



Demonstrating **our commitment** to consulting excellence

Annual declaration to the MCA



Introduction

At KPMG, excellence is one of our core values and it is always the focus of our services, people and client solutions. We are committed to the Consulting Excellence scheme, which brings together the organisations that are members of the MCA with a view to making the industry better, with regards to reputation, public trust and access to talent. Our commitment to excellence and delivering outcomes for our clients is particularly important in the current climate, where the integrity of the profession has faced public scrutiny. Being recognised for our commitment to Consulting Excellence helps our clients have the confidence that they will be working with a firm that strives to uphold ethical values, is committed to high standards of client service and that has consultants with the right capabilities to serve their needs.

This document provides evidence on how we demonstrate Consulting Excellence throughout our practice.

We're thrilled that our clients also recognise our commitment to excellence. In the 2023 Financial Times UK's Leading Management Consultants ratings, we have been awarded a medal in all 29 categories as recognition for our consulting services and sector expertise. We were one of only three consultancies, out of more than 200, to do so.



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Chapter 1

Our Consulting Strategy

In line with the Firm's Trust and Growth strategy, our ambition is to become the fastest growing, most connected, most trusted Consulting firm. We work shoulder-to-shoulder with clients on their most difficult problems, delivering high-quality insights that they can trust and which lead to measurable business outcomes.



Our global priority solutions, Connected, Powered and Trusted are our approach to digital transformation and building a resilient, agile, future-fit business today that focuses on connecting the enterprise, powering the functions and securing businesses in a trusted environment.

Our strategy is working – our clients trust us with ever larger, more complex and purpose-led mandates each year and our business grew 23% in the last calendar year. Furthermore, for the sixth year running, we've done extremely well in the Financial Times UK's Leading Management Consultants ratings, as voted for by our clients and peers. We are proud that our clients have recommended us in all 29 categories. This is emphatic endorsement from our clients. It means they trust in our unwavering focus on outcomes and our ability to deliver excellent client service. Most importantly, they trust that our approach delivers results which powerfully impact their businesses.



We take our deep specialist content, and implement solutions that create outcomes for our clients.

It's a winning formula

KPMG (Content + Technology) ^{clients} = Great outcomes



Chapter 2

Pillar 1

Ethical Behaviour

Our Values and Code of Conduct

Code of Conduct

At KPMG we want to be trusted by all our stakeholders to adopt the highest of ethical or quality standards. We want colleagues to understand and follow our Code of Conduct and understand the importance of doing the right thing and acting in the public interest and that neither should ever be compromised.

Our publicly accessible Code of Conduct lays the expectations of ethical behaviour and compliance with professional and quality standards. We regularly refresh the Code to make sure it remains relevant as the Professional Services industry evolves and as the expectations of the public and our clients evolve. The Code is built on the foundation of KPMG values which define what we stand for and how we do things.

Internally, we publish several guidelines for all employees and associates of the firm to refer to.

This lays out what our Personal Obligations are with regards to:

- Building trust
- Upholding our firm's commitments
- Handling dilemmas and raising concerns

More information on the [Code of Conduct](#)

Values

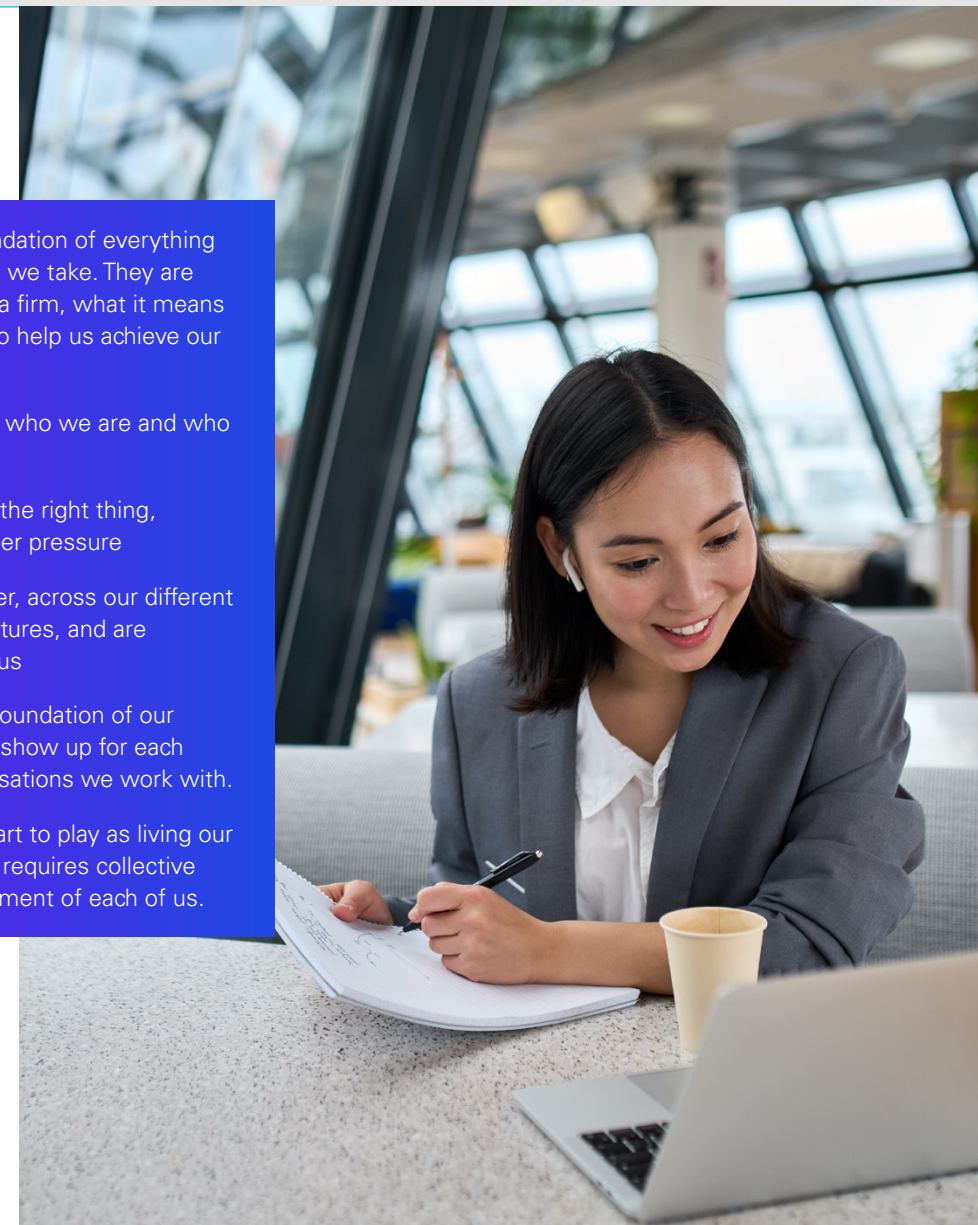
At a time of change, challenge and opportunity, Our Values guide our behaviour. They inform how we act, the decisions we make and how we work with each other, our clients, the entities we audit and our communities.

