



KPMG Norway Sustainability Report 2020

June 2021

[kpmg.no](https://www.kpmg.no)



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A message from our CEO

2020 will go down in history as the year the world was hit by a global pandemic. The past year has made it abundantly clear that we need to rebuild our relationship with nature and start moving rapidly towards a more sustainable future. It is our responsibility to help shape and lead on the critical issues facing the world, where our capabilities make a difference.

This is why KPMG is even more determined than ever before to make a positive impact and why I am proud to share this publication with you. The challenges that the pandemic has highlighted, whether environmental or social, touch upon the same issues that we address in our own report.

At KPMG, we are driven by our purpose, namely to inspire confidence and empower change, both for our clients and the wider society. The main focus of our sustainability efforts is the change we help create through our daily work and customer dialogues. We have a unique position which, if used correctly, can help drive society in a more sustainable direction and accelerate the transition we are facing.

2020 was the year we drafted our new sustainability plan. It was embedded into our overall business strategy, which makes us even better placed to integrate the different aspects of sustainability into our client work. This will help us to achieve sustainable growth and deliver on the United Nations Sustainable Development Goals.

As sustainability is climbing towards the top of the agenda of business leaders in both public and private

organisations, the demand for experts in this field is increasing. As a response to this, we welcomed Pure Consulting AS, one of Norway's pioneering firms in the development of sustainability strategies, to the KPMG family in April 2020. The addition of Pure makes us even better placed to advise clients on how to best transition to a more sustainable future.

In 2020, we also became a signatory to The United Nations Global Compact, further expressing our support and commitment to the 10 principles on human and labour rights, environment and anti-corruption. In addition, our sustainability team contributed to the development of the Stakeholder Capitalism Metrics by The World Economic Forum's International Business Council. As a result, we have implemented the metrics to give our stakeholders a common way of measuring and understanding our yearly progress.

While we made a lot of progress last year, we also faced challenges. Similarly to other businesses, the pandemic caused a lot of uncertainty which significantly impacted our organisation.



Lars Inge Pettersen
Senior partner and
CEO of KPMG Norway

As a consequence, we made the hard decision to furlough employees. They were all subsequently brought back and taking care of our employees continues to be of paramount importance which is why we have several initiatives underway to further improve retention, inclusion and diversity, and overall well-being.

At KPMG, we also strive to continuously give our employees the opportunity to develop and learn new skills. This is why we want to make sure that throughout the course of 2021, all employees will go through our internal sustainability training, ensuring that they become effective change agents. Because sustainability is our licence to operate and one of our top priorities going forward.

Happy reading!

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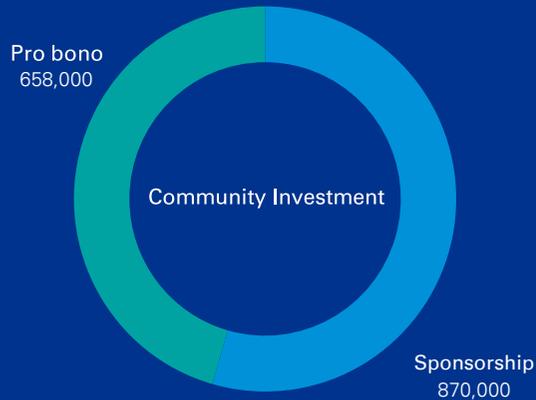
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CO2e emissions: **548** tonnes



Total employees

1353

Different nationalities

32

Offices

25



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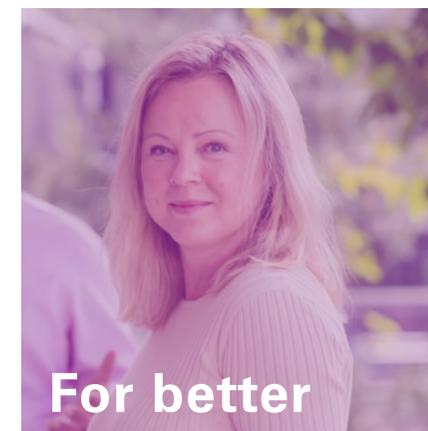
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Our values are



KPMG Norway has grown to become one of the largest providers of professional services in auditing, accounting, consulting, tax and law. With outstanding expertise in all these areas, we offer innovative and high-quality services in many disciplines, and to a variety of industries. Our experts combine local knowledge and experience with global insights and know-how. This enables us to find the best solutions to client challenges of all sizes.

Our values are our core beliefs, and they guide and unify our actions and behaviours. Shared across every level and in every country, they are the foundation of our unique culture. They enable us to bring out the best in our people, and they give us a shared language through which to collaborate across the KPMG global network.



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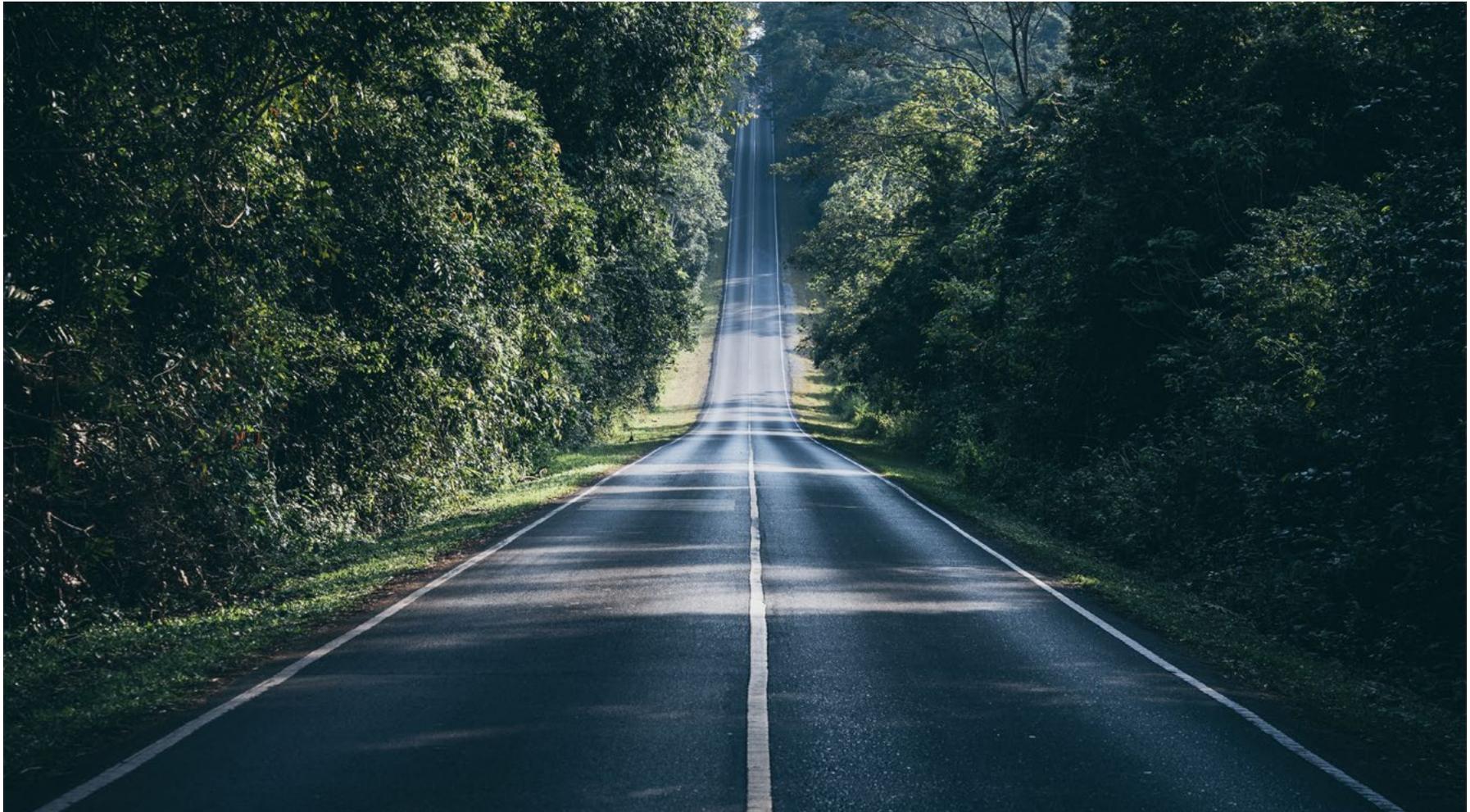
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In 2020, we developed a sustainability plan which fully integrates sustainability into our core business strategy. Our sustainability ambition, “*driving sustainable change together*”, means that we will use our influence and unique position as advisors, working with businesses, organisations and public entities alike, to drive society in a sustainable direction.

The ambition requires us to ensure we have leading competence and expertise to proactively work with our clients to handle their challenges and opportunities, while being transparent about the way we work. To guide our sustainability work in the coming years, the sustainability plan specifies the following principles:

- We will be a driver for sustainable transformation
- We will equip our employees with the necessary tools and competence to make them agents of change
- We will ensure openness and transparency
- We will improve our environmental impact

Our sustainability plan has been prepared using the United Nation’s 17 Sustainable Development Goals (SDGs) as a framework.

