KPMG

Inclusion, Diversity and Equity

November 2022

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Content

What is IDE and why is it important?	2-4
Internal and external factors influencing IDE	5
What does ESG require of IDE	6
The latest laws and guidance in the IDE space	7
How can we support you?	9-16
Our team and contacts	17

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What is IDE?

At KPMG we believe that inclusion, diversity and equity (IDE) are fundamental to drive the future success of any organisation.

Inclusion implies a cultural and environmental feeling of belonging and sense of uniqueness. It represents the extent to which employees feel valued, respected and encouraged to fully participate and be their authentic selves[(a)].

Diversity is about each of us, about the variety of unique experiences, qualities and characteristics we all possess. Within this, **corporate diversity** means an organisation 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.

Equity is about fair treatment for all, while striving to identify and eliminate inequities and barriers. It recognises that individuals may benefit from different support, and doesn't assume that the same level of support will be beneficial for everyone[(b)].

Notes: (a) Seth Boden," Start Here: A Primer on Diversity and Inclusion (Part 1 of 2)", Harvard Business Publishing Corporate Learning: https://www.harvardbusiness.org/start-here-a-primer-on-diversity-and-inclusion-part-1-of-2/

(b) City for All Women Initiative , "Advancing Equity and Inclusion A guide for Municipalities": https://www.cawi-ivtf.org/sites/default/files/publications/advancing-equity-inclusion-web_0.pdf

The language of IDE

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, LGBTQ+, a parent and/or a Person with a Disability etc.

03

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

04

A White person is not "non-diverse".

05

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.

06

Neurodiversity refers to the infinite range of differences in individual human brain function and behavioural traits…this can include autism, ADHD, mental health and more.

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Why is IDE your competitive advantage?

Why do we talk about Inclusion, Diversity and Equity 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 (as part of 'Equity').**

What are the benefits?

The benefits of focusing on IDE can be seen across all areas of the organisation, including innovation, profitability, better understanding of customers and better decision making.

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

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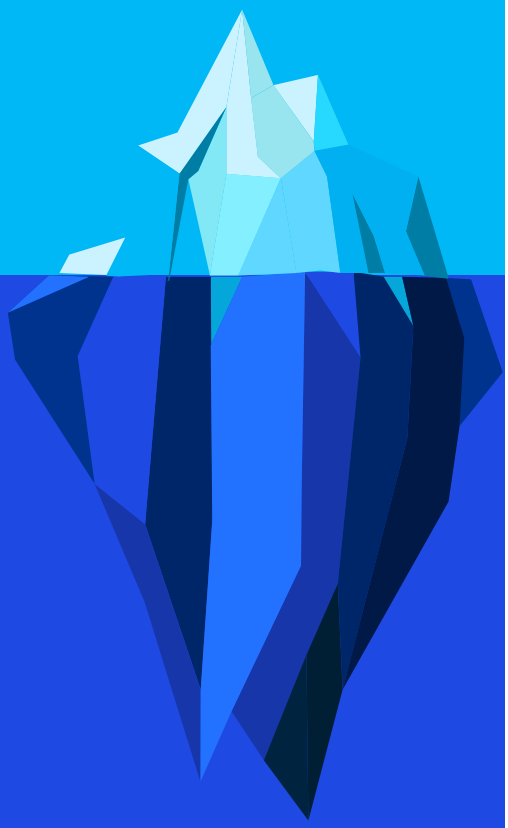
The diverse world of diversity

Often it is the aspects shown above the water which are focused on and measured by organisations. However, that means that many aspects of diversity are ignored (the aspects you see under water). In order for us to be **truly inclusive** we must account for **all aspects of diversity.**

Aspects of diversity that organisations tend to focus on:

- **Sex**
- **Ethnicity**
- **Age**



Aspects of diversity organisations should also consider:

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

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Internal and external factors influencing IDE

Various **internal and external** factors influence an organisation's approach to IDE, depending on their organisational composition, location and industry.

