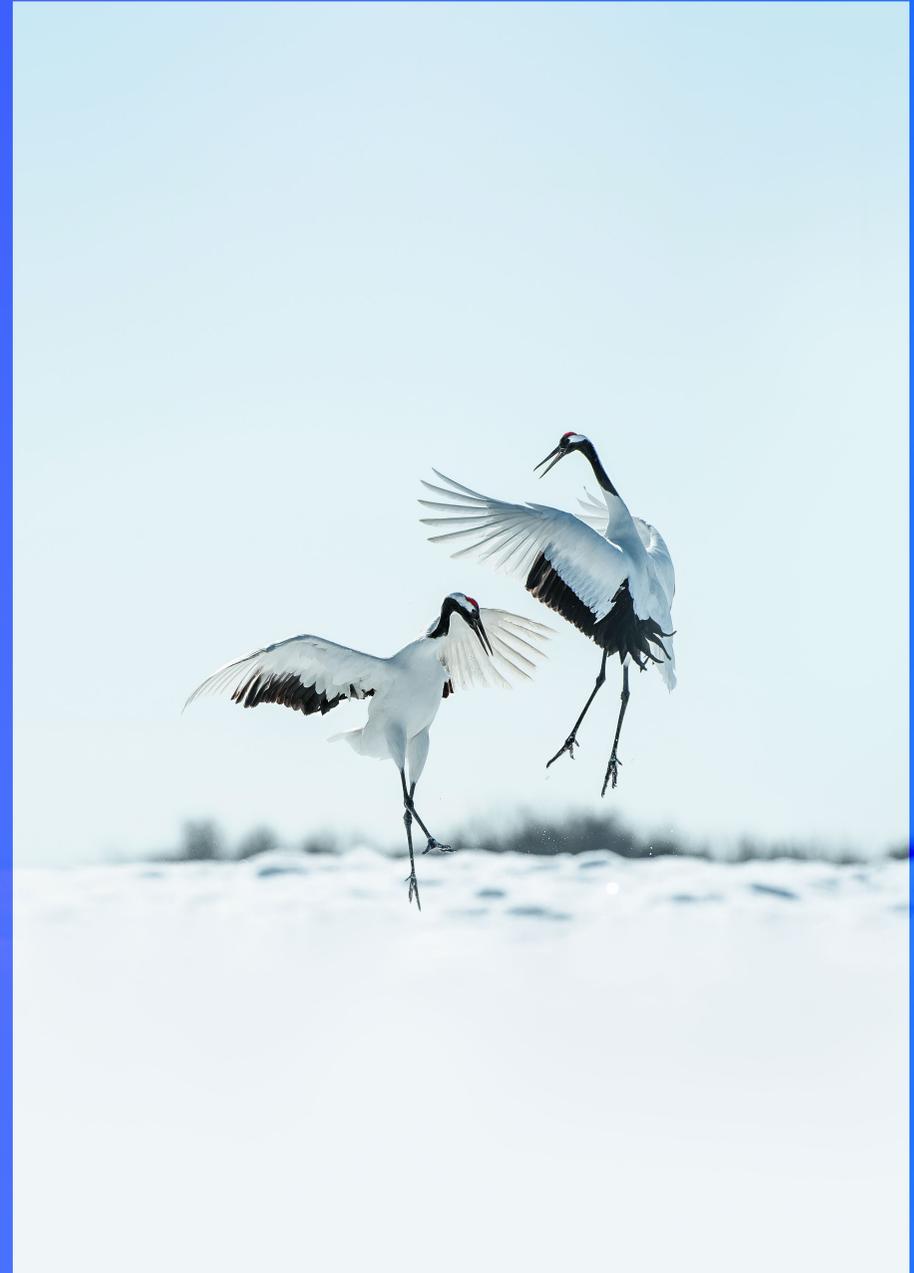




# KPMG: Our Impact Plan | China FY2021

April 2022

KPMG China | [kpmg.com/cn](https://kpmg.com/cn)



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# About Our Impact Plan

## Welcome to KPMG China's annual ESG report, *Our Impact Plan*.

KPMG China's Our Impact Plan highlights our environmental, social and governance (ESG) commitments and progress across four key pillars: Planet, People, Prosperity and Governance. This report represents our commitment to greater transparency and accountability.

### Reporting period

The report covers KPMG China's 2021 financial year (from 1 October 2020 to 30 September 2021, abbreviated as 'FY2021' or 'FY21').

### Reporting reference

The report has been prepared using the core set of Stakeholder Capitalism Metrics to report against our most material topics. The Stakeholder Capitalism Metrics are recommended in the white paper titled *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*<sup>2</sup> issued by the World Economic Forum's International Business Council, which KPMG had a key role in shaping.

### Reporting boundary

The report scope includes the ESG performance and progress of our 28 offices across 25 cities in China.<sup>1</sup>

### Your feedback

The report is available on our corporate website at <https://home.kpmg/cn/en/home.html>. We welcome any suggestions, comments and questions about our report and ESG performance. To get in touch with us, please contact [oip.cn@kpmg.com](mailto:oip.cn@kpmg.com).

<sup>1</sup> As at 30 September 2021, KPMG China had 28 offices across 25 cities in China, namely Beijing, Changsha, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Tianjin, Wuhan, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR.

As at 31 March 2022, three new offices in Taiyuan, Dongguan and Dalian were opened, adding up to a total of 31 offices in 28 cities in China.

<sup>2</sup> *Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation*, World Economic Forum, September 2020, <https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation>



# Chairman's message

**This is a time of challenges – but it is also a time of hope. By working together and channelling our efforts, we can create a promising future.**

The combined effects of a rapidly changing world and a global pandemic have resulted in increasing uncertainty and instability. Biodiversity loss, worsening desertification and frequent extreme weather events continue to reveal deep-seated conflicts between mankind and nature. At KPMG China, we have an enduring commitment to create a world where everyone is safe, can grow together and have a future of shared prosperity.

## Working together for a better future

Everybody is impacted by today's challenges. China has put forward its carbon goals to demonstrate its commitment towards addressing climate change, with emissions expected to peak in 2030 and carbon neutrality to be achieved in 2060. This focus on sustainable development has led to ESG being front and centre among many businesses in China.

As a leading firm in the industry, KPMG supports sustainable development and strives to lead by example, having committed to becoming a net-zero carbon organisation by 2030. *Our Impact Plan* (OIP) underlines our determination to push forward positive change through our people, clients and communities. I am delighted to share the progress we have made in FY2021 across the four key pillars: Planet, People, Prosperity and Governance.



## Planet

### Protecting nature and fostering a sustainable future

As an advocate for sustainable development, KPMG China puts a lot of effort into addressing climate change. We announced our global intention to become a net-zero carbon organisation by 2030 and in FY2021 we achieved the first phase of our target by purchasing 100% renewable energy through renewable energy certificates. Carbon reduction requires a collaborative effort, so in addition to reducing our own climate impact, we will strive to help the stakeholders along our value chain reduce their emissions. Furthermore, we have been working with different non-profit organisations (NPOs) to improve biodiversity and restore the ecosystem through our nature conservation programmes.



## Prosperity

### Purpose-led corporate decisions, value-added partners

I am excited that KPMG has made bold strides in the ESG space globally by announcing its USD 1.5 billion multi-year programme to accelerate global solutions for ESG issues. At KPMG China, we continue to make substantial investments in our ESG service offerings to help our clients fulfil their ESG visions.

The employment market is facing more severe challenges resulting from the new normal created by the pandemic. Solving employment problems effectively is key to maintaining social stability and sustainable economic development. At KPMG China, we increased our workforce to over 13,000 in FY2021 and aim for a headcount of 20,000 people over the next three years. Our expansion through job creation not only creates direct economic value for our firm, but also fosters prosperity in the community. KPMG China continues to support our communities to improve social mobility for underprivileged groups. I am very proud to announce that our firm invested nearly RMB 24 million in our community in FY2021, providing nearly 11,000 pro bono audit hours and over 3,600 volunteer hours.



## People

### Respecting individuals and embracing diversity

Our people are our most valuable asset. By working together and sharing our thoughts with our people, we believe we can create an inclusive workplace with shared value to foster sustainable development.

Millennials and Gen Z make up an increasingly large part of our workforce. To make sure our younger colleagues can freely express their thoughts on the firm's future direction, we established the Next Generation Council to encourage innovation and creativity in our workplace. In our people agenda, we have also put strong emphasis on several key topics such as female leader empowerment, talent attraction and retention. We continue to create a people-centric, flexible and innovative working model to strengthen diversity and harmony in our workplace.



## Governance

### Value-led commitment to corporate social responsibility

The concept of a low-carbon economy is bringing systematic change to every business and company in light of China's carbon neutrality goals. To improve our firm's ESG performance, we have improved our ESG governance structure even further. Led by our Head of Corporate Affairs, we set up the OIP governance structure as we look to improve our ESG performance and amplify the impacts made by our firm. To create value for our clients, we have also appointed a Head of ESG to oversee our external ESG strategy and client services. With a seat on the board, the Head of ESG helps set the tone at the top and drive strategic discussions on ESG issues.

We believe sustainability is key to our future. With ESG as the watermark running through our business, we will continue to live up to our values and lead by example. Together, we strive to create a better, more sustainable future for our people, clients and communities.

**Honson To**

*Chairman, KPMG Asia Pacific and China*

# Key highlights in FY2021

## Planet



Reduced **carbon emissions** by **28.3%** against the FY2019 baseline and by **8.2%** compared to FY2020



**Launched an internal environmental policy** to better integrate environmental considerations into our business operations



Sourced **100% renewable electricity** through renewable energy certificates



Occupied **15 LEED-certified** buildings and **2 BEAM Plus** buildings



Supported projects that aim to restore **freshwater, wetland and ocean** ecosystems

## People



Supported women in leadership, with women making up **42% at the leadership level<sup>3</sup>**



**54%** of newly promoted partners were female and **30%** of the board was female



Launched the **Next Generation Council**, empowering younger colleagues to express their views to management



Provided an average of **70 hours of training** per individual



Recognised as one of **China's Top Employers** by the Top Employers Institute

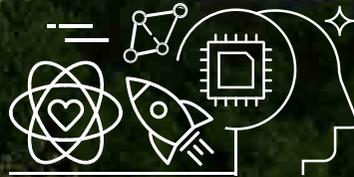


Recognised as one of the **Best Companies to Work for in Asia 2021** by *HR Asia*



<sup>3</sup> The leadership level involves both partners and directors.

# Prosperity



Increased our presence  
from **26 to 28 offices** in China<sup>4</sup>



Employed **13,531 people**, up **19%** from FY2020



Opened our second **KPMG Digital Ignition Centre (KDi)** in Shenzhen to drive innovation and technology



Invested the equivalent of **RMB 24 million** in the community



Contributed **3,690** volunteer hours



Provided nearly **11,000 hours** of pro bono audit services for non-profit organisations (NPOs)



Supported relief efforts for the **flood disaster in China** and **KPMG India's COVID-19 relief initiative**



# Governance



Established **Our Impact Plan governance structure** to operationalise our ESG strategies and initiatives



Appointed a **Head of ESG**, who has also joined the board, to oversee the firm's ESG strategies and services for our clients



**Achieved a 100%** completion rate of our anti-corruption training by our board and executive committee members



<sup>4</sup> Increased to 31 offices across 28 cities in China (as at 31 March 2022)

# About KPMG China

As at 30 September 2021, KPMG China was based in 28 offices<sup>5</sup> across 25 cities with over 13,000 partners and staff. Working collaboratively across all these offices, we can deploy experienced professionals efficiently, wherever our client is located.

KPMG China provides multidisciplinary services from audit and tax to advisory, with a strong focus on serving our clients' needs and their industries. Not only do we have an overriding commitment to provide the highest quality services for our clients, but we also strive to become a responsible corporate citizen that has a positive impact on our environment and community.

**28** offices in  
**25** cities



**13,531**  
partners and staff



**1945**

KPMG China established its first office in Hong Kong, China



**1992** KPMG became the first international accounting network to be granted a joint venture licence to operate in mainland China



KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. We operate in 145 countries and territories with more than 236,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

## Supporting the UN Sustainable Development Goals

At KPMG China, we support the UN Sustainable Development Goals (SDGs), which symbolise what we aspire to achieve. We have incorporated the relevant SDGs throughout the report.



<sup>5</sup> As at 30 September 2021, KPMG China had 28 offices across 25 cities in China, namely Beijing, Changsha, Chengdu, Chongqing, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Tianjin, Wuhan, Xiamen, Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR.

As at 31 March 2022, three new offices in Taiyuan, Dongguan and Dalian were opened, adding up to a total of 31 offices in 28 cities in China.

# Engaging our stakeholders

Our ESG governance and management, as well as our reporting process, require ongoing engagement with key stakeholders. Not only does this help us understand and communicate the issues that are vital to our stakeholders, but it also guides the ways in which we operate our business in a sustainable manner.