All goals are closely linked and changes within one goal can have consequences for another, and through the diversity of our clients, we indirectly or directly contribute to all 17 goals.

To target our efforts, we are prioritising five SDGs as they are most relevant to our core business’ internal objectives and actions.

4 QUALITY EDUCATION

Ensure inclusive and equitable education quality and promote lifelong learning opportunities for all

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

10 REDUCED INEQUALITIES

Reduce inequality within and among countries

13 CLIMATE ACTION

Take urgent action to combat change and its impacts

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To succeed in driving sustainable change together, we need to practice what we preach. In order to provide our clients with the best advice, we need to have the right knowledge. We must be a diverse organisation in order to be innovative in our solutions and develop and apply technology. We must ensure responsible economic growth of our own business, while also taking into account the climate challenges we face.

We will work towards all goals as part of our business



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Sustainability Principles



KPMG must dare to be proactive towards clients and our greater network. We shall promote sustainability in all our projects and client interactions and establish multi-functional teams to identify and implement optimal and sustainable solutions for our clients.

Application of technology and digitalisation will be a key ingredient of our solutions with the aim of helping clients easily manage their sustainability efforts through managing data, mapping risks, gaining deeper insight into sustainability dilemmas and increasing efficiency of sustainability efforts and reporting.



To be a driving force for sustainable development, we must ensure that everyone at KPMG has a solid understanding of sustainability. Only with strong competence can we be the agents of change in our conversations with clients and other stakeholders.

Not everyone can be experts, but everyone can incorporate sustainability into their conversations and the services we provide to our clients. In addition to knowledge about climate and the environment, social inclusion and diversity is placed high on KPMG's agenda. It is well known that diversity strengthens innovation, cooperation and well-being, and it is of the utmost importance for KPMG, our clients and our stakeholders.



Through well-established governance, we will ensure that sustainability is integrated into our daily work. In 2020, we established clear and specific goals with an action plan to achieve these goals.

Annually, we will report on our progress in a transparent and balanced manner. We will extend our governance beyond our own operations by addressing our value chain and set requirements, but also engage with our suppliers to find more sustainable solutions together.



We must follow the advice we give our clients in order to achieve a position as a leading driver of sustainability. We will not be credible, if we do not practice what we preach.

To improve our own environmental impact and particularly reduce our carbon footprint we need to set targets, implement routines to ensure climate and environmentally conscious operations and measure our progress.

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Stakeholder engagement and material topics

A dedicated project team was responsible for the process and development of our sustainability plan. The team consisted of employees from various locations across Norway, from different departments, business areas and employee levels. Several representatives from senior management also formed part of the team to ensure top level commitment.

We also interviewed stakeholders representing our key stakeholder groups; our people, clients, regulators, capital markets, partners and local communities. In addition, a thorough document analysis and a SWOT-exercise and a survey which was sent to all employees. Finally, our **survey** of top management's key priorities and concerns of key Norwegian companies provided further understanding of C-Suite's sustainability concerns. The result provided an overview of KPMG Norway's current sustainability state.

This valuable insight provided us with a broad understanding of where we stand today and what we should prioritize in the future. With this understanding, we conducted a materiality assessment to identify the sustainability topics that are the most important to us and our key stakeholders. The result of the materiality assessment is the foundation for our prioritized



sustainability principles described above. First and foremost, our clients have high expectations of us to assist them in navigating the complex web of expectations and requirements and advise them on their sustainability journey. We therefore prioritize sustainability training for employees as well as securing transparency around our work and our impact. Our stakeholders also emphasized the development and use of technological sustainability services.

Inclusion and diversity were deemed highly important for both our stakeholders and for KPMG Norway. Internally, reducing our climate impact as well strengthening our governance structures to follow up our sustainability work and improving operations in terms of sustainability is of high importance. These priorities will guide our sustainability work going forward. Subsequently, an action plan to follow up on these principles has been developed and is now a fixed agenda point for our executive management team.

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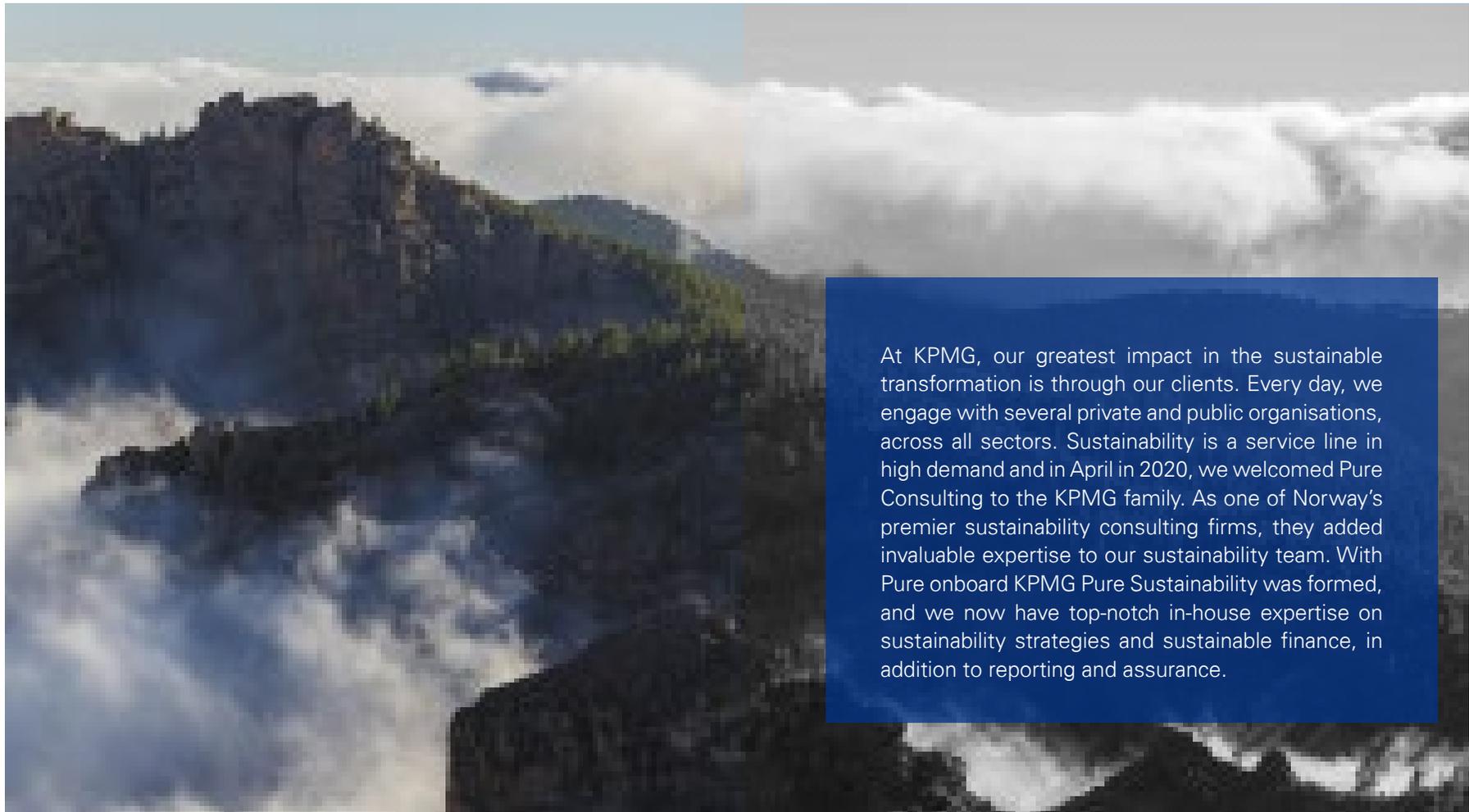
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At KPMG, our greatest impact in the sustainable transformation is through our clients. Every day, we engage with several private and public organisations, across all sectors. Sustainability is a service line in high demand and in April in 2020, we welcomed Pure Consulting to the KPMG family. As one of Norway's premier sustainability consulting firms, they added invaluable expertise to our sustainability team. With Pure onboard KPMG Pure Sustainability was formed, and we now have top-notch in-house expertise on sustainability strategies and sustainable finance, in addition to reporting and assurance.

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Sustainability, however, is not an area that should be managed by one team alone and key to achieving our ambitions is ensuring that all business departments are able to address these topics. Most of our business areas affect sustainability in one way or another, from advising financial decision-making to evaluating and implementing technology, improving supply-chains, and evaluating risk and compliance.

As a driver for sustainable transformation, our position as advisors is to make clients aware of their impact and work with them to find solutions that are sustainable. To do this, all departments will integrate sustainability into their business areas; meaning that we will be equipped to address sustainability in all projects and client interactions in all our service lines.

Research and Development

During 2020, our sustainability team in Norway actively engaged with the development of The World Economic Forum's (WEF) International Business Council (IBC) Stakeholder Capitalism Metrics for sustainability reporting. Due to the lack of a set of universal and material environmental, social, and governance (ESG) metrics, the Big 4 (KPMG, EY, Deloitte and PWC) were asked by the WEF IBC to identify a set of metrics that can be disclosed in the mainstream annual reports of companies.

