



# Delivering purpose and value

Corporate Responsibility Overview 2019/2020



# Introduction

As one of Switzerland's leading professional services firms, KPMG recognizes that we are subject to the shifting values, behaviors and expectations of our stakeholders. As we are responding to a changing environment, we are balancing our responsibilities to generate earnings, contribute to the development of our people and communities and protect our natural resources. Corporate Responsibility supports us in taking a long-term view of our business and identifying future trends to stay relevant for our clients, people and communities. Our goal is to create long-term value for both ourselves and our key stakeholders.

This document explains our approach to Corporate Responsibility and provides background and data on our

Stefan Pfister  
CEO KPMG Switzerland

material sustainability topics. It should be read in conjunction with our [Annual Report "Clarity on KPMG"](#) as well as our most recent [Transparency Report](#).

This report is the first of its kind to report on our progress to date. We highlight some actions and measures we undertook in financial year 2019/20 and we describe internal practices as part of our commitment to acting responsibly. We acknowledge that we are on a journey, and that we must continually work to strengthen these pillars of our Corporate Responsibility. We look forward to reporting further progress in future years.

Patrick Schmucki  
Corporate Responsibility Officer



# In this report

1

**Corporate  
Responsibility  
at KPMG**

2

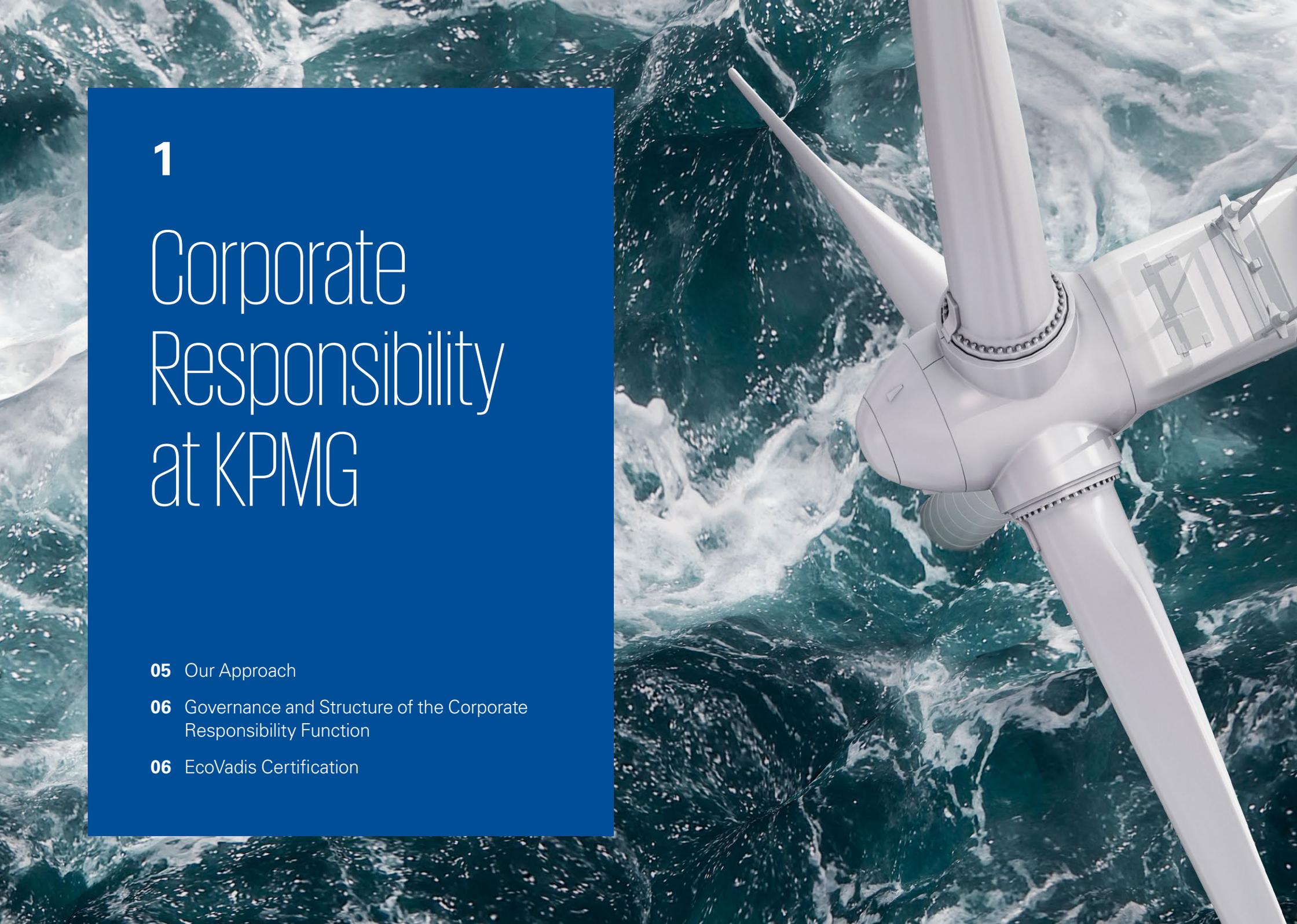
**Clients**

3

**People**

4

**Community and  
Environment**



**1**

# Corporate Responsibility at KPMG

- 05** Our Approach
- 06** Governance and Structure of the Corporate  
Responsibility Function
- 06** EcoVadis Certification

