



Inclusion, Diversity and Social Equality

June 2021

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Why is IDSE your competitive advantage?

At KPMG we believe that **inclusion, diversity and social equality (IDSE)** are fundamental to drive the future success of any organisation.

- **Inclusion** involves equal access to opportunities and equal regard in the workforce for all.
- Corporate **diversity** means a company has employees from a range of backgrounds and protected characteristics, including differences in culture, ethnicity, religion, gender identity, sexual orientation, age, disability and socio-economic background. Diversity is a necessary, but not sufficient, condition for creating inclusion in the workplace.
- **Social Equality** is about equalising opportunities of all regardless of their historic social class or educational background.



Note: Data Source: McKinsey diversity & financial performance data 2017

Inclusion, Diversity and Social Equality (IDSE)

Why do we talk about Inclusion, Diversity and Social Equality at KPMG?

Social equality is traditionally regarded as an aspect of Diversity. However, very few organisations shine a light on social equality. It has been proven that workers from lower socio-economic background are **32% less likely** to become managers than those from higher social-economic background. This represents a greater disadvantage than women versus men (**27%**) and black versus white individuals (**25%**). **Due to this KPMG has chosen to highlight the importance of social equality.**



Inclusion and belonging is about all of us; creating a culture that strives for equity and embraces, respects and values differences for all of our people.

+



Diversity is about each of us, about the variety of unique experiences, qualities and characteristics we all possess.

+



Social Equality is about equalising opportunities of all regardless of their historic socio-economic background or educational background.

The language of IDSE

01

Diversity represents the mix ... it is bringing together people from different backgrounds.

02

An individual is not "diverse" ... That person is Asian, Black, White, Two or More Races, Male, Female, Trans, LGBT+, a parent and/or a Person with a Disability etc.

03

Inclusion is engaging the people brought together to drive and advance the firm's business priorities, supporting their talent development, and appreciating their skills and points of view.

04

Underrepresented populations (URP) include those groups that are **underrepresented in the profession (e.g. people of color, women, etc.).**

05

A White person is not "non-diverse"

Note: Data Source: HBR: The Forgotten Dimension of Diversity ([Link](#))

The diverse world of Diversity

Often it is the aspects of Diversity which can be seen (**aka above the surface**) which are focused on. In order for us to be **truly inclusion** we must also account for **all aspects of Diversity** which cannot be seen (aka below the surface).

Visible:

- Gender
- Ethnicity
- Age

Non-visible:

- Socio-economic background
- Sexual orientation
- Parental status
- (Dis)ability
- Cultural background
- Native-born/non-native
- Abilities
- Work background
- Religion
- LGBT+
- Military experience
- Introvert/extrovert
- Gender identity
- Caste
- Education
- Geographic location
- Marital status
- Functional specialty

Internal and external factors influencing IDSE?

Various **internal** as well as **external** factors influence the IDSE of an organisation

Organisational Culture

An open and proactive culture supports as well as drives true IDSE. To develop this culture the following must be displayed:

- **Clear direction from leadership** – employees need to be able to see the bigger picture of what the organisation is trying to achieve and why.
- **Psychological safety** – employees need to feel comfortable sharing their thoughts or experiences without fear of being side-lined.
- **Active Engagement** – employees need to understand how IDSE could benefit them and have a positive impact on their working life.

Corporate Policy

Often Corporate policies can either **marginalise** certain groups, or actually enable them to be **included**. Inclusive policies reduce barriers to inclusion whilst signalling the organisation's stance.

- E.g. Organisation's who have increasing their **Flexible Working Policy** in line with Covid-19, are making their organisation more inclusive of working parents.

Regulatory Environment

Different industries have different regulations in place around D&I. The stronger and more robust these are, the more beneficial they are at progressing IDSE in an organisation:

- E.G. The SRA required all law firms it regulates to have a process in place to monitor, report and where appropriate publish its workforce diversity data every two years.

