development of the Vision for Literacy Business Pledge with the NLT and the wider National Literacy Forum (18 literacy and child poverty charities). The initiative, a first of its kind, galvanises the business sector behind the literacy challenge facing the UK. Signatories commit to taking practical action that will deliver tangible benefits to their own organisation, the local community, and society as a whole. 44 major corporations spanning financial services, retail, technology and publishing signed up to the Pledge in 2016, increasing to 51 signatories in 2017 and 63 in 2018.



At a time of major political and economic disruption, businesses, alongside government and the third sector have a responsibility to ensure that current and future workforces are equipped with the necessary skills that will underpin our prosperity. This is why it's so important that we play our part in leading the business community in committing to initiatives like the Vision for Literacy Business Pledge.



Rachel Hopcroft, Director of Corporate Affairs

37% of businesses are dissatisfied with young people's literacy skills and use of English

35% of the adult population lack the literacy skills expected of an 11-year-old

If every child left primary school with the reading skills they need, our economy could be more than **£32.1bn** bigger by 2025.

In 2009 research revealed poor literacy cost the UK economy over **£2.5bn** every year.

Every Child a Reader campaign
35,000 children a year

KPMG Families for Literacy
Distributed **3m** books worldwide

Vision for Literacy Business Pledge
Businesses signed up in **44** (2016) **51** (2017) **63** (2018)

Supporting skills in Birmingham



Our Birmingham office is at the heart of crucial local collaborative efforts to tackle priority issues in the region.

We are proud to be supporting the Careers and Enterprise Company and to have committed to Andy Street's Mayor's Mentors programme in the West Midlands. Working together we can ensure that more young people get the guidance and support that they need to reach their full potential. Mentoring programmes run out of our Birmingham office include partnerships with the Diana Award, Uprising, MOSAIC and the Access Project. All of our partner organisations share our passion for creating a stronger, more sustainable city, with a particular focus on supporting young people to achieve their full academic and professional potential.

We are a sponsor of the University of Birmingham School. Since 2015 we've supported the school through a range of initiatives including enterprise competitions and employability programmes. The school celebrated its first ever set of A-level results in 2017. 51% of all entries were graded A*-B, with above 22% of all entries graded A* or A.

Our Birmingham office continues to play a leading role in supporting the Greater Birmingham Professional Service Academy, a collaborative employer-led programme that increases awareness of and careers in professional services and delivers employability support to students from less advantaged backgrounds. Last year we delivered six skills workshops for over 100 students enrolled on the programme at Birmingham Metropolitan College - where over 52% of students are in the highest band for deprivation. Next year we will be rolling out mentoring support for students on the programme.

In total in FY 2017 almost 200 Birmingham based employees – from apprentices to partners – took part in skilled volunteering, delivering over 2,300 hours of support to their local communities.



Supporting the skills agenda in the Midlands is not just the right thing for us to do, but a clear business imperative. Ensuring the next generation of talent has the range of skills necessary for the jobs of the future can help our clients, our communities and our business to continue to thrive.



Karl Edge, Midlands Regional Chairman

University of Birmingham School

Since **2015** we've supported the school through a range of initiatives including enterprise competitions and employability programmes

A-level results: In **2017** its first ever set of A-level results



51%
Graded A* -B

22%
Graded A* or A

Birmingham Metropolitan College

Last year we delivered six skills workshops for over 100 students enrolled



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WorkReady in social mobility coldspots



WorkReady, our employability initiative, has reached more than 8000 pupils at over 60 schools since its inception.

Last year WorkReady delivered business-led skills development for students aged 14 – 15 in schools serving less advantaged communities. The tour ran for three weeks, reaching over 2,000 students across 15 schools and mobilising over 70 KPMG volunteers across a range of roles to help deliver the sessions.

This year it focused on the technology skills that will be so important in the fourth industrial revolution. This included helping students to: explore the ways the world of work is changing; understand the importance of STEM skills – both now and in the future; and, practice and develop a range of key interpersonal and ‘soft’ skills to help them succeed in the workplace.