# Corporate Responsibility at KPMG

To achieve success, we draw upon our agility, insights and innovation. These qualities are the foundations of the KPMG Story – the way our [purpose](#), values, vision, strategy and promise combine helping us to articulate what we stand for, where we are today and where we want to be in the future: To be the most trusted and trustworthy professional services firm. As such, Corporate Responsibility is a catalyst to achieve our purpose.

## Our Approach

As one of the leading professional services firms in Switzerland with over 2,000 employees we recognize that we, as a company, have the potential to impact many lives, businesses and markets. Equally, we recognize that we are subject to the shifting values, behaviors and expectations of our stakeholders. As we respond to a changing environment, we balance our responsibilities to generate earnings, contribute to the development of our people and communities and protect our natural resources. We believe that the only sustainable approach to do so is to strive for a long-term balance between economic, social and environmental objectives.

To do so requires the consideration of multiple criteria, some of which cannot be easily quantified. It requires us to consider not only the importance of our actions for our stakeholders but also the weight of the different stakeholders for our business. In Q3 2020 we performed a materiality analysis to identify topics that are likely to increase value for both us and our stakeholders. The analysis was guided by the following three key questions:

- For which of our activities are the social benefits higher than our costs of delivering them?
- Which of these activities can we deliver at lower costs (or with greater social benefits) than other firms?
- Does the activity benefit stakeholders that are material to our business?

We identified the 12 topics depicted below that are aligned with our values, employer value proposition and strategic priorities and represent the focus areas for the future development of our corporate responsibility program. This document contains further details on our practices for each of the 12 topics.



As we further develop our Corporate Responsibility program, we will focus on three major themes:

## Carbon footprint reduction

(consists of the topics GHG Emissions / Supply Chain Management / Energy Management): KPMG is determined to play its part and take measures to reduce our carbon footprint, focusing on the biggest negative contributor: Mobility.

## Workplace of the future

(consist of the topics Training, Education & Career Development / Employee Health & Safety / Employee Engagement, Diversity & Inclusion / Work-life Integration): Covid-19, climate change and socio-economic shifts are reshaping how we will work together in the future. We will continue to develop our strength as an employer of choice by promoting our employer value proposition and core values.

## Innovation

(consists of the topics Collaboration & Alliances / Innovation): To deal with the scope and speed of change, our organization needs to become more agile. Innovation is the central enabler for this. With key initiatives like KPMG Innova, we can identify areas of growth and targeted innovation, where accelerating digitalization will develop solutions with lasting value.

## Governance and Structure of the Corporate Responsibility Function

The Corporate Responsibility function is located within the Corporate Center and is headed by the Corporate Responsibility Officer (CRO). He reports directly to the CEO. The CRO supports management to incorporate sustainability considerations in the implementation of KPMG's corporate strategy. Moreover, he coordinates the numerous CR initiatives that are carried out within the firm.

## EcoVadis Certification

EcoVadis is a leading social responsibility rating organization. For 2021, we have been awarded a silver medal with 54 out of 100 points, which places us in the 70th percentile in our industry. We are committed to continuously improving our score by developing our corporate responsibility program.



# 2

# Clients

- 08 Ethics and Independence
- 08 Data Security
- 08 Management of Legal & Regulatory Environment
- 08 Innovation, Collaboration and Alliances



# Clients

We differentiate ourselves by acting in an entrepreneurial manner and offering multidisciplinary value propositions across regions, functions and sectors. We exceed our clients' expectations because we believe in proactively sharing cutting-edge insights and creating value. Outstanding quality in delivery is one of our top priorities.

See our current [Transparency Report](#) for detailed information on our structure and governance, our culture and values as well as the key processes and controls we employ to safeguard the integrity and reliability of our services. Our Transparency Report covers topics including ethics and independence, data security, and compliance with laws and regulations, including anti-bribery and corruption. The report illustrates that we are highly committed to continuously investing in our system of quality control in order to live up to the expectations of all our stakeholders.

## Ethics and Independence

Auditor independence is a cornerstone of international professional standards and regulatory requirements. KPMG International has detailed independence policies and procedures in place, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Quality & Risk Management Manual, which applies to all KPMG member firms. These policies and processes cover areas such as personal independence, firm financial independence, business relationships, post-employment relationships, partner rotation and approval of audit and non-audit services. See our [Transparency report](#) for more information on our ethics and independence policies.

## Data Security

Protection of the confidentiality and privacy of the information entrusted to us is a matter we take very seriously. We have put a suite of policies in place that govern all material aspects of Privacy & Information Security. We are [certified](#) to ISO 27001, the international standard for information security management. The scope of our certification includes our IT processes, IT business assets, client data in core systems, offices and physical locations.