In 2020, which marked the 150th anniversary since our foundation we refreshed our Values right across the international network. It means there's a single, bold, memorable set of ideas in place globally to ensure that the principles that guide our behaviour match the world as it is today.

Our Values are the foundation of everything we do and every action we take. They are core to who we are as a firm, what it means to work at KPMG and to help us achieve our Purpose:

- They represent both who we are and who we aspire to be
- They guide us to do the right thing, especially when under pressure
- They bind us together, across our different backgrounds and cultures, and are common to each of us
- They represent the foundation of our culture and how we show up for each other and the organisations we work with.

All colleagues have a part to play as living our values is a journey that requires collective ownership and commitment of each of us.





Values week and values immersion sessions

To bring the values to life for all colleagues, in November 2022 we ran our inaugural Values Week. Our four key objectives for the week for our colleagues were to help them understand and embed our values, have greater ownership and accountability for living our values, drive forward our culture ambition and celebrate our people and demonstrate what good looks like.

As part of the week, we held a Speaker Series of Q&A interview events with external guests who exemplify our values in the extraordinary work they do – this included a panel of Lionesses, Tom Daley, Sir Jonathan Van-Tam and Vee Kativhu. 11,000 colleagues attended a Speaker Series event. We

also hosted a multi-region live broadcast ceremony for The People Awards to conclude the week, which 5,000+ colleagues attended.

In feedback afterwards, 96% of attendees agreed KPMG is committed to building a culture guided by Our Values and 98% said that they felt proud to work for KPMG.

Following Values Week, colleagues were also invited to attend a 2-hour values immersion session ran by one of their local leaders. Those sessions were designed to enable teams to have deeper discussions about, and take greater ownership of, our values. In Consulting, over 80% of colleagues attended a values immersion session and feedback was very positive.



Our culture

At KPMG we are guided by Our Values and doing great work that matters. We're building a culture that is open, safe, and inclusive, that operates to the highest ethical and quality standards. A culture and environment that is continually listening, evolving, and learning.

We're committed to creating a culture that enables our people and our firm to thrive. We listen to feedback and continually monitor our progress against key areas to identify what's working and where we need to take further steps to improve. In addition to being values-led as described above, our culture has another four fundamental pillars.



1 Values-Led

Definition: Our Values are the foundation of everything we do and every action we take. They are core to who we are as a firm, what it means to work at KPMG and to help us achieve our Purpose. Colleagues understand that Our Values define the expectations we have of each other and ourselves and as such behave in line with Our Values every day.

Key activities to note:

- ☑ Refreshed induction programme
- ☑ Values week
- ☑ Values immersion sessions

Highlights:

In addition to Values Week and the values immersion sessions highlighted above, our updated Welcome to KPMG induction programme launched in February. Feedback (quantitative and anecdotal) from the Values Immersion Sessions has been extremely positive, and we have seen sentiment in relation to living Our Values increase in our March 2023 Pulse survey.

2 Highest ethical and quality standards

Definition: Our colleagues understand and follow Our Code and feel safe to speak up where behaviour is not in line with Our Code. Colleagues understand their responsibility to deliver high quality work and are held accountable. They feel confident and empowered to challenge (in a high challenge/high support environment). We are therefore trusted by all of our stakeholders.

Key activities to note:

- ☑ Ethics champions
- ☑ Quarterly ethical health reporting
- ☑ Values leadership programme

Highlights:

Since the start of the year, we have launched new quarterly Ethical health reporting, which gives better insight into the firm's overall ethical health for ExCo and the Board.

Our ethics champions are located across the firm and are a point of contact with whom colleagues can raise any concerns they have about any ethical or integrity matter within KPMG, or any concerns they have around other non-values compliant behaviour. They are also an alternative to our formal reporting channels. We have 20+ ethics champions from across Consulting, with physical presence in four of our offices, including London, Manchester, Bristol and Birmingham. We continuously engage with our ethics champions to identify any emerging themes and understand where colleagues need more support.

Later in the year we will be launching a new Values Leadership programme that all Partners across KPMG will be required to complete by the end of 2023.



3

Open, safe & inclusive

Definition: All colleagues can reach their full potential and have fair access to opportunities and progression. Colleagues can sustain the energy needed to do their job effectively and are provided with the services and support to thrive at work – increasing engagement, productivity and quality. Colleagues are mindful and supportive of others' wellbeing.

Highlights:

Supporting colleagues wellbeing and mental health remains a key priority. The BeMindful network was set up to support this. BeMindful aims to provide a safe space for colleagues to share their experience and hear from others. To encourage open conversations and highlight the significance of mental health, we honour Mental Health Awareness Week every year.

Our KPMG is a place where everyone can thrive in the workplace, whoever they are and whatever their background. The more we know about our people, the more we can help identify where change is needed, where we are doing great things and where we can do better. The inclusion ID – which we launched earlier in the year – is a living record of adjustments agreed between an employee and their manager and or required team to support colleagues in how, when and where they want to work.

More details on social mobility and our IDE initiatives are included later in this declaration.

Key activities to note:

- ☑ Social Mobility conference
- ☑ Inclusion ID launch
- ☑ IDE initiatives

4

Listen, learn & evolve

Definition: We listen to all our stakeholders. We use the feedback to learn about what we do well and where we need to improve. We bring innovations to market to support our clients and to test and learn through piloting new ways of working. Our people are supported through formal and informal learning, and we support our communities via our external education and skills programmes.