## How we engaged our stakeholders

To understand how ESG is viewed by our stakeholders and was managed across the firm in FY2021, we organised the following engagement exercises:

- **One-on-one interviews with our Executive Committee members to gain insight into how the firm approaches ESG topics and sets a consistent tone at the top to drive progress**
- **In-depth interviews with colleagues responsible for the daily operation of various ESG initiatives to better understand their work progress and performance**
- **Ongoing discussions with different departments on ESG issues, ranging from sustainable procurement and waste management to inclusion, diversity and equity (IDE), and agile working, with the aim of engaging our colleagues to integrate ESG considerations into their daily operations**
- **Findings from the Global People Survey – our annual survey that collects staff feedback about working at the firm.**



Interviewed **ALL** Executive Committee members



**89%** of staff completed the Global People Survey

# Our key ESG focus

To help us better allocate our resources to tackle the most important ESG issues and mitigate the associated risks, we conducted a materiality assessment to determine the environmental and social topics that matter most to our business and stakeholders.

Based on recognised frameworks and guidance, we have refined our five-part materiality test, which assesses the following five categories:

- Direct short-term ESG impacts
- Policy-based performance
- Peer-based norms
- Societal norms
- Stakeholder behaviour and concerns.

The five-part materiality assessment was used to identify 12 material topics in FY2020, with their outlines described as below. To make sure these material topics are still in line with the latest business landscape, they were reviewed by our Chairman and Executive Committee members and confirmed to remain valid for FY2021.

## Planet

### 1 Climate action

As a steward of our shared planet, KPMG China strives to support its global climate goals and reduce our carbon footprint, as well as address other environmental issues such as waste reduction and responsible consumption/procurement.

## People

### 2 Talent attraction, development and retention

Attracting, nurturing and retaining our staff is key to our business sustainability. Employment conditions are crucial to our people's satisfaction at work.

### 3 Staff health and well-being

Taking care of our people's health and well-being continues to be a top priority on our people agenda.

### 4 Inclusion, diversity and equity

Fostering an inclusive, equitable and diverse workplace encourages open communication and allows our people to flourish, regardless of individual differences.

## Prosperity

### 5 Financial and brand resilience

Ensuring healthy financial performance and a positive brand image is essential for building a resilient business in the long run.

### 6 Relevant quality services in the public interest

Providing services that align with the public interest allows us to create a positive impact for our stakeholders.

### 7 Technology and innovation

Embracing the benefits of technology and innovation gives our business a cutting edge and helps address social and environmental issues.

### 8 Impactful community initiatives

Supporting our community through philanthropic investment, volunteering and pro bono services, and collaborating with non-profit organisations helps us work towards mitigating key environmental and social risks and developing innovative, sustainable solutions that have a lasting impact.

## Governance

### 9 Purpose, culture and values

As a professional services firm, our purpose – to inspire confidence and empower change – guides our way of doing business. Our corporate culture and values help drive consistency in how we make our decisions every day.

### 10 Ethics, integrity and independence

By acting with integrity and maintaining independence, we become trustworthy and shape how we are viewed by the world.

### 11 Transparency and accountability

We maintain transparency and open communication with our stakeholders. We hold ourselves accountable for our actions.

### 12 Information protection

Cybersecurity and data privacy represent significant risks if they are not closely monitored. Protecting information is fundamental to every service that we offer to our clients.

**O**ur Impact Plan includes more than just a static ESG report. It is an evolving, living initiative which captures our ESG commitments and everyday actions so that we can truly lead by example. It helps us become more transparent and accountable for the impact we have on society.

#### **Tracy Yang**

Head of Our Impact Plan

Head of Corporate Affairs

Senior Partner, Eastern and Western Region, KPMG China



# Planet

*Reducing our impact on the environment to build a more sustainable and resilient future*



# Our global climate goals

KPMG announced its global goal to become a net-zero carbon organisation by 2030, with a series of climate actions:

Set a **1.5°C** science-based target (SBT) which will focus on achieving a **50%** reduction of KPMG's direct and indirect greenhouse gas (GHG) emissions by 2030

Purchase **100%** renewable electricity by 2022 in board member countries, and by 2030 for the wider network

Offset any remaining GHG emissions through externally accredited voluntary carbon offsets to mitigate the remainder that cannot be removed from our operations and supply chain



# KPMG China's commitments

## Decarbonisation

- Achieve net zero in our own operations by 2030 and work with business partners to reduce emissions in our value chain
- Source 100% renewable electricity through purchasing renewable energy certificates (RECs) and sourcing renewable energy supplies
- Report our climate performance
- Drive behavioural change to improve environmental practices in our workplace

## Nature and biodiversity

- Understand our impact on nature and biodiversity, and make positive improvements

## Climate risk

- Give financial markets and our clients clear and comprehensive information on the impacts of climate change



Planet



People



Prosperity



Governance

# Our management approach and progress

## Decarbonisation

Climate change is a threat to people and businesses, and it remains a significant risk. In light of China's ambitious goal to achieve carbon neutrality by 2060, companies are taking active measures to decarbonise as well as issue their own carbon neutrality goals.

In the transition towards a green economy, KPMG China is committed to decarbonising and reducing our environmental impacts along our value chain through policy change, strategy development and awareness-building programmes.

***To reduce KPMG's carbon footprint and achieve decarbonisation, we must put our effort and resources into increasing our environmental sustainability. By doing so, we can make long-term, practical commitments, engage with our stakeholders and continue to grow in a more sustainable manner.***

**Ian O'Brien**  
Chief Operating Officer  
KPMG China





## Our commitment

# Achieve net zero by 2030

At KPMG China, we are committed to achieving net zero in our own operations by 2030, and continue to work with business partners to reduce emissions in our value chain. In 2021, we:

- Launched our internal environmental policy to better integrate environmental considerations into our business operations and along our value chain
- Began engaging our ESG Advisory team to conduct climate simulation and modelling analysis for different decarbonisation pathways
- Purchased our first carbon offsets as a sign of our commitment to decarbonisation
- Grew our Procurement team to expand our focus on sustainable procurement.



◀ Jane Chen from our Corporate Social Responsibility department shared the firm's latest climate goals with our people, encouraging them to be part of our climate actions.

## Our commitment

# Report our climate performance

Globally, KPMG follows the internationally recognised Greenhouse Gas Protocol (GHG Protocol), developed by the World Business Council for Sustainable Development and the World Resources Institute. At KPMG China, we conduct an annual carbon audit to calculate our GHG emissions, essentially covering the carbon footprint created in the conduct of our business. These emissions include our electricity usage, air travel and hotel accommodation, among others.

## Our commitment to transparency

- To align with the Science Based Targets initiative (SBTi) requirements, we rebased our FY19 performance and adjusted our FY20 and FY21 performance to include additional Scope 3 emissions – purchased goods & services, hotel accommodation and employee commuting, among others. As a result, our GHG emissions (net of RECs) increased to 43,892 tCO<sub>2</sub>e in FY21.
- Our expanded emission categories presented below therefore show a commitment to transparency on our decarbonisation journey.

In FY21, we achieved a reduction of 28.3 percent in carbon emissions from our baseline year of FY19 and a reduction of 8.2 percent compared to FY20. This was driven primarily by reduced business travel during COVID-19, as well as fewer emissions from the purchased goods & services category, particularly fewer large-scale renovation projects.

### Scope 1 emissions

Our Scope 1 emissions, which result from fuel consumption of vehicles we own or control, comprised only a small portion of our total emissions and have remained steady over the past three years. In FY21, our Scope 1 emissions amounted to 142 tCO<sub>2</sub>e, representing 0.3 percent of our total emissions.

### Scope 2 emissions

In FY21, our Scope 2 emissions (net of RECs) reduced to zero due to our procurement of 100 percent renewable electricity through renewable energy certificates (RECs). (See the 'Source 100% renewable electricity' section for details).

### Scope 3 emissions

Our Scope 3 emissions continued to make up the largest portion of our total emissions, amounting to 43,749 tCO<sub>2</sub>e in FY21, down by 5 percent compared to FY20. They include emissions from air travel, rail travel, business car travel, hotel accommodation, purchased goods and services, employee commuting, and upstream leased assets, among others. This essentially covers the emissions created by our own people and supply chain.

In FY21, business travel emissions comprised 53 percent of our Scope 3 emissions. Although business travel picked up in FY21 compared to FY20 (up by 27 percent since FY20), we are encouraging our people to use rail travel where feasible, or conduct virtual meetings. We will continue to explore and collaborate with different departments as well as our travel management company to improve our travel policy and process to reduce emissions from business travel.

Employee commuting made up 17 percent of our Scope 3 emissions, with emissions increasing 50 percent in FY21 compared to FY20. The increment is primarily attributed to the resumption of working in the office in mainland China, as well as data collection enhancement. To reduce the frequency of commuting to offices, we will continue investigating and enhancing our agile working measures, where feasible.

### Greenhouse gas (GHG) emissions (tCO<sub>2</sub>e)

	FY19	FY20	FY21
Total GHG emissions (location-based)	67,926	54,390	52,544
<b>Total GHG emissions (net of RECs)</b>	<b>61,219</b>	<b>47,788</b>	<b>43,892</b>
Scope 1 emissions	146	130	142
Scope 2 emissions (location-based)	9,092	7,998	8,653
Scope 2 emissions (net of RECs)	2,385	1,397	0
Scope 3 emissions	58,688	46,262	43,749
tCO <sub>2</sub> e per full-time employee (location-based)	5.78	4.55	4.20
<b>tCO<sub>2</sub>e per full-time employee (net of RECs)</b>	<b>5.21</b>	<b>4.00</b>	<b>3.51</b>

### % change of GHG emissions (net of RECs)

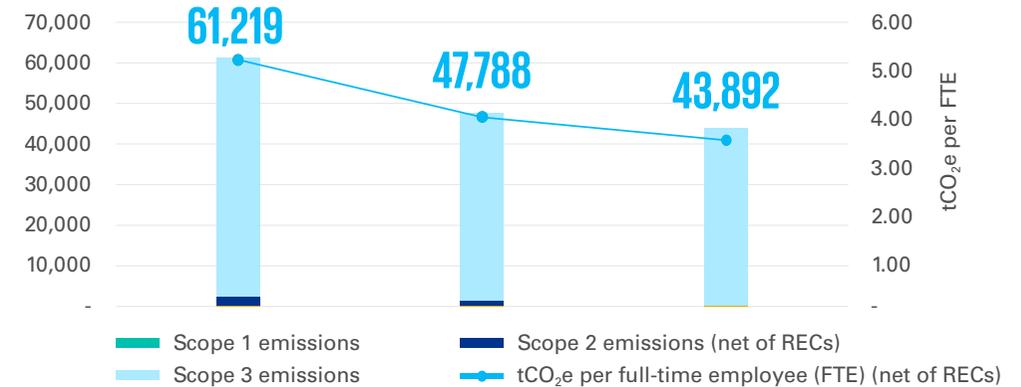
FY20 to FY21

**-8.2%**

FY19 to FY21

**-28.3%**

### Total GHG emissions (net of RECs) (tCO<sub>2</sub>e)



### Setting up our Planet working group

Under the OIP governance structure, we set up the Planet working group comprising representatives from different departments, including Procurement, IT Services, Property and Markets, to drive decarbonisation. This is done through setting interim targets and implementing environmental measures in our business operations and along our supply chain.



### Reducing our supply chain emissions

In FY21, our purchased goods and services emissions made up 24 percent of our Scope 3 emissions, down by 49 percent compared to FY20. To reduce the emissions from our supply chain, we have been actively reviewing our policies and processes to better incorporate the principles of sustainable procurement.

With a dedicated sustainable procurement professional participating in the Planet working group, we will continue to explore ways to integrate sustainability into our procurement process with reference to KPMG's global procurement direction.

In FY22, we plan to engage with our top suppliers in China to support KPMG's global initiative with the CDP (formerly the Carbon Disclosure Project) Supply Chain program, which aims to contribute to KPMG's decarbonisation commitment by understanding and reducing the environmental impact of our supply chain.

**Our commitment**

# Source 100% renewable electricity

To support our global commitment to source 100 percent renewable electricity across the global organisation by 2030, we are proud that KPMG China has achieved this target in FY21.

In FY21, we procured 100 percent renewable electricity through the purchase of renewable energy certificates (RECs) – up from 83 percent in FY20 and 74 percent in FY19.

All our renewable electricity was procured through accredited renewable energy certificates (I-RECs), which support wind energy projects in China. Going forward, we will continue to explore other local renewable energy supplies.

To further reduce our energy usage, we will continue working with property management companies to find eco-friendly measures, as well as look at energy-saving technology, such as using LED lighting where possible.