This year WorkReady was delivered in several social mobility coldspots – areas identified by the government for further investment and employer-led engagement with young people.

The tour reached over 500 students in Scarborough, Norwich and Fenland & East Cambridgeshire. Almost 80% of students agreed or strongly agreed that because of the WorkReady workshop they now have a clearer understanding of how the world of work is changing, and over 80% agreed or strongly agreed that they had a better understanding of what employers are looking for.



WorkReady was a fantastic experience for our students. The messaging around the importance of key technical and transferable skills of the future is exactly what our students need to hear, and for them to be able to practice these skills with direct professional insight from KPMG makes it even more powerful.



Head of Sixth Form, Fenland school that participated in WorkReady



Our market-leading skilled volunteering programme allows each and every one of our colleagues to bring their skills to bear in helping solve some of the most pressing challenges facing UK society. Working across the UK, our committed volunteers build the skills and aspirations of young people, helping prepare them for further education and employment. We also see the benefits of volunteering on our colleagues, through increased engagement and skills development that feeds directly into their role at KPMG



Roisin Murphy, Head of Corporate Responsibility

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The City Academy, Hackney



Our long-standing partnership with the City Academy Hackney, London, continues to thrive.

We have been partnering with the school since 2007, two years before it was formally established. Our support has been both at a strategic level and on the ground with the school pupils. KPMG volunteers provide a holistic programme of support to the school. This includes five positions on the Board of Governors, including Chair of Governors; pro-bono support on financial management and a wide range of academic and employability support, and work experience to broaden students' career horizons.

Since opening, the Academy has been judged by OFSTED to be 'outstanding' in all categories and rated by the Department for Education as one of the top 5 schools in England for student progress in both 2014 and 2015. On average students at the Academy receive one grade higher for each of their best eight GCSEs than the national average.

Over past year, thanks to the committed work of our volunteers, we have seen the impact of our programmes deliver tangible results. Through our literacy programme at the school, 43% of the students made better than expected progress with their reading ages with one student gaining over 3 years between reading tests. Our tutoring programme, with the Access Project, has delivered over 550 hours of tutoring and seen 67% of tutees applying to a Russell Group University.

In 2016/17, 61% of the students from the school were eligible for Free School Meals. Although many students join the Academy with lower than average attainment levels, they make well above average progress, as can be seen in the Schools results year after year. In 2017 the school saw 77% of GCSE students at the Academy achieve 5 A*-Cs. At A Level 79% of its students achieve A*-C grades, significantly above the national average. In 2017 100% of students with went into employment, education or training: 36% went to Russell Group Universities, 66% went to universities outside of London, and two went into apprenticeships at major corporations.

Last September we also came full circle and welcomed In'naha Ahmed from City Academy to our London office, as the first student from the school to enrol on our KPMG360° apprenticeship programme.



I am immensely proud of the journey we have been on with the City Academy since our relationship began. Too often, an individual's life chances are dictated by their socio-economic background, rather than their talent, potential or work ethic. Our work with the Academy proves that long-term, needs-led support from businesses can help schools provide opportunities to the next generation that are defined by merit, rather than privilege.

Our work with the Academy has seen demonstrable results for KPMG as well as the school and its pupils. It has helped build our connection to the local community and indeed fed into our own talent pipeline through work experiences and our first Academy alumna joining the firm as an apprentice. On top of that, the relationship has provided a number of opportunities for our colleagues to boost their personal and professional development through skilled volunteering.



Melanie Richards, Deputy Chair

Partnership with the City Academy in Hackney

Judged by OFSTED to be **outstanding** in all categories

Top 5 rated by the DfE as one of the top 5 schools in England for student progress



GCSE students achieve 5 A*-Cs



A-Level students achieve A*-C



Sept 2017

In'naha Ahmed from City Academy, the first student from the school to enrol on our KPMG360° apprenticeship programme

Understanding socio-economic diversity



In 2016 we became the first business in the UK to publish comprehensive data on the socio-economic background of our workforce.