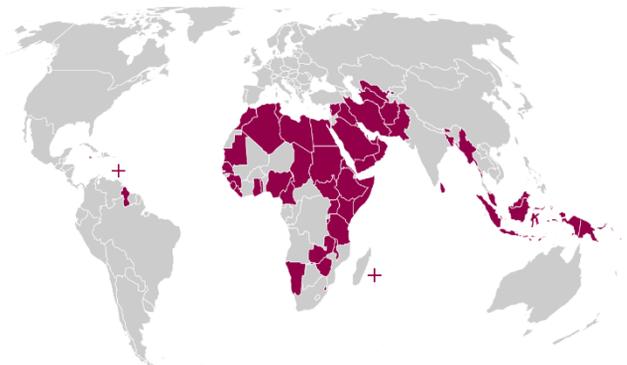
ESG

Inclusion & diversity is a key pillar within ESG frameworks, and organisations are now required to report on Board diversity as part of ESG disclosures.

Legal Environment

Different countries hold **different laws** around minority groups, in particularly the **LGBT population**. This has evolved over time and will continue to evolve, many countries **(+50)**, still **criminalise LGBT people**.

In countries where certain minority groups are criminalised, **organisations will not be able to support the relevant population**, therefore this will minimise IDSE in their organisation.



Source: Human Dignity Trust

■ Countries which criminalise LGBT

What does ESG require of IDSE?

The consideration of **ESG (Environmental, Social and Governance) factors** has become critical to the success of businesses across all sectors. Focusing on ESG is imperative for companies to address changing investor requirements and government regulation, as well as a way to build on their existing competitive advantage, improve resilience and drive value.

- **Inclusion & diversity is a key pillar within ESG frameworks, and investors, shareholders, employees and customers are looking to what organisations are doing around IDSE when making decisions.**
- **Reporting on social standards (aligned with SDGs, GRI etc.) is increasingly common and Social metrics around IDSE are included within the WEF metrics.**
 - Gender pay-gap reporting and modern slavery are the only ‘Social’ mandatory UK disclosures.
 - EU non-financial reporting rules (Directive 2014/95/EU) requires large companies to publish reports on the policies they have implemented in relation to diversity of company Boards (in terms of age, gender, educational and professional background).



Your impact on the world

- Climate change
- Greenhouse gas (GHG) emissions
- Natural resource depletion
- Waste and pollution
- Deforestation
- Hazardous materials
- Biodiversity

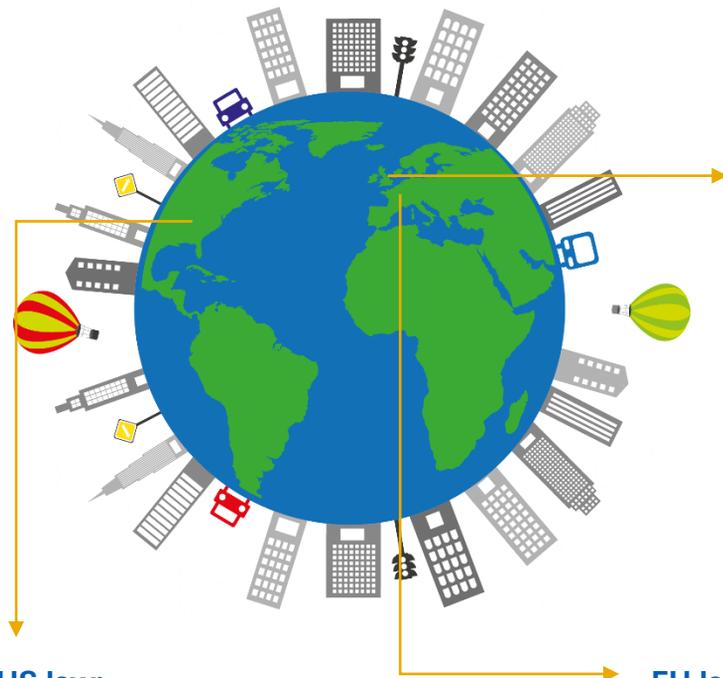
Your contribution to your communities

- Working conditions, including slavery and child labour
- Impact on local communities
- Conflict regions
- Health and safety
- **Inclusion and diversity**
- Product mis-selling
- Data protection

How to conduct yourself

- Executive pay
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Tax strategy
- Data breaches

What are the latest laws and guidance in the IDSE space?



UK Legislation:

- **Equality Act 2010:** legally protects people from discrimination in the workplace and in wider society, includes provisions that ban age discrimination against adults in the provision of services and public functions.
- **Legal Services Act 2007:** this was to promote more competition in the provision of legal services, and to improve access to justice for consumer complaints. This act covers nine protected characteristics.
- **Public Sector Equality Duty (PSED) of the Equality Act 2010:** gender pay gap regulation, came into force in the UK in April 2017. The regulations require all private and voluntary-sector employers with 250 or more employees to publish data on their gender pay gap.