Organisational Culture

An open and proactive culture supports as well as drives true IDE. 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 IDE 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. Organisations who have increased 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 IDE. The stronger and more robust these are, the more beneficial they are at progressing IDE 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.

You can find more guidance in this area from various places, including the Equality Act: employer's guidance, the Diversity Data Collection (ICAEW) and the Parker Review update report.

ESG (Environmental, Social & Governance)

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

Legal Environment

Laws around minority groups vary widely by country. In particular, **the LGBTQ+ population is still criminalised in many countries (+50)**. This has evolved over time and will continue to evolve.

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

Source: Human Dignity Trust

Consumer Behaviour

Adverts that **reflect the target audience are more effective in influencing consumer** and citizen behaviour.

For example, in UK healthcare, 'NHS services must reflect, and should be coordinated around and tailored to, the needs and preferences of patients, their families and their carers'.[(a)]

Media environment

Gender identity has been reported in British media substantially, since about May 2017 (the ***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.

(a)https://www.gov.uk/government/publications/the-nhs-constitution-for-england/the-nhs-constitution-for-england

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How do ESG and IDE complement each other?

The consideration of **ESG (Environmental, Social and Governance)** factors has become critical to the success of organisations across all sectors. Focusing on ESG is imperative for organisations 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.

- **IDE is a key pillar within ESG frameworks, and investors, shareholders, employees and customers are looking to what organisations are doing around IDE when making decisions.**
- **Reporting on social standards (aligned with SDGs, GRI etc.) is increasingly common and Social metrics around IDE 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) require large organisations to publish reports on the policies they have implemented in relation to the diversity of organisational Boards (in terms of age, gender, educational and professional background).

Environmental

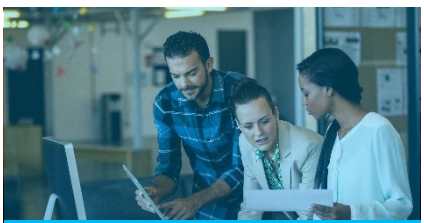
Your impact on the planet

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

Social

Your contribution to society

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



Governance

How to conduct yourself

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

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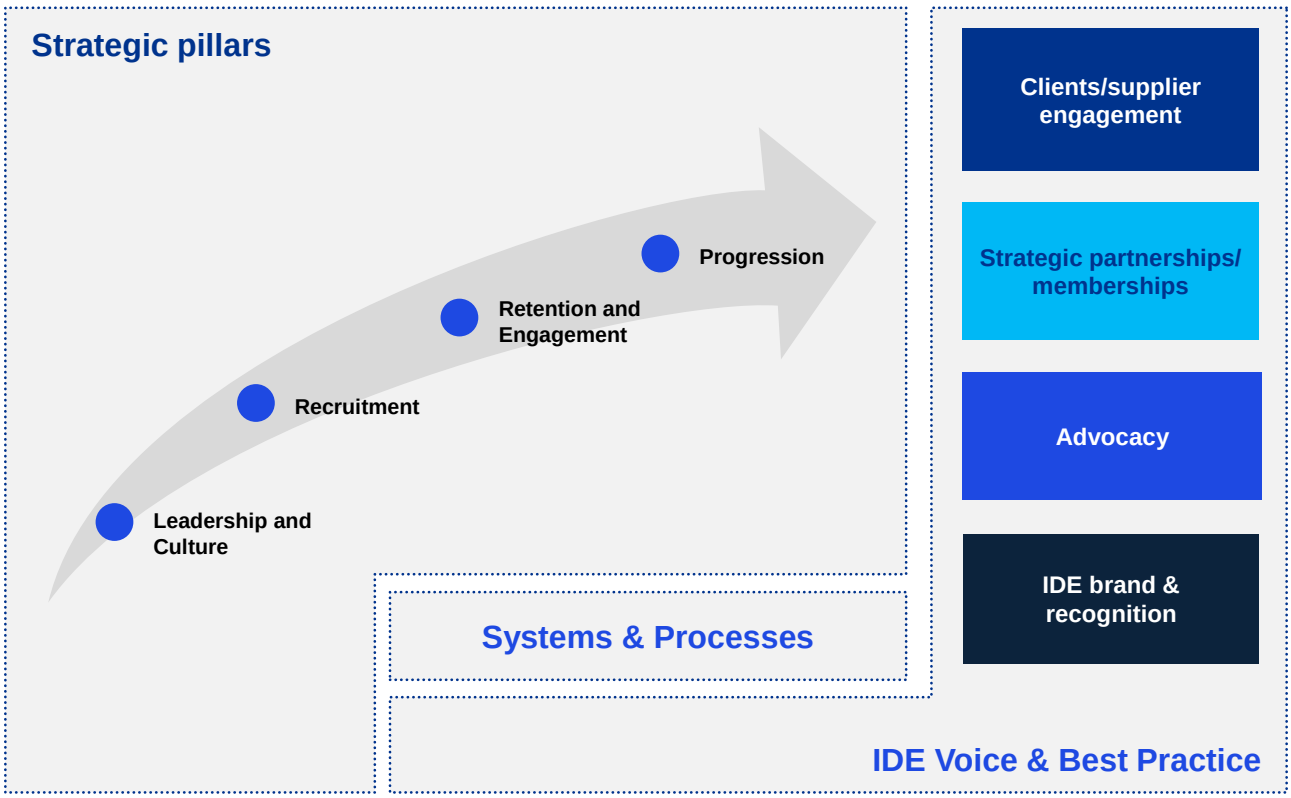
Our own approach to embedding IDE

