



OUR IMPACT PLAN **2023**

1 July 2022 – 30 June 2023

KPMG Australia



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This report covers the relevant activities of KPMG Australia, KPMG PNG and KPMG Fiji (referred to collectively as 'KPMG Australia') for the financial year to 30 June 2023, abbreviated as '2023' in the report, unless otherwise stated. It should be read in conjunction with KPMG International's [Our Impact Plan](#), released in April 2023.

This report has been prepared in alignment with the WEF IBC Stakeholder Capitalism Metrics and with reference to the Global Reporting Initiative (GRI) Standards.

Detailed mapping to these frameworks, including our GRI Index, can be found in our [Databook](#), which contains our reported data and can be read as a companion piece to this report.

OUR IMPACT PLAN²⁰²³

CHAIRMAN AND CEO STATEMENT

This year has been unlike any other with our profession under the spotlight in unprecedented ways, heightening community awareness and expectations on integrity, confidentiality and trust.

With this in mind, we present KPMG Australia's third 'Our Impact Plan' – with voluntary disclosures on progress against 21 public commitments we've made on governance, people, planet and prosperity. These disclosures are made against best practice frameworks using the WEF IBC Stakeholder Capitalism Metrics and with reference to the Global Reporting Initiative (GRI) standards. In addition, we are sharing our progress against our long-standing commitment to the UN Global Compact Principles and the United Nations Sustainable Development Goals (SDGs) most relevant to us.

We've matured our reporting, including introducing a scorecard to allow the opportunity to simply compare our year-on-year performance against these commitments. We've increased our transparency, including publishing data on our partners' remuneration for the first time; and explaining more on our culture program. For example, through actively encouraging our people to speak up if they are concerned about unethical or inappropriate behaviours, we've seen an increase in complaints reporting. We present why we view this being a sign of progress.

The report covers the activities of KPMG Australia, KPMG PNG and KPMG Fiji for the financial year to 30 June 2023.

We've engaged Grant Thornton to undertake an independent assurance readiness assessment for selected people metrics supporting our impact plan commitments this year. It's our intention to progress towards external assurance on this next year, as well as some key financial metrics.

We've both had the privilege of serving our entire careers with KPMG. Over the past three decades, we've witnessed the transformation and growth of our firm. When we commenced, KPMG was an accounting firm providing accounting and tax advice and conducting audits. Today, we are a global, multi-disciplinary professional services firm delivering insights across the economy, serving both the public and private sector. Our size, scale and reach are critical to the value we provide for our people, our clients, and the wider community. This expanded reach brings greater responsibility and demands a commitment to ethical practices and rigorous scrutiny. We know we are not perfect and have used difficult experiences as opportunities to improve the way we work.

It is crucial that we remain vigilant in regularly reviewing our operations to ensure they are aligned with the standards expected by the Australian community. Australia needs strong capital markets, and a trusted professional services sector is an important part of that system.

We are actively participating in the government inquiries, and strongly support the package of reforms recently announced by the Federal Government as a significant, sensible and constructive step forward in restoring trust in our profession. As you'll read, we supported a number of the recommendations in the Parliamentary Committee process and will actively engage in the reform consultations process.

KPMG will continue to reflect on our own operations and challenge ourselves to do more to meet standards expected of us and strengthen trust. We see even greater scope for advancement if the profession moves together, working constructively with the Federal Government and our regulators to consider what reforms might be required.

We look forward to working co-operatively with the inquiries and with government to produce practical enhancements on regulation to strengthen our sector with benefits for capital markets, the Australian economy and society more broadly.

Thank you

Alison and Andrew



Alison Kitchen
National Chairman
KPMG Australia



Andrew Yates
Chief Executive Officer
KPMG Australia

OUR PROGRESS AT A GLANCE: IMPACT PLAN 2023 SCORECARD

This scorecard contains key progress points for each commitment reported in [Our Impact Plan 2023](#), for the financial year to 30 June 2023. Further information can be found in our Impact Plan [Databook 2023](#).