US law:

The “Equality Act” that makes it unlawful for employers to discriminate against individuals, amending a particular law to explicitly add discrimination on the basis of sexual orientation and gender identity as outlawed forms of discrimination.

EU law:

EU law requires large companies to disclose certain information on the way they operate and manage social challenges. **Non-financial reporting rules (Directive 2014/95/EU)** requires large companies to publish reports on the policies they have implemented in relation to diversity of company Boards (in terms of age, gender, educational and professional background).

Media:

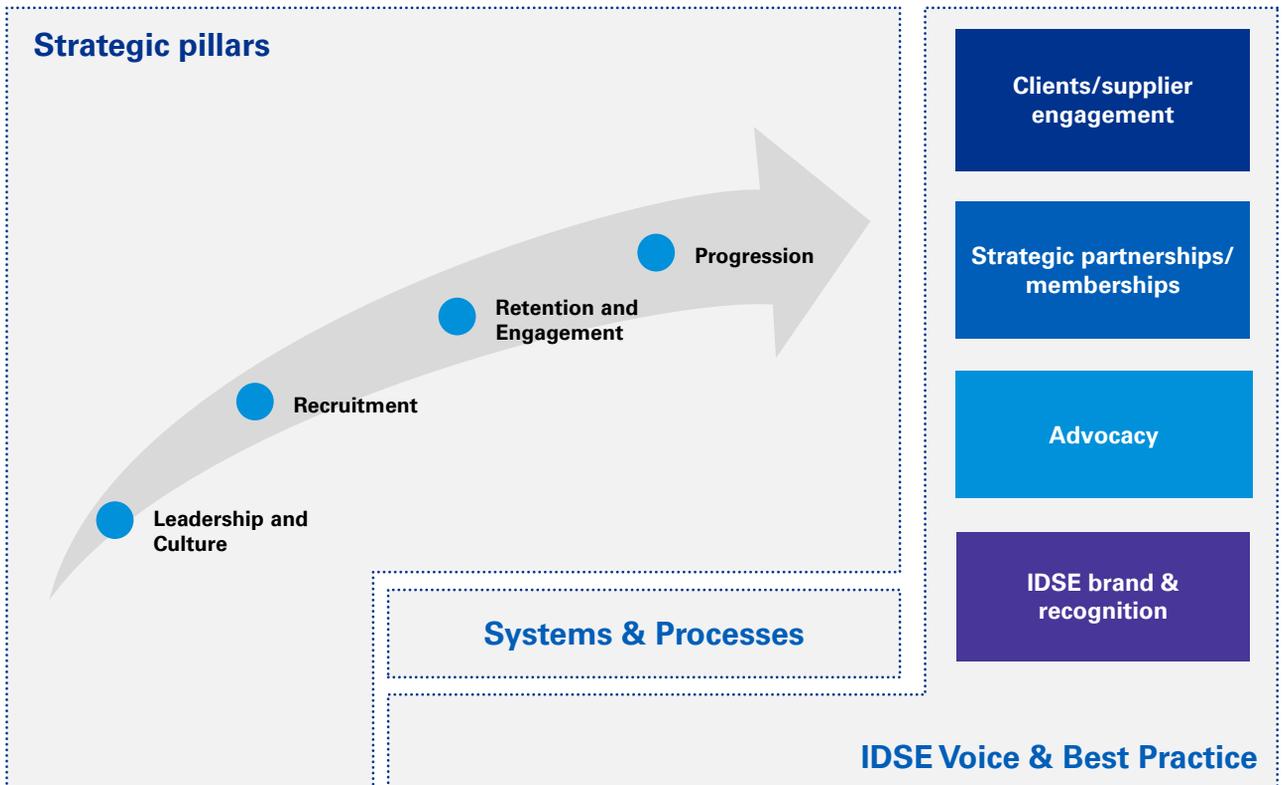
- Gender identity has been reported in British media substantially, since about May 2017 (This Morning TV show started frequently reporting on non-binary gender identities in May 2017).
- Gender pay gap: all organisations with 250+ employees must publish and report specific figures about their gender pay gap, since 2017.