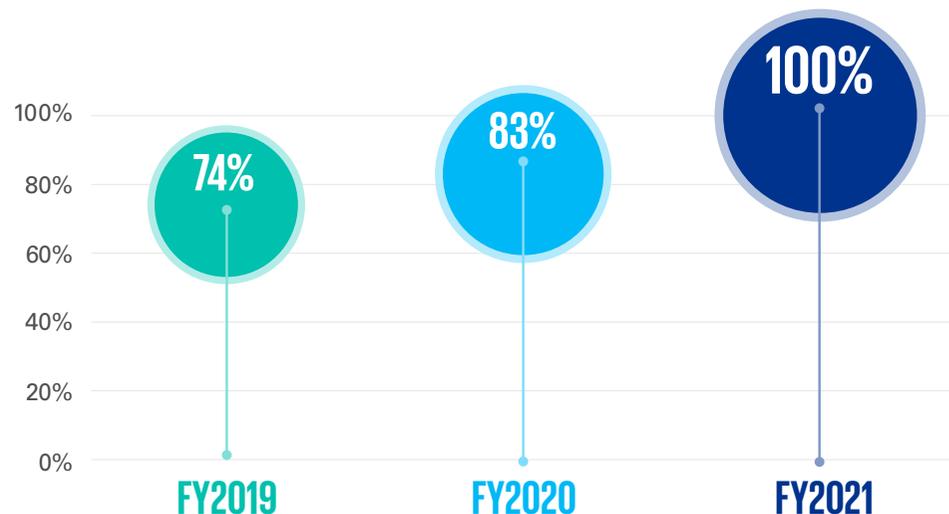


## Energy reduction in the Guangzhou office

As part of our Sustainable Tenancy Pledge with Guangzhou K11, Blue Sky Energy Technology installed energy meters in our Guangzhou office to track our real-time energy usage and make the necessary adjustments. We previously worked with Blue Sky in our Hong Kong office to identify opportunities for energy reduction.



### Renewable electricity percentage



### Carbon offsets

On our path to decarbonisation, we have bought accredited voluntary carbon offsets equivalent to 33,380 tCO<sub>2</sub>e (76% of our total emissions – net of RECs) from externally accredited suppliers. This covers our own operations, common area electricity, business travel and employee commuting.

Although we know this does not mitigate our emissions and is not the solution to the climate crisis, we are proud to invest in initiatives that are working towards solutions in sustainable infrastructure and renewable energy that demonstrate our commitment towards our 2030 climate goals.

### Setting an internal carbon price

In FY22, KPMG China supported our Global team’s proposal to set an internal carbon price (ICP) that will cover business operations and business travel, in line with KPMG’s global decarbonisation strategy.

The ICP will be an internal price on the emissions we generate. Funds collected through the ICP will support the firm’s decarbonisation measures, as well as allow us to invest in new technologies or solutions. As we work towards our net-zero targets, the ICP will be one of the tools we use to drive the change that is needed.



***ESG is enjoying its time in the spotlight, and it is exciting to see sustainability becoming an integrated part of decision-making in businesses. I believe the key is helping our people forge a personal connection to environmental issues, such as single-use plastic, food or energy consumption, so they can see how these relate to our firm, communities, and indeed, the planet. By offering colleagues opportunities to join eco activities, listen to experts or see the issues first-hand, we hope to motivate them to be part of the solution.***

***Stacey Wolpert***

*Planet pillar lead*

*Sustainability Manager, Corporate Social Responsibility  
KPMG China*

**Helping our people understand their carbon impact**

To improve our people's understanding of their environmental impact, we continue to enhance awareness, for example through our Earth Day campaign. In addition, we are currently developing a carbon tracker, which aims to drive behavioural change by helping our staff understand their personal carbon footprint.



## Our commitment

# Drive behavioural change to improve environmental practices in our workplace

## Encouraging waste reduction and promoting circular economy

The circular economy is a concept that promotes greater sustainability by eliminating waste and reusing items, which corresponds with KPMG's decarbonisation commitment. The concept of a circular economy guides the way we manage our waste. While we advocate for waste reduction as the best option, we also encourage our colleagues to recycle their waste and reuse items whenever possible.

### Category of recyclables



#### Paper, metal, plastic, glass

##### Mainland China:

In addition to setting up additional recycling bins in prominent locations in our main offices, we also have TerraCycle boxes for recycling snack packets.



##### Hong Kong:

Along with our recycling bins for plastic, metal, glass, paper, drink cartons, polyfoam, e-waste and food waste, we also participate in annual collections for mooncake boxes and red packets.



We have also removed all plastic bottles from vending machines in our Hong Kong and Shenzhen offices.

#### ▶ EcoDrive's 'Enough Plastic campaign'

As a Gold sponsor of EcoDrive's 'Enough Plastic' campaign, we reiterated our commitment to reducing single-use plastic. This Hong Kong NPO aims to promote individual awareness and behavioural change to reduce single-use plastic consumption. Initiatives related to the campaign included a plastic reduction challenge for staff on the My Impact app, as well as a beach clean-up that included KPMG people, alumni, friends and family.





## Clothes, books & toys

We organise regular clothing drives to collect clothes for under-resourced people.

We run book and toy collections from time to time to benefit NPOs. Those offices with Green Corners collect items year-round (see p. 22 for details).

### ▶ Redress 'Get Redressed Month'

For three years running, we have been a sponsor of 'Get Redressed Month', an initiative run by Hong Kong environmental NPO Redress, which focuses on reducing waste in the fashion industry. As part of our sponsorship, we collected unwanted clothing in our Hong Kong offices, as well as participated in their Sort-a-Thon, with our teams helping sort through over 2 tons of clothes in three sorting sessions.



## Tetra Pak cartons

In Hong Kong, we have supported Vitasoy and SSID/MilMill's beverage carton recycling initiative since 2020, saving 224kg of beverage cartons from the landfill in 2021.



Our staff visited SSID/Mil Mill in Hong Kong – which recycles beverage cartons and paper – to learn more about the waste problem.



## Used laptops

Our laptops are resold or recycled, with several finding new homes in our network of NPOs and schools.



## Green Corners

To promote a circular economy in our workplaces, we created three Green Corners in 2021. The first, in Hong Kong, has two cabinets made of reclaimed wood, and is a permanent, free circular area in the office. While there are boxes for collecting polyfoam and e-waste for recycling purposes, our colleagues can also donate their unwanted items and pick up anything they need including second-hand books, clothes and toys. Two new smaller Green Corners have also been opened in our Tianjin and Dongguan offices, and we hope to make this a feature in future office spaces.



## Developing a green workplace and fit-out processes

Construction and renovation work is a significant source of greenhouse gas (GHG) emissions that we aim to reduce progressively as part of our climate goals.

The newly drafted *Green Fit-out Guide* aims to be used by our Property department and building contractors, with guidance on building, supplier and material selection, as well as construction waste reduction throughout the office relocation and renovation process. The guide was developed based on market best practices and international standards.

When it comes to building selection, we also strive to give priority to green buildings in our office relocation or expansion plan. To date, we occupied 15 LEED-certified buildings and 2 BEAM Plus buildings.

## Promoting green event practices

Our *Green Events Guidelines* provides guidance for our people to reduce the environmental impact of our events. The guidelines provide advice on eliminating single-use plastic, reducing food waste and increasing plant-based options, among others.



## Engaging our people through awareness activities & our green interest group

The Green Warriors interest group is a staff-led initiative under our myLife programme. It aims to promote environmental awareness and advocate for a greener workplace. The group organises talks, movie screenings, outings and other activities. Members are encouraged to share ideas and drive change as green champions.





# Nature and biodiversity

## Our commitment

## Understand our impact on nature and biodiversity, and make positive improvements

KPMG is committed to protecting biodiversity by striving to gain a better understanding of our impact on nature and improving our focus on biodiversity. Biodiversity, which refers to the variety of all living things, has five main threats according to WWF: changes in land and sea use, species overexploitation, invasive species and disease, pollution, and climate change.<sup>6</sup>

Throughout the years, we have worked with different NPOs on nature conservation projects focused on the fresh water, wetland and ocean ecosystems. We aim to continue building awareness of our personal and professional impact on the natural world, and encouraging our people to empower change, by engaging in projects and activities that make a positive impact on the environment.



## WWF

In 2021, we further strengthened our collaborative partnership with WWF to tackle climate issues and protect our environment. Funded by the KPMG Foundation, we are supporting a pilot programme on ocean conservation.

In addition, KPMG China has been a Silver Corporate Member of WWF-Hong Kong since 2014 and participates in different awareness-building and volunteering activities, such as wetland clean-ups and bird-watching.



### Climate-resilient ocean conservation programme in Guangdong-Hong Kong-Macao Greater Bay Area (GBA)

- This is the first ocean bankable nature solution (BNS) in the WWF global network. It involves sustainable finance elements and aims to attract private investment to scale up projects focused on climate resilience and sustainability.
- This programme focuses on reducing further negative impacts on marine ecosystems caused by destructive fishing, and aims to foster sustainable practices and consumption behaviours in the GBA.



<sup>6</sup> *Living Planet Report 2020 – Bending the curve of biodiversity loss*, Almond, R.E.A., Grooten M. and Petersen, T. (Eds), WWF, 2020, <https://www.worldwildlife.org/publications/living-planet-report-2020>

### Conservation International

In 2020, we collaborated with Conservation International to initiate a community-based freshwater initiative to protect water resources in the Dongjiang Basin in Guangdong province, a major water source for the region and Hong Kong. The project included the construction of a small-scale wetland to treat domestic sewage, and the training of local villagers to maintain the wetland.

The artificial wetland in Xiadong village, which was officially opened on 22 April 2021 (Earth Day), helps to purify water before it flows into the Dongjiang Basin, and has introduced employment opportunities for villagers to run eco-tours. We aim to extend this project to another village in China in 2022.



Our people and several government officials participated in a planting activity with villagers at the opening ceremony. Colleagues have returned to participate in eco-tours.



◀ Our nature conservation programmes were recognised by the Guangdong Provincial Institute of Certified Public Accountants in their development plan 2021-2025.





### ***Shenzhen Mangrove Wetlands Conservation Foundation***

KPMG China also launched a two-year initiative with Shenzhen Mangrove Wetlands Conservation Foundation (MCF) in July 2020 in Shenzhen Bay to monitor and manage the ecosystem, improve the existing habitat for wetland species, and promote environmental awareness to our colleagues and the public.

This initiative has created approximately 7,000m<sup>2</sup> of habitat for migratory birds and there are ongoing conservation activities, including removing invasive plants. In addition, we will publish a joint report on natural succession with MCF, and work with people from all walks of life to better understand plants and nature.



***Humans and nature coexist in a virtuous cycle. It is important that we live together in harmony and cherish everything nature has to offer. KPMG firmly believes that we should fulfil our responsibilities not only to our clients, but also to society.***

#### **Wilson Pang**

Partner, KPMG China  
Board member, KPMG Foundation





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# Climate risk

## Our commitment

## Give financial markets and our clients clear and comprehensive information on the impacts of climate change

At KPMG China, we support our clients to deliver growth with purpose and help them work towards achieving the SDGs.

In 2021, KPMG worked with banking clients to conduct climate risk stress tests based on requirements from local regulators. Due to the distinct nature of climate risk, traditional stress testing approaches adopted in the banking sector are not sufficient to measure the climate-related impact. KPMG successfully developed new stress testing approaches, which included both physical risk and transition risk associated with adopting ESG strategies, as well as climate risk related to clients' vulnerable exposures.

Utilising our network of industry experts, we developed a systematic framework to analyse key risk factors such as carbon abatement potential and costs; shifts in demand and supply, and changes in climate-related public policies; and transition risk impact on carbon-intensive sectors. With the revised approach, clients were able to differentiate the impact on various carbon-intensive sectors and prioritise their business strategies accordingly.

We advise our clients on ESG governance, strategies, risk management and reporting to help achieve their vision for sustainability and ESG. For more details, please see the Prosperity chapter.

# People

*Creating a caring, inclusive and values-led culture for our people*

<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>4</b> QUALITY EDUCATION 	<b>5</b> GENDER EQUALITY 
<b>8</b> DECENT WORK AND ECONOMIC GROWTH 	<b>10</b> REDUCED INEQUALITIES 	<b>17</b> PARTNERSHIPS FOR THE GOALS 



# Our commitments

## Inclusion, diversity and equity

- Have an inclusive culture built on trust; have an educated, empathetic workforce; and be an advocate for equal opportunity
- Eliminate discrimination in respect of employment and occupation
- Empower women in the workplace, marketplace and community

## Health & well-being

- Protect the health of our people — both physically and mentally — and enable them to be effective and productive

## Continuous learning

- Develop a continuous learning culture

## Human rights

- Respect human rights

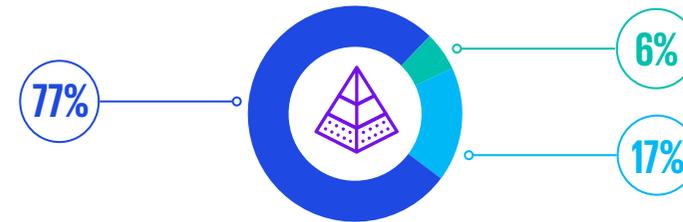


# Our management approach and progress

## Total workforce



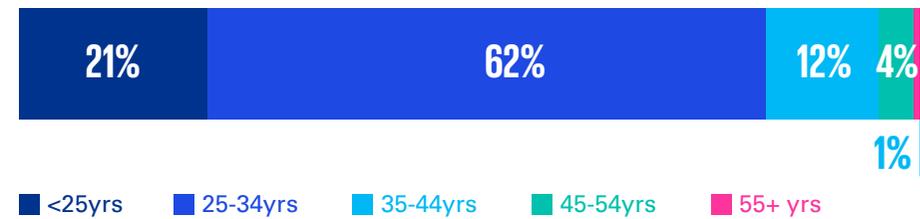
## Workforce by level



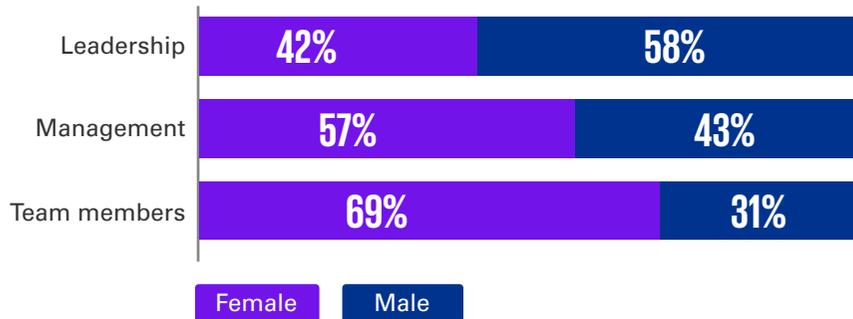
## Workforce by gender



## Workforce by age



## Workforce by gender by level



Data above as at 30 September 2021



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## Become an employer of choice

Our people are our greatest asset and integral to our success. We understand employment conditions are not only linked to compensation and benefits, but also to offering personal and professional growth through promotion opportunities. Our focus on these areas is intertwined with our talent retention strategies and the reward package that we offer to our people. With the right talent strategy in place, we aspire to be the employer of choice in the market.