Our ambition on IDE 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 17 in **Stonewall Top 100 Employers 2022**.

Ranked 2nd in **Social Mobility Employer Index** 2022.

Times Top 50 Employers for Women in 2022 – and for previous 10 years.

BITC Best Employer for Race 2018. We also sponsored the BITC scorecard report which analysed how employers are taking action against the recommendations of the 2018 report.

Awarded **Leader status in Disability Confident scheme. 2020.**

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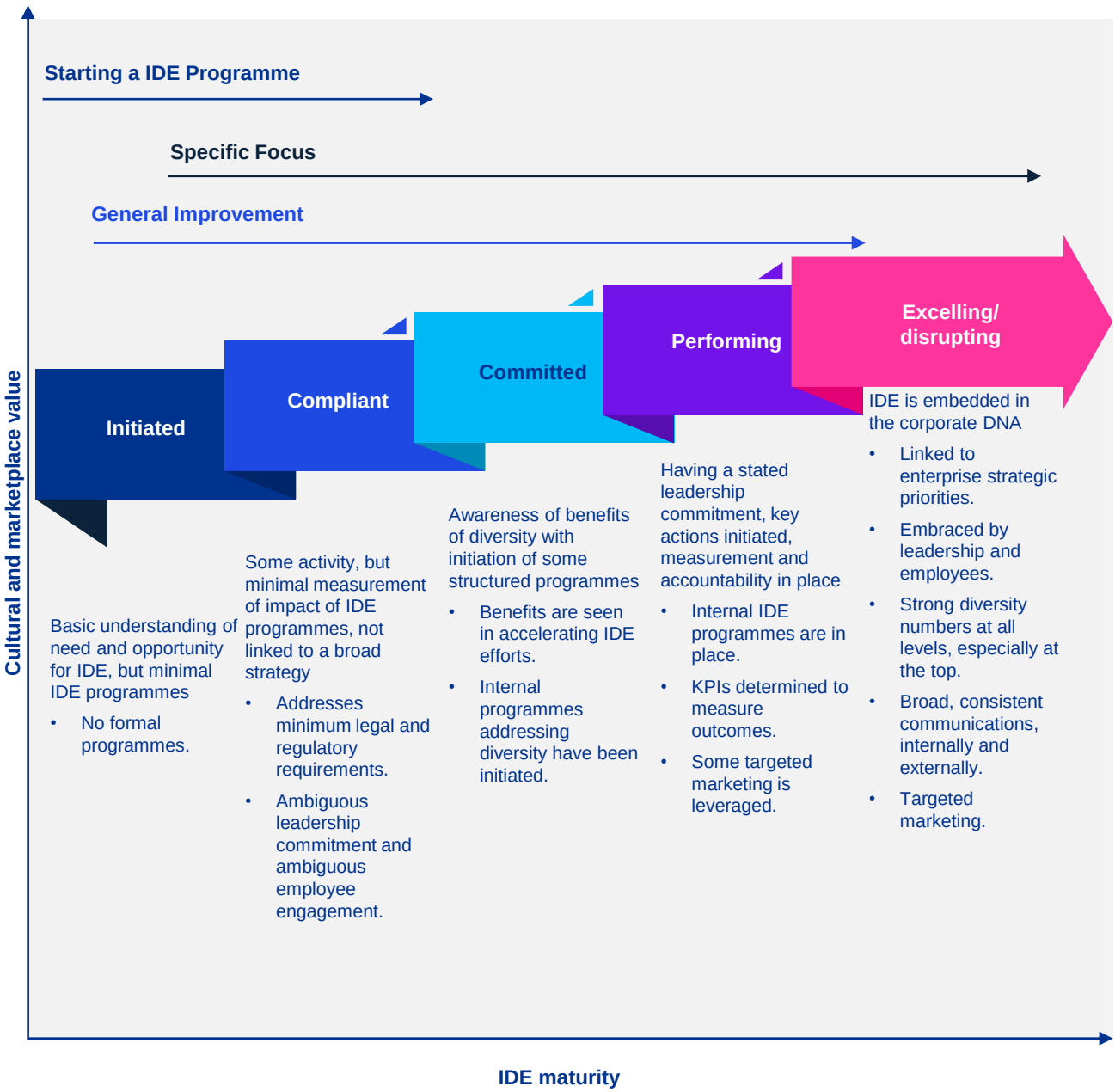
How can we support you?