Highlights:

In October 2022 we had record completion rates for our annual Global People Survey (GPS). 74% of colleagues in Consulting responded to the survey and all questions and categories saw significant increases vs 2021. Importantly, Values, Vision & Strategy was one of our strongest categories with nearly 4 out of 5 colleagues responding favourably to questions in this category. We saw similarly high engagement rates in our latest pulse survey, with 77% of colleagues in Consulting taking the time to share their voice.

More details on client voice and continuous professional development are included in further sections of this declaration.

Key activities to note:

- ☑ Colleague listening (GPS, Pulse, open forums)
- ☑ Client listening via Client voice
- ☑ Continuous professional development



5

Work that matters

Definition: Helping companies improve on their ESG & sustainability journeys and making a positive impact on society. Our colleagues feel inspired and engaged by the work that they are doing. We work with the right clients on the right engagements, supported by the use of our ACCEPT framework. We deliver innovative and value-creating propositions to clients to solve their increasingly complex problems; supporting the UK's capital markets. We build a successful business by delivering sustainable growth, underpinned by Our Impact Plan and commitments.

Highlights:

When we look at whether our work matters to our people we continue to see increased sentiment related to pride to work at KPMG. In our weekly Consulting newsletter – Stories that deserve to be told – we continue to spotlight stories from across our business that highlight the impactful outcomes we are delivering for our clients.

For the sixth year running we celebrated National Numeracy Day – the campaign dedicated to building brighter futures through improved number confidence, co-founded by KPMG and National Numeracy. We welcomed 45 schools and hundreds of students to inspirational maths events across our UK offices, and hosted events with our three University Partners: University of Leeds, University of Nottingham and University of Cambridge. Feedback tells us that an overwhelming majority of students left our events feeling more confident about numbers.

More details on ACCEPT, Our KPMG and CR activity are included further in this declaration.

Key activities to note:

- ☑ ACCEPT framework
- ☑ Our KPMG
- ☑ CR activity

Our people strategy: Our KPMG

Our KPMG comprises of five 'pillars' - reflecting the things that matter most to our people, and the reasons why someone should join, stay and contribute to life at our firm. Our KPMG is a place where you:

Do work that matters

you'll make a meaningful difference for the businesses, people and communities we serve

Come as you are

your unique experiences and perspectives belong here and make us stronger

Thrive with us

you'll have the KPMG community at your side, providing the support you need to be at your best

Learn for a lifetime

you'll be continuously learning and working with the best – gaining advantage for life

Make your mark

you'll be recognised for the impact you make, the leadership you show, and the success you create with others

As a firm we will continue to invest, develop and differentiate through the pillars of Our KPMG. For example, through our plans on ESG, wellbeing, modern learning, improving the quality of personal development, and inclusion, diversity and equity.





Inclusion, diversity and equity

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.

To help us achieve this, we've outlined bold ambitions and set long-term targets to 2030 as part of our inclusion, diversity and equity plan – Our KPMG: A fairer future for all. This includes a focus on leadership accountability, investing in our recruitment, talent progression and training, and ensuring diverse pitch and client teams when allocating work.

It marks an ambitious but evolutionary chapter as part of our long-standing commitment to change. We know we need to continue to challenge ourselves, confront biases and listen and learn from each other, and this marks the next step in our journey towards a fairer future for all.

Inclusion, diversity and equity is at the heart of our business strategy. We know that we need to see better representation at senior levels of our firm, so we've set long-term targets as part of our 2030 commitments.

40:40:20*

Female (minimum 40% female)

20%

Ethnic minority

15%

Disabled

6%

Sexual orientation

5%

Black heritage

29%

Lower socio-economic background

Building an inclusive culture

Our 15 Employee Networks are open to all, providing a sense of community and learning experiences for those who want to increase their own diversity and awareness or become an ally.

In 2022, we also introduced firmwide mandatory Inclusion, Diversity and Equity training for colleagues and Partners, which was an important step in our journey to embed behavioural change across the organisation.

Our remuneration and pay gaps

As a firm we're committed to being transparent about our remuneration and pay gaps. We voluntarily report on our pay gaps against each underrepresented characteristic and in 2021 became one of the first UK businesses to publish our socio-economic background pay gaps.

Whilst being transparent about where we are is critical to making progress, we know pay gaps are just one part of the picture. What's important is what we do with that data. That's why we continually monitor our progress to understand what's working and challenge ourselves on where we can go further to focus our efforts and increase representation and inclusivity in our firm.

Programmes

We are continuing several of our programmes detailed in our 2021 report, such as the IT's HER Future Campaign and the Black Heritage Allyship Programme (BHAP). The BHAP pairs mentees and mentors across KPMG for the purposes of reciprocal mentoring, coaching and sponsorship. BHAP provides opportunities for Black Heritage colleagues at KPMG to gain experiences, broaden networks, and raise awareness around the barriers to progression they may be facing. Since 2020, we have successfully run two cohorts with over 300 pairings. The survey feedback from the programme has been very positive with **41% of Black Heritage colleagues from Cohort 1 being promoted within 12 months** of joining the programme.





Awards

Women in Banking and Finance

- The annual Women in Banking & Finance (WIBF) Awards for Achievement recognise and celebrate individual and company-led talent across the UK's financial services sector. This year we had a record number of amazing colleagues shortlisted with 12 individuals and three groups, across a range of categories. Our RaiseYou programme won the award for Best D&I Innovation and employee, Bano Sheikh was crowned the winner of the Inclusive Leader category.

Top 10 for workplace LGBT+ inclusion

- KPMG UK has received Stonewall's Gold award standard for our commitment to the lesbian, gay, bi, trans (LGBT+) community within the firm.
- Our LGBT+ employee network Breathe were also awarded a Highly Commended Network Group award.
- The Workplace Equality Index is a competitive tool that organisations can use to benchmark and measure their LGBT+ inclusion practices against other organisations. The Top 100 Employers List 2023 ranks the highest scoring employers from public, private and third sectors. Our firm was ranked 8th this year, our equal highest ranking in the Index, continuing our recognition as a top 100 employer since 2016.