***Our people are our most valuable asset, which is why we put a lot of emphasis on effective communication and staff engagement. We have to get our people engaged, integrate our messages, and embed our global ESG goals in everything we do. That way, words can be effectively transformed into action, and we can create a purpose-driven culture and initiate positive change.***

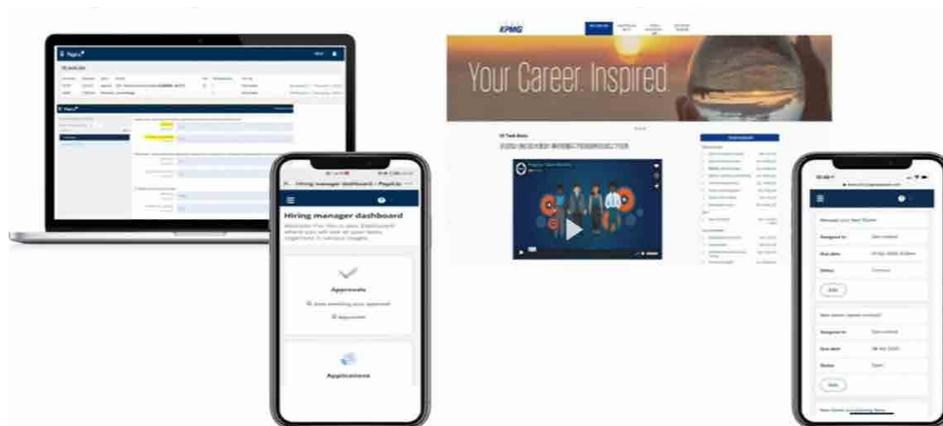
***Linda Lin***

*Partner, Head of People, Performance and Culture  
KPMG China*

## Attracting talent

Attracting quality talent is key to our business success. Here are some highlights in 2021:

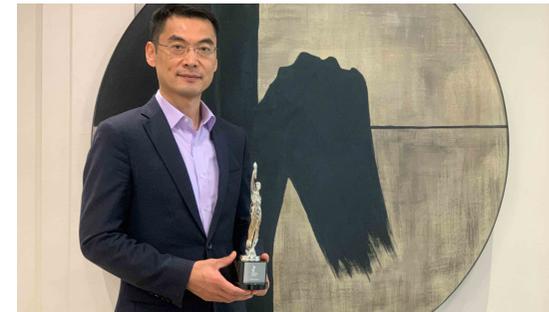
- Despite fierce competition for talent in China, we **successfully recruited over 6,300 new staff members** in FY2021, increasing our workforce to over 13,000 people.
- Through a **centralised national talent acquisition function** supported by recruitment experts, we have transformed our talent acquisition capabilities so that we can attract the right talent for different roles, functions and business needs.
- We further enhanced our **employee referral programme** to attract suitable talent to join our workforce by giving incentives for any successful referrals.
- With Gen Z talent comprising a greater share of our workforce, we have been **refreshing our early career programme**, scaling up our development programme and providing more rotations for our staff.
- We have **digitalised our graduate recruitment channel** to communicate and engage with potential students throughout the campus recruitment process until they are fully integrated into our firm.
- We also **digitalised our onboarding portal and modules** to enhance our new joiners' overall experience when commencing their work with us.



## Elite programme

To attract high-calibre young candidates to join our workforce, our Elite programme provides university students with a two-year internship, during which participants can benefit from comprehensive and professional skills training.

Students with outstanding performance during the required internship period may receive a full-time job offer before graduation if they complete the programme successfully.



◀ KPMG China was one of 'China's Top Employers' as ranked by the Top Employers Institute in January 2021.



KPMG China was also recognised as one of the Best Companies to Work for in Asia 2021 by HR Asia for the fifth consecutive year.

### Business case competitions

To empower students and groom our future leaders, KPMG China has supported many business case competitions in different cities throughout China and the rest of the world. Support ranges from sponsorships, advice and the provision of internship opportunities to participants. To illustrate this, the KPMG Ideation Challenge (KIC) is a programme designed to identify young talent and new business solutions in the field of AI and cognitive computing.



In 2021, students from Zhejiang University represented KPMG China as they competed with participants from other countries in the KPMG Ideation Challenge. KPMG colleagues volunteered as coaches and judges.

### Audit data analytics programme

In recent years, KPMG's partners and staff have taught at leading universities across China – from Hainan, Hong Kong, Guangzhou and Xiamen to Shanghai, Beijing and Tianjin.

To equip students with future-ready skills, KPMG China has worked with these universities to offer courses on audit data analytics, organised innovation challenge competitions, set up data analysis scholarships and offered audit internships.

In spring 2021, we launched the 'Auditing and Data Analytics Course' at Nankai Business School in Tianjin and Renmin Business School in Beijing.

In 2021 we also signed strategic cooperation agreements with the University of International Business and Economics in Beijing and Hainan University to cultivate graduates with talent in data and analytics.



## Retaining talent

Keeping our people engaged and motivated is essential for our business growth. In 2021, our talent retention strategy focused on four key areas:

- Providing our staff with career development opportunities through conducting performance review and providing advice
- Offering more competitive compensation and benefits by closely monitoring movements in the market
- Upgrading insurance benefits and wellness schemes for our staff
- Piloting an agile working model in some offices.

## Total Rewards package

To recognise our employees' efforts and contribution, we provide a comprehensive Total Rewards package which contains the following features:



## Award and recognition programme

KPMG China is keen to uphold a culture of recognition and appreciation. Our enCORE Awards programme aims to recognise and reward outstanding individuals and teams for their contributions. Since the programme's launch in 2016, around 6,000 of our employees have become award recipients.

The award programme underwent a revamp in March 2021 to align it with our refreshed Values. The Values Recognition Wall, the Values Award, and the Values Heroes and Heroines of the Year Award comprise the three levels of the renewed enCORE Awards.



## Global People Survey

Every year, our people from all functions and levels are invited to participate in KPMG's Global People Survey (GPS). This is a global independent survey that gathers our employees' perspectives on their experience of working at KPMG.

In FY2021, 89% of our people responded to the GPS, which included a number of new questions about Inclusion, Diversity & Equity (IDE), sustainability, public affairs and retention. The GPS results offer us valuable insights on how we can go about improving the key areas that are important to us. This year, we implemented actions addressing FY2020 GPS feedback in four areas: Reward and Recognition, People Experience, Innovation, and Well-being.

While we saw some improvement in our performance related to leadership, people development, two-way communication and values, we have identified areas that we will continue to focus on such as staffing, work enablement for higher efficiency and workload. We are keen to listen and take our people's feedback on board by taking action.



## Agile working

COVID-19 has changed how and where we work, shifting our ways of working from predominantly office-based to a more agile and flexible style. In FY2021, we continued to work on strategies to integrate the concepts and principles of agile working into the way our people work. We strive to ensure that the future of work is truly fit for purpose by focusing on outcomes instead of adhering to the status quo.

Piloted in 2019, the 'Everyone Agile' initiative enables flexible working arrangements for our people in Hong Kong. We provide flexibility in terms of their work location and dress code according to the business and personal activities planned for the day. It also helps our colleagues strike a better work-life balance and boosts well-being.

Furthermore, we provide a range of mobility programmes for our people who need to work in other KPMG member firms or relocate within KPMG China for training or business engagements.



## Our commitment

# Have an inclusive culture built on trust

Following the 72-hour KPMG Global Courageous Conversations event last year, the message from our people was clear – we need to integrate 'equity' in our day-to-day actions. Equity is about creating fair access, opportunity and advancement for everyone. Demonstrating its importance at KPMG, what was previously known as 'Inclusion & Diversity' (I&D) has been renamed as 'Inclusion, Diversity and Equity' (IDE) at all member firms.

IDE is a fundamental component of our culture and values. At KPMG China, we are committed to fostering a diverse and inclusive workplace, where all staff members are valued and respected for who they are and what they do.

### National and Regional IDE Councils (previously called I&D Councils)

To drive our IDE policies and strategies and cultivate an inclusive culture, we have put in place a National IDE Council, together with Regional IDE Councils.

Led by our Head of People, Performance and Culture, the National IDE Council sets the overall strategic direction for IDE, and oversees firm-wide IDE policies and programmes. Governed by the National IDE Council, the Regional IDE councils identify issues that are important in their respective regions and implement corresponding initiatives.



**Our commitment**

# Be an advocate for equal opportunity

Our employment practices underline our contributions towards SDG 8 Decent Work and Economic Growth, which aims to achieve full and productive employment and decent work for all women and men.

The *Staff Handbook* emphasises our principle of employing a diverse workforce based solely on an individual’s ability, performance, occupational requirements and business needs. Our recruitment and employment decisions are made regardless of gender, marital status, religion, race, nationality, disability, family status, sexual orientation or other factors.



Since 2019, KPMG has been a signatory of the Equal Opportunities Commission’s Racial Diversity & Inclusion Charter for Employers, demonstrating our commitment to providing an inclusive and equal workplace that celebrates racial diversity.

**Our commitment**

# Eliminate discrimination in respect of employment and occupation

*Inclusion and Diversity Policy*

KPMG China’s I&D Policy contains our firm’s principles to create an inclusive workplace culture, with zero tolerance for any form of discrimination against any persons. Our firm’s position on equal opportunities is also elaborated in the policy. This policy also shows our support for SDG 5 Gender Equality, which aims to end all forms of discrimination against women and girls everywhere, as well as SDG 10 Reduced Inequalities.

*IDE focuses*

Our IDE strategies focus on four key areas: Gender, Generations, Skills and Embracing differences. Key initiatives are highlighted as follows.

<b>Gender</b>	<ul style="list-style-type: none"> <li>Mentorship programmes for female colleagues</li> <li>Gender equality network</li> <li>Celebration of International Women’s Day</li> <li>SHE Inspiring Talk Series</li> <li>Male Allies</li> </ul>	
<b>Generations</b>	<ul style="list-style-type: none"> <li>Next Generation Council</li> <li>Leaders Developing Leaders</li> <li>‘Tune-in’ sessions</li> </ul>	
<b>Skills</b>	<ul style="list-style-type: none"> <li>Unconscious bias training</li> <li>Design thinking workshop</li> <li>Thinking diversity workshop</li> <li>Combating microaggressions workshop</li> </ul>	
<b>Embracing differences</b>	<ul style="list-style-type: none"> <li>IDE Week</li> <li>Pride@KPMG</li> <li>Mental health and wellness programmes</li> <li>Awareness-building activities on World Mental Health Day &amp; International Day of Persons with Disabilities</li> </ul>	



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**Faye Yuen**

*People pillar lead*

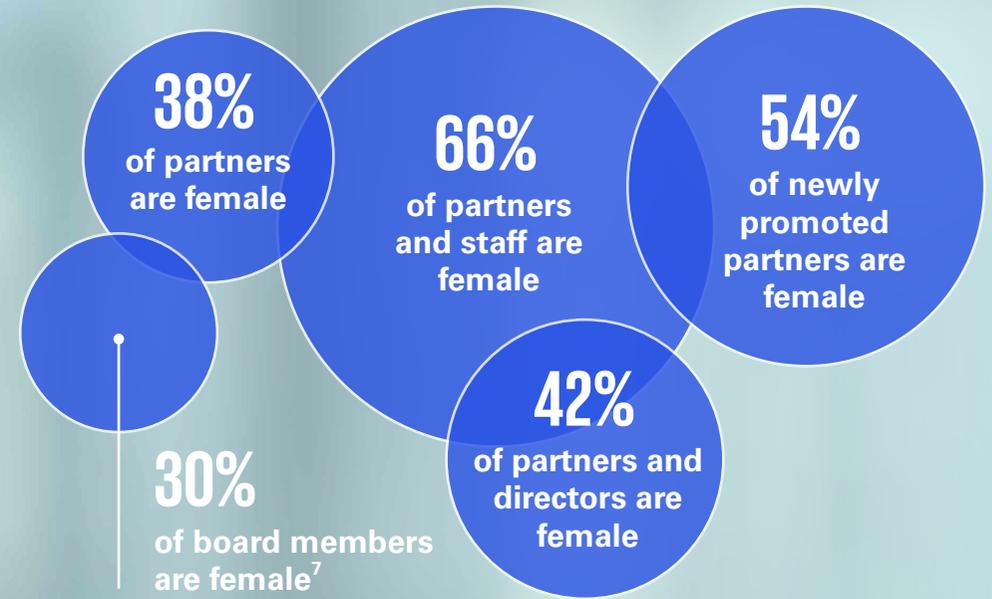
*Senior Manager, Internal Communications*

*KPMG China*

**Our commitment**

# Empower women in the workplace, marketplace and community

KPMG China provides equal opportunities for our partners and staff to develop and succeed in their careers regardless of gender. This commitment contributes to SDG 5 Gender Equality, which aims to ensure women’s full and effective participation, as well as equal opportunities for leadership at all levels of decision-making.