The comprehensive data measured employees' parental occupation and education and the type of school employees attended, as well as three years' worth of graduate and school leaver socio-economic data, demonstrating the efforts made by the firm to ensure a more diverse talent pipeline. This included being the first business in the UK to share details of the parental occupation of its workforce, which is recognised by social mobility experts as a strong indicator of socio-economic background.

Our 2017 results show that the vast majority of the workforce – 75% of respondents – received a state school education: 61% attended a non-selective state school and 14% attended a selective state school, with 22% receiving private education. Additional detail on parental education shows that 48% have a parent or guardian with a university degree, while 43% do not.

On parental occupation, 56% have parents in a higher managerial, administrative and professional

occupation, 16% have parents employed in a manual occupation and 13% have parents in intermediate occupations. Of around 1,000 graduates and 250 school leavers to join the firm in 2016, 11% and 19% respectively had been eligible for Free School Meals.

In autumn 2017, we commissioned the Bridge Group to research whether, and how, gender, ethnicity and socio-economic background, affect employees' progression in the Firm.

The study includes analysis of our anonymised workforce and leavers data, and in-depth interviews with over 60 employees across the business. It also draws on the latest research and guidance across sectors, to identify existing best practices.

The research, which will include specific recommendations, will be finalised in 2018. We will use the evidence and advice from this rigorous study to inform policy reforms to further ensure that all employees can thrive irrespective of background.



As well as forming an evidence base for change, we hope our socio-economic background workforce data will enable government and third parties to evaluate the effectiveness of policy in the workplace. We need others to do the same and report their workforce data too to more effectively benchmark and track whether or not business is making progress on this issue.

Melanie Richards, Deputy Chair



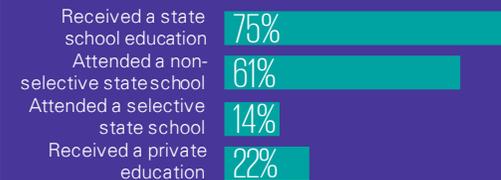
Understanding workforce diversity is essential to underpin any activity aimed at improving it, and this is most complex in relation to socio-economic background. KPMG have undertaken the most comprehensive collection of workforce data of any business to date, with evidence showing they are making positive progress with their school leaver and graduate recruits, and the inclusion of parental occupation provides particularly important insights.



Nicholas Miller, Director of the Bridge Group

2017 The socio-economic background of our workforce

Education



Parental occupation



We also launched a new reverse mentoring scheme involving young black and ethnic minority colleagues working with members of our Executive Committee and Inclusive Leadership Board.



KPMG360° apprenticeship



KPMG360°, our apprenticeship scheme, offers talented young school leavers an alternative way into our profession to the traditional graduate route. There are three strands to our apprenticeships: Accountancy and Taxation, Digital, and, Business Services. We have now recruited over 380 apprentices across our offices since launching the initiative three years ago.

Our programmes enable attainment of professional qualifications up to chartered level, meaning that apprentices can reach the same level as a qualified graduate through high quality training in the workplace. Regular rotations around our different practice areas broadens apprentices' experience, and allowing them to test out where they want to specialise and pursue a career.

In 2017, we launched the KPMG360° Digital Apprenticeship. This programme trains the next generation to gain the digital capabilities to meet future business needs and reach their full career potential. The programme includes rotations across teams, including Technology Enablement, Cyber Security, Forensic Technology, Audit and Technology Solutions. Alongside gaining this vital experience, participants will also study for a BSc

degree in Digital and Technology Solutions.

Our Apprenticeships support our ambitions to widen access to our profession, and attract talent that is as diverse as the clients we work with. Through our recruitment approach, we seek to create better social mobility and ensure that all talented young people can access careers within the Firm, regardless of their background. Through working in partnership with schools and colleges we seek to demystify application processes, raise awareness of opportunities and increase career aspirations.