## Management of Legal & Regulatory Environment

Compliance with laws, regulations and professional standards is a key consideration for everyone at KPMG. Our monitoring and compliance programs comprise several elements that together form a system of quality control, performance and compliance. These programs are described in our [Transparency Report](#).

We have zero tolerance of bribery and corruption. We prohibit involvement in any type of bribery – even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third parties, including by our clients, suppliers or public officials. Further information on KPMG International's antibribery and corruption policies can be found on [KPMG's anti-bribery and corruption site](#).

## Innovation, Collaboration and Alliances

Innovation is an essential element of KPMG's digital business strategy. In 2020 we launched KPMG Lighthouse, our Center of Excellence for data-driven technology. Backed by our alliance partners we provide global reach and combined abilities to help our clients design intelligent

solutions confidently and responsibly. We also introduced our new innovation academy to amplify our people's entrepreneurial spirit with trainings on agile methods. For us, true innovation is not a one-off program. It is a continuous evolution that influences the work that we do, and the change we hope to achieve.

The [KPMG Lighthouse](#) landing page contains further information on solutions and alliances in the technology space and our core areas of focus: Data & Analytics, Ignition, Alliances and our Insights Center.

# 12,500

experts already on KPMG Lighthouse



# 600

solutions already on KPMG Lighthouse



# 17

alliances onboarded in Switzerland



# 3

# People

- 10 Employee Health and Safety
- 11 Training, Education and Career Development
- 12 Employee Engagement, Diversity and Inclusion
- 12 Work-life Integration



We recruit and retain the best talents, providing long-term development opportunities and attractive compensation. We foster client-centric behavior, focusing on performance that consistently exceeds expectations. Our partners and employees are collaborative and share an enduring pride in our firm.



**Top Employer Certification**



**Certified Fair Compensation Company**



**Switzerland's Top 20 Companies**



**World's Top 5 Employers**



**Switzerland's Top 20 Employers**

**Employee Health and Safety**

We realize that we are only as strong as our people and for that reason the health, safety and wellbeing of our employees is one of our highest priorities.

As part of our medical support we offer our employees aged 35 and over a reimbursement towards a comprehensive medical check-up on a regular basis and during flu season we sponsor free vaccinations every year. Twice a year we work with the Zurich Blood Donation Service to provide a blood donation opportunity at the Zurich office. Donating includes a free blood pressure and blood type check as well as a screening for various diseases and abnormalities.

Recognizing that health goes beyond physical checkups we provide our employees with opportunities for engaging in activities such as team sports, yoga classes and our "Stay Healthy – Move for Charity" initiatives. We also provide dedicated resources for wellbeing:

Our employee assistance program supports employees who find themselves dealing with difficult situations at work or in their personal life and is available 24/7 and free of charge.

Tools and guidance on nutrition, sleep, relaxation and movement are available on our Intranet.

151  
Flu shots were provided for employees in winter 2019

CHF 5,400  
Reimbursement towards medical check-ups

6  
Cases with absences of 90 days or more (excl. maternity leave)

### Training, Education and Career Development

The general approach to skill development and training (namely our financial and/or time support of technical and non-technical training) is captured in two training policies.

Our employees benefit from a combination of thorough internal training, on-the-job coaching and digital learning. Besides well-established classroom training to practice specific skills, a wide range of digital learning content focusing on role-specific and future skills is made available to employees at all levels to make them digital and future ready. With this investment we cultivate a culture of lifelong learning and strive to empower our employees in their personal and professional growth so they can reach their full potential and gain for life. We also support both short- and long-term internal job changes that improve and promote multidisciplinary collaboration.

In order to share continuous feedback and align company and business goals with individual capabilities, technical expertise and development ambitions, we offer a performance-based environment. In addition to an Interim Performance Review and career conversation in spring, every October a Year End Performance Review takes place, where employees set their goals for the next financial year.

Finally, supported by compelling business and candidate cases we encourage international assignments to provide unique experiences that hone leadership skills and prepare professionals for increased responsibility, accountability, and career growth.

# 87 hours



Average hours of training per person

# 89%



Passing rate at Certified Audit Expert exams compared to average: KPMG 89%, all companies 75%

# 80%



Passing rate at Certified Tax Expert exams compared to average: KPMG 80%, all companies 53%

# 43



Number of people on international assignment during financial year 2019/20: 18 Outbound Assignees, 25 Inbound Assignees

### Employee Engagement, Diversity and Inclusion

KPMG Switzerland fosters an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives. The Global Inclusion & Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at KPMG Switzerland and across all KPMG member firms. In addition, we have policies in place that address cultural diversity, discrimination and bullying as well as harassment.

Since 2013, we have received the “Fair Compensation” certification from the Swiss Association for Quality and Management Systems (SQS). It confirms that we apply the principle of equal pay for men and women.