Guidance:

- Diversity Data Collection (ICAEW).
- ‘Employers: Preventing discrimination’ (GOV.UK).
- The Equality Act: employers’ guidance (EHCR).
- The Equality Act 2010 (Acas).
- The Parker Review ‘Beyond one by ‘21’.

Our own approach to embedding IDSE

Our ambition on IDSE is core to our **wider business strategy**. It will drive our **commercial performance** and underpins our Magnet for Talent agenda. It also aligns with our refreshed values of integrity, excellence, courage, together and for better.

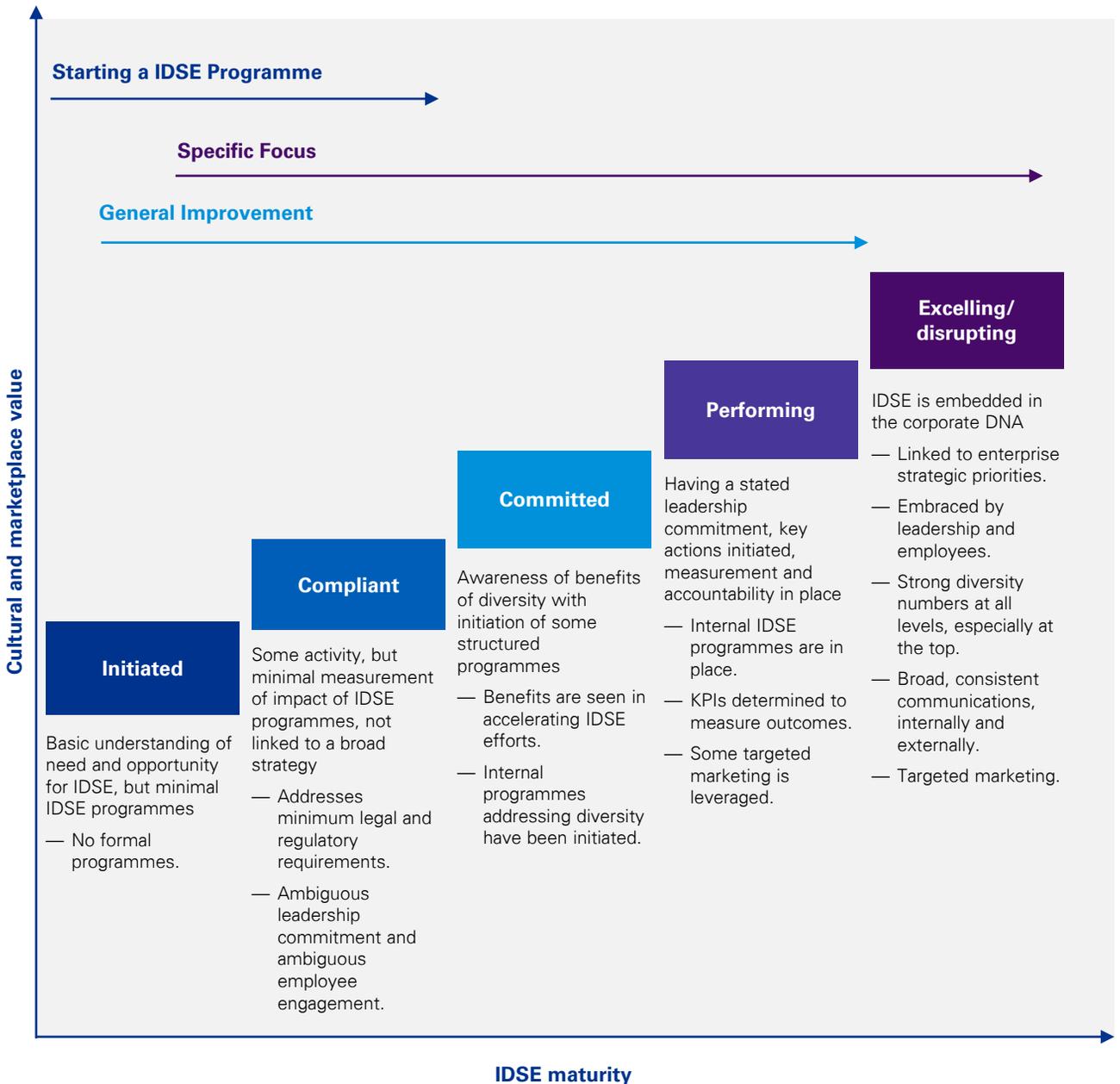


Top Employer Awards:

- KPMG ranked number 49 in **Stonewall Top 100 Employers 2020**.
- Ranked 3rd in **Social Mobility Employer Index 2020**.
- **Times Top 50 Employers for Women** in 2020 – and for previous 10 years.
- **BITC Best Employer for Race 2018**.
- Silver status for **Mind Workplace Wellbeing Index 2018**.
- Awarded **Leader status in Disability Confident scheme**. 2020. Silver in Disability Standard 2017.

How can we support you?

We appreciate that different organisations are at different stages in their **IDSE journey**. Therefore, our offering is designed to help progress your position no matter where you currently stand. Regardless of where you are on your journey, we can adapt and tailor our offerings to your needs.



Starting a IDSE Programme

This is when an organisation is still on the 'starting blocks' in IDSE, with little or nothing currently in place for a formal programme. However the first hurdle has been jumped: identifying the need.

Specific Focus

This programme will be focused specifically on improving a single area of IDSE. This may be appropriate where a problem area has been highlighted in the assessment that is having an immediate and adverse business impact.

General Improvement

This programme will be designed around generally improving the maturity of an organisation. A prioritised programme of initiatives will be developed to 'progress towards the top right'.



IDSE: Our Offering



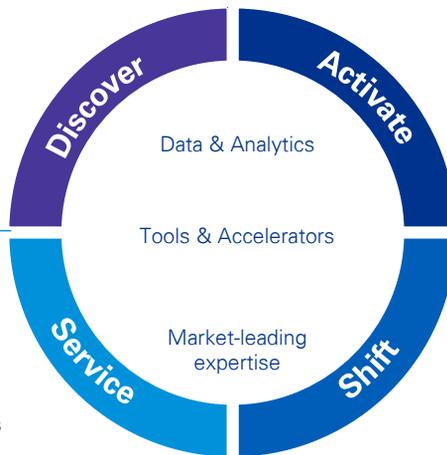
We are equipped and experienced in supporting you in the below ways (detail provided in Appendix). Depending on your ask, we have a range of teams who will work together to deliver for you, including People Consulting, Employment Legal Services, Data Analytics and Learning.

We can help you to analyse and uncover your current IDSE position and opportunities for quick wins and big impacts:

- Quick strike assessment (identify quick wins)
- Inclusion IQ diagnostic
- Assessment of diversity data
- Pay gap analysis
- Industry/market benchmarking
- Population modelling for target setting

We can work with you to engage the Board and Executive in your D&I strategy and ensure alignment and buy-in to commitments:

- IDSE Strategy Room
- Board/Exec engagement & training
- Action Planning
- Target setting
- Governance



We can provide a ‘managed service’ or resource to support your central IDSE team with core time-intensive activities such as:

- Data disclosure campaigns
- Programme management of initiatives
- Internal or external reporting (Hampton Alexander etc.), including pay gap reporting
- Equal pay auditing
- Advisory (ER / dispute, reward)

We can support you to deliver on your strategy through increasing your diversity and social equality, and embedding and inclusive culture:

- Inclusion culture & behaviour change
- Learning programmes
- Policy & process review

Discover

We can help you to analyse uncover your current IDSE position and opportunities for quick wins and big impacts.

Example Client Challenges:

“ How can we understand how inclusive our organisational culture really is? ”

“ Where do we sit compared to our peers? Are we industry average or market leading? ”

“ We already capture some diversity data, how do we ensure we are best using this data and using it to inform our decisions? ”

Our Experience:
 Benchmarking & Targets
 Multi-national manufacturing company

- Develop IDSE policy
- Benchmarking
- Target setting as part of 2030 sustainability targets

Our approach:

Through assessing your needs and IDSE maturity we apply the appropriate Accelerate to reach your desired outcome.

Current State Analysis:

Inclusion IQ Maturity Diagnostic



An diagnostic tool which allows a quantitative measure to be put on the inclusion of an organisation.

Outcome: Through the measurement of 36 Inclusion sub-dimensions the level of Inclusion in an organisation can be measured, allowing for strengths and weaknesses to be identified.