The Stakeholder Capitalism Metrics are based on existing standards for reporting on ESG indicators

and shall bring greater consistency to sustainability reporting as well as comparability across industry sectors and geographies. KPMG fully supports the WEF IBC initiative and will be promoting further global standardization and convergence of the ESG reporting landscape.

KPMG globally invests heavily in sustainability and has established KPMG Impact. KPMG Impact is a network of experts in the field of sustainability from around the world, who work to deliver the best services, research and solutions to address present and future sustainability challenges.

Until now we have not monitored our R&D expenses in Norway. Going forward, however, we will track and monitor all development initiatives and investments to gain insight into our value creation beyond our day-to-day business activities. We have already started investing in a wide range of technology projects that provide businesses with solutions to manage sustainability topics.

We also contribute to research and development through our thought leadership and insight which we share with our stakeholders in webinars, publications and other channels. Each year, KPMG publishes several reports and market insights related to a variety of topics and sectors. A selection of KPMG's sustainability thought leadership is provided to the right. As part of our efforts, we continue to publish reports and thought leadership on sustainability topics.



The time has come: The KPMG Survey of Sustainability Reporting 2020



Towards Net Zero



KPMG 2020 CEO Outlook



Measuring Stakeholder Capitalism – WEF IBC common metrics – Implementation guide for sustainable value creation

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The way forward

In addition to continuing to grow the expertise and services of KPMG Pure Sustainability, establishing value-propositions that incorporate sustainability in all our departments will be completed in 2021. In all business ventures, we aim to be able to advise and challenge our clients in their sustainability journeys and together find solutions.

Additionally, we aim to be at the forefront of development trends, with interdisciplinary cooperation – connecting cutting-edge sustainability and technological expertise. A project team with a mandate to develop the best solutions for our clients to make sustainability manageable and integrated into day-to-day business operations is established and we will continue to develop these types of projects.

Through our contributions to KPMG Impact, we will continue to develop our sustainability expertise with the ambition to become the leading KPMG sustainability hub in Europe.



Goals	Actions
Integrating sustainability into our business areas	Develop value proposals for sustainability concepts and solutions within our departments and each business area; law / audit / advisory
Pursuing sustainable innovation in dialogue with the client	Increase the number of interdisciplinary assignments that contribute to the development of innovative sustainability concepts that benefit clients (baseline 2021)
Using and developing technology driven sustainability solutions	Establish a method to measure number of innovative technology-driven sustainability solutions developed (People/planet/prosperity baseline 2021)
Integrating global sustainability initiatives in KPMG Norway	Satisfy <u>KPMG global</u> goals and apply global sustainability expertise in our assignments through KPMG Impact

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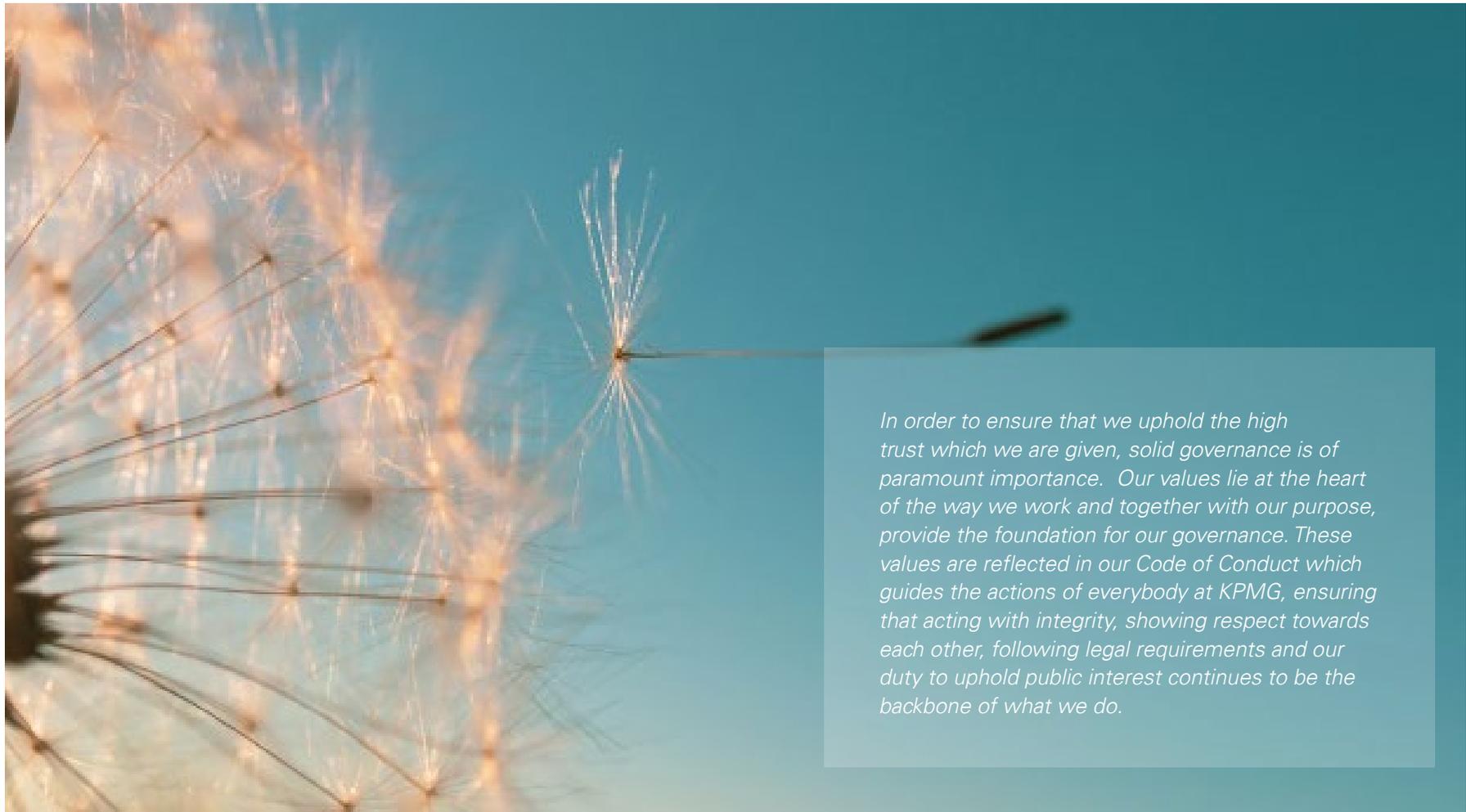
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In order to ensure that we uphold the high trust which we are given, solid governance is of paramount importance. Our values lie at the heart of the way we work and together with our purpose, provide the foundation for our governance. These values are reflected in our Code of Conduct which guides the actions of everybody at KPMG, ensuring that acting with integrity, showing respect towards each other, following legal requirements and our duty to uphold public interest continues to be the backbone of what we do.

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Responsibilities and structure

The board consists of nine members, of which three are female, including the chair. Of the six deputy members, three are female. The board consists of members representing the shareholders and the employees in accordance with the Norwegian Companies Act.

In accordance with requirements from the Financial Supervisory Authority of Norway, the majority of the board members are state authorised auditors. Our board members are executives of KPMG and do not hold board positions with any other companies. The board does not have any independent members. The members also represent our various service lines and geographical locations, and their extensive competence and experience contributes to its diversity. More information about our board and organisational structure can be found in [KPMG Norway's Transparency Report 2020](#)

In line with our global governance requirements, our board is required to identify and manage risks, and this is done through a formal risk assessment process. The board is also responsible for implementing our global Code of Conduct and governance structure. We are in the process of establishing governance to implement the sustainability principles and the board will follow-up on the progress. Annually we will report, both openly and transparently on the progress of our sustainability work, including both positive and negative impact.

Sustainability Management



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Ethical standards

At KPMG Norway, we respect universal principles and norms that protect labor rights. We promote a responsible employment environment, respecting the freedom of association and the freedom to conduct collective negotiations. Risks related to labour and human rights are addressed within our internal policies as well as in agreements with business partners. A value-chain assessment evaluating sustainable practices and mapping risks is one of our action points.

As a signatory to the UN Global Compact, we specifically work to combat corruption in all its forms including bribery. Our internal policies specifically state that illegal or unethical behaviour is not tolerated by KPMG. We assess our bribery and corruption environment annually and establish and maintain processes to monitor, manage and control the interactions of the firm, its personnel and its agents with government entities and government officials, in order to ensure compliance with applicable laws and regulation and to maintain public trust. This means that we have established processes to assess prospective clients, sub-contractors and suppliers in relation to bribery and corruption.

A comprehensive approach to monitoring and reporting any illegal or unethical acts is well established. We encourage a 'speak up' culture and have a clear process for anyone seeking advice or wanting to report illegal or unethical behaviour. Concerns can be raised in the line organisation, but also via our risk management and human resources departments. In addition, KPMG International has a dedicated hotline which is managed by a third party and is available to all KPMG employees, clients and third parties, and allows for confidential and anonymous reporting. During 2020, no cases of corruption were confirmed relating to either this or previous years.

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The KPMG Fund, Pro bono and community investment

The KPMG fund was established in Q4, 2020 and currently holds 1,000,000 NOK. The fund's aim is to help organisations transition to a more sustainable future and to deliver on the SDGs.