Disability Smart Inclusive Recruitment Award

- The Disability Smart Awards showcase and celebrates the work of organisations that are improving the life experiences of disabled employees and consumers by removing barriers to inclusion.
- Their Inclusive Recruitment Award is given to an organisation or team that has created inclusive and accessible recruitment campaigns that have resulted in greater numbers of disabled people obtaining work or accessing a profession.
- Judges chose KPMG UK as the winner, for seeking to improve diversity in recruitment throughout our whole Firm, targeted at all levels across the organisation, from graduate to senior roles.
- They also commended our outreach activities to attract disabled students and work to improve diversity of senior leadership, including setting a goal to have 15% disability representation at Partner and Director level by 2030.



Our commitment to Corporate Responsibility

Our Strategy – For Better

Our Corporate Responsibility strategy focusses on improving social mobility. We do this by promoting lifelong learning and increasing basic numeracy and literacy skills in the UK, in line with the UN Sustainable Development Goal: 4: A Quality Education for all. Through these, we're able to create opportunities for people from lower or disadvantaged backgrounds to do better.

In 2022 we were named as a top 3 employer for social mobility in the Social Mobility Employer Index for the sixth consecutive year.

Social Mobility

Social Mobility Network

The Social Mobility Network in KPMG aims to empower colleagues from less-privileged backgrounds to achieve tangible personal and professional development goals, raise their profile within the firm and in the marketplace and make an impact in our community. To enable colleagues to embrace their backgrounds and present their truest identities within the workplace to facilitate intergenerational role modelling.

There are the 3 main ways we're working to tackle social mobility issues:

- Schools outreach
- Work placements
- School and college leaver programme

Social Mobility Conference

As part of our commitment to creating a fairer and more equitable society, we recently held our first national Social Mobility Conference joined by over 100 clients from businesses across the UK. A range of organisations, community partners and suppliers came together in our Manchester office to discuss how we best address social mobility in the workplace.

Mind the Gap Report

In our [Social Mobility Progression Report: Mind the Gap](#), published in December 2022, we examined the average time it took individuals to be promoted - looking at their gender, ethnicity, disability, sexual orientation as well as socio-economic background. We recognise that there's still work to do, and we will continue to challenge ourselves, listen to our people and drive insights to address any barriers. Looking ahead, we are:

- Reviewing our approach to work allocation
- Doing more with our data
- Implementing a new promotion readiness programme

Speaking about the report and its findings, Jon Holt, Chief Executive, commented:

"This issue is not exclusive to our firm, with comparable studies from the Bridge Group mirroring several of our findings, but we want to turn our insights into action. By its very nature, socio-economic background is complex and emotive – it requires us to confront how our upbringing shapes the opportunities we have

access to later in life. But as challenging as that might be, we must lean into the discomfort if we are to ensure no one is overlooked or left behind. Career advancement should be about realising potential: it is not about background or polish."

Social Mobility Advocacy and Action Group (SMAAG)

Chaired by David Rowlands, UK Head of Consulting, and with representatives from across the business and at all grades, this group was set up to act as ambassadors and to help critique and provide guidance on how to further embed socio-economic diversity across the firm.

The vision of the Social Mobility Advocacy and Action Group is:

- The firm becomes more socio-economically diverse
- The firm becomes a more inclusive employer, particularly with respect to socio-economic diversity
- The firm plays an integral role in driving greater socio-economic cohesion across the UK

The Social Mobility Advocacy and Action Group is the vehicle through which representatives in the business can critique and input ideas to the firm's internal social mobility strategy.

The members meet bi-monthly with the remit to:

- Advise on the firm's internal social mobility agenda
- Raise and debate specific social mobility issues encountered within the firm

- Generate ideas on how to further embed socio-economic diversity within the firm



Sustainability

Sustainability targets

We've met our target to reduce our carbon emissions by 20% and now have a new 10-year strategy. This new strategy also includes ambitious environmental targets, approved by the Science-Based Targets initiative. We're playing a key role in driving positive climate action and reducing the impact we have on our planet. Our approach is market leading with a goal of becoming a Net Zero business by 2030, through our science-based targets.

We have 3 main objectives.

- To lead by example
- To act with integrity
- To work together

We'll also:

- Reduce business travel.
- Become a Zero Waste business by removing waste that can be avoided from how we work.
- Invest in credible carbon offsetting schemes once reduced our direct emissions to zero.
- Deliver on our Plastic Commitment to keep reducing single use plastic, and promoting the importance to reduce, re-use and recycle.

Progress on our sustainability targets

KPMG is involved in several sustainability activities, including

- Non-financial performance goals (e.g. office recycling, diversity and inclusion)
- Reducing and offsetting carbon emissions (e.g. using renewable energy to power offices)
- Reducing air travel
- A public commitment to carbon neutrality
- Reducing usage of single-use plastics and paper (e.g. coffee cups, cutlery)
- Healthy workplace schemes (e.g. cycle to work, step counters, fitness clubs)
- Monitoring supply-chain and suppliers' adherence to sustainable best practice
- Investing in R&D and innovation to improve sustainability of firm
- Signatory of the social mobility pledge
- Signatory of the UN Global Compact on Corporate Sustainability





Our planet Commitments

In 2020, we set the target to become Net Zero by 2030 by:

- Using 100% renewable electricity across our estate by 2024.
- Switching to renewable gas across our estate by 2030.
- Engaging 100+ suppliers to make significant carbon reductions across our supply chain throughout sustainable procurement programme.
- Making Significant carbon reductions on our business travel through ambitious 'greening' travel strategy

We'll become a zero-waste business – eliminating all avoidable waste from our operations – by 2030.

Globally, KPMG has made a commitment to understanding and improving our impact on nature.

Our planet



99% renewable electricity

99% of our electricity consumption was renewable in 2022.



78% reduction in business travel

Our emissions from business travel in 2022 are down 78% compared to pre-pandemic levels.

7,000 meals donated

Since August 2021, we've been working with Olio, a charity that helps redistribute meals. In that time, over 7,000 meals have been supplied to local families. We have also been converting our waste cooking oil into biodiesel.

100 suppliers asked about biodiversity

From our initial materiality assessment, we know much of our impact on nature is associated with our value chain. This year we asked over 100 suppliers to provide information on what they are doing in relation to biodiversity, as part of their annual CDP Climate Change disclosure.