We appreciate that different organisations are at different stages in their **IDE 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.



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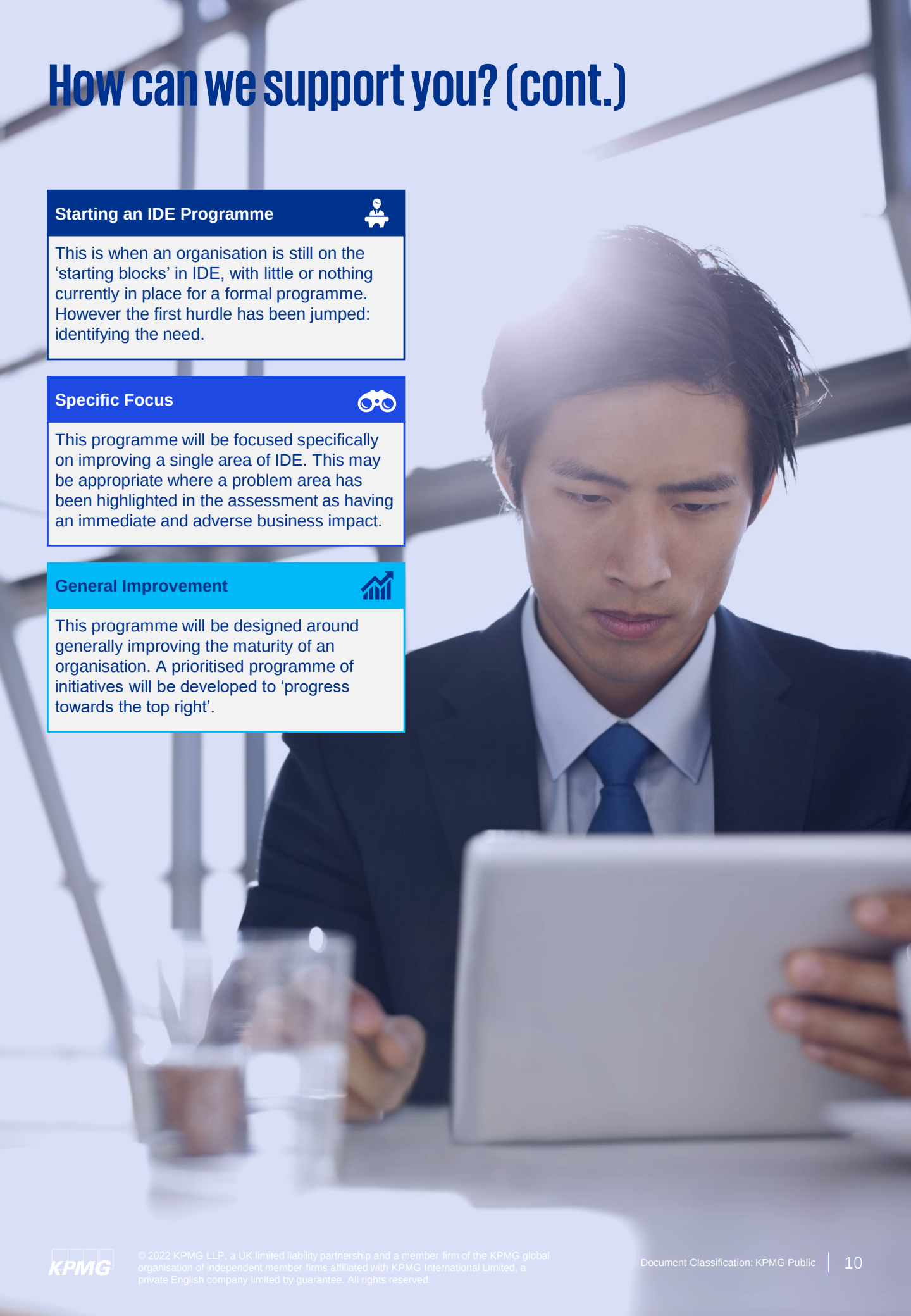
How can we support you? (cont.)