An important part of KPMG's sustainability work is to offer our professional advice free of charge. Half of the KPMG fund will therefore be distributed pro bono in the form of advice and professional services within tax/law, audit and advisory.

The remaining half of the KPMG Fund will be used to support non-governmental organisations (NGOs) through providing sponsorship funds or donations.

Through pro bono work and community investment we use our expertise and experience to positively impact society. By using the professional skills of our people, we work with organisations to address some of the most important and pressing issues facing our communities through pro bono hours which corresponded to 658,000 NOK in 2020.

We additionally supported our community with approximately 870,000 NOK in sponsorship funds. The receivers of these funds include among others, Hope for Justice, The Hospital Children Foundation, Empower, Sheri Lee Sebastian's eXXpedition, Oslo Pride and WWF.



The way forward

Transparency and governance structures are essential to deliver on our goals and ambitions. The following goals and actions will be guiding for the next three years.

Goals	Actions
Ensuring that we have good governance principles internally to ensure follow-up and progress	Integrate sustainability into business strategy and business management, as well as allocate administrative resources to follow up actions in the sustainability plan. (Established in 2021)
Providing full openness and transparency about our own sustainability work - what we do and both our positive and negative impact	Annually report on sustainability in line with the WEF framework and Global Compact. Establish a permanent sharing and communication platform(s) for sustainability internally. (First report published 2021)
Being proactive and clear in our communication about sustainability, both internally and externally	Include sustainability in our new employer brand platform "Straightforward" ("Rett frem") Be unambiguous on sustainability matters also externally. (Ongoing)
Being proactive in our own value chain to achieve mutual sustainability solutions	Engage with our largest suppliers to cooperate in finding more sustainable solutions. Starting with data, office furniture, food, cleaning. (Started in 2021).

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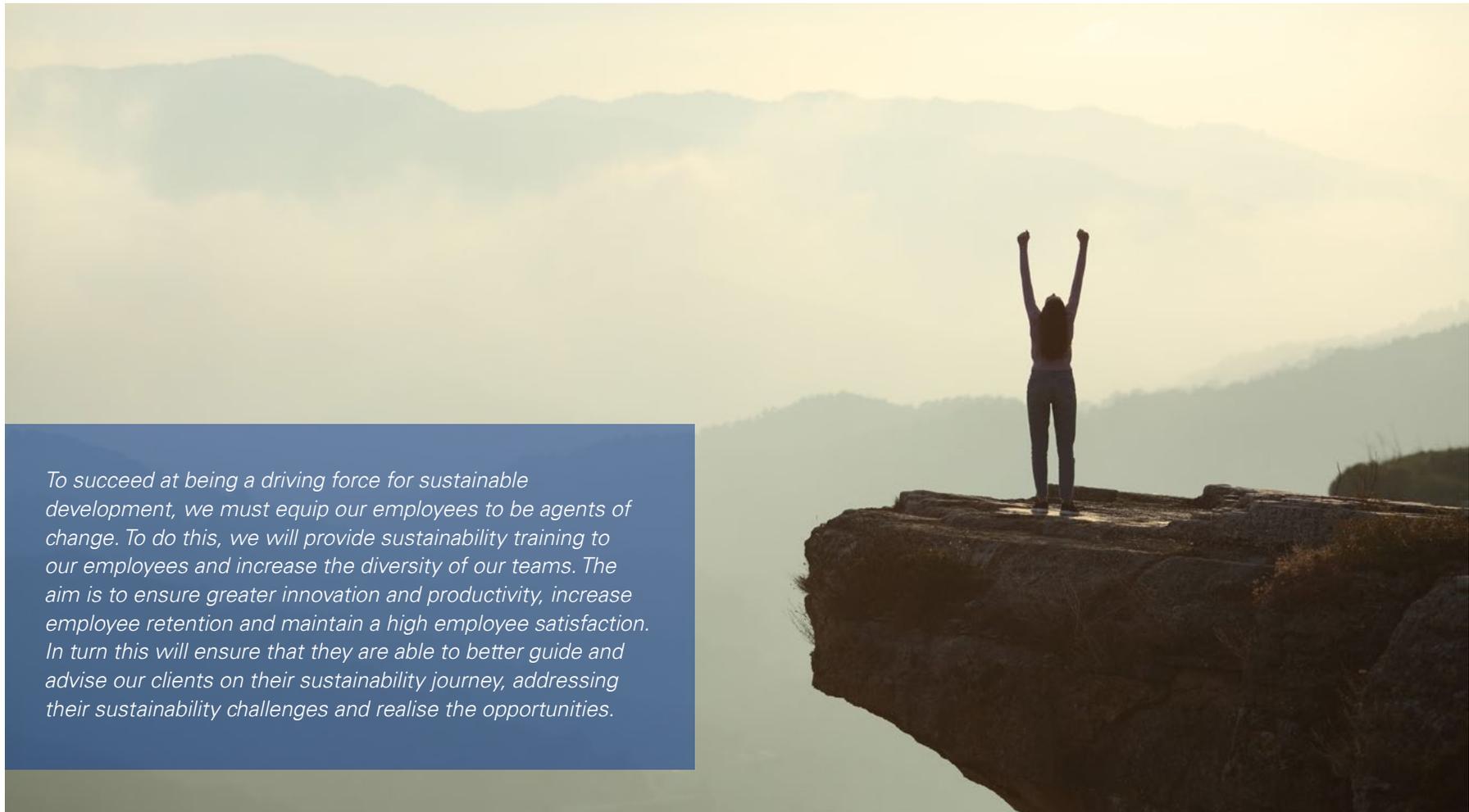
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To succeed at being a driving force for sustainable development, we must equip our employees to be agents of change. To do this, we will provide sustainability training to our employees and increase the diversity of our teams. The aim is to ensure greater innovation and productivity, increase employee retention and maintain a high employee satisfaction. In turn this will ensure that they are able to better guide and advise our clients on their sustainability journey, addressing their sustainability challenges and realise the opportunities.

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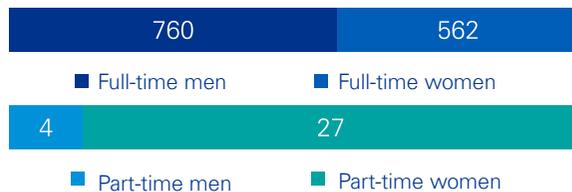
The passion and dedication of our people is the reason for our success. At year end KPMG Norway consisted of 1353 employees located at our 25 offices from the North to the South of the country. This is a 9 % increase from 2019. Most employees hold permanent full-time positions. Sick leave or other personal circumstances are common reasons employees choose to work part-time. In 2021, we will further assess if any part-time positions are involuntarily.

The turnover rate in 2020 was 19.9%, of which men comprise 54% and women 46%. This is a considerable increase from previous years and a

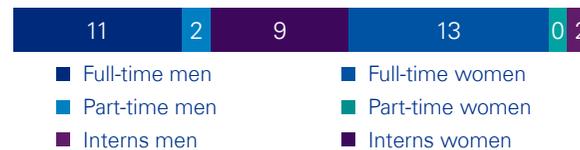
number we consider too high. We take retention and employee satisfaction very seriously.

The ongoing Covid-19 pandemic has resulted in a long-lasting use of home office and lockdown in most parts of Norway. Less networking and interaction with clients and colleagues contributed to an increase of employees considering new job opportunities. Exit interviews, which are part of our offboarding routines, have provided insight into areas where we need to perform better in the future, and we have subsequently established new KPIs relating to retention.

The distribution of employees between permanent full-time and part-time positions



The distribution of employees between temporary full-time and part-time positions



New hires 2020



All people data is per 31 December 2020



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Inclusion and diversity

In 2020 we re-launched our internal inclusion and diversity strategy by appointing a dedicated team of partners with central roles in the executive management team. We recognise that we need to reflect society and our clients' organisations. Newly defined ambitions, KPIs and strategic goals have been established to improve diversity, inclusion, gender balance and equality.

Through our strategic pillar of educating employees to become change agents, "inclusion and diversity" is identified as a key indicator for success. One of the many initiatives defined in 2020, was for the CEO and chair of the board, alongside several other key members of the executive management team to undergo Seema's six-month long diversity management certification program.

There are 32 nationalities at KPMG Norway, many of which are part of KPMG's global mobility program. We typically have between 6-10 expats on secondment assignments with KPMG Norway and this has contributed to increased diversity and learning for our organisation.