One key initiative is KPMG’s network of women (KNOW) with the aim of strengthening an inclusive culture for all employees and increasing female participation at the leadership level. KNOW lends a voice to the women of KPMG and offers them learning and networking opportunities so they can reach their full potential. Further actions include a series of workshops to raise awareness among leadership and empower them to act as strong, inclusive leaders.

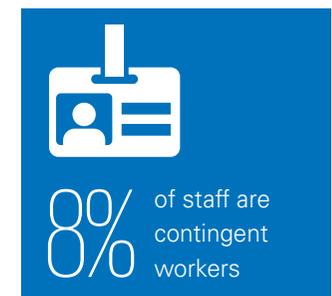
We recognize the importance of a dialogue between employees and management, encouraging them to be courageous and question the status quo. We have established several channels:

- We invite all employees to participate in regular and independent Global People Surveys (GPS), to share their perception about their experience working for KPMG
- Within our functions (Audit, Financial Services, Tax & Legal, Advisory) we have established several forums for managerial and non-managerial staff to interact with the function management
- One of the actions taken as a result of the 2019 GPS was the launch of our “Next Gen Board” – a group of young agile KPMG professionals who share a fresh new perspective with the Executive Committee on topics that matter to the younger generation.

### Work-life Integration

KPMG is committed to facilitating flexible work practices. The objective is to recognize and seize opportunities in circumstances where it improves employee productivity as well as job satisfaction. While KPMG accommodated “flex office” i.e. remote working before the pandemic, the advent of COVID-19 has further emphasized the importance of providing flexible working.

Options for part-time work, buying additional holidays, unpaid time off, job sharing and taking a sabbatical provide further means for employees to balance personal with professional priorities. During the financial year 2019/20 a total of 2,941 days of unpaid leave and other “days off” were taken by 154 different employees.



# 4

# Community & Environment

- 14 CO2 Emissions
- 16 Energy & Resource Management
- 17 Supply Chain Management
- 17 KPMG Foundation
- 17 Pro-bono Work

# Community and Environment

Across the KPMG network, we understand that we serve the public trust and play a critical role in helping our clients to solve complex problems. As trusted advisers to the public, private and non-governmental sectors, KPMG member firms play a leading role in helping organizations to meet the UN's wider goals and objectives, including through our [membership](#) of the UN Global Compact (UNGC) since 2002. The UNGC is a voluntary framework for businesses to align their operations and strategies with ten principles covering human rights, labor, the environment and anti-corruption.

Through our engagement we aim to actively reduce the environmental impact of our operations. The key components of our approach are the management of our greenhouse gas emissions, the reduction of the energy and resources we use for the delivery of our services and our work with suppliers to foster sustainable practices.

## CO2 Emissions

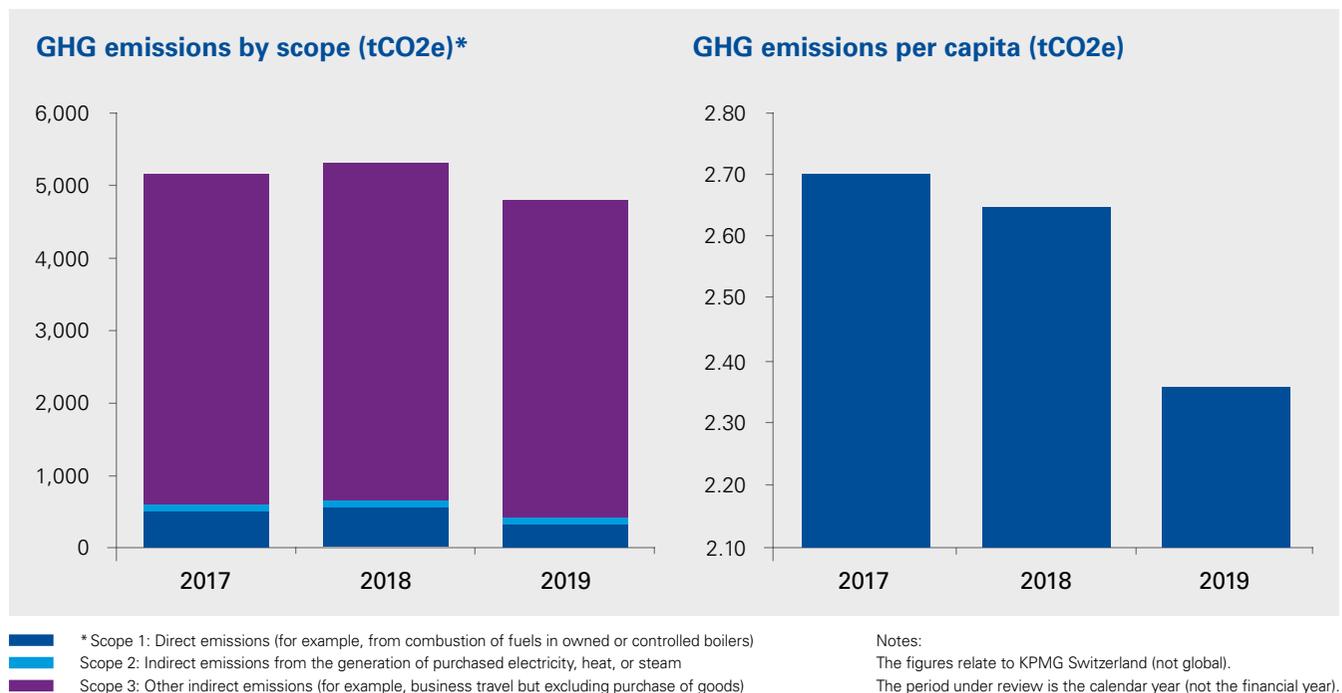
The "Global Climate Response" (GCR), the [environmental program](#) of KPMG International, sets specific carbon reduction targets for the global KPMG network. Besides KPMG Switzerland, almost all country firms contribute to the achievement of these targets. Our mutual goal was to reduce the net carbon emissions per FTE by at least 10% between 2016 and 2019. This goal was recently achieved (-13% between 2016-2019).