Internal Carbon Price introduced

On 1 October 2022, KPMG UK introduced an Internal Carbon Price (ICP) on our electricity, gas and business travel emissions. Bringing the cost of the environmental damage we cause through greenhouse gas emissions back to us.

- ☑ Reduce your carbon emissions for business travel by using the personalised Carbon Emissions Dashboard.
- ☑ Take personal action to reduce your carbon footprint at home and in the office, including: reducing waste, making carbon-friendly food choices and controlling waster usage.

To reduce waste in the office:

- ☑ Use the correct bin for your waste – this is the biggest action you can take since putting the wrong item in a recyclable stream could result in the whole bag being rejected and moved to general waste.
- ☑ Avoid disposables where you can – eat in at the staff restaurant and use the reusable crockery and cutlery. Bring in your water bottle.
- ☑ Be an advocate for reducing waste – some of our planned developments will require behavioural change but are essential if we are to achieve our target of Zero Waste. Not only act as a role model but feel confident to challenge if and when you see an example of avoidable waste



National Charity - Marie Curie

Our partnership with Marie Curie continues to go from strength to strength after a brilliant start to 2023. Our First Hour Appeal, where colleagues donate the first hour of their salary to Marie Curie, ended in February and raised a record breaking **£133,000**. This beat our previous £111,000 KPMG UK record from 2022 by a huge £20,000, further evidencing our colleagues' commitment and connection to our brilliant national charity partner.

In March, we followed up one appeal with another by supporting Marie Curie's Great Daffodil Appeal, where across the UK, over 100 colleagues took to the streets to collect on behalf of the charity.

Our Communities

Our community Commitments

- Between 2020 and 2025, we will work directly with 150,000 beneficiaries to develop essential skills and improve social mobility.¹
- By 2025, we will convene over 2,000 organisations to support our literacy and numeracy flagships to improve social mobility.¹
- We'll raise £1m for Marie Curie by September 2023 (through fundraising and pro bono support).

£11.3m community contribution

Our 2022 community contribution including cash, time, in-kind and management costs was £11.3m.

341,844 beneficiaries

In 2022 we beat our 2025 target to work directly with 150,000 beneficiaries to develop essential skills and improve social mobility. Between 2020 and 2023 we worked with 341,844 beneficiaries.¹

2,893 organisations

In 2022 we beat our 2025 target to convene over 2,000 organisations to support our literacy and numeracy flagships to improve social mobility. In 2021 alone these flagship initiatives convened 2,893 organisations.¹

30% of beneficiaries

In 2022 we met our target to raise the percentage of community beneficiaries we reach in social mobility coldspots, Opportunity Areas and areas of high deprivation to 30%.¹

£484,653 for Marie Curie

As of 30 September 2022, we had provided £484,653 worth of support to Marie Curie as part of our pledge to raise £1m through fundraising and pro bono support and we have extended our partnership for an additional year.

- ☑ During their Great Daffodil Appeal in March or participate in a Big Walk in the summer.
- ☑ Support National Numeracy Day and volunteer with a school.
- ☑ Use your volunteering allowance, we have up to 42 volunteering hours a year.
- ☑ Support those who have been affected by either the Ukraine crises or the Syria and Turkey earthquake.
- ☑ Give your time to help children and young people from disadvantaged backgrounds in their education.
- ☑ Become a Charity Trustee, School Governor and Enterprise Adviser.
- ☑ Get together with colleagues through group volunteering.
- ☑ Help a charity on a pro bono (no fee) basis by using your professional skills as you would for a client project.
- ☑ Each of our regional offices have social mobility partners which you can support through skilled volunteering and fundraising. Reach out to your Regional Account Manager for more information.



Chapter 3

Pillar 2

Client Service and Value

Our client promise

We are committed to providing the highest standards in consulting services to our clients.

Our operating model and underlying processes and procedures ensure that we can consistently maintain a client sales and service delivery lifecycle that delivers the outcomes the clients seek and need while managing engagement risks.

KPMG is also committed to ensuring that we stay at the forefront of good governance. Across Consulting we therefore comply with the principles of the Audit Firm Governance Code.

Specifically, this requires us to ensure that we always deliver high-quality services to our clients, exercise objectivity, demonstrate our professional competence and act with due care. We preserve client confidentiality, have regard for the wider public interest in our decision-making and, last but by no means least, always uphold our core

value of integrity. Operating responsibility for the system of quality control, risk management and compliance was delegated to the Chief Risk Officer who is responsible for setting overall professional risk management and quality control policies and monitoring compliance.

We demonstrate Consulting Excellence on client service and value first through adherence to our Code of Conduct, which describes how we uphold our firm's commitments, summarising our policies to comply with all laws, regulations, professional and quality standards that apply to us, second through our client engagement and risk management policies and associated processes, and third through the wealth of tools and methods that we have accumulated over the years that ultimately provide a large part of the value that our clients seek when they come to us.



Multi-disciplinary model

We recognise that our clients' most pressing, most complex issues require a rainbow of talent to address, thus as a Firm we have adopted the multidisciplinary model (MDM). MDM is designed to help ensure we bring the colleagues with the right knowledge and skills – regardless of where they sit in the organisation – to get our clients through to outcomes faster and with less risk.

What is MDM?

MDM combines our portfolio of services across Audit, Tax and Legal, and Advisory under one brand, so we can harness the strength of diversity, technology, range and depth of skills on behalf of our people, our clients, our markets and broader society, while protecting the public interest.

Impact

Our multidisciplinary model gives clients access to a broad range of services, expertise, and ideas when they need them most as part of a fully integrated solution. The approach we take is core to our purpose – to inspire confidence and empower change – and to building public trust.

The model not only helps our clients, but also gives our people more rewarding careers. Our people benefit from learning, experiencing, and working together with others of similar experience in different areas in a far more intimate and effective setting. This provides not only a more robust, unique, and rewarding experience, it also offers more career paths and career development opportunities. People can move across our business and retrain during their career with us, while having the chance to work on the biggest projects in the market, advise multinational clients, work in different locations and experience different cultures.