Data above as at 30 September 2021

For further information, read about our community programmes on empowering female students in the Prosperity chapter.

<sup>7</sup> Since 1 October 2021, our female representation on the board has increased to 33%.

**Our commitment**

## Have an educated, empathetic workforce

We have developed different programmes and campaigns to raise our people's awareness of different IDE issues such as gender equality. This helps them build an inclusive mindset and be more empathetic in their day-to-day interaction with different people.

**Next Generation Council**

The Next Generation Council (NGC) offers a channel for young colleagues to express their thoughts and share their ideas about the firm. The NGC includes over 20 younger colleagues from across different regions, functions and grades. Their first project was to take part in the 'Everyone Agile' initiative, for which our NGC members conducted extensive research and put forward proposals on flexible working arrangements to the firm's senior leaders. Selected ideas from these proposals will be implemented at the firm going forward.

**Leaders Among Us**

Launched on International Women's Day in 2021, the 'Leaders among us' initiative aims to highlight stereotype-breaking stories from among our people. Not only do we encourage our people to excel, but we also challenge stereotypes to help them be their best selves. For example, the first episode featured a female senior manager who shared her experience of working in the traditionally male-dominated IT industry.



*I started my career at KPMG focusing on engagements, and changed to a role overseeing the regional office in Hainan. I am grateful for all the support that I have received throughout my career journey, and hope to encourage my younger colleagues to have the courage to explore, voice their opinions, ask for help when needed and keep going.*

**Nicole Zhang**  
Partner, KPMG China

### ***International Women's Day***

Every year on 8 March, KPMG member firms around the world take part in the International Women's Day (IWD) celebrations. A series of nationwide activities in China are arranged to celebrate the uniqueness of women and their contributions. In 2021, we took part in a series of nationwide virtual events, including the SHE Inspiring Talk Series, our flagship programme with the theme #ChooseToChallenge. Other regional events included Plan International's virtual Run for Girls race, online seminars and a 'Tune-in' session. Over 400 colleagues, alumni and clients participated in these events.

### ***IDE Week***

The annual IDE Week is a landmark event across KPMG China. Our colleagues are encouraged to participate in a week-long series of events promoting the four pillars of IDE – Gender, Generations, Skills and Embracing Differences. Under the 'Drawing strength from our differences' theme, over 620 participants joined nine IDE activities during the event.

### ***Tune-in sessions***

This face-to-face interaction channel aims to enhance in-person communication between senior management and our younger colleagues. It provides a platform for a lively conversation on various topics in an open and informal format, such as coffee chats or luncheons. Since its launch, more than 30 sessions have been conducted with over 300 employees across the country.

### ***IT's HER Future mentorship programme for female colleagues in the Advisory function***

IT's HER Future mentorship programme is designed to support the personal and professional development of our female colleagues in the Advisory function. Backed by strong support from senior management, mentees can learn from experienced partners and leaders to build their confidence and leadership skills as they grow and pursue their career ambitions.

Our Chairman Honson To visited the KPMG office in Wuhan after the pandemic for a Tune-in session with colleagues to share their experiences of the lockdown and recovery.



## Our commitment

# Protect the health of our people - both physically and mentally - and enable them to be effective and productive

We care for our people and support their well-being by providing a healthy and safe working environment for them. Our focus in this area also helps to contribute to SDG 8 Decent Work and Economic Growth.

## Health and safety policies

Our *Staff Handbook* specifies our principles and requirements for various health and safety issues, ranging from fire precautions and office safety to indoor air quality and more. To ensure staff safety wherever they work, we also provide the *Health and Safety Guidelines* for working outside the office.

### Ensuring staff safety during the Henan flood disaster

In response to the Henan flood disaster in 2021, KPMG China maintained close communication and confirmed the safety of all colleagues based at our Zhengzhou office. The firm supported the project teams and colleagues who were stranded in the area, as well as those who were on business in Henan to help them properly resettle and return to their homes safely.



## Insurance coverage

Our staff are well covered by our insurance package for medical, life, personal accidents and business travel. They are also supported by the Employee Assistance Programme (EAP), which offers a 24-hour support hotline for professional personal counselling services.

## Staff wellness programme - myLife

To improve the well-being of our people, we have over 50 staff-led interest groups called myLife, which is a staff engagement and wellness programme.

Through three key focuses – mind, body and social – myLife aims to help our people strike a better work-life balance and drive social interactions amongst our people. All these interest groups are funded by the firm to run different activities, ranging from football, hiking and photography to parenting activities.



## Our commitment

# Develop a continuous learning culture

At KPMG China, we are committed to cultivating a culture of continuous learning by providing abundant opportunities for our people's personal and professional development.

### Fostering active learning

Active learning is one of the top 10 skills to remain fit for the future. We encourage our people to learn actively anywhere, anytime. In FY2021, we rolled out several programmes which promote active learning so we can meet the different learning needs of our people.

## 1 Spot the Chance to Learn

Through providing practical tips, the Spot the Chance to Learn initiative served as a reminder to inspire our colleagues to think about how they can capture opportunities to learn new things every day, and live our KPMG Value of 'Excellence'.



*At KPMG, we invest in developing future skills and expertise to enable our people to grow their careers and maximise their potential. Our Purpose-led, Values-driven culture enables our colleagues to develop and thrive both at a personal and professional level.*

### Carmen Ting

Head of Talent  
People, Performance and Culture  
KPMG China

## 2 Unleashing our people's potential along their career journey

Our development initiatives focus on empowering our people to enhance their potential throughout their career journey with us. Our 'Everyone a Leader' leadership framework aims to empower our people to take personal ownership and lead, no matter their role. Examples of our key development solutions include:

**Graduate Induction Programme:** New joiners embark on their leadership development journey the moment they start their career with us. Our Orientation Programme is designed to support graduate joiners to transition seamlessly from being a student to a professional. In addition, the Professional Qualification Programme provides comprehensive support to enable our colleagues to pursue the relevant qualifications to advance their professional knowledge.

**Career Planning Pathway:** At KPMG, we appreciate that our colleagues have different strengths and capabilities. To enable everyone to fulfil their potential, we offer structured career planning support, including workshops and career coaching to help them chart their career development journey.

**Fit to Lead series:** During these challenging times, we recognise that our colleagues may need additional support to lead themselves and the people around them. The Fit to Lead programme is a series covering hot topics such as resilience and mental well-being, to support our colleagues to continue performing well in this changing environment.



Average training hours per individual: **70 hours**

## Our commitment

# Respect human rights

We respect human rights. We avoid being complicit in human rights abuses including those involving business relationships, and ensuring we eliminate all forms of forced, compulsory and/or child labour in our own operations. Our Code of Conduct states that we do not tolerate illegal, unethical, human rights-violating behaviour from clients, suppliers or public officials with whom we do business.

# Prosperity

*Driving purposeful business practices and good corporate citizenship*



# Our commitments

## Purposeful business

- Always act with a clear purpose
- Lead the profession in audit quality
- Drive a responsible tax practice
- Contribute to the economic development of China

## Education and communities

- Support the communities in which we operate



# Our management approach and progress

## Our commitment

### Always act with a clear purpose

Our ambition is to be the most trusted and trustworthy professional services firm. To achieve this, we lead with commitment, passion and determination according to our purpose, values and vision, which define, unite and guide us. These elements inspire confidence and empower change – individually, collectively in our China firm and together as a global organisation.

We act with integrity and strive to build and fortify an ethical workplace. We deliver quality, ensuring we continue to improve our services and serve the public interest. We build trust, communicating openly and transparently with our people, our clients and the public. We carry out our environmental and social responsibilities, contributing towards the UN SDGs. We are aware of the importance of our role in our communities and the broader impact of our decisions on society, where we aim to make a difference in meaningful ways.

### Our purpose



**Inspire confidence**



**Empower change**

### Our values



**Integrity**



**Excellence**



**Courage**



**Together**



**For Better**

### Our vision



**The Clear Choice for our people, our clients and the public**

### Our commitment

## Lead the profession in audit quality

Striving for the highest level of quality is at the core of everything we do. We have a simple but bold ambition: to become the most trusted and trustworthy professional services organisation. Everyone at KPMG China has an important role to play in delivering quality to our key stakeholders and recognising the critical role and purpose in building public trust. Through our quality control system and policies that guide all aspects of our work, we are confident that our commitment to quality can make our firm the standard for trust in our profession and give the investing public confidence to make key decisions.

KPMG China, together with all other member firms, follows the Global Quality Framework which outlines how every partner and employee contributes to delivering high-quality audits. This framework helps us deliver higher audit quality, consistency and accountability across KPMG's global network. In turn, this gives greater confidence to our clients and the investing public.



*It is vital to understand the importance of ESG, which is now clearly a major strategic imperative that all companies should consider. I believe ESG should be integrated into every business's corporate agenda and boardroom discussions. Leading by example, KPMG should be a change agent to drive progress for ESG both within our firm and in the marketplace, and we must strive to make our impact more prominent and visible.*

### Andrew Weir

Senior Partner, Hong Kong  
KPMG China

### Our commitment

## Drive a responsible tax practice

Our tax services are based on our principles for responsible tax practice, which are consistent with our values and Code of Conduct. We act lawfully and with integrity and expect the same from our people, our firms' clients, tax authorities and other parties with whom we interact. Above all else, all aspects of our work shall be fully compliant with relevant legal, regulatory and professional requirements. We are committed to providing clients with high-quality tax advice tailored to their particular circumstances. Read the full [Principles for a Responsible Tax Practice](#).



# Delivering ESG solutions to our clients

In October 2021, KPMG [announced its plans](#) to spend more than USD 1.5 billion over the next three years specifically to focus on the ESG change agenda globally. Through this global ESG strategy, we support the ESG transformation of our clients, employees as well as our own organisation, and aim to address these challenges proactively.

At KPMG China, we support our clients to fulfil their purpose and help them deliver on the SDGs through our ESG services, which focus on these six categories:

Focus	Pillar	We do this by:
ESG reporting	 <p>ESG reporting and measurement</p>	<ul style="list-style-type: none"> <li>– Supporting our clients with their ESG reporting journey, as well as rating improvement &amp; implementation</li> <li>– Supporting our clients to measure climate risks and report against relevant frameworks and regulations (e.g. Task Force on Climate-Related Financial Disclosures (TCFD) and scenario analysis)</li> <li>– Assisting our clients with the implementation of ESG governance, processes and control reviews, as well as providing an internal audit on ESG</li> </ul>
ESG assurance	 <p>ESG assurance</p>	<ul style="list-style-type: none"> <li>– Providing pre-assurance and assurance services</li> </ul>
ESG transformation	 <p>Climate change &amp; sustainability</p>	<ul style="list-style-type: none"> <li>– Assisting our clients to reach carbon neutrality through measurement &amp; verification; energy efficiency and carbon reduction; carbon offsetting, China Certified Emission Reductions (CCER) and carbon trading; as well as carbon assets and ESG investments</li> <li>– Helping clients understand the nature and scale of the risks and opportunities from climate change</li> <li>– Advising clients to devise a decarbonisation strategy and implementation plan</li> </ul>
	 <p>Sustainable finance</p>	<ul style="list-style-type: none"> <li>– Helping our clients understand, quantify, manage and mitigate climate and environmental risk with models, advanced data analytics and technology-enabled tools</li> <li>– Advising our clients to develop strategy, governance, systems and products for responsible investment, banking and insurance</li> <li>– Advising our clients to develop a product strategy to achieve net zero in financed emissions</li> </ul>



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Focus	Pillar	We do this by:
ESG transformation	 <p>ESG in deals</p>	<ul style="list-style-type: none"> <li>– Helping our clients understand ESG risks and identify value creation opportunities across the transaction life cycle at the transaction level</li> <li>– Helping our clients develop a framework to ensure acquisitions are made in line with the ESG strategy at the fund level</li> <li>– Helping our clients improve the ESG performance of assets to enhance long-term financial performance and exit valuation</li> </ul>
	 <p>Economic and social development</p>	<ul style="list-style-type: none"> <li>– Helping our clients build more resilient and sustainable supply chains via our Procurement Advisory practice</li> <li>– Helping our clients strategise and deliver public infrastructure projects and government policies that deliver new and progressive services to our communities and drive economic growth</li> <li>– Assisting our clients to deliver community-centric public sector services enabled by technology and transformation strategy</li> </ul>



### ***KPMG advised on renewable energy and carbon neutrality project***

Faurecia, a French global automotive supplier that is part of the FORVIA Group, announced an ambitious plan to become carbon neutral for its internal emissions by 2025. On-site renewable electricity production is a step on this journey. Faurecia selected KPMG as its advisor to set up a solar panel equipment programme across all facilities worldwide.