We want to make sure we are a magnet for the best talent, and by offering multiple routes in to our business we are attracting individuals from previously untapped talent pools ensuring we have a future workforce which is diverse, innovative and agile.

Apprenticeships offer a real alternative for young people who believe that university isn't for them. We place the same value on both our apprenticeship and graduate schemes because we know both have the opportunity to provide the firm with a first class workforce of the future. At the end of a six-year apprenticeship programme the individual is qualified to the same level as those that have been to university and completed our graduate recruitment programme.



Anna Purchas, Head of People



When I heard about it I just thought this sounds really interesting. I particularly liked the fact that you rotate round KPMG to get first-hand experience in different parts of the Firm before deciding whether to specialise in Audit, Tax or Advisory.



Alia Saddique, 2nd year apprentice, Manchester

KPMG360° - our apprenticeship scheme



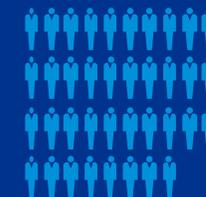
Accountancy and Taxation

Digital

Business Services

380

recruited over 380 apprentices across our offices



we launched the KPMG360° Digital Apprenticeship

Expanding access through work experience



The KPMG Discovery work experience programme, in support of Access Accountancy, aims to raise awareness of opportunities into the profession for young people and is helping to build a diverse pipeline of talent for KPMG.

Access Accountancy is a collaborative effort to expand access to the accountancy profession, in particular through work experience. We are a founding signatory and hold the secretariat for the initiative.

Our formal work experience programme offers Year 12 students the chance to get a real feel for working in professional services, a view on the wider world of business, and the chance to improve their employability skills.

The programme, which runs across our offices, focuses on year 12 students from schools with a higher proportion of students from lower socio-economic backgrounds.

Using Access Accountancy criteria, we encourage applications for the Discovery programme from students who attend a state school or college; are or have been eligible for free school meals; attend a school that is above the regional average in terms of number of students eligible for free school meals; or, would be the first generation in their immediate family to attend university. A total of 339 students joined the programme last year, 64% of whom met Access Accountancy criteria.

We are also working with the Social Mobility Foundation, as part of the Discovery programme, to offer residential placements to students in harder to reach areas where opportunities are limited, including 'coldspots' identified by the Social Mobility Commission.

In 2017, we ran a pilot of the Social Mobility Foundation's 'One+1' Campaign where colleagues offering informal work experience also provided a matched placement for someone without access to professional networks. We are now rolling this initiative out nationally.

“During my work experience at KPMG, I completed an array of activities, including compiling reports, creating infographics and contributing to meetings. These were really interesting tasks and definitely put my skills to the test. It was a brilliant experience and I learnt a lot from the placement, in particular about the inner-workings of a professional services firm and a wide range of sectors.”

George Wilton, SMF Placement participant



Work experience is often a crucial first-step on the career ladder. Ensuring that access to this vital experience is open to all is essential if businesses are going to help create a level playing field. Our placements help de-mystify corporate life, help develop the confidence and skills of participants, and feed into our diverse future talent pipeline.”

**Jenny Baskerville,
Head of Social Mobility**

KPMG Discovery work experience programme

Helping to build a diverse pipeline of talent for KPMG.



339

students joined the programme last year

Social Mobility Foundation

KPMG provided a matched placement for someone without access to professional networks. We are now rolling this initiative out nationally.



Championing the Living Wage



Fair pay is a fundamental driver of social mobility.

We were one of the first employers to pay the Living Wage to our employees and contracted staff, and were a founding member of the Living Wage Foundation. The Living Wage campaign is an independent movement of businesses, organisations and people who believe 'a hard day's work deserves a fair day's pay'.

The campaign for a Living Wage was launched by members of London Citizens in 2001. Today, over 3,500 employers – across all sectors, are accredited as Living Wage providers. This includes nearly a 1/3 of the FTSE 100, household names like IKEA, Nationwide, Google and ITV, as well as thousands of small businesses.