Starting an IDE Programme

This is when an organisation is still on the ‘starting blocks’ in IDE, 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 IDE. This may be appropriate where a problem area has been highlighted in the assessment as 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’.

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IDE: Our Offering

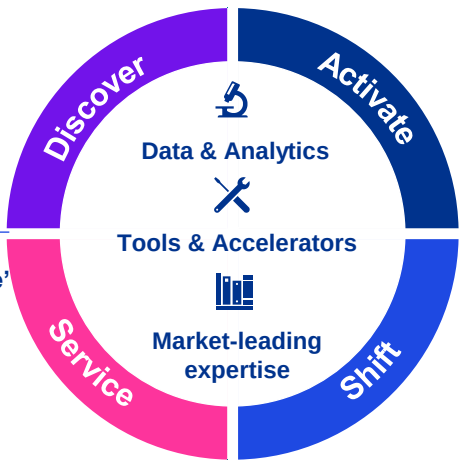
We are equipped and experienced in supporting you in the below ways (detail provided in Appendix). Depending on your ask, we have a range of teams who will work together to deliver for you, including People Consulting, Employment Legal Services, Data Analytics and Learning.

We can help you to analyse and uncover your current IDE 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 IDE strategy and ensure alignment and buy-in to commitments:

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



We can provide a 'managed service' or resource to support your central IDE 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 an inclusive culture:

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

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Discover

We can help you to uncover your current IDE 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 organisation

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

Our approach:

Through assessing your needs and IDE maturity we apply the appropriate acceleration to reach your desired outcomes.

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 IDE is thriving and where improvements can be made. This signals where efforts should be focused.

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Activate

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

Example Client Challenges:

> Our Exec & Board need to own the IDE 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.

Board & Leadership Engagement

Only 17% of organisations have a C-Suite level diversity role in place, whilst 31% have no dedicated D&I leader.[(a)]

We can help you engage and inspire your senior leadership and Board in the IDE agenda – understanding what IDE 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 IDE strategy, including:

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

Internal/External Commitments & Targets

c. 30% of organisations have no IDE goals and targets in place.[(b)]

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 he dial.