In March 2022, Faurecia successfully reached a framework agreement with a global renewable energy developer for the installation and operation of on-site renewable energy production assets for its major sites in China.

A joint team including KPMG France, KPMG UK and KPMG China provided support in identifying and selecting global and local developers. Daisy Shen, Head of Climate Change and Sustainability, KPMG China, said: “Renewable energy is key to getting to net zero. Leveraging KPMG’s global and China expertise, we are delighted to have supported Faurecia’s carbon neutrality plan with the implementation of an on-site renewable energy programme in China.”



### ***The Government of the HKSAR engages KPMG to improve statutory maternity leave support***

KPMG in Hong Kong secured a landmark three-year engagement with the Labour Department of the Government of the Hong Kong Special Administrative Region (HKSAR) to help implement and manage the Reimbursement of Maternity Leave Pay Scheme, following amended ordinance for statutory maternity leave. KPMG acts as the processing agent for all maternity leave pay reimbursement applications, and built and hosts a dedicated application portal and back-end processing system. In addition, the team established a service centre and an enquiry hotline to assist applicants. To help promote the new scheme to stakeholders, KPMG also supports public awareness efforts.

The HKSAR Government has extended the statutory maternity leave from 10 to 14 weeks and employers are entitled to apply for reimbursement of the additional four weeks' statutory maternity leave pay, subject to a cap of HKD 80,000 per employee. Increasing the statutory maternity leave aims to improve maternity benefits for female employees, and allow mothers more time to spend with and take care of their newborn babies.



**ESG attracts a lot of attention because of the long-term business and social value it creates for companies. At KPMG, we want ESG to be strategically positioned and act as a multi-functional collaboration to build trust and accelerate growth, so we work very hard to cascade an ESG mindset in all our people, service lines and policies. Ultimately, we hope to become a leader in the ESG market and be branded as a socially responsible firm.**

**Wei Lin**

Partner, Head of Environmental, Social and Governance  
KPMG China

### Appointed as the external reviewer for Hong Kong's green finance scheme

KPMG China has been recognised as an external reviewer under Hong Kong's Green and Sustainable Finance Grant Scheme by the Hong Kong Monetary Authority. This scheme aims to enrich Hong Kong's green finance ecosystem by providing subsidies for eligible bond issuers and loan borrowers to cover their expenses on bond issuance and external review services.

This recognition allows us to better help our clients take part in the scheme when opportunities arise and support the integration of sustainability into mainstream financial strategies and processes.

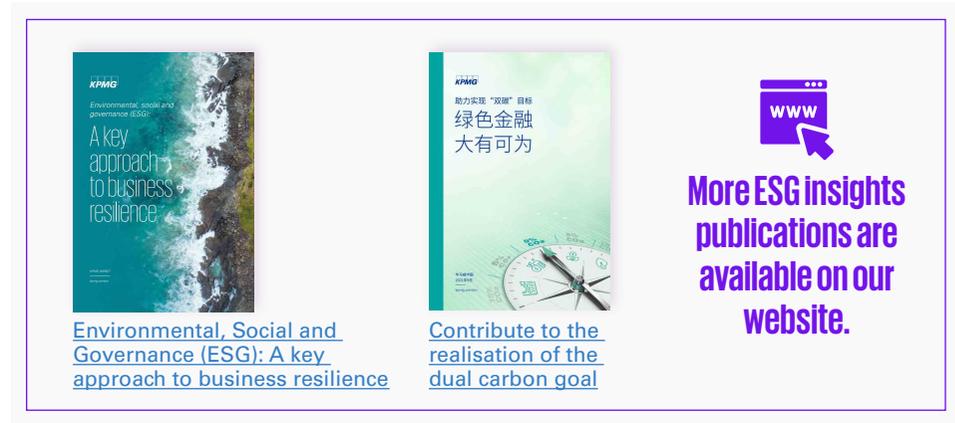


## Providing ESG training for our staff

To help our people stay abreast of the changes and compliance needs in relation to ESG, we have provided a series of e-learning modules which equip them with general ESG knowledge as well as topic-specific knowledge such as climate-related risks and ESG-related assurance. We also provide training throughout the year on different ESG topics for our clients, from working level staff to C-suite executives and board members.

## Launching ESG insights publications and articles

To share ESG insights with our clients, we published a number of ESG insights publications in 2021.



## Hosting and participating in seminars, forums and discussions



KPMG China Partner Daisy Shen attended the Sustainability & ESG Business Summit 2021, organised by BritCham Shanghai on 9 September 2021, and hosted the discussion on how to create and maintain a sustainable business.



In the KPMG Asset Management series, KPMG China Partners Pat Woo, Matthew Sung and Gemini Yang discussed the framework for quantifying climate risk and the SFC's climate-related regulatory requirements, including practical steps that asset managers should consider.



At the Hong Kong Venture Capital and Private Equity Association (HKVCA) - Asia Venture Capital Forum, KPMG China Partner Irene Chu moderated a forum on how regulations and investor interests are shaping ESG investments in China and South East Asia.

## Building a resilient, sustainable business

At KPMG China, we take a prudent, long-term approach to managing our finances, avoiding unnecessary financial risks and speculation. Financial growth is key to our success and long-term sustainability. The COVID-19 pandemic taught us that while some changes are inevitable, the existence of a business depends on its resilience.

As an organisation with over 13,000 people, we understand how important and closely connected our business is to the livelihoods of our people as well as their family members. By creating jobs and exchanging knowledge, we also support economic growth and foster prosperity in the country.

### Our commitment

## Contribute to the economic development of China

We are committed to supporting economic development in China by bringing our professional services and insights to local businesses and empowering the capabilities of local talent.

### *Supporting national initiatives for a prosperous future*

As we commemorated the 100th anniversary of the founding of the Communist Party of China (CPC), our Chairman Honson To highlighted our commitment to promoting China's national initiatives and fulfilling the firm's social responsibilities. KPMG China strives to deliver high-quality services to enterprises to contribute to the country's long-term development and prosperity.

In addition, we support rural revitalisation by rebuilding Hope Schools in rural China to improve the learning environment for students. We shared our financial knowledge with microfinance organisations to enhance their efficiency in processing microfinance cases for rural farmers. Moreover, our climate initiatives and nature conservation programmes support China's national carbon neutrality goals, as detailed in the Planet chapter.

### *Fostering our relationship with the government to drive prosperity*

Maintaining collaborative relationships with local governments in different cities and provinces in China helps us to better understand the market landscape and capture business opportunities. More importantly, it allows us to create long-term shared value for the communities in which we operate.

In 2021, we continued to meet with various government officials from city to provincial level to exchange views and explore opportunities for further collaboration.

Furthermore, we have provided professional services to local governments to help address social issues and support policy change.

### *Expanding our footprint to empower people and create jobs*

In FY2021, we continued to expand our footprint in mainland China, opening two new offices in Hefei and Shenzhen (Qianhai). The opening of our office in Qianhai, Shenzhen also symbolises our full support for China's 14th Five-Year Plan (14th FYP), which has a strong focus on promoting the development of the GBA. As at 31 March 2022, three more offices had been established in Taiyuan, Dongguan and Dalian.

KPMG China's next three-year plan aims to grow our number of offices from 28 to 40 and from 13,000 people to 20,000. We will continue to invest in expanding our local operations, building a local talent pool, and leveraging our professional strengths in a way that aligns with local and regional development needs and focuses.



### Empowering enterprises by sharing insights on national policies

The 14th FYP represents the first steps towards China's second centennial goal. KPMG China released reports on the sector impact outlook and the macro trends and opportunities in relation to the 14th FYP, providing insights and analysis on key trends for businesses across different sectors.



[The 14th Five-Year Plan: Sector Impact Outlook](#)



[The 14th Five-Year Plan: Macro Trends and Opportunities](#)



[Analysis on the Report on the Work of the Government](#)



*We are keeping abreast of the government's latest policies and perspectives for delivery of better ESG services to our clients, as well as integrating ESG considerations into our business operations. This enables us to support the country's sustainable development strategy and to enhance the impact of KPMG in the ESG space.*

**Ricky Wong**  
Senior Partner, Southern region  
KPMG China



# Fostering innovation through our expertise

As we enter the new reality, and amid the fourth industrial revolution, technology is seen by many companies as either an enabler to grow their business or a disruptive force. To help our clients navigate and stay competitive in the market, KPMG China supports companies along their digital transformation journey, helping them recover from the crisis, accelerate growth, build resilience and ultimately create long-term shared value.

## Symphony of digitalisation – A cross-functional digital transformation service

*'Professionalism enables digitalisation; collaboration leads to a bright future.'*



In 2021, KPMG China introduced the Digital Symphony concept, which symbolises the synergy of the comprehensive digital transformation services we bring to our clients. Our cross-functional digital transformation

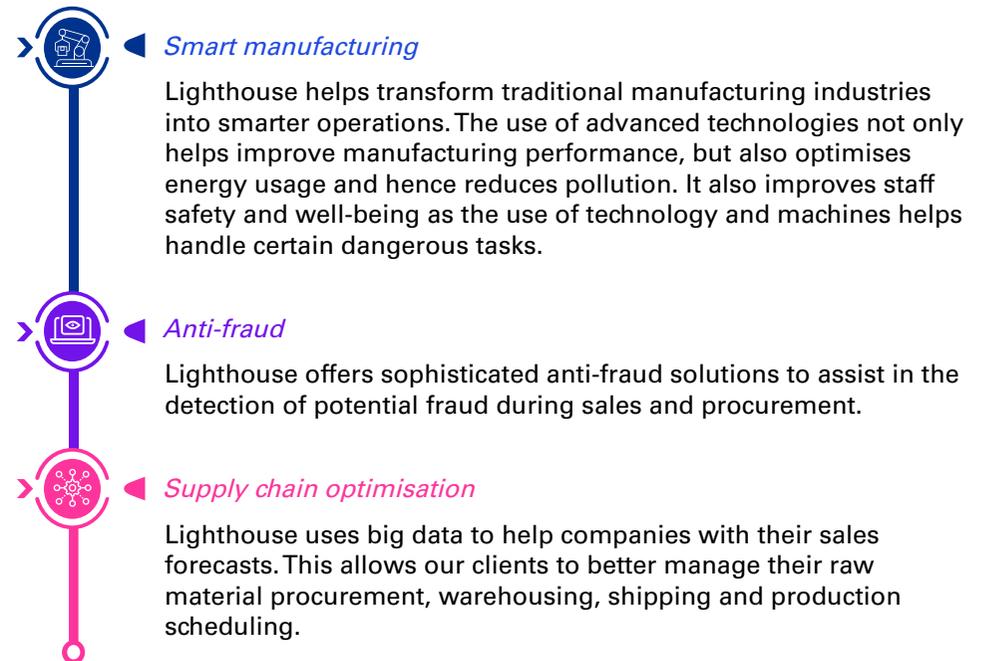
team encompasses professionals with different expertise, from Digital Enablement, Lighthouse solutions and Digital Operations, to Financial Consulting, and People and Change Consulting.

Furthermore, our digital capabilities are backed by our digital asset, Lighthouse, our IT solution delivery centre, KPMG Digital Ignition centre, as well as our network of alliances, which enable us to deliver integrated solutions and insights for our clients.

## Lighthouse

KPMG's Lighthouse, our centre of excellence for data, analytics and artificial intelligence, combines the latest data-driven technologies and capabilities with our deep-rooted domain and sector expertise. It helps organisations gain deeper insights from their data assets, make informed decisions from both business and technology perspectives, and ultimately drive business growth.

Examples of our customised solutions:



## KPMG Digital Ignition Centre (KDi)

The KPMG Digital Ignition Centre (KDi), the firm's R&D and delivery centre, helps drive innovation and digital transformation for the firm's business and our clients. The centre complements KPMG's existing global alliances with organisations such as Microsoft, IBM and Coupa, as well as our global network of Ignition Centres. To date, KPMG China operates two KDis in China – one in Nanjing and another in Shenzhen (Qianhai) – with over 375 people including system architects and developers.

Our second KDi was opened in Shenzhen in March 2021 and marks a significant and strategic development in our commitment to the GBA. This new KDi allows us to further support businesses and helps accelerate the transformation of the GBA into an international innovation and technology hub. The centre is expected to grow to around 800 staff members over the next three years.



**2** KPMG Digital Ignition Centres<sup>8</sup>



**375** partners and staff at the two KDis



Opening ceremony of our second KDi in Shenzhen

<sup>8</sup> As at 31 March 2022, we had established 3 KDis, including a new KDi in Dalian in FY2022.

## China Alliance Strategy

KPMG has forged a network of alliances with leading global and national technology companies such as Microsoft, IBM China, Tencent, Kingdee, Laiye and more. By establishing trusted and collaborative relationships with these alliance partners, we aim to build an ecosystem of technology that accelerates growth and drives innovation for both our firm and clients.