For the period 2020-2030 KPMG International [announced](#) its intention to become a net-zero carbon organization by 2030, as part of its continued focus on delivering growth in a sustainable way and providing climate solutions for member

firms, clients and society. To underpin this goal, the global organization has signed up to a series of new climate actions, including a 1.5°C science-based target which will focus on achieving a 50% reduction of KPMG's direct and indirect greenhouse gas (GHG) emissions by 2030. KPMG Switzerland will play its part to achieve this ambitious goal and a specific action plan will be put in place in the course of the financial year 2020/21. Measures that are already in place include:

- Our expense regulations require staff to take public transport when traveling to or from clients
- KPMG sponsors a renewable two-year half-fare ticket for all employees

We offer flexible conferencing and home office options to reduce commuting. Finally, KPMG International participates in the Carbon Disclosure Project (CDP) and aims to improve its current rating of C to B by the end of 2021.



Overall emissions decreased by 9.3%, despite the growth of our firm in 2019. As in previous years, air travel was the largest source of our emissions, accounting for 83.5% of the total. Emissions per capita decreased by 10.8 %, from 2.7 tCO<sub>2</sub>e per capita in 2018 to 2.4 tCO<sub>2</sub>e per capita in 2019.

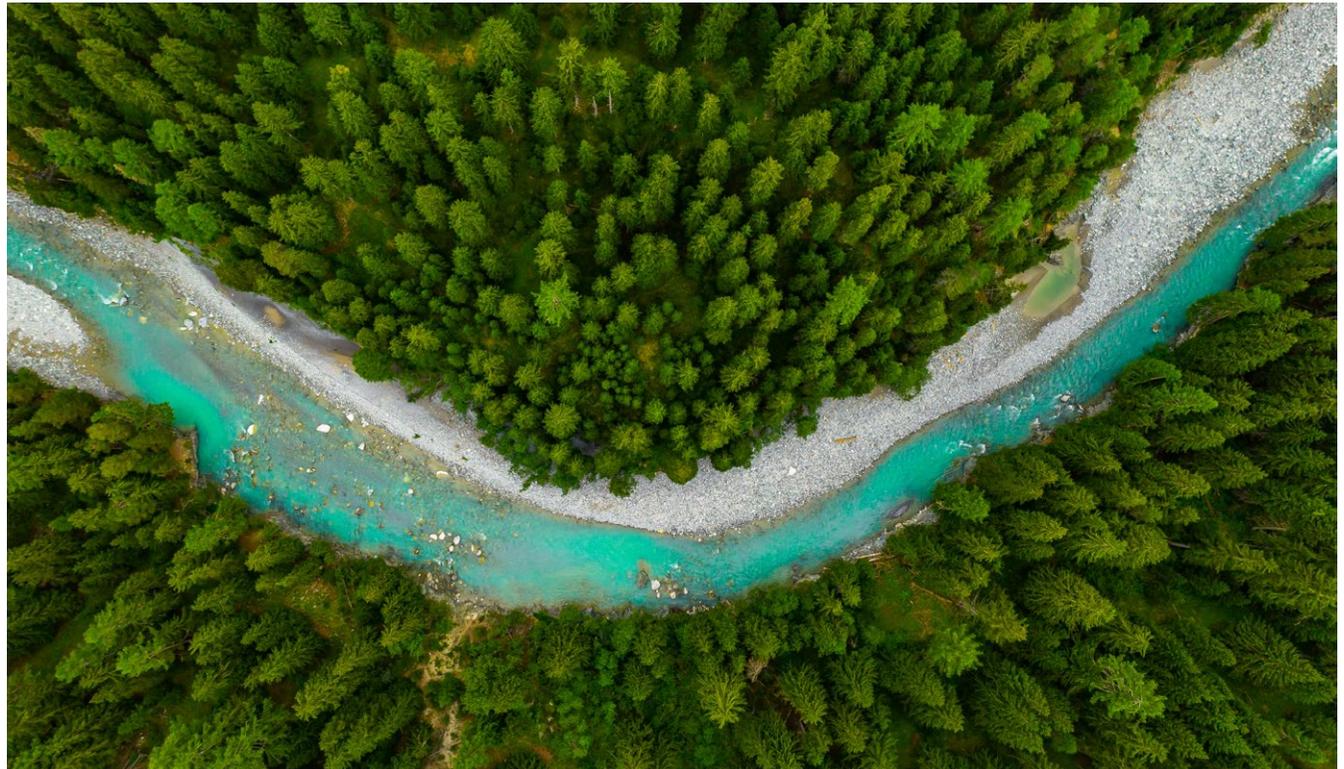
Since 2013, we have offset all emissions we have yet to eliminate by purchasing verified carbon credits (gold standard), making our firm carbon neutral.