Client engagement management

We follow a well-defined approach to shaping and delivering our client engagements. The approach is underpinned by our Values and is extensively documented (through manuals and a dedicated web portal), monitored (through a dedicated quality assurance team) and shared among all our client facing people (through formal training, mentoring and coaching).

The process usually starts with a discussion with our clients on what their needs are, what we can realistically do to meet them, over what timeframe, and what expertise would be most relevant and valuable to them. We provide challenge to our clients when we feel this can improve their outcomes, say in adopting a different approach to address a cost reduction challenge if it would have more enduring long-term benefits. We continue discussions until we reach agreement on the scope of our services. This would include our agreed ways of working, as well as our roles, accountabilities and responsibilities during the engagement.

Internally we carry out some upfront Quality and Risk Management (QRM) checks to ensure we can indeed deliver the work proposed and are not professionally conflicted on ethical or independence grounds.

Once the engagement begins we work closely with the client team. When we are engaged to deliver large scale change we work to transfer our knowledge and skills to the client team, slowly rolling off such that they are able to operate self-sufficiently once our contract ends. This is an

important measure of our success and contributes to building long-lasting client relationships.

Ensuring we have regular contact with our client sponsor during engagements is very important to us. This allows us to listen to any concerns and make any changes as a result. We document any agreed changes in scope within variations to the contract to ensure transparency and accountability is maintained. We also provide details of our billing, work done, services and deliverables provided within that time frame.

This approach is designed to create the necessary transparency such that our clients can have confidence they are receiving the value from the services they signed up to. As an engagement reaches its end, we do a final check to help ensure the client has received all the deliverables, that necessary handovers and knowledge transfers have taken place.

Understanding our clients' needs and what they value is of critical importance. Client feedback is therefore a subject that we are extremely passionate about. It helps us to develop strong relationships and ensure delivery of services that not only meet, but exceed, clients' expectations.

KPMG's Client Voice programme gives all clients the opportunity to quickly and easily provide feedback following work delivered. Clients are automatically sent an email asking how likely they would be to recommend KPMG for a similar engagement, on a scale of 0 (would not recommend) to 10 (would recommend). This is widely known as the Net Promoter methodology.

This straightforward format allows clients to respond in seconds, or to expand upon the score they give with an option to add further comments in a free text field. Once submitted, client feedback is sent to the Engagement Leader and Lead Partner in real time. The feedback collected allows us to gain a better understanding of our clients, and what they value most, helping us to improve our service and further our relationships, in line with the 'Client for life' initiative.

Senior Leadership has visibility of all feedback to identify trends and ensure appropriate response. And client feedback is collated at a departmental and Firm-wide level to aid management decisions and drive continuous improvement.

This simple feedback process sits alongside other forms of feedback, for example Engagement Leaders carry out video debriefs, coffee catch ups or more formal interviews; Partners informally catch up with many board members; and for larger accounts a broad and deep interview approach is used.

Internally we carry out engagement reviews to ensure that the proper QRM process has been followed and to help maintain our high standards. We incorporate the feedback into our practice management as part of our continuous improvement process. This helps us better understand what aspects of our services are most valued by our clients and allows us to highlight them in subsequent engagements, through case studies, testimonials and credentials.





Our quality and risk management approach

Our Quality underpins the professional services that KPMG delivers. As stated in the KPMG core values, above all we act with integrity. To help implement this in practice and keep high standards of quality and integrity in our client delivery we have a far-reaching Quality and Risk Management (“QRM”) team that develops, maintains and continuously improves policies and procedures.

The Risk Committee, which is attended by an Independent Non-Executive Director, has dedicated a great deal of time and effort to understanding the risk position across the firm, both through regular

reporting and a series of deep dives into particular business areas and risks.

Each KPMG Partner and employee has a responsibility in managing quality and risk. This responsibility includes the need to understand and adhere to our firm’s policies and associated procedures in carrying out our day-to-day activities.

To facilitate this understanding we have a comprehensive range of training modules as well as personalised QRM metrics to help maintain these high standards. KPMG in the UK is a member firm of KPMG International, the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee Limited.

Therefore KPMG in the UK is also covered by an integrated monitoring and compliance programme to assess the relevance, adequacy, and effective operation of key quality control policies and procedures.

QRM Policies and Procedures cover the following (note this list is not exhaustive):

- Speaking out if we find someone has crossed a line -we maintain an independent whistleblowing hotline and have a robust policy protecting whistle-blowers and preventing retaliation.
- Identifying and managing conflicts of interest.
- Complying with relevant laws, regulations and professional standards.

- Maintaining confidentiality of information.
- Avoiding inappropriate or excessive gifts or entertainment.

To further support our people, we have a diverse nationwide network of Ethics Champions. Our Ethics Champions are trusted colleagues who listen without bias or judgement to concerns colleagues may have relating to unethical working practices or where someone isn’t living Our Values. Our colleagues can call, email or arrange to meet their chosen Ethics Champion in person.





ACCEPT framework launch

As a new addition to our long standing robust quality and risk management processes, in 2022 we launched ACCEPT – a framework to facilitate making good decisions about acceptance of clients and engagements.

Our decisions need to stand up to the scrutiny of external stakeholders and our colleagues. Our decisions are also becoming increasingly complex, as there is not always a clear ‘right’ answer. Making fast, consistent and good decisions about who we work with and what work we do is key to us becoming the fastest growing, most connected, most trusted professional services firm.

As of July 2022, our engagement risk acceptance processes have been re-designed to encourage consideration of the engagement risks in relation to each of the six elements of ACCEPT. Engagement Leaders must document why an opportunity is acceptable against each of the ACCEPT elements.

- A** All stakeholders matter
- C** Conflicts of interest
- C** Client or entity considerations
- E** Engagement considerations
- P** Positive intent
- T** Terms and conditions

Delivery Excellence Programme

During 2022 and 2023, we have invested heavily in a Delivery Excellence programme across our Consulting business. Underpinned by a comprehensive quality improvement plan, Delivery Excellence embodies KPMG’s commitment to driving and maintaining the highest quality and ethical standards in everything we do. Our Delivery Excellence approach comprises three separate but inter-connected layers of quality and risk management:

The first layer is KPMG’s global Quality Programme Review (QPR) which is a comprehensive annual programme of review with global minimum standards, and which is externally reviewed and moderated by non-UK KPMG firms. It is underpinned by KPMG’s mandatory policies and procedures which apply to all Advisory engagements.