Pay Gap Dashboard



KPMG’s pay gap reporting dashboard helps you go beyond the numbers.

Outcome: The dynamic dashboard displays your pay gaps and enhanced analysis in a clear interactive graphic manner using a series of customisable displays.

Diversity Data Analysis



Review and analysis of current data (i.e. Recruitment, Attrition, Promotion data).

Outcome: Through analysis we will identify where you diversity ‘pain points sit’.

Future state analysis

Population modelling

Monte Carlo simulation can be used to develop a clear view of your future diversity accounting for attrition, recruitment and external data.



Outcome: We are able to provide you with a picture of your Diversity across future years. By applying additional attributes, the picture will become increasingly accurate.

External Comparison

External Benchmarking

Industry data can be used to provide a comparative view of your organisation.



Outcome: Through benchmarking we are able to show you where your IDSE is thriving and where improvements can be made. This signals where efforts should be focused.

Activate

We can work with you to engage the Board and Executive in your D&I strategy and ensure alignment and buy-in to commitment.

Example Client Challenges:

// Our Exec & Board need to own the IDSE agenda more, and be driving it. //

// We have a historic diversity strategy in place, however with recent events and expected changes to regulations we want to make sure it is fit for purpose. //

Our Tools and Accelerators:



Ignition Workshops

An accelerated design and problem solving method, delivering impactful change.

Events take place in an inspirational, configurable space designed to enable large groups to work together to solve complex problems and generate ownership of solutions & actions. Virtual experiences are also offered.

Our experience

IDSE Strategy

- 2 x International Banks
- 1 x Exchange Platform
- Current state review
- Recommendations
- Mobilise I & D tactics/planning
- Senior alignment/buy-in

Board & Leadership Engagement

Almost 25% of companies struggle with limited drive from Leadership.

We can help you engage and inspire your senior leadership and Board in the IDSE agenda – understanding what IDSE is, why they should consider it important, and how to demonstrate Inclusive behaviours and lead with the appropriate tone from the top.

Strategy & Action Planning

With your Leadership team engaged, we can advise in the development of your IDSE strategy, including:

- Talent strategies & EVP
- Networks
- Partnerships
- Governance
- Action Planning

Internal/External Commitments & Targets

c. 20% of organisations have no IDSE goals and targets in place.

Your internal and external commitments, goals and targets will depend on your current level of maturity and strategy. We can work with your CoE and Leadership to define and agree on meaningful targets and commitments (e.g. Parker review) to shift the dial.



Shift

Supporting you to deliver on your strategy through transforming your culture, operations, processes and policies.

Example Client Challenges:

- // How can we ensure our culture supports our IDSE ambitions? //
- // How do we make changes which will actually shift the dial? //
- // How can we ensure our processes and policies support the culture we are trying to build? //

How we can help?

1

Embedding Inclusive Culture

This programme will work to embed an Inclusive Culture through effectively shifting behaviour. By understanding your aspired culture, we push habit formation which will provide a solid basis for future efforts.

2

Learning

This programme can upskill your employees in understanding IDSE, and their role in building an Inclusive culture, i.e. unconscious bias training. These can either be bespoke or off-the-shelf.

3

IDSE Review and Advise – Processes/policies, initiatives/activities

For clients who want a review of I&D strategy, policies and/or activities/initiatives in order to assess impact and gain recommendations for improvement.



Our Tools and Accelerators:

Behavioural Science Unit

Our Behavioural Science Unit play a key role in informing our culture change tactics.



Through a detailed understanding of the behavioural science of employees we are able to implement impactful strategies such as nudges to build behaviour habits.

Off the shelf Learning

The Consortium for CSL D&I Learning offers a variety of digital, virtual and classroom trainings.



These were developed either as a bespoke product in partnership with our suppliers and the KLA; or as off-the-shelf products.

Our experience

Inclusion Culture

- British Market Researcher
- Review of current culture
 - Senior leader engagement
 - Co-creation of IDSE initiatives roadmap

Government Body

- Government Body
- Digital & classroom training
 - Off-the-shelf & bespoke courses

Shift: Embedding Inclusive Culture



KPMG has developed the iterative and reflective process below. It helps us work together to understand the future D&I workplace culture you want, where you are now, and how to shape your journey of travel to move forward in a meaningful way.