This year, the KPMG Pension Fund amended its Investment Regulations to include provisions addressing ESG topics and – above all – the reduction of the carbon footprint of its investments. The goal is to minimize climate-related investment risks, which is a prerequisite for an optimized risk/performance ratio. Concrete measures already taken in 2020 include:

- All equities outside of Switzerland (and 50% of Swiss equities) are managed by investment funds following “Climate Aware” or “ESG Leaders” indices, resulting in a reduction of carbon emissions and carbon intensity of between 40% and 50%.
- Sovereign bonds in foreign currencies are managed according to “Climate Aware” principles.
- The Pension Fund’s real estate investment funds focus on sustainable properties.
- A large part of the Pension Fund’s infrastructure investments are directed to renewable energy.
- The Insurance Linked Securities investments are carbon-neutral.

- All asset managers chosen include ESG assessments in their investment process and most of them engage with management of invested companies to improve ESG performance.

The effect of these measures on carbon emissions will be evaluated on a regular basis by third-party specialists.



### Energy & Resource Management

KPMG firms have collectively committed to 100% Renewable Electricity by 2022 in the [Board Countries](#), and by 2030 for the wider network. At KPMG Switzerland, it is our priority to purchase only energy from sustainable sources, such as hydro or wind. This is implemented for our larger office locations in Zurich, Geneva, Zug and Lausanne. For the remaining locations this is currently not possible as their overall energy consumption is not sufficiently large as to qualify for a renewable energy mix from the utility's provider. Overall, approx. 90% of our electricity originates from renewable sources. In addition, our main office in Zurich participates in the "Zurich Energy Model," an initiative sponsored by the Canton of Zurich and the Federal Government. All members had the common goal of increasing energy efficiency by a total of 43% by 2020 (base year = 2000) which was achieved.

Our energy and water consumption is driven by several factors such as growth of the number of our staff, management of heating and cooling, changes in renting

space or weather. The significant drop in the energy usage between 2018 and 2019 is attributable to office moves in Zurich and Geneva. Through the optimization of office space and the use of more energy-efficient technologies (LED lighting, movement sensors, Minergie-Standard heating, energy-saving appliances, improved insulation) we were able to reduce our energy consumption. Moreover, due to the fact that our interim offices in Zurich are not under our operational control, a smaller share of the consumption of the communal areas are attributed to us. The large increase in water usage in 2018 is attributable to the warm temperatures during that year (in particular the hot summer) thus driving our need to cool our offices.

Regarding resource management, we are strongly committed to seeking new ways to minimize waste, reuse materials and recycle as much as possible. For example, we have implemented the following measures across all our office locations:

#### Waste

- Standardized and streamlined waste management disposal process in place
- 0% single-use plastics for drinking water and introduced personal glass bottles
- 100% recycling of paper or cardboard waste, coffee capsules, toners, ink cartridges and PET bottles (for drinks other than water)
- 90% of our IT equipment is recycled with the support of external partners

#### Paper

- Only sustainable FSC certified printing paper is used
- "Follow me printing" helps reduce unnecessary printing
- Use of electronic signatures

#### Water

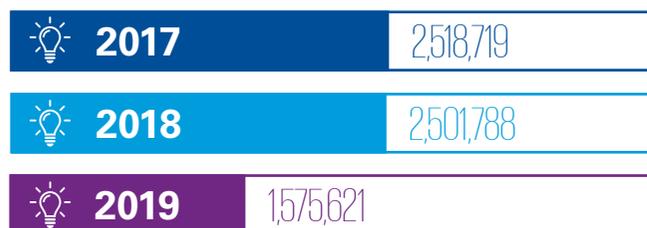
- Use of water filters where possible

We have outsourced our data center to two cloud providers who power their servers almost entirely with energy from renewable sources. Our remaining IT equipment (printing machines, laptops, screens, etc.) is replaced regularly in accordance with the devices' recommended service life with more energy efficient models.

Over the past years we renovated our offices in Geneva and Zurich (Zurich due to be completed next year) with a focus on the use of sustainable materials (e.g. DGNB certification for the Geneva office).