As a founding member, we have been an integral part of this growth – using our influence and first-hand experience to move others in our direction.

For us, paying a Living Wage isn't just the right thing to do. We believe that responsible, diverse and inclusive businesses are more successful. Paying the Living Wage to all our staff and encouraging others within our supply chain and beyond to reciprocate is a manifestation of this belief. And it pays dividends. We've seen it deliver real, tangible business benefits; from improving staff morale and a rise in service standards, to retention of staff and increased productivity.

Each year we publish an authoritative report highlighting the current trends in household finances and the numbers of workers earning less than the Living Wage nationally. In September 2015, KPMG and the Living Wage Foundation won the award for best business and NGO partnership at the 2015 Ethical Corporation Responsible Business Awards, and in 2016, we were delighted to be awarded with for our outstanding contribution to the Living Wage campaign by the Foundation.



The reality is that those at the bottom of the pay scale are really feeling the squeeze due to increases in the cost of living and declines in real pay. As employers we can take active steps to address this, by paying the real Living Wage and ensuring people can afford the basics they need.

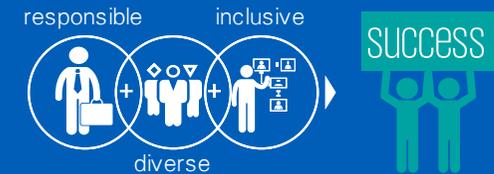
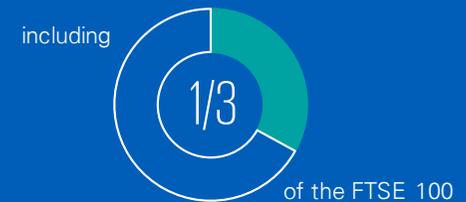


Andy Bagnall, Director of External Affairs

The Living Wage Foundation



In 2018 **3,500** employers, are accredited as Living Wage providers



We pay the Living Wage to all our staff

2015
KPMG and the Living Wage Foundation
 Won best business and NGO partnership

2016
KPMG
 Awarded for our outstanding contribution to the Living Wage campaign by the Foundation.

Achieving environmental excellence



We focus on the areas where we can make the greatest difference: our buildings, our travel, and through engaging our colleagues on their environmental behaviour.

Over the past year we have undertaken a number of energy saving projects including; replacement of lamps with LED, fine tuning building controls for efficient operation, upgrading the controls on key equipment and closing our Watford data centre. These projects along with engagement campaigns to increase recycling and reduce paper consumption have seen our 2016 carbon footprint reduce 1.8% against 2015 and 22% against our 2010 baseline.

Our success in reducing our carbon footprint is partly a result of work to modernise our offices through more energy-efficient buildings. Carbon reduction is critical because this is the area where we have most impact on the environment. We manage our overall environmental impact using an ISO14001 Environmental Management system to ensure continual improvement in our performance.

Every year, we are requested to complete the CDP Supply Chain questionnaire on behalf of a number of key clients. Over 4,800 companies responded to CDP's 2017 information request, which requires detailed information on areas such as identification and management of climate change risks and opportunities, governance and carbon emissions management. Last year, we were awarded an A rating for the second time.

“ Being awarded an 'A' rating puts KPMG within the top 2% of the companies responding to the CDP programme and we remain the only UK professional services organisation to achieve this level of recognition. This score demonstrates our ongoing commitment to environmental excellence, and highlights the hard work of teams across the business to continually improve our environmental performance. I am always delighted to hear positive client feedback on what we have achieved. ”

Guy Stallard, Head of Performance and Operations, KPMG Business Services



Energy saving projects:

1

replacement of lamps with LEDs

2

fine tuning building controls for efficient operation

3

upgrading the controls on key equipment

4

closing our Watford data centre

Carbon reduction

We manage our overall environmental impact using an ISO14001 Environmental Management system



CDP Supply Chain questionnaire

4,000+ companies responded to CDP's 2017 information request



Last year, we were awarded an rating for the second time.

A



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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