The second layer is KPMG UK’s system of Quality Management, which comprises a portfolio of Consulting specific quality initiatives, and includes Quality Management Plans for our propositions, delivery excellence and quality training and accreditations, and builds in continuous improvement through systematic processing of lessons learned / experience.

The third layer is focused on engagement-specific interventions to help and support our engagement leaders as well as use of MI / data to inform better decision-making throughout the engagement lifecycle. This layer also includes our Consulting ‘watchlist’ of higher risk / complex engagements

requiring additional focus and support from the Consulting Leadership Team. The highest risk engagements are escalated up to the firmwide ‘watchlist’.

These three layers of Delivery Excellence are governed and managed through our Consulting Risk Board (CRB) – a monthly Leadership Team forum chaired by the Consulting Risk Management Partner which considers and assesses the key risks (commercial, financial, reputational, delivery, ethical, etc) across our portfolio of engagements. The CRB brings together the Consulting Leadership Team in a single accountable governance forum focused on risk and quality, and has a formal role in determining and signing off the firmwide quarterly risk reporting which feeds up to KPMG UK’s Executive Committee and Board. As such, the CRB has developed into a key strategic element of how we manage our Consulting business at KPMG, and continues to drive and support our focus on conduct, confidentiality, conflicts of interest and controls across our engagements and the people working on them.

Lastly, as part of the Delivery Excellence programme we also recently launched our Delivery Checklist – a new tool which aims to ensure we deliver complex, large-scale engagements successfully with a strong focus on early identification and mitigation of delivery risks.

The Delivery Checklist combines experience and learnings from the engagements across our global KPMG Consulting practise into a set of structured questions that our engagements use to assess the health of the engagement and risks

to delivery success. The checklist covers three core key components: The Client, The Delivery and Our People and our teams apply the checklist on a ongoing basis throughout an engagement to ensure focus on risk mitigation and delivery success.

Feedback from the calls:

- Our people want to know how to set up for success with disciplined change control mechanisms and how to handle the in-flight commercial realities of increasingly complicated programmes. We are also supporting our most complicated engagements with in-flight delivery risk reviews (including commercial risk) to help ELs and EQCRs get out in front of risks and mitigate them, and to provide senior support to help manage the client expectations where that is necessary. We use the delivery checklist for this. (Tamas Wood)
- The checklist has been great as a way of triggering the right thoughts and conversations about risk and how to mitigate and therefore where to focus our actions. (David Miller)



Expert methodologies

We always strive to improve the value we can deliver to our clients. Our methodologies, toolkits and thought leadership are ways of doing that. Through them we aim to ensure there are consistently high standards in the way we approach recurrent client issues (e.g. cost optimisation) and they are a culmination of continuous improvement in providing a service. Our strengths, in say cost optimisation or cloud technology transformation, lie not only in our expert people, but also in the wealth of methods and tools that have been iteratively improved over many engagements to deliver our service. They also act as a powerful way of speedily training our young consultants, making the thought leadership and methods readily available to them learning on the job, as well as holding specific training on certain methodologies that will allow them to perform at the high level our clients demand from a KPMG consultant.

To make all of these resources available we invest time in our own research and innovation, including tapping into well regarded research providers or working with universities and other companies through joint ventures and alliances.

Rewarding successes

We make a habit of rewarding special achievements as a way of incentivising innovation, continuous improvement and adherence to our high standards. We do this by building in client and engagement feedback as a key requirement into our performance management process. We also make use of special recognition awards to reward instances of exceptional performance. Locally our engagement teams regularly reward their teams in different ways, be it feedback or events to mark major milestones and achievements. As a firm we also publicise these achievements through email, newsletter and leadership communications. In that way all our people get to learn about our collective successes and the behaviours that led to them.





Chapter 4

Pillar 3

Professional Development

The success of KPMG depends upon the quality of our people, which is why we train and develop our client service and support staff throughout their careers. To enable this we have highly-structured career counselling and learning and development programmes. Our approach to Professional Development is best captured in our value “Excellence, we never stop learning and improving”

Our Performance Management concept urges colleagues to take a conscious and deliberate approach to professional development that provides the right skills, both technical and personal, at the appropriate point in their careers. This involves a personalised blend of formal courses, mentoring, coaching or personal development activities. Everyone is encouraged to identify their own requirements in discussion with their managers and in line with their goals, which are refreshed on a regular basis in line with KPMG’s Open Performance Development approach.

Mandatory training

KPMG regularly requires all client-facing personnel to undertake relevant training on anti-bribery policies and compliance with laws (particularly the UK and US legislation), regulations and professional standards. KPMG also provides non-client-facing personnel who work in Finance, Procurement or Sales and Marketing departments, and who are at Manager level and above, with appropriate training. All new Partners and employees receive such training, as applicable.

Professional and personal development

We continue to offer an extensive range of blended learning for all individuals, as mentioned in our previous report. These include transition programmes (values day, promotion milestone events), Engagement Manager trainings, and several others. More recent developments include:

- Compass was launched in February this year and acts as the front door or shop window for all learning within Consulting. We have designed it with the end users in mind therefore we have reduced search time and organised learning into four areas – based on career stage. The four areas are New Joiners, Early Careers, Experienced Consultants, and Leaders. Every consultant will find learning relevant to professional and technical skills. We also have a section called ‘Learn for a Lifetime together’ which incorporates one KPMG value and pillar. Have you Compassed IT? In the last 90 days, Compass has had almost 13,000 site visits. From October 2023 all colleagues joining our

Consulting team on our Graduate Scheme or as an Apprentice will be enrolled with the ChMc and supported to achieve the Chartered Management Consultant (ChMC) award.

- Learn for a Lifetime together is available via the home page on Compass. Plus, every Thursday at 3pm we release 3 pieces of short bitesize learning to excite, engage and enable outside in thinking. The idea is to share learning content that is quick and easy to access and absorb. Some of the topics we spotlight include Men’s Mental Health where we interview colleagues lived experiences and sign post to our wellbeing teams for further advice and support. We have also spotlighted IT’s Her Future podcast, which aims to introduce female colleagues to areas of technology and provide a resource on some of the topics which face women in the workplace.