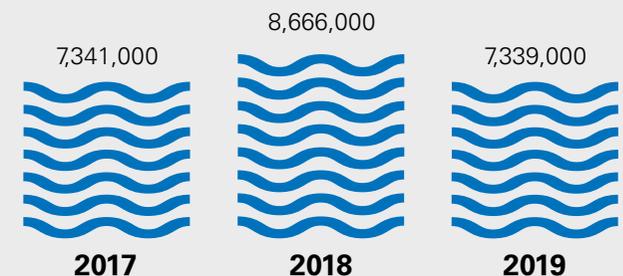
### Purchased electricity (kWh)

Review period: calendar year



### Water consumption (liters)

Review period: calendar year



### Supply Chain Management

Our procurement process is governed by a policy that explicitly incorporates the consideration of sustainability factors as well as bribery and corruption risk. All large suppliers (contract volume of CHF 100,000 or more) must comply with our Supplier Code of Conduct (which forms an integral part of the supplier contract) and are subject to

supplier due diligence covering topics such as ethics & independence, costs, functional and non-functional requirements as well as vendor-specific requirements. The latter covers aspects such as quality, energy and environmental management, human rights, labor laws, conflict minerals, child labor and Corporate Social Responsibility (CSR).

In addition, third parties such as subcontractors and alliance partners undergo a comprehensive risk assessment in order to ascertain their suitability as business partners. As part of this evaluation we perform comprehensive background checks covering factors such as governance, business and reputation risk and, where appropriate, require relevant ethics and independence confirmations as well as the completion of respective trainings. The validation of the assessment and the receipt of the necessary confirmations are necessary for work to commence.

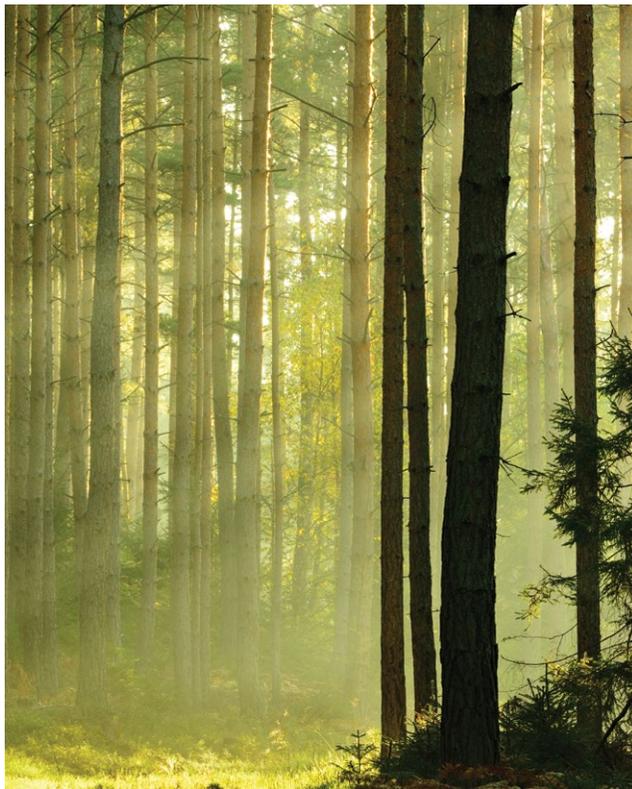
### KPMG Foundation

To pursue positive change beyond our core business the KPMG Foundation was established in 2007. An independent non-profit foundation, the KPMG Foundation supports innovative projects in the areas of education, integration of people with special needs, socially disadvantaged people and people in distress. It supports several small to medium-sized charitable organizations and projects with financial support of up to CHF 10,000 per donation. The KPMG Foundation continues to work with the organizations and projects to see how the contributions are used. KPMG Switzerland actively supports the Foundation with periodic fundraising activities, such as the annual “move for charity”

campaign or the Christmas card event where CHF 3 are donated to the Foundation for every Christmas card we send out. Further information is available on the [website](#) of the KPMG Foundation.

### Pro-bono Work

Besides the private engagement of our people in charitable organizations, community work or local clubs and associations, KPMG maintains a portfolio of audit relationships with nine non-profit organizations at present, where we offer our services fully or partially pro bono. The organizations are mostly active in the areas of culture, environment, youth unemployment or food waste. The monetary value of the pro bono work amounted to approx. CHF 120,000 (518 hours) for the financial year 2019/20.