Legend

● Achieved:	Target or key initiatives have been achieved or exceeded.
● Positive progress:	Substantive advancement against target or key initiatives.
● Insufficient progress:	Progress against target or key initiatives was slower than expected or unsatisfactory.
● Not achieved:	Target or key initiatives have not been achieved.
N/A:	Progress point not applicable or not available for the year.

Governance










Impact Plan Commitment	FY23 Progress metric	2023	2022	FY23 Progress update
Always act with a clear Purpose	Purpose Index (in development)	N/A	N/A	● Positive progress
Drive a responsible tax practice	Annual confirmation statement published in line with the Australian Tax Advisory Firm Governance Best Practice Principles (Yes/No)	Yes	N/A	● Achieved
To lead the profession in audit quality	Multi-year Audit Quality Transformation (AQT) in progress	N/A	N/A	● Positive progress
Act lawfully, ethically and in the public interest	We Do What is Right: Integrity at KPMG – training completion (target is 100%)	100%	100%	● Achieved
	'People can challenge their leaders when necessary without fearing negative consequences' ¹	74%	63%	
	'AT KPMG, we have a culture of doing the right thing' ²	94%	97%	
	'People can report unethical practices without fear of any negative impact on them' ³	87%	85%	
Uphold the highest level of information protection, data privacy and security	Privacy and Security Awareness for Everyone (S.A.F.E) – training completion (target is 100%)	100%	100%	● Achieved
	Notifiable data breaches	Zero	Zero	
Respect human rights and work against corruption and modern slavery	Confirmed instances where the firm caused, contributed to, or was directly linked to bribery, corruption, or modern slavery incidents	Zero	Zero	● Achieved

¹ Based on the percentage of respondents rating the related questions favourably within our Ethical Culture Index (ECI) survey.

² Ibid.

³ Ibid.







People

Impact Plan Commitment	FY23 Progress metric	2023	2022	FY23 Progress update
Provide a great people experience, built on our People Promise	Engagement Index ⁴	75%	75%	 Positive progress
Champion gender equality and create an inclusive and equitable culture for all	Partner gender balance – women in partnership (40% target by 2025)	35.1%	33.4%	 Positive progress
	Partner gender pay gap (target is year-on-year reduction)	11.58%	12.46%	 Positive progress
	Employee gender pay gap (target is year-on-year reduction)	9.9%	11.4%	 Positive progress
	Culturally diverse partners (20% target by 2025)	14.5%	11.4%	 Positive progress
	Indigenous people hired (target of 31 people in FY23)	19	32	 Not achieved
Protect the health and wellbeing of our people	'I am able to sustain the level of energy I need to do my work' ⁵	55%	53%	 Insufficient progress
Foster a continuous and future-fit learning and development culture	Average learning hours per employee	35 hours	33.5 hours	 Positive progress
Simpler, more inclusive recruitment process to attract world-class talent	Talent Attraction and Recruitment Reimagined program	N/A	N/A	 Positive progress

⁴ Based on the percentage of respondents rating the question favourably within our Global People Survey.

⁵ Ibid.

Planet

Impact Plan Commitment	FY23 Progress metric	2023	2022	FY23 Progress update
Decarbonise our operations and supply chain towards net zero	Change in gross Scope 1, 2 & 3 emissions (50% reduction target by 2030 against 2019 baseline) ⁶	-43%	-78%	 Positive progress
	Spend towards suppliers with Science-based net zero targets (80% target by 2025)	40%	N/A	 Positive progress
Support our clients' and Australia's transition to net zero	Understanding the carbon intensity of our client portfolio (kg CO ₂ -e/\$ revenue) ⁷	0.181kg ⁸	0.106kg	 Positive progress
Strengthen climate resilience with our people, clients and community partners	Engagement in climate-related initiatives (50% target by 2030)	N/A	N/A	 Insufficient progress
Advance our commitment to circularity	Waste diversion/recycling rate (90% annual target) ⁹	71%	68%	 Not achieved
Understand and improve our impact on nature and biodiversity	Investment in improving outcomes for nature and biodiversity	N/A	N/A	 Positive progress






⁶ Calendar year data to 31 December 2022, and 31 December 2021 respectively.