In addition to 3@3, we have three other navigation ‘tiles’ in the Learning for a Lifetime section, Consulting Chats includes best consulting practice, Learning in Business includes short video clips on performance and innovation with a final section regarding access to key business books and Podcasts for anytime and anywhere learning with a solution called GetAbstract where we share downloadable books or podcasts that support career development. Together via Compass the learning provision provides access to world class learning e.g. LinkedIn, Pluralsight and O’Reilly Learning. Furthermore there are now key learning partnerships in place with the British Computer Society and Credly in terms of offering digital

badges.

- Core Consulting Skills 101 (CCS 101) is our new flagship Consulting programme. After a successful pilot in Autumn 2022, we have been in full flow delivering to 300 colleagues since February this year. We plan to deliver to another 700 and all new graduates by December 2023. CCS 101 is targeted at our new joiners or colleagues who are new to Consulting. The focus of CCS 101 is on the why/purpose consulting which includes role play case study scenario to analyse how well individual performance is when working with clients. There is a deliberate emphasis around the value of high performing teams (using a profiling tool called Tetra Map), non-verbal communication, alpha v dominant power and 3D’s (Deep Empathy, Deep Collaboration Deep Expertise).

Enhanced Consulting solutions namely 201 (Grades C-B) and 301 (Grades B-A) are in design with plans to pilot in October 2023 ready to roll out in February 2024.



Feedback from the Consulting 101 sessions:



As a Manager in Consulting who came in as an Accountant, I had some insecurities/imposter syndrome on being a Consultant. This week, along with the Top on Compass, has left me feeling way more confident on how to articulate myself and deal with clients, and finally own the idea of being a consultant.



Aisha Shabir FCCA, Finance Transformation, Corporates Consulting



ChMc. – Our partnership and accreditation with the ChMc is now a significant step forward for the firm. We are pleased to confirm that the firm has recently passed its reaccreditation with the ChMc. In addition, all graduates and apprentices joining the firm in 2023 will be following the ChMc syllabus and the pathway to associate and ultimately chartered status. Plus our aim is to have CCS 101 accredited by the end of July so that learning from CCS101 counts towards the ‘learning credits’ for the overall ChMc award.

Partner collaboration sessions – As part of a strategy and growth plans we have engaged over 240 partners with their learning needs in the Autumn of 2022. We created a ‘strategy 12’ framework that highlighted 12 key learning options for partners to engage with as part of their ongoing development. We have started to pilot and deliver learning from February against these needs, and we envisage being able to scale in the coming months.

Continuing Professional Development (CPD)- From 1 November 2023, revised continuing professional development (CPD) regulations are being introduced by the ICAEW. Everyone covered by the regulations will be required to complete each year a minimum number (30) of CPD hours. Plus, a number of the CPD hours will need to be verifiable along with a minimum of one hours ethics training aligned to the ICAEW code of ethics. The consulting learning team are part of a firm wide project team to develop a plan of action to pre-emptively support the ICAEW plans.



Support for professional training

We are continuously reviewing the student pathways and industry recognised professional qualifications and accreditations to ensure that our students are best equipped with the right skills and knowledge to operate in the consulting environment. As previously mentioned we now have a wealth of partnerships with several external providers such as **Coursera, Intuition, Pluralsight, A Cloud Guru, DataCamp, Credly, O'Reilly, LinkedIn Learning, GetAbstract**, and many more.

The firm gives our graduate cohort financial support and builds in time to study for an appropriate professional qualification (e.g. CIMA, CFA, ACA, CIPD). Graduates are supported through this by the Professional Qualifications & Accreditations Team. There are additional professional accreditations that all colleagues have access to according to their own development and the business need. We encourage wider networking via membership of trade and professional bodies or participation in trade conferences.

Colleague Wellbeing

Our wellbeing strategy has been shaped by listening to our people and developed with specialists in these fields. We aspire to empower our people to bring their whole self to work and achieve their optimal level of health, wellbeing and performance in and outside of the workplace. As part of our strategy, we provide all our colleagues with extensive access to essential services, guidance and support networks, helping you to thrive in a hybrid working environment.

We focus our wellbeing strategy and pillars on the areas that are most impactful:



Mental health



Preventative health



Financial wellbeing



Supporting working families.

Examples:

- 78% of the firm completed the Pulse Survey in April – a 5% increase on our last full Global People Survey (GPS)
- 360 Feedback – 90% completion across the firm
- We remain a highly attractive profession and our graduate schemes are consistently over-subscribed. We hired over 1,000 graduates and apprentices in 2022 and candidate applications for our programmes increased by 12% year on year.
- Focusing on prioritising the mental health and wellbeing of our colleagues so pleased to announce the return of #KPMGJumpStart which allows everyone at KPMG UK to start

their weekend early during the summer months and spend time more time doing the things that make them happy outside of work.

Wider support of individuals

Every employee has both a Performance Manager ('PM') who is responsible for their performance, career development and pastoral care, and a Performance Leader ('PL') who focuses on the same at a team and group level. The performance and career planning cycle starts with our new financial year, where the firm's objectives are cascaded to all our people and we incorporate those into our individual goals for the year. The yearly goals contain a mix of business and personal development objectives and PMs work with their people throughout the year to monitor progress and to ensure regular feedback as part of KPMG's open performance culture.

PMs and PLs also support requests for flexible or 'intelligent' working, to suit the needs of their people. We have leaders that serve as role models for intelligent working, many receiving awards from Timewise Power Part Time.

All people can access either formal or on-the-job coaching as required. For example our in-house coaching team provides valued coaching to our maternity, paternity and parental leave returners to best prepare them for returning to work. Partners and Directors can access these executive coaches at any time.





Chapter 5

Conclusion

Excellence is always the focus of our consulting services , people and client solutions. We are committed to the Consulting Excellence scheme, which brings together the organisations that are members of the MCA with a view to making the industry better, with regards to reputation, public trust and access to talent.

We hope that the evidence cited above for each of the three pillars will have provided you with the confidence that KPMG lives Consulting Excellence every day.



Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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