Age distribution



Nationalities



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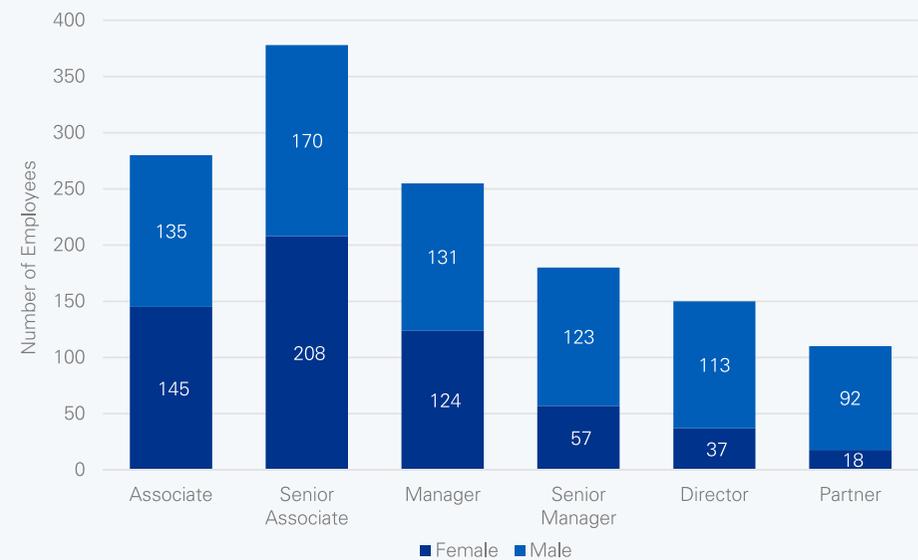
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The gender distribution overall in the organisation is 44% women and 56% men, we acknowledge that we have a way to go to achieve gender balance among our senior positions: Of our 110 Partners, only 18 are women and the same trend is seen on Director and Senior Manager level. On the 2021 International Women's day, our Senior Partner and CEO, Lars Inge Pettersen, openly discussed these challenges externally and confirmed KPMG's commitment to address this through defined plans for improvement.

In 2020, male and female employees took an average of 6.8 and 18.7 weeks of parental leave, respectively. Our diversity and inclusion KPIs, include retention of 80% of employees after their parental leave and encouraging male employees to take out their full parental leave period.

Inclusion and diversity are necessary for our business. Today's challenges require a variety of mindsets and experiences. Our ambition to be inclusive and diverse is based on our vision to create trust and drive change - and it helps us attract the right talent and develop relevant and future-oriented services for our customers.

Gender distribution per employee level



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Goals on inclusion and diversity

Gender balance

| Female partners



| Female board of directors



| Female executive management team members



| Female leaders (in leading positions)



| Gender balance on all other employee levels



| Female rehire on Senior Manager, Director and Partner level



| Retention of employees on parental leave

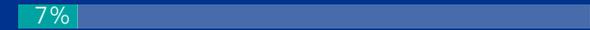


Culture

| Partners with nationalities other than Norwegian (by 2025)



| Partners with nationalities other than Norwegian (by 2030)



| Employees with nationalities other than Norwegian (by 2025)



Inclusive leadership

| Diversity leadership certification of executive management team members



| Diversity leadership certification of employees in leading positions



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Wage equality

To develop and retain existing competence and recruit qualified employees, we offer competitive remuneration packages. A pay gap analysis was initiated as part of the work with this report and to provide an account on gender equality as required by Norwegian law.

The results of the analysis are demonstrated in the table below and are based on data from December 2020. Given the varied consistency in wage data for Partners and the discrepancy this creates towards the rest of the analysis, this information is excluded. The analysis is still ongoing, and we aim to improve data quality and provide a more detailed overview for our reporting next year.

Compensation by category per gender and position for fulltime employees

Gender Level	Female					Male				
	Base pay	Overtime	Bonus	Irregular bonus	Total pay	Base pay	Overtime	Bonus	Irregular bonus	Total pay
Associate	99%	83%	100%	120%	98%	101%	117%	100%	60%	102%
Senior Associate	100%	87%	99%	92%	99%	100%	115%	101%	111%	102%
Manager	99%		90%	66%	98%	101%		110%	139%	102%
Senior Manager	99%		69%	111%	97%	100%		116%	94%	101%
Director	103%		87%	128%	102%	99%		104%	91%	99%

The table shows the differences in total compensation between gender on the different employee levels. Differences in base pay varies between 0% to 3.67%. Male Associates, Managers and Senior Managers earn more, while at the Director level, female employees earn more.



Total compensation per gender and position for fulltime employees



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When evaluating other types of compensation including overtime and bonuses, the data must be further processed to arrive at ascertained conclusions. Overtime refers to compensation beyond eight-hour workdays, which is only applicable for Associate and Senior Associate levels. At the Manager level and above, overtime compensation is included into base pay and bonus.

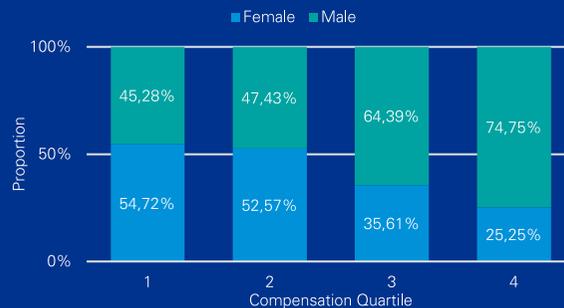
Bonus refers to compensation related to performance, while irregular bonus refers to other types of compensation as sign-on, stay-on and recruitment bonuses. Further analysis of the data will be conducted to assess if the differences are based on gender.

Higher employment levels include fewer female employees and the distribution is skewed when reviewing total compensation.

This is also reflected when evaluation quartile pay bands, demonstrated below. In this figure, total compensation is distributed between four wage quartiles, where 1 to 4 represents lowest to highest. As wage level increases, gender balance decreases. This is consistent with the disproportion of women at the higher employee levels. Increasing the amount of women in leading positions is one of the KPIs defined in our Inclusion and Diveristy action plan.



Proportion of males and females in each quartile pay band



The pay gap analysis presented here provides us with great knowledge and insight into challenges with gender equality, but also the opportunity to improve. Knowing is better than assuming, and with this foundation we continue our work with improving internal structures, reporting and employee well-being.

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Inclusion and diversity initiatives and collaborations



Equality Check

Equality Check

We are proud founding partners with the Norwegian start up, Equality Check (formerly #HunSpanderer), since 2018.

Equality Check is an online platform where current or former employees can anonymously leave a review of their workplace on topics such as equal opportunity, workplace culture, work/life balance, executive management commitment to diversity and more. The purpose of the platform is to create a more diverse workplace through transparency and accountability.

SHE

SHE Conference

Since 2019, we have attended the yearly SHE Conference in Oslo with multiple participants ranging from all seniority levels and genders.

The SHE Conference is Europe's largest gender equality conference, which we use to increase our understanding and to strengthen our internal inclusion and diversity work.



Pride

We have celebrated Pride since 2017, when we first raised the rainbow flag outside our main office in Oslo.

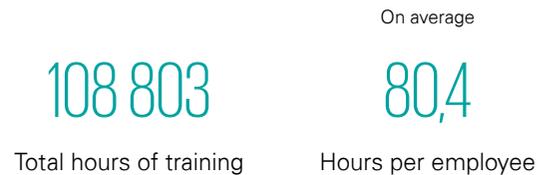
In 2019, we attended the Pride parade in Oslo with many KPMG employees celebrating LGBTQ+ rights.

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Training and Development

We aim to recruit, retain and develop skilled and committed employees. Competence development plays a vital role in our business as we must be well-informed and relevant for the clients and markets we serve. Competence is also strongly related to personal and professional development and employee well-being is the backbone of making our employees agents of change.



Our learning and development is based on the 70-20-10 model, 70% of learning is through “on the job training” such as project, and client work, 20% through learning from others such as structured feedback, coaching and guidance and 10% through structured learning such as formal training, courses, tertiary education and e-learning.

As part of our role as financial auditor, the entire organization is required to complete independence training and additional ethical- and technological training courses are also mandatory. Furthermore,

as part of the sustainability plan, employees will also be required to complete sustainability training both digital and in-person. Starting 2021, a “Sustainability Week” containing lectures, competitions and initiatives, will be held annually to engage and boost employee learning.

Facilitating continuous professional and personal development is an important success factor, in addition to mandatory training. All employees establish their own business and development goals with their respective managers at the beginning of the fiscal year. Through these goals, individual development areas are identified, which may involve acquiring new knowledge.

In 2020, KPMG established the Nordic Learning & Development Centre of Excellence (CoE) in Riga, Latvia. Systematic competence development is important both to meet formal requirements and to be competitive in the market. The courses provide training in the areas of technical, business and leadership, and behaviour. Moreover, every year, course programs are put together based on identified competence needs in the organisation.



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Graduates and interns

Every year we welcome 100 to 150 graduates as new colleagues. It can be challenging for young adults to find a relevant job right after graduation, and we are happy that we can provide a large group of students their first experience in the job market. Throughout 2020, 124 graduates accepted offers to join KPMG Norway.

Due to the Covid-19 pandemic, there were significant changes to the onboarding programs of both graduates and experienced hires. Entry dates for graduates were postponed by two months given the uncertain situation, but throughout September and October we welcomed all graduate hires to KPMG.

All onboarding programs are now digital in order to safeguard the safety of our employees. Due to the new virtual workday, creating strong relationships between employees, particularly for new employees, has proven to be difficult. Social events and team building activities will be highly prioritized as soon as we can return to a normal reality.