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

IDE Strategy

2 x International Banks

1 x Exchange Platform

- Current state review
- Recommendations
- Mobilise I & D tactics/planning
- Senior alignment/buy-in

(a) https://www.pwc.com/gx/en/services/people-organisation/global-diversity-and-inclusion-survey.html
(b) https://hiring.monster.com/resources/blog/future-of-work-2021-summary/

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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 IDE 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 IDE, and their role in building an Inclusive culture, i.e. unconscious bias training. These can either be bespoke or off-the-shelf.

3

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

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

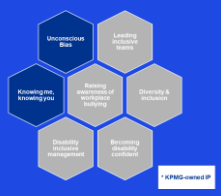
Our Tools and Accelerators:

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 IDE 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 IDE initiatives roadmap

Government Body

Government Body

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

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Shift: Embedding Inclusive Culture

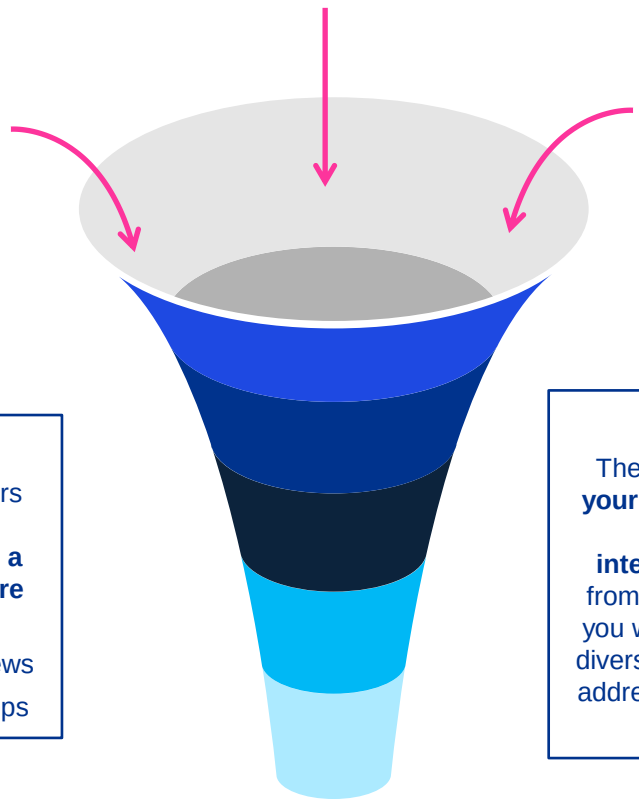
KPMG has developed the iterative and reflective process below. It helps us work together to understand the future IDE workplace culture you want, where you are now, and how to shape your journey of travel to move forward in a meaningful way.

What IDE culture do you have?

We work with you to understand and diagnose your current culture, and the root 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 IDE culture do you want?

What needs to be changed?



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

Closing the gap

Then we work with you to **shape your IDE 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.

New ways of working

Making a difference

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

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Service

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

Data analysis & Reporting

Data disclosure

Almost 30% of organisations struggle with collecting enough IDE 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 IDE 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 advise 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 IDE Programme

This is when an organisation is still on the ‘starting blocks’ in IDE, 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 IDE strategy or manage your IDE 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.

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.

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.

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

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Key contacts

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

Tim Payne

People Consulting

+ 44 (0)7801 522228

Provides advice on how to most effectively influence and change behaviour

John McCalla-Leacy

ESG

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Provides insight and advisory for ESG related requirements and reporting.

Senda Kavindele

KPMG IDE

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Provides insight into the latest IDE regulations and requirements.

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

Karena Starkie-Gomez

Learning

+44 (0)207 6942443

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

Mina Tezcan

FS People

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Provides an expert people lens from a Financial Services perspective

Trudie Roiz de Sa

IGH People

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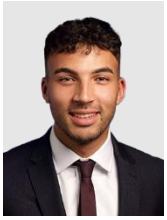
Provides an expert people lens from an Infrastructure, Government and Healthcare perspective



Louis Taylor

Corporates People

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Provides an expert people lens from a Corporates perspective

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