CHF 695,000

Community investments: cash contributions (CHF 80k of which were borne by the KPMG Foundation)

CHF 190,000

Amount of charity-based sponsorships or memberships by KPMG Switzerland

CHF 50,000

Management costs borne by KPMG Switzerland for the operation of the KPMG Foundation

5

# Appendix

19 KPMG Switzerland

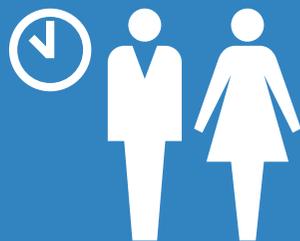
20 Locations



# KPMG Switzerland



**2,035** Number of people



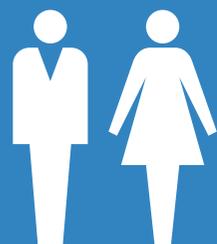
**361** Part-time employees



**127** Partners



**52** Nationalities



**817** Women  
Men **1,218**



**34** Average age

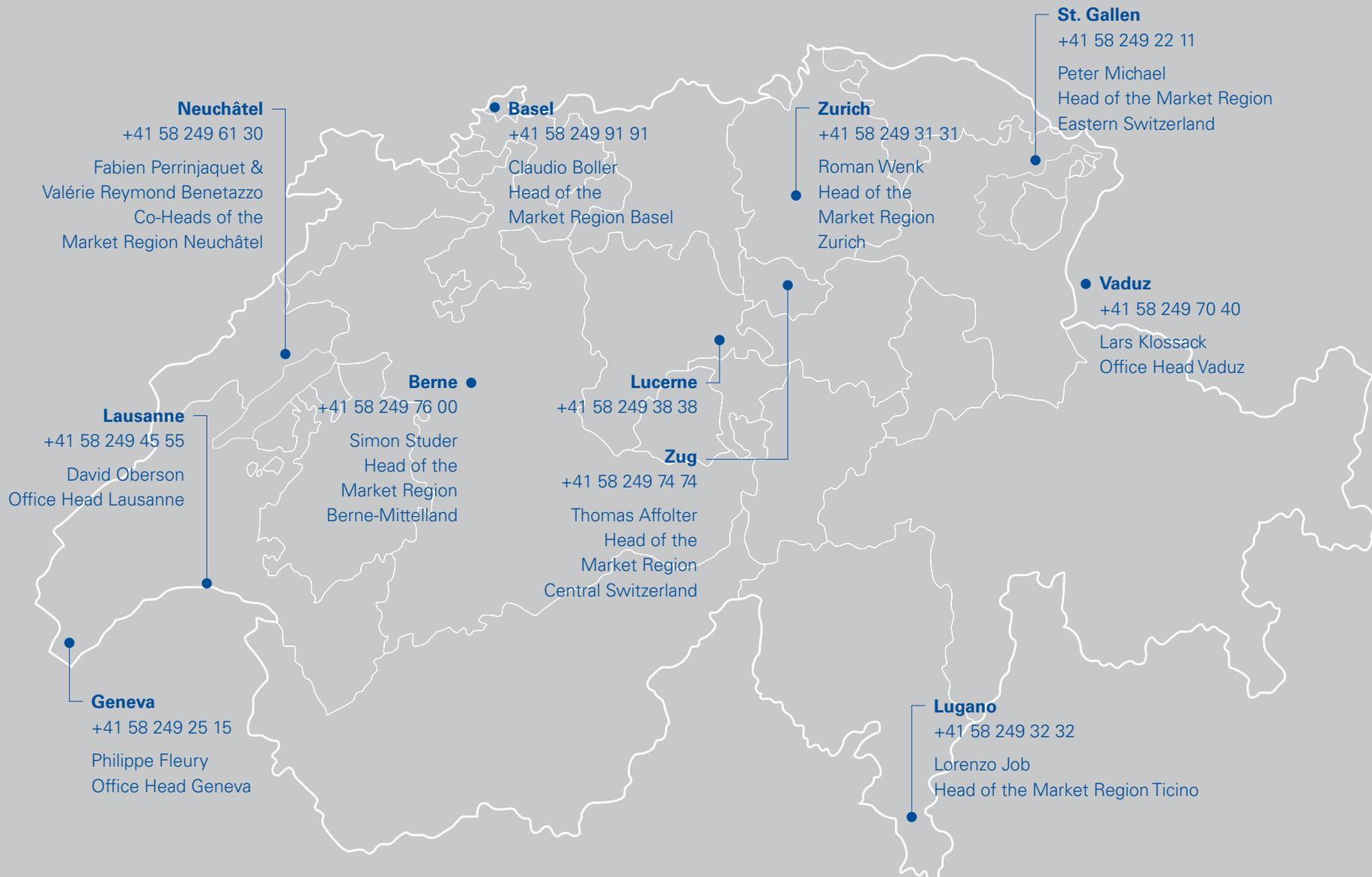


**177,618**  
Hours of professional training



**518** Pro bono hours

# Locations



# Your contacts

If you have additional questions, do not hesitate to contact your KPMG contact or reach out to our specialists:

## **KPMG AG**

Räffelstrasse 28  
PO BOX  
CH-8036 Zurich

## **Patrick Schmucki**

Corporate Responsibility Officer  
+41 58 249 27 35  
pschmucki@kpmg.com

**kpmg.ch**

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. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence. If you would like to know more about how KPMG AG processes personal data, please read our Privacy Policy, which you can find on our homepage at [www.kpmg.ch](http://www.kpmg.ch).

© 2021 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.