*To meet market demand and help clients solve challenges in the digital age, our people work with our business partners to apply big data, cloud computing, blockchain and artificial intelligence capabilities in different industries. We seek to integrate ESG into the core of our business, while assisting our clients in digital transformation so that they can enhance their economic efficiency and responsiveness to social and environmental issues.*

**Reynold Liu**

Partner, Head of Technology and Innovation  
Head of Management Consulting  
KPMG China

## Activities



At the third China International Import Expo (CIIE) in November 2020, KPMG China showcased its leading technical innovations and industry capabilities in different areas, from smart travel and digital supply chain, to smart environment and more. We also participated in a roundtable discussion on the circular economy.



## Our commitment

# Support the communities in which we operate

## Becoming a responsible corporate citizen

At KPMG China, we have a moral obligation to do well as well as do good. Nurturing a culture of giving helps us better resonate with our stakeholders, but more importantly, it gives us the social licence to operate and gain public trust in society in the long run.

As a keen supporter of the SDGs, we have developed impactful corporate social responsibility (CSR) initiatives in partnership with different NPOs. Throughout the years, we have shared our knowledge, expertise as well as financial resources to support the communities in which we operate. With all these efforts, we hope to contribute towards common prosperity, which can improve the social mobility of the underserved population.

### KPMG Foundation

Officially established in 2008 as a charitable entity, the foundation oversees the partnership's contributions and strategic allocation of funds to support our firm's CSR goals and areas of focus through structured and organised giving. Its mission is to engage our employees, alumni and stakeholders in the community to effect systemic change regarding environmental and social issues. A board of directors oversees the foundation, which meets on a regular basis to review grant proposals, select grantees and manage the partnership's contributions. The board strategically allocates funds in accordance with the firm's four CSR pillars.

### CSR department

The CSR department is responsible for the strategic development and implementation of our community initiatives. The team collaborates with different departments and NPO partners to deliver positive change and impact to the environment and our communities.

## CSR committee

This group comprises passionate and dedicated colleagues from all grades across 21 offices. They support the CSR department to pilot local activities and rally our colleagues to get involved in various CSR causes in different offices.



Invested the equivalent of **RMB 24 million** in our community



**3,690** volunteer hours



**649** volunteers



**RMB 80 million** donated by the KPMG Foundation since 2008 (of which RMB 14 million was contributed by our own people)



Planet



People



Prosperity



Governance



**W**hen making donations or supporting charity projects, we focus on the real needs of our local communities. By remaining community- and people-focused, we help address some of the most pressing environmental and social issues, and create lasting value for society.

**Jacky Zou**

Senior Partner, KPMG Huazhen LLP  
 Senior Partner, Northern Region, KPMG China  
 Chairman, KPMG Foundation

## Corporate Social Responsibility (CSR)

In line with our core values ‘For Better’ and ‘Together’, our CSR focuses cover four key pillars – Advancing Sustainability,<sup>9</sup> Lifelong Learning, Promoting Inclusive Development, and Inclusion, Diversity and Equity (IDE). These give us a clear direction for how we can work together to address some of the most urgent environmental and social issues, creating a better future for our communities.



## Lifelong Learning

In support of SDG 4 Quality Education, we promote lifelong learning and equal learning opportunities to help unlock potential and cultivate future leaders. It is also extremely critical in helping the underserved population improve their social mobility.

• **Kindergarten students** *Providing early childhood education*

We have collaborated with the Society for Community Organization (SoCO) since 2003 to help the underprivileged in Hong Kong. The We Will Fly II programme, which launched in 2017, aims to build an English foundation in early childhood, benefitting over 100 students from low-income families.

• **Primary students** *Providing access to basic education*

To support rural revitalisation, we have rebuilt four Hope Schools in Yunnan and Gansu provinces since 2010 and are supporting the construction of our fifth Hope School in Jiangxi province. Besides upgrading educational facilities to ensure quality and effective learning, we offer voluntary teaching through annual mission trips. Over 1,200 students are currently studying in these schools. Due to COVID-19 restrictions, we pivoted our voluntary school missions to a virtual platform, benefitting over 200 students in 2021.



<sup>9</sup> Please refer to the ‘Planet’ chapter to see our environmental strategies and initiatives.

## Secondary students *Advancing comprehensive future-ready skills for young people*

### Building financial capabilities

Financial literacy has a positive impact on youngsters. To improve their financial understanding the KPMG Foundation has funded personal finance programmes organised by Junior Achievement (JA) since 2019, benefiting over 2,000 secondary students and students from vocational schools in Hong Kong and mainland China. In 2021, our volunteers shared their knowledge on saving, budgeting and investment methods, etc. with 1,356 students.

## University students *Empowering future-ready young leaders*

### Developing social innovation skills

Social innovation skills are critical to turn youngsters into future entrepreneurial leaders who can navigate change and develop community solutions. Since 2004, the KPMG Foundation has funded university students through Shanghai Yiyou Youth Service Center (Yiyou) and Enactus Hong Kong to develop social innovation projects and take part in regional and national competitions. To date, over 460 of our staff have volunteered in this initiative, helping 780 university students through Yiyou in 2021 alone.



## Promoting inclusive development through capacity building

We utilise our core competencies and professional skills to improve the accountability, transparency and operational excellence at non-profit organisations.

### Pro bono services

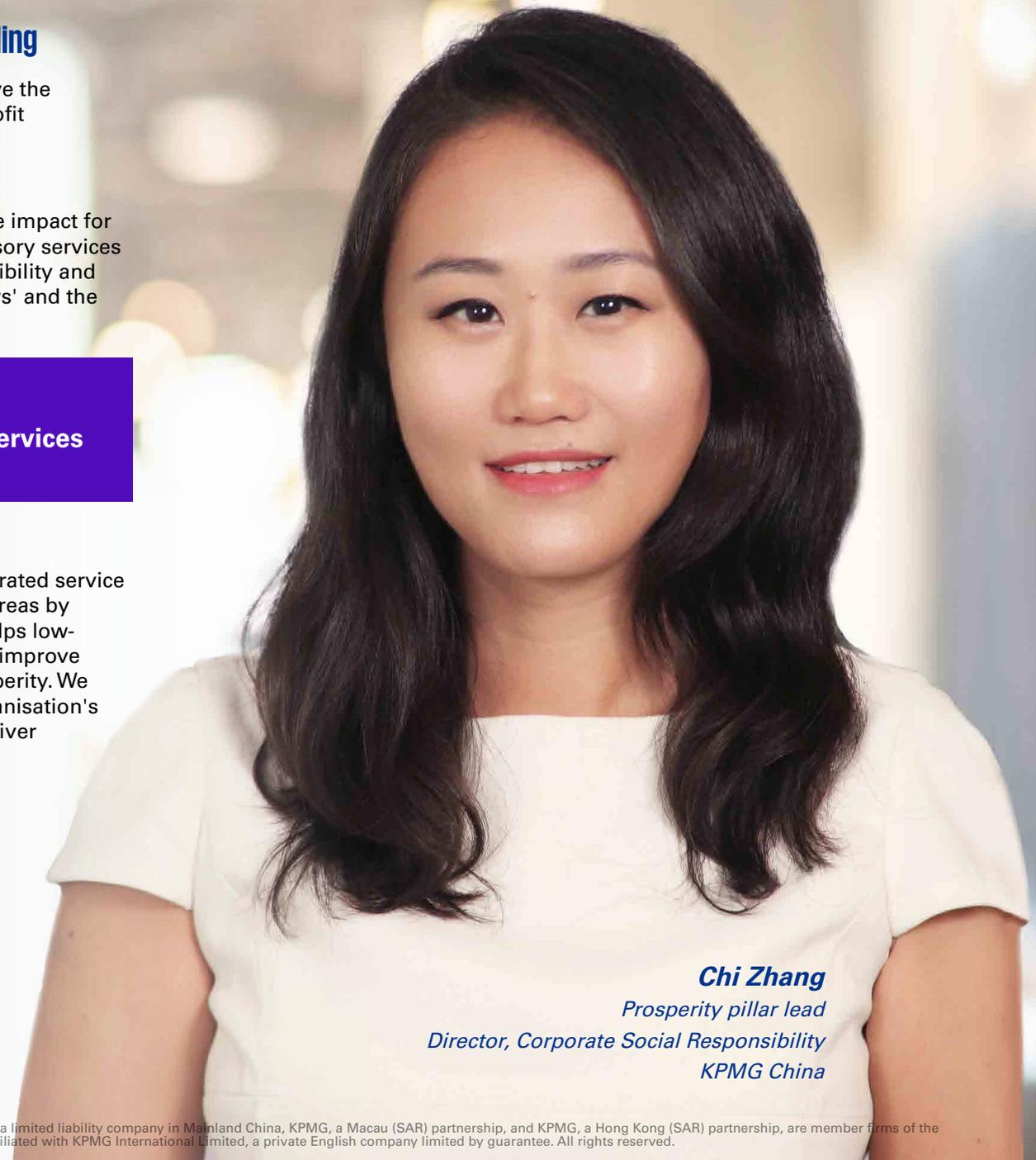
We utilise our people's professional knowledge to create a positive impact for our communities. Nearly 11,000 hours of pro bono audit and advisory services were provided to charities and NPOs in 2021, improving their credibility and performance in financial aspects. This in turn helps increase donors' and the public's confidence.



Nearly **11,000** hours of pro bono audit services

### Capability building for NPOs and social enterprises

Since 2016, we have supported Chongho Bridge, which is an integrated service organisation dedicated to serving small-scale customers in rural areas by providing loans, assistance with farming practices and more. It helps low-to middle-income groups and business operators in rural villages improve their livelihood, and fosters rural revitalisation and common prosperity. We hold annual capacity-building workshops to help improve the organisation's professional financial capabilities, assisting their staff to better deliver microfinance services for people in need.



**Chi Zhang**

*Prosperity pillar lead*

*Director, Corporate Social Responsibility*

*KPMG China*

## Fostering inclusion, diversity and equity (IDE) in the community

Our IDE community programmes not only focus on empowering and promoting the social and economic inclusion of people in our communities, but we also seek to align our four IDE focus areas – gender, generations, skills and embracing differences.

### Promoting STEM education for girls

To promote gender equality in the STEM industry, we launched the 'STEM is HER Future' programme with Yiyou in 2021 to empower female students. Nearly 1,600 female university students across China were equipped with vocational skills on data analytics, AI and programming by our volunteers, who also evaluated their assignments.



◀ KPMG China Partner Reynold Liu served as judge and presented the award to the winning team in STEM is HER Future Final Competition.

### Helping migrant youth better integrate into their communities

The KPMG Foundation has supported the growth workshops organised by Guangzhou's Qi Chuang Social Work Service Centre since 2012, benefiting 2,787 migrant junior secondary students. Through experiential learning, the workshops allow students to better understand life planning and personal growth. The skills taught also help participants improve their integration into their communities.

### Improving Hong Kong domestic helpers' financial literacy

We have held financial literacy workshops with Enrich since 2018 to promote the economic empowerment of domestic workers in Hong Kong. As at 30 September 2021, our people had volunteered as speakers and facilitators at 34 sessions, covering 1,941 participants, sharing insights and tips on various topics such as avoiding financial scams and reducing negligence.

## Emergency relief

Over the years, the KPMG Foundation has made donations to support various emergency relief efforts for natural disasters or critical situations around the globe to address local needs.

### COVID-19 relief efforts

Following our support for COVID-19 relief efforts in China in 2020, we also responded to the COVID-19 outbreak in India in 2021. KPMG Foundation donated 400 oximeters, 2,000 thermometers, 500 thermometer scanners and other much-needed medical equipment to KPMG India to safeguard people's health.

### Flood disaster in Henan and Shanxi provinces, China

In 2021, both Henan and Shanxi provinces were hit by extremely heavy rainfall, which caused flooding in Zhengzhou and many other places. KPMG China responded swiftly by donating a total of RMB 1.2 million to the China Foundation for Poverty Alleviation to support post-disaster relief such as the rebuilding of six bridges in flood-affected areas.