Each year we also offer five to six-week internships in Advisory and Audit. During the winter of 2020, we hosted two female and nine male interns. The summer internships were unfortunately cancelled due to the pandemic. All interns who were already offered internships for the summer were instead offered permanent positions with KPMG upon completing their degrees.



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KPMG Puls

Januar 2020

17 KPMG employees skied 70 kilometres through 13 villages in Marcialonga, Italy.

September 2020

Virtual marathon as part of Oslo Marathon engaging 55 runners, from 8 different locations around the country.

December 2020

A different workout challenge was presented to employees every day from 1 December to 24 December in form of an advent calendar.

Health and well-being

At KPMG Norway, all employees are involved in defining their own workday and career development. It is crucial that employees are satisfied with both the work environment and their tasks in order to perform and develop. Employee satisfaction is therefore important, and an annual employee survey is conducted to map employees' commitment, motivation and well-being. The overall response rate in 2020 was 80%.

Some of the key findings from our 2020 survey show us that we are excelling in certain areas; 86% answered favourably on the question "I do not experience significant barriers to doing my job effectively" and 87% answered favourably on the question "I am willing to put in a great deal of extra effort to help KPMG succeed." Furthermore, employees are overall satisfied with the use of technology to collaborate with people in different places as well having a perception that the people in KPMG demonstrate honest and ethical behaviour.

Some of the action points from KPMG Norway's annual Global People Survey will be to continuously strengthen the role of Performance Managers, increase communication from management and to build a stronger feedback culture, topics which received less favourable responses in the survey.

There is also an ongoing focus to emphasize the importance of well-being and mental health and we will continue to offer workshops and resources related to these topics.

Our activities are conducted in an office environment, and the risk of any serious safety incidents occurring is deemed to be low. Through the company-supported health insurance, employees have access to private health care services in addition to the public system. The organization's sick rate was 2.43% in 2020.

KPMG Norway supports and encourages employees to get involved in physical activity through our employee-run sports club, KPMG Puls. The activities vary from running and skiing sessions with professional instructors, to climbing, football and other sports. Puls also facilitates employee participation in major sporting events such as Oslo Marathon, Holmenkollstafetten (relay race) and the ski race Skarverennet.

Gathering large groups of people has not been possible throughout the pandemic. Instead, virtual training sessions were held weekly, in addition to various virtual exercise challenges. A summary of some events that Puls hosted is presented to the left.

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Safeguarding employees during the Covid-19 pandemic

Throughout the pandemic, KPMG has taken action to protect the health and safety of its employees by enforcing the requirements and recommendations by the Norwegian health authorities.

A Covid-19 task force was established in March 2020, with the purpose of monitoring the pandemic and providing clear communication of guidelines and safety measures. In line with national recommendations, remote work was enforced in March 2020. All employees were provided with tools and equipment to be able to perform their tasks from the safety of their homes.

Most offices, apart from Oslo, Bergen, Ålesund, Bodø, Kristiansand, Sandefjord and Arendal, reopened throughout the year, albeit with strict guidelines for

operation such as more frequent cleaning, hand sanitisers placed throughout the office, a maximum amount of people per floor and per elevator and requiring employees to keep two meters distance. Experiencing a global pandemic provided the organisation with unforeseen challenges in an uncertain time. A consequence of the uncertainty was the decision to furlough 97 of our employees over a period of up to four months; 59 part-time and 38 full-time.

The economic results for 2020 proved stronger than predicted. An assessment was conducted and resulted in the decision to reimburse public expenditures and at the same time compensate all employees who were furloughed during the spring of 2020.



“ It was a difficult decision to issue furlough notices to employees, and a decision we hope we will never have to make again. At the time, we thought it was the right and necessary thing to do, and we tried our best to balance the consideration between our workplace and the burden on those of our employees who were fully or partially furloughed.” - Lars Inge Pettersen

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Work-life balance

All employees should be able to combine a career in KPMG Norway and maintain a healthy private life. This is necessary for people to thrive. However, ensuring a good work-life balance in KPMG's line of business can be demanding.

For many, this can be offset by the feeling of mastery and development, but we are aware that the workload may be excessive and must be adapted to the individuals' work situation. Ongoing reporting on overtime allows for insight and follow up of individuals with many extra hours.

In particular, we experience that employees with small children are less satisfied with their work-life balance than the average employee.

Examples of initiatives we have implemented to improve work-life balance include: establishing the "Audit Delivery Centre" to relieve auditors during the hectic annual settlement period, and to alter our reward models to emphasize other metrics than hours worked. This is an area we continuously work to improve.

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The way forward

Our ambitions are to secure the best work environment for our employees and enable them to be the best agents of change in the market. There are many things we do well, but there are also some areas we need to improve.

We are educating our employees and leaders to become more aware on sustainability related topics and we are adapting new ways of working as a result of the ongoing pandemic. We will continue to follow up on our targets and KPIs and start new initiatives to meet the goals in the sustainability plan.

The goals and actions of the sustainability principle employees as agents of change are defined in the table below. In the plan, competence development and inclusion and diversity are emphasized areas of strategic priority.

Goals	Actions
Provide the entire organisation with a competence boost on sustainability	Establish a Nordic competence academy for sustainability internally, which may also become a concept sold to clients. Introduce mandatory individual development courses, appointment of champions and establish an internal resource group. (2021/22)
Facilitate interdisciplinary collaboration	Establish a structure and system to develop knowledge across the organisation and follow up to ensure that interdisciplinary collaboration internally is rewarded. (2021)
Dare to take a position on sustainability issues - work proactively internally and externally	Partners and employees must work to promote a culture where proactivity on sustainability issues are valued and rewarded. (Ongoing)
Ensure diversity and equality in the organisation	Deliver on the goals in the «diversity & inclusion» plan. A separate plan is developed, and a project team was established in 2020.
Facilitate pro bono work related to business goals	Business-related pro bono work must be emphasized in all business areas. A clear strategy based on previous work will be developed but will be based on the new goals in the sustainability plan. (2021)

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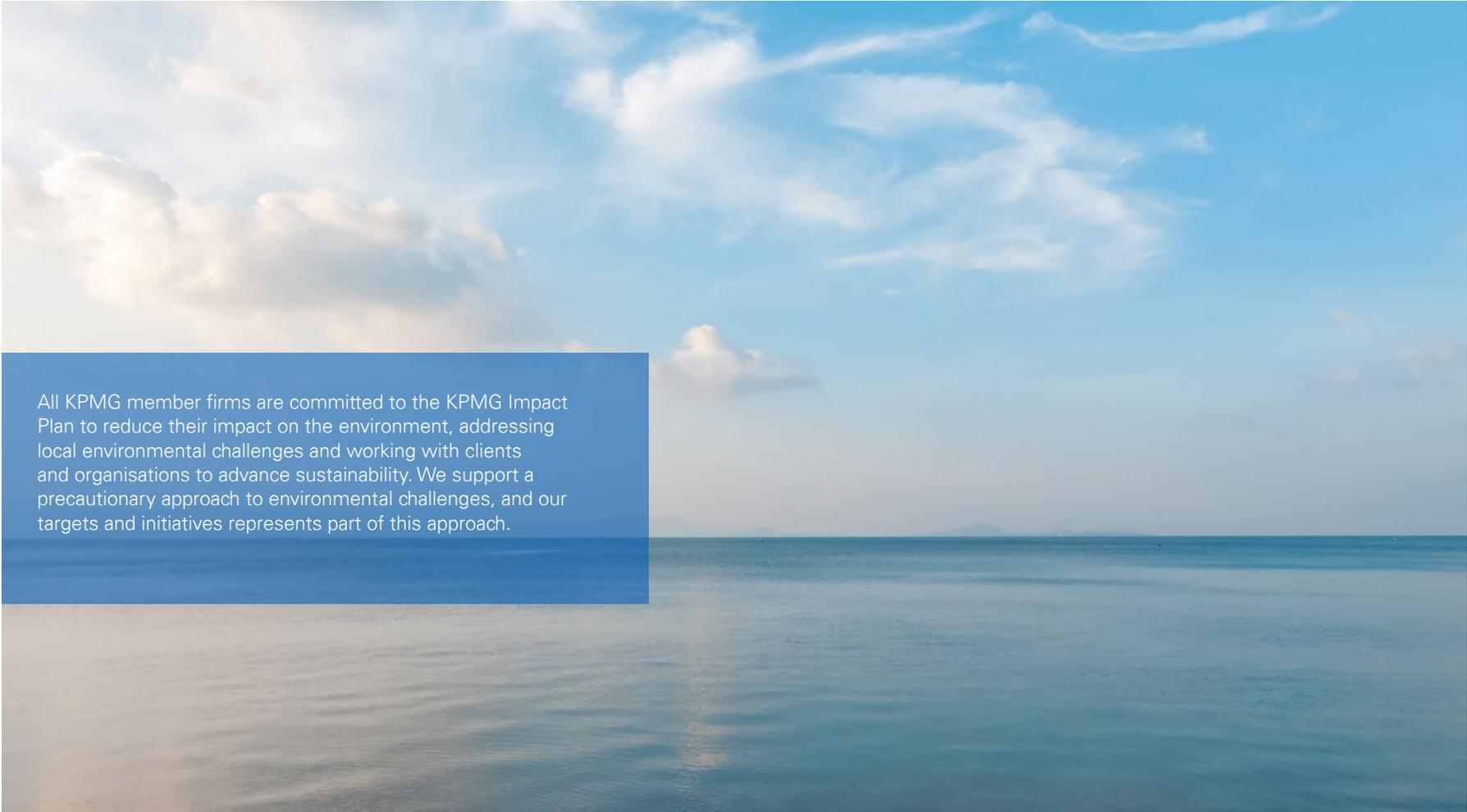
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All KPMG member firms are committed to the KPMG Impact Plan to reduce their impact on the environment, addressing local environmental challenges and working with clients and organisations to advance sustainability. We support a precautionary approach to environmental challenges, and our targets and initiatives represents part of this approach.