A look in the mirror

We work with you to understand and **diagnose your current culture**, and the route causes of your sentiment challenge— to build a starting point for your journey. We do this by using our **Global Cultural Values Assessment**, which measures your culture and provides external comparisons. We'd also run anonymised interviews and focus groups.

What D&I culture do you have?

What D&I culture do you want?

What needs to be changed?

New ways of working

Closing the gap



Then we work with you to **shape your D&I change journey** to close the gap, and identify the **interventions** needed to get you from where you are now, to where you want to be, in order to create a diverse and inclusive workplace that addresses the needs of your under-represented people.

Leaning forward

We engage with stakeholders from across your team/organisation to define a shared vision of your future culture. We do this by:

- 1-2-1 Stakeholder interviews
- Virtual Visioning workshops



Making a difference



Finally, we support you **to embed the interventions**, underpinned by **Behavioural Science** – to re-shape your D&I position, and the processes and structures that support it – **towards your desired future state.**

Service

We can provide a ‘managed service’ or resource to support your central IDSE team with core time-intensive activities such as:

Data analysis & Reporting

Data disclosure

Almost 30% of organisations struggle with collecting enough IDSE data to make informed decisions – especially for diversity characteristics beyond gender. We can develop and run Data Disclosure campaigns to increase the depth of your IDSE data.

Dashboarding & internal reporting

We can either design a Diversity dashboard for your current system, or we can build an entirely bespoke dashboard which you can access via our secure online insights portal.

Pay Gap Reporting & other external reporting

We can run your internal or external Diversity reporting. This includes the development of narratives, and socialisation.

Advisory

Regulatory Change Advisory

We can advise on UK and EU legal requirements/regulation, ensuring you act and report in line with these.

ER dispute & resolution advisory

All advice can be provided under legal advice privilege – can help clients to understand legal risks:

- Pre-lit and lit matters (ER disputes).
- Whistleblowing cases.

Reward advisory

- Providing general advice around HR/Reward policies.
- Reward policies can inversely have an impact.

Auditing

Starting a IDSE Programme

This is when an organisation is still on the ‘starting blocks’ in IDSE, with little or nothing currently in place for a formal programme. However the first hurdle has been jumped: identifying the need.

Programme management

Programme Management & Resource

This programme will provide you with resource to execute your IDSE strategy or manage your IDSE projects and ensure they remain on track,

Our Tools and Accelerators:



Power BI and searchable dashboards

Immersive dashboards which provide actionable insights and drive results. Dashboards can be made searchable, meaning answers to your organisation’s Diversity statistics can be at your fingertips.



Pay Gap Reporting

KPMG’s Pay gap reporting dashboard helps you go beyond the numbers.

The dashboard is dynamic and displays your pay gaps and enhanced analysis in a clear interactive graphic manner using a series of customisable displays.

A bespoke interactive dashboard can be created give you a clear view of your Diversity, as well as specifics such as Pay Gap. This can be bespoke to fulfil Regulatory/Board requirements.

- Gender Pay Gap Reporting
- Ethnicity Gap Reporting
- Disability pay gap reporting

Key contacts

Across KPMG we have a range of teams able to work collaboratively to deliver on all IDSE needs using industry and capabilities subject matter expertise.



Mel Newton
People consulting
+ 44 (0) 7584 88554

Able to provide diversity benchmarking, IDSE Strategy, IDSE action plans, target recommendations etc.



Tim Payne
Behavioural Science Unit
+ 44 (0) 7801 522228

Provides advise on how to most effectively influence and change behaviour



Donna Sharpe
Legal Advisory Services
+44 (0) 78800 54983

Provide Equal Pay reporting, Auditing, Employee Relations and Dispute Resolution. All advise can be provided under legal privilege



Sue Bonney
ESG
+44 (0) 207 3118861

Provides insight and advisory for ESG related requirements and reporting.



Jenny Baskerville
KPMG IDSE
+44 (0) 7876 578509

Provides insight into the latest IDSE regulations and requirements.



Karena Starkie-Gomez
Learning
+44 207 6942443

Off the shelf Diversity and Inclusive Learning models. Also have the ability to design bespoke modules



Irati Saez
FT EPM
+44 (0) 7557 544 433

Provides the capability to define reporting requirements, monitor performance and gather insights related to IDSE.



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