# Governance

*Putting our Values at the heart of  
the way we do things*



# Our commitments

- Act lawfully, ethically and in the public interest
- Work against corruption in all its forms

# Our management approach and progress

## Governance structure

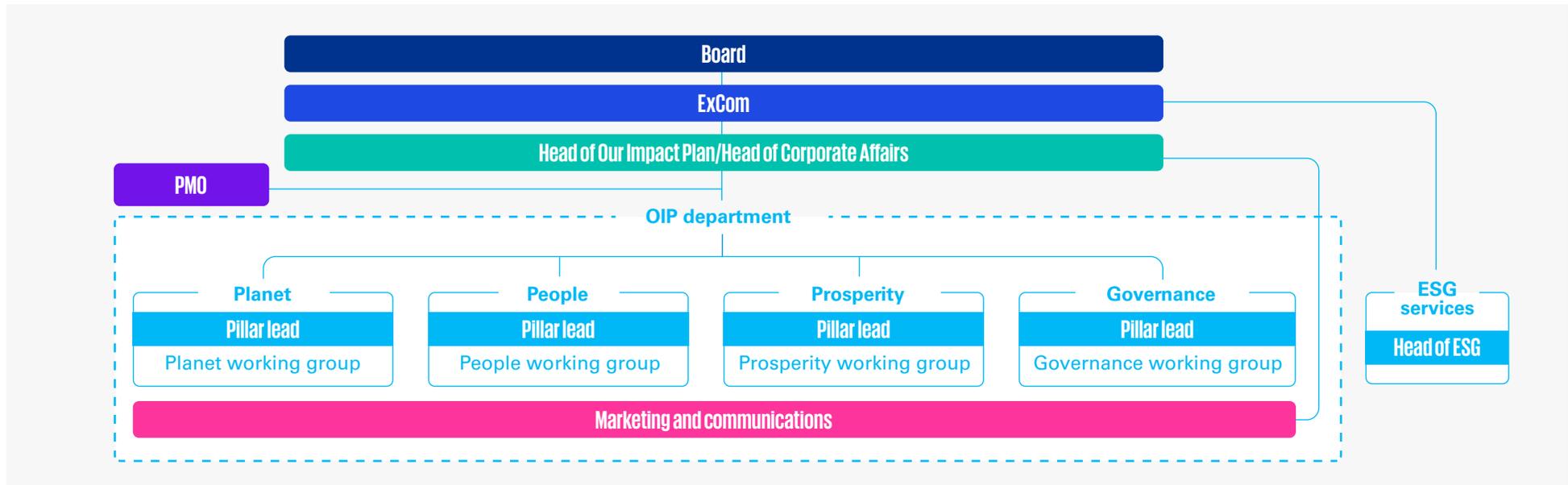
### Our Impact Plan governance structure

Chaired by our Chairman, our Executive Committee oversees the strategic direction and development of Our Impact Plan at KPMG China. Led by the Head of Corporate Affairs, Tracy Yang, the OIP department comprises representatives from different departments who are responsible for managing ESG issues under the four key pillars – Planet, People, Prosperity and Governance.

Each pillar is led by a pillar lead, who works closely with different departments, working groups and individuals across the firm to drive change and make progress on different ESG aspects, ranging from decarbonisation, IDE and community investment, to anti-corruption and more.

### Appointment of our Head of ESG

To further strategise and execute our firm’s plan and direction for ESG, a Head of ESG, Wei Lin, was appointed in 2021. This appointment helps drive the strategic development of ESG in the marketplace through our services and interactions with our stakeholders. To ensure a tone at the top and to drive systematic change, the Head of ESG is also part of the board – enabling him to share his expertise in the ESG space and drive discussions with ESG considerations.





Planet



People



Prosperity



Governance

**Our commitment**

# Act lawfully, ethically and in the public interest

At KPMG China, we know that trust is earned by doing the right thing – not just some of the time but all of the time. As the world rapidly changes and becomes more complex, this simple principle has never been more important.

We are committed to the highest standards of personal and professional behaviour throughout our firm in everything we do. Ethics and integrity are core to who we are and why everyone at KPMG is held to this promise of excellence. By acting with integrity, we become trustworthy and shape how we are viewed by the world.

**C**orporate governance is the foundation of our business operations, as well as one of the pillars of Our Impact Plan. While our values always lie at the heart of the way we do things, we continue to maintain high standards of corporate governance, such as strengthening due diligence processes to associate with the right clients and suppliers, and establishing proper processes to investigate any illegal and unethical matters reported. This way, we can do the right thing, in the right way.

**Terry Chu**

Partner, Head of Quality and Risk Management  
KPMG China





## Code of Conduct

The KPMG China Code of Conduct (“the Code”), which is built on the foundation of the KPMG Values, outlines the ethical responsibilities all KPMG people have to each other, our clients and the public. The Code does not simply set the standards for our professionals to meet regulatory obligations – it also shows how our values inspire our greatest aspirations and guide all our behaviours and actions. All staff are required to comply with the Code and confirm compliance with the Code annually. In FY2021, the China Code of Conduct was updated to reflect the current needs of KPMG China.

To understand and manage associated risks, our ethical code and professional standards require know your client (KYC) procedures to be completed in accordance with the evaluation of new and existing clients. All relevant KPMG China personnel must complete mandatory training on anti-money laundering requirements and updated KYC procedures.

## Maintaining independence

Professional standards and regulatory requirements demand that auditors act with independence and strong ethical conduct. As a result, maintaining our independence is critical to every service we provide. KPMG China has put in place rigorous independence policies and procedures based on the standards of our professional bodies and other relevant regulatory bodies. These policies and processes, which are overseen by our Ethics & Independence Partner, cover areas such as firm independence, personal independence, post-employment relationships, partner rotation, approval of audit and non-audit services, as well as conflicts of interest. All our professionals are expected to adhere to KPMG policies and procedures and have a range of tools and guidance to support them in meeting these expectations.

## Risk management

It is the responsibility of every function and staff member in the organisation to deliver quality and identify and manage risks. KPMG China has a central team which oversees and assists in maintaining a culture of quality and integrity within the firm. The firm’s Risk Management partner leads the central team, which is responsible for reviewing and enforcing compliance with the policies and procedures related to professional risk management, ethics and independence, quality control, and compliance.

This central team also considers the impact of key findings from our compliance quality monitoring programmes and the adequacy of proposed remedial actions. They specifically provide ongoing guidance to our people on contracting; ethics, independence, and client acceptance; practice protection; quality monitoring/compliance; regulatory inspection liaison; information protection and security; and general quality and risk management. They provide the tools and processes that allow our people to assess the risk level of a client or an engagement prior to accepting any business opportunities or engagements.

## Speaking up

To enable the confidential reporting of any real or suspected misconduct involving our firm, we have established multiple channels for our employees to report concerns and seek help. All our employees are responsible for such reporting, and they are free to do so without fear of punishment or retaliation.

The KPMG China Ethics Hotline and KPMG International hotline are available to KPMG personnel, as well as clients and other third parties, for confidential reporting of non-compliance issues involving KPMG China. Furthermore, our staff are encouraged to approach their supervisor as soon as possible to resolve any issues promptly or escalate them to the next level of management. We are committed to ensuring that our people feel comfortable asking questions, feel supported in raising concerns and trust that proper arrangements are in place for a fair and independent investigation and appropriate follow-up.



Planet



People



Prosperity



Governance

**Our commitment**

# Work against corruption in all its forms

Our Code of Conduct and extensive anti-bribery and corruption requirements are designed to ensure we uphold the highest standards of professional integrity. We do not accept or offer bribes (directly or indirectly), nor do we participate in corrupt practices. Such behaviours are unethical, unacceptable and are inconsistent with our values and Code of Conduct. We have zero tolerance for bribery and corruption in any form. Furthermore, our *China Quality & Risk Management Manual* establishes clear requirements and procedures for KPMG employees regarding the offer or acceptance of inducements (including gifts or entertainment), with the goal of preventing corruption and bribery.

The *We Do What is Right: Integrity at KPMG* training is an annual training course that is mandatory for all KPMG partners and staff. The course informs our partners and staff about our firm's policies on anti-bribery, and highlights the importance of compliance with applicable laws, regulations and professional standards.

**100%** of partners and staff are required to complete anti-corruption training

**100%** of board and Executive Committee members completed anti-corruption training



**Helen Jiang**  
Governance pillar lead  
Director, Quality & Risk Management  
KPMG China

## Information protection

Robust information security is essential for every organisation, as there can be threats to information security from inside and outside the organisation at any time. Strong information security helps us maintain the trust and confidence of our clients, the investing public and other stakeholders.

### *Data privacy*

Protection of an individual's personal data is important to KPMG China. Our privacy policy is aligned across member firms and adheres to the requirements of local laws. We have put in place a privacy management governance framework that demonstrates the firm's strong commitment towards protecting the personal data of our customers and employees. The adopted privacy risk control mechanism enables us to operate efficiently and effectively, and at the same time offers a sufficient degree of protection to personal data. From recruiting employees to providing services to our clients, the firm is fully committed to complying with the privacy and data protection laws of the applicable jurisdictions.

All KPMG China employees are required to complete mandatory data privacy training on an annual basis. Employees must also comply with the firm's privacy policy, guidelines and instructions communicated through various internal policies and the Code of Conduct of the firm, as well as through other internal communication channels.

### *Data security*

To protect our client information and technology assets, we use a globally consistent and locally based approach and policies. We abide by contractual and regulatory requirements to safeguard sensitive information that is vital to businesses, and keep stakeholders informed about incidents.

KPMG China complies with international standards ISO 27001:2013 and ISO27017:2015 on information security management systems with extension on cloud coverage. Specific to the legal entity of the Audit function in mainland China, applications were certified under the Multi-Level Protection Scheme (MLPS) 2.0 Level 3 accreditation. This means that KPMG's proprietary tools enable us to deliver our services while meeting the data security requirements of our regulators.

In addition to data privacy training, each year all our employees must complete mandatory training to stay up to date on the latest data security requirements. Firm-wide cybersecurity awareness campaigns were also introduced to ensure our staff stay on top of the latest threats and issues.

Processing facilities are monitored on a continuous basis for potential cybersecurity threats, with response procedures utilising various sources of intelligence. A business continuity plan, including regular resilience testing, is in place to ensure the operating model is sustainable with minimal interruption.

## Transparency and accountability

Guided by our values, we take responsibility and accountability for our day-to-day behaviours and we hold ourselves to the highest moral and ethical standards at all times.

KPMG China strives to maintain professional and respectful relationships with regulators in mainland China, Hong Kong and Macau, and proactively engages with them. On the basis of open and transparent communication, KPMG China has worked closely with various national and international regulatory organisations, standard setters and other professional bodies.

We value open, honest and transparent communication and working relationships with our clients. KPMG firms proactively seek feedback from our clients through direct conversations and third-party surveys. For example, KPMG Clara, our global smart audit platform, offers an online client collaboration portal which enables transparent, real-time access to information about the status of the audit as well as insights gained from the audit process.

Our Ask the Chairman Forum also allows our people to express their views to our Chairman who will respond accordingly.

# Awards and recognition

## Awards & recognition

## Organisation

<b>2021 Hong Kong Top Employers for LGBT+ Inclusion Award with the Silver Standard</b>	Community Business
<b>Best Gen Z Attraction Award</b>	CTgoodjobs
<b>Best Diversity and Inclusion Strategy Award</b>	CTgoodjobs
<b>Graduate Recruitment Team of the Year</b>	CTgoodjobs
<b>China Top Employer 2021 Award</b>	Top Employers Institute
<b>Equal Opportunity Employer (Gender Equality) Award</b>	Equal Opportunities Commission
<b>Signatory of the Racial Diversity &amp; Inclusion Charter for Employers</b>	Equal Opportunities Commission
<b>Best Companies to Work for in Asia 2020 Award</b>	HR Asia
<b>Green Development Award</b>	People's Daily Online
<b>The Community Chest Award for Outstanding Service</b>	The Community Chest of Hong Kong
<b>Multi-Level Protection Scheme (MLPS) 2.0 Level 3 accreditation</b>	The Ministry of Public Security in mainland China
<b>Green Office Label</b>	World Green Organisation
<b>Eco-Healthy Workplace Label</b>	World Green Organisation

# Data tables

## Planet: Climate change performance

### Total GHG emissions (tCO<sub>2</sub>e)

	FY21	FY20	FY19
Total GHG emissions (location-based)	52,544	54,390	67,926
Total GHG emissions (net of RECs)	43,892	47,788	61,219
<b>By scope</b>			
Scope 1 emissions	142	130	146
Scope 2 emissions (location based)	8,653	7,998	9,092
Scope 2 emissions (net of RECs)	0	1,397	2,385
Scope 3 emissions	43,749	46,262	58,688
<b>By source (location-based)</b>			
Fuel use (car travel)	142	130	146
Purchased electricity	8,653	7,998	9,092
Purchased goods and services	10,309	20,159	18,117
Business travel	23,120	18,156	30,548
Employee commuting	7,490	4,994	6,622
Upstream leased assets	2,409	2,543	3,387
Others	422	410	14
Renewable energy certificate savings	8,653	6,601	6,707
Carbon offset	33,380	-	-
tCO <sub>2</sub> e per full-time employee (location-based)	4.20	4.55	5.78
tCO <sub>2</sub> e per full-time employee (net of RECs)	3.51	4.00	5.21

## Planet: Climate change performance

### Energy usage (MWh)

	FY21	FY20	FY19
Purchased electricity	13,809	12,969	14,510
Renewable electricity	13,809	10,704	10,704
Renewable electricity percentage	100%	83%	74%

## People: Inclusion, diversity and equity

### Analysis of total workforce

By level	FY21
Leadership	787
Management	2,323
Team members	10,421
Partners and employees	13,531

### Workforce by age

By age	FY21				
	<25	25-34	35-44	45-54	55+
Partners and employees	21%	62%	12%	4%	1%

### Workforce by gender by level

By gender by level	FY21		
	Total	Female	Male
Leadership	787	42%	58%
Management	2,323	57%	43%
Team members	10,421	69%	31%
Partners and employees	13,531	66%	34%

### Partner promotion diversity

By gender	FY21		
	Total	Female	Male
Total	90	54%	46%

## People: Continuous learning

### Training provided

	FY21
	Hours
Per individual	70

## Prosperity: Employment generation

### New hires and hire rate

New hires	FY21
Number of new hires	6,346
New hire rate	51%

## Prosperity: Community investment

### Community investment value and hours

	RMB (in million)
Total community investment equivalent value	24.0

	No. of hours
Pro bono audit services	10,967
Volunteering	3,690

# Contacts

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