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For KPMG Norway, identifying and addressing our own impact on the environment is an important part of our internal work on sustainability. To ensure our credibility, we need to communicate our progress and targets to our stakeholders, clients and society. Our ambitious targets include:

- **Achieve net-zero carbon emissions by 2030**
- **Give financial markets, clients and our society's leaders clear, comprehensive, high-quality information on the impacts of climate change**
- **Understanding and improving our impact on nature and biodiversity**

Through changing the way we work, we strive to reduce the negative impacts from our business and enable and encourage our customers to do the same.

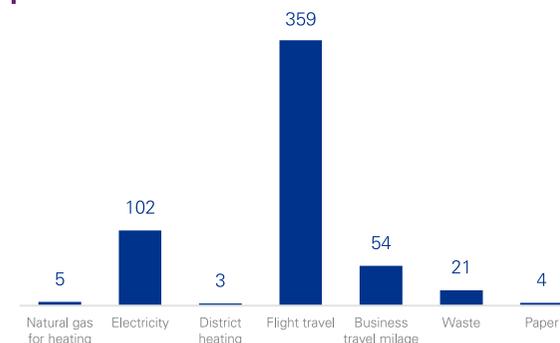
Our team of sustainability experts, in cooperation with colleagues across our organisation, help companies in diverse sectors with their efforts to transform their business in line with the ambitions of the United Nation's Sustainable Development Goals and the Paris Agreement. We aim to deliver sustainability in everything we do.

Climate impact

Our climate footprint is reported annually for KPMG Norway and includes all offices in the country. Each year we collect data on our travel, electricity and heating consumption as well as waste. We survey our climate footprint by calculating the greenhouse gas emissions related to our activities based on the GHG protocol and emission factors from sources such as IEA and DEFRA.

In 2020, we reduced our greenhouse gas emissions by 25% as compared to 2019. Our overall emissions for 2020 was 548 tonnes of CO2 equivalents. This considerable reduction is a result of the Covid-19 situation with limited travel and remote work. However, we have increased our environmental focus and efforts towards reducing our environmental impact, and continuously work to achieve our goals.

Total emissions per category

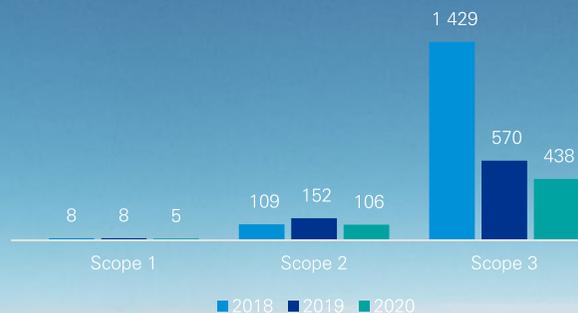


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Our emissions have decreased in recent years, mainly due to a reduction in air travel. The figure below illustrates the annual emissions from 2018 to 2020 divided by direct emissions (scope 1), indirect emissions through purchase of electricity and heat (scope 2), and indirect emissions from purchase of products and services (scope 3).

Total emissions per year



Key Performance Indicators	2018	2019	2020	Change 2019-2020
GHG emissions tCO2e	1,545.6	730.3	547.9	-25%
GHG emissions per employee	1.3	0.6	0.4	-32%
Recycling rate	58%	66%	57%	-13%
Total energy consumption:	3,766	5,650	3,804	-33%
Energy consumption per m2	3.10	4.66	2.83	-39%



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Eco Lighthouse (Miljøfyrtårn)

KPMG Norway has been certified as an Eco Lighthouse since 2011. This involves a certification process for every KPMG office across the country every three years.

The certification is given according to a large number of set criteria that must be met. In addition, yearly reporting on topics relating to our continuous improvement process towards a more environmentally friendly organisation is also required, as well as reporting on several initiatives.

The results of our reporting, an annual report on climate and the environment, is available to the public and our customers. The report is also communicated throughout our organisation, encouraging all employees to be "Change Agents" and follow and support KPMG's improvement process.

Climate Neutral through carbon credits:

Several of KPMG Norway's clients require us to be climate neutral. For us, this means continuous focus on reducing emissions, as well as compensating for our remaining emissions through purchasing carbon credits.

Since 2020, KPMG Norway has compensated for remaining emissions through purchasing carbon credits from projects which aim to create multiple benefits and deliver on the SDGs. These are projects such as restoring mangrove forests in Myanmar and providing low income households in Ghana with improved cookstoves that reduce wood fuel consumption, and the toxic smoke and gas generated from traditional stoves.

Initiatives in 2020

In 2020 we introduced several initiatives to improve our environmental impact. This included:

- *KPMG invested in several solutions for digital meetings (in-house and for our employees' home offices), which reduced the need for travelling.*
- *KPMG hired a Head of Procurement, which enabled us to professionalize our procurement processes and implement environmental requirements towards our suppliers. In addition, testing the need for "new items" and aiming to make use of what we already have before buying something new.*
- *We increased our attention on recycling, reducing waste (also food-waste) from our cafeteria. As part of this work, posters on how to sort all waste fractions are now present in all our offices.*
- *KPMG stopped using unnecessary plastic in the cafeteria and the office in general, in order to reduce our plastic consumption and contribute to our zero plastic waste target.*

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The way forward

Going forward, we are engaging in several activities to reduce our environmental impact. We have used the momentum from 2020 to set new, even more ambitious goals towards 2030.

Science-Based Targets

Our in-house experts in KPMG Global have developed a carbon forecasting model to map the sources and impacts of our emissions in order to understand what we need to do to accelerate decarbonization.

As a result, we have set a new global commitment to become a net-zero carbon organisation by 2030. This means that we will cut greenhouse gas emissions (direct and indirect) by 55% between 2019 and 2030 as part of a 1.5°C Science-Based Target in line with the Paris Agreement.

We are currently using the Science-Based Targets Initiative methodology to map our indirect emissions

through purchasing of products and services (Scope 3 emissions) and set specified emission reduction goals and actions. The results will be reported in 2021.

As part of this decarbonization plan, we will also focus on reducing business travel through new ways of working. By 2023, we aim to have reduced individual emissions from work-related travel by 10%, compared to the 2019 level.

This includes using what we have learned through the pandemic about enabling our employees to use digital tools and conduct a larger share of our everyday meetings by video conference. To succeed, we need to learn when to prioritize travel. In addition, this requires us to monitor our travel in a better way in order to gain insight and to measure the impact of our actions.

Climate risk

In 2021, we will start our process of evaluating the climate risk of our business following the recommendations of the Task Force on Climate Related Financial Disclosures' (TCFD). Climate related risks and opportunities already affect many of our clients, and KPMG Norway will also be affected by both physical and transitional risks due to climate change.

At the same time, we see multiple opportunities in a market where the awareness of climate and environmental issues are increasing. We aim to enable our clients to become sustainable businesses and organisations. A thorough analysis of our own risks will provide us with a deeper insight to continue building our services and initiatives within sustainability and reaching our strategic goals.

Goals	Actions
55% reduction of emissions based on 2019 emissions, by 2030	Report on Scope 1, 2 and 3. Annual reduction targets will be established.
Net Zero by 2030 according to KPMG's "Our Impact Plan" - we must reduce and compensate	Active purchases of carbon credits related to our sustainability plan.
Individual responsibility for climate - on average 10% reduction of own emissions from work-related transport by 2023 (based on 2019 levels)	Update internal travel policy for climate-friendly transportation at all offices in connection with project and client travel.
Zero waste target for unnecessary single-use plastic	Phase out all unnecessary single-use plastic and disposable items at all our offices.
Adhere to the Eco Lighthouse principles at all offices in Norway	Assist with environmental management for offices which require support in order to comply with Eco-Lighthouse certification requirements.
Strive for our internal and external events to be sustainable and climate neutral	Requirements to provide a sustainability overview for events with 50 or more participants, including purchasing carbon credits.

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This is KPMG Norway's sustainability report and covers the reporting period 1 January to 31 December 2020. Our financial year runs from 1 October to 30 September, thus the financial statements included in the report are from this period in 2019/2020, unless otherwise stated. The information reported covers all business areas; Advisory, Audit and Law.

The sustainability report is based on the WEF IBC common metrics. This is our first sustainability report and we intend to continue to communicate our sustainability performance annually, as well as increasing the number of disclosures we report on. The report has not been assured by a third party.

We appreciate your feedback, comments and queries on this report.

Please visit our website kpmg.no or contact:



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EMPLOYMENT

	2020
Total number of employees	1,353
Number of permanent employees	1,327
Number of temporary employees	26
Of which are full-time	1,322
Of which are part-time	31
Intern	11
New hires	284
Turnover	19.9 %

DIVERSITY

Percentage of women	44%
Percentage of women in full-time positions	43%
Percentage of women in part-time positions	87%
Age <30 years	27%
Age 30-50 years	58%
Age > 50 years	15%
Average weeks parental leave women	18,7
Average weeks parental leave men	6,7

MANAGEMENT

Total management positions	16
Percentage of women	25%
Age <30 years	0%
Age 30-50 years	44%
Age > 50 years	56%

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HEALTH AND SAFETY

	2020
Sick Leave	2.43%
Work Related Injuries	-
Lost Time Injuries	-
Fatalities	-

CLIMATE AND ENVIRONMENT

KEY PERFORMANCE INDIKATORS

	2018	2019	2020	% Change 2019-2020
Total GHG emissions (tCO ₂ e)	1,546	730	548	-25%
GHG emissions per employee (tCO ₂ e/employee)	1.3	0.6	0.4	-33%
Recycling rate (%)	58%	66%	57%	-14%
Total energy consumption (MWh)	3,766	5,650	3,804	-33%
Office space (m ²)	32,846	30,942	27,657	-11%
Energy consumption per m ² (MWh/m ²)	3.1	4.7	2.8	-40%

GHG EMISSIONS

Scope 1

Natural gas for heating (tCO ₂ e)	8	8	5	-38%
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Scope 2

Electricity (tCO ₂ e)	106	147	102	-31%
District heating (tCO ₂ e)	3	5	3	-40%
Cooling (tCO ₂ e)	-	-	-	-

Scope 3

Flight travel - International (tCO ₂ e)	763	144	96	-33%
Flight travel - Europe (tCO ₂ e)	312	58	65	12%
Flight travel - Nordic (tCO ₂ e)	217	250	197	-21%
Business travel mileage (tCO ₂ e)	87	91	54	-41%
Waste (tCO ₂ e)	41	21	21	0%
Material use: Paper (tCO ₂ e)	8	7	4	-43%

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CLIMATE AND ENVIRONMENT	2018	2019	2020	% Change 2019-2020
ENERGY CONSUMPTION				
Natural gas for heating (MWh)	38	39	8	-79%
Electricity (MWh)	2,722	3,771	2,491	-34%
District heating (MWh)	1,005	1,840	1,279	-30%
Cooling (MWh)	-	-	10	100%
BUSINESS TRAVEL				
Flight travel - International (pkm)	4,220,520	795,777	528,228	-34%
Flight travel - Europe (pkm)	1,970,307	363,945	419,889	15%
Flight travel - Nordic (pkm)	853,016	980,629	808,035	-18%
Business travel milage (km)	560,053	579,695	363,915	-37%
WASTE				
Unsorted municipal waste (kg)	76,433	38,517	39,268	2%
Sorted waste (kg)	105,848	74,826	52,704	-30%
MATERIAL USE				
Paper (kg)	9,760	8,390	4,462	-47%

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Terms and abbreviations

ESG – Environmental, Social and Governance

IBC – International Business Council

GHG – Greenhouse Gases

GPS – Global People Survey

NGO - Non-governmental Organisations

SDG – Sustainable Development Goals

TCFD – Task Force on Climate Related Financial Disclosures

WEF – World Economic Forum

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WEF-index

 Theme	 Metric	 WEF Criteria	 Reference
Governing Purpose	Setting purpose	The company's stated purpose, as the expression of the means by which a business proposes solutions to economic, environmental and social issues. Corporate purpose should create value for all stakeholders, including shareholders.	CEO Letter
Quality of Governing Body	Board composition	Composition of the highest governance body and its committees by: competencies relating to economic, environmental and social topics; executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; stakeholder representation.	Responsibility and Structures
Stakeholder Engagement	Impact of material issues on stakeholders	A list of the topics that are material to key stakeholders and the company, how the topics were identified and how the stakeholders were engaged.	Stakeholder Engagement and Material Topics
Ethical Behaviour	Anti-corruption	Total percentage of governance body members, employees and business partners who have received training on the organization's anti-corruption policies and procedures, broken down by region; (a) Total number and nature of incidents of corruption confirmed during the current year, but related to previous years; (b) Total number and nature of incidents of corruption confirmed during the current year, related to this year; Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, in order to combat corruption.	Ethical Standards
	Protected ethics advice and reporting mechanism	A description of internal and external mechanisms for: Seeking advice about ethical and lawful behaviour and organizational integrity; Reporting concerns about unethical or unlawful behaviour and lack of organizational integrity.	Ethical Standards
Risk and Opportunity Oversight Governing Purpose	Integrating risk and opportunity into business processes	Company risk factor and opportunity disclosures that clearly identify the principal material risks and opportunities facing the company specifically (as opposed to generic sector risks), the company appetite in respect of these risks, how these risks and opportunities have moved over time and the response to those changes. These opportunities and risks should integrate material economic, environmental and social issues, including climate change and data stewardship.	Ethical Standards and Climate Risk

WEF Metric: Governance

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WEF Metric: Planet

Theme	Metric	WEF Criteria	Reference
Climate change	Greenhouse Gas (GHG) emissions	For all relevant greenhouse gases (e.g. carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tons of carbon dioxide equivalent (tCO ₂ e) GHG Protocol Scope 1 and Scope 2 emissions. Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	Climate Impact
	TCFD Implementation	Fully implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). If necessary, disclose a timeline of at most 3 years for full implementation. Disclose whether you have set, or have committed to set, GHG emissions targets that are in line with the goals of the Paris Agreement - to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C – and to achieve net-zero emissions before 2050.	Climate Risk
Nature Loss	Land use and ecological sensitivity	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or Key Biodiversity Areas (KBA).	
Fresh water availability	Water consumption and withdrawal in water-stressed areas	Report for operations where material: megalitres of water withdrawn, megalitres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool. Estimate and report the same information for the full value chain (upstream and downstream) where appropriate.	
Solid Waste	Impact of solid waste disposal	<ol style="list-style-type: none"> 1. Report wherever material along the value chain: estimated metric tons of single-use plastic consumed. Disclose the most significant applications of single-use plastic identified, the quantification approach used and the definition of single-use plastic adopted. 2. Report wherever material along the value chain, the valued societal impact of solid waste disposal, including plastics and other waste streams. 	Climate Impact and Initiatives in 2020

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WEF Metric: People

 Theme	 Metric	 WEF Criteria	 Reference
Dignity and Equality	Diversity and inclusion (%)	Percentage of employees per employee category, by age group, gender and other indicators of diversity (e.g. ethnicity).	Inclusion and Diversity
	Pay equality (%)	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men, minor to major ethnic groups, and other relevant equality areas.	Wage Equality
	Wage level (%)	<ol style="list-style-type: none"> Ratios of standard entry level wage by gender compared to local minimum wage. Ratio of the annual total compensation of the CEO to the median of the annual total compensation of all its employees, except the CEO. 	Wage Equality
	Risk of incidents of child, forced or compulsory labour	An explanation of the operations and suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to a) type of operation (such as manufacturing plant) and type of supplier or b) countries or geographic areas with operations and suppliers considered at risk.	Ethical Standards
Health and Well-Being	Health & safety (%)	<ol style="list-style-type: none"> The number and rate of fatalities as a result of work-related injury; high-consequence work-related injuries (excluding fatalities); recordable work-related injuries; main types of work-related injury; and the number of hours worked. An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services, and the scope of access provided for employees and workers. 	Health and Well-being
Skills for the Future	Training provided (#,\$)	<ol style="list-style-type: none"> Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees). Average training and development expenditure per full time employee (total cost of training provided to employees divided by the number of employees). 	Training and Development

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WEF Metric: Prosperity

 Theme	 Metric	 WEF Criteria	 Reference
Employment and Wealth creation	Absolute number and rate of employment	<ol style="list-style-type: none"> 1. Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region. 2. Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region. 	Our people
	Economic contribution	<ol style="list-style-type: none"> 1. Direct economic value generated and distributed (EVG&D) – on an accruals basis, covering the basic components for the organisation’s global operations, ideally split out by: <ol style="list-style-type: none"> a. revenues, b. operating costs, c. employee wages and benefits, d. payments to providers of capital, e. payments to government, and f. community investment. 2. Financial assistance received from the government: total monetary value of financial assistance received by the organisation from any government during the reporting period. 	Information available in annual financial statements
	Financial investment contribution	<ol style="list-style-type: none"> 1. Total capital expenditures (CapEx) minus depreciation, supported by narrative to describe the company’s investment strategy. 2. Share buybacks plus dividend payments, supported by narrative to describe the company’s strategy for returns of capital to shareholders. 	Information available in annual financial statements
Innovation of Better Products and Services	Total R&D expenses (\$)	Total costs related to research and development.	Research and Development
Community and Social Vitality	Total tax paid	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes, and other taxes that constitute costs to the company, by category of taxes.	Information available in annual financial statements



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