⁷ Figure refers to data for latest financial year available (FY22 and FY21 respectively). Please see our [Databook](#) for methodology.

⁸ This figure has been updated following a transcription error.

⁹ Calendar year data to 31 December 2022, and 31 December 2021 respectively.

Prosperity

Impact Plan Commitment	FY23 Progress metric	2023	2022	FY23 Progress update
Strong economic contribution	Total revenue (\$bn)	\$2.553	\$2.341	Up by 9.1%
	Taxes paid (\$m)	\$815	\$690	Up by 18.1%
	Number of people employed ¹⁰	10,173	10,084	Steady
Exceptional client outcomes, through work that matters	Client satisfaction score (target is >8.5 out of ten)	8.7	8.7	 Achieved
Build a thriving technology business and innovate with our clients, alliance partners, and the startup ecosystem	Developed new technology solutions for our firm and our clients	N/A	N/A	 Positive progress
Create a fairer, more inclusive and more sustainable future for our communities	Community investment contribution ¹¹	\$12.9m	N/A	 Positive progress
	Addressable procurement spend with Indigenous enterprises (3% annual target)	3.82%	3.22%	 Achieved
Advocate on the issues that matter	Number of submissions to Government, Parliamentary Inquiries and policy papers	39	26	 Positive progress

¹⁰ Includes full-time, part-time and casual employees in Australia, Fiji and PNG. Excludes partners and contingent workers.

¹¹ Please see our [Databook](#) for methodology.

OUR STRUCTURE AND OPERATIONS

KPMG Australia is part of a global organisation of independent professional services firms, with more than 265,000 partners and employees working in member firms spanning 143 countries and territories around the world.

We provide professional services to organisations across a wide range of industry, government and civil society sectors. Our service areas during the year were organised as Audit, Assurance & Risk Consulting (AARC); Deals, Tax & Legal (DTL); our mid-market practice, KPMG Enterprise (Enterprise); Infrastructure, Assets & Places (IAP); and Management Consulting (MC). From 1 July 2023, these will change to Audit & Assurance, Consulting, Deal Advisory & Infrastructure, Enterprise, and Tax & Legal following the introduction of a new operating model aimed at greater global alignment, improved efficiency, and optimal delivery of our firm strategy.

This report covers the relevant activities of KPMG Australia, KPMG PNG and KPMG Fiji, referred to collectively as KPMG Australia. KPMG Australia's primary focus is to serve clients based in Australia, as well as Fiji, Papua New Guinea (PNG) and six other South Pacific nations through the South Pacific Practice. We have offices in every state and territory capital within Australia, including recent office openings in Geelong and Parramatta. KPMG PNG has its office in Port Moresby, and KPMG Fiji has offices in both Suva and Nadi. KPMG Australia holds a small number of minority shareholder interests in entities based in Australia; as well as a small number of minority shareholder interests in overseas operations, which we co-own with other KPMG firms and which we do not control.

KPMG Australia makes a strong economic contribution, employing more than 10,000 people and partners across Australia, PNG and Fiji. This includes an intake of more than 877 graduates this year, and 96 new partners. KPMG Australia posted revenue of \$2.553 billion and paid taxes of \$815 million for the financial year ending 30 June 2023.

The firm's strategic ambition is 'to make a positive impact on society as the number one choice for world-class talent, empowering our clients to be exceptional and delivering profitable above-market growth for KPMG'.

We believe that our multidisciplinary model is the best way to serve our clients, our people and society, ensuring we bring the breadth of expertise and skills from across our organisation to tackle any issue or opportunity. It allows us to be an agile and resilient business that can more easily respond to market conditions and it makes us a more interesting and exciting place for our people to work. The multidisciplinary model ensures our Audit professionals have access to skills beyond traditional auditing – from ESG, data analytics and artificial intelligence to cloud computing and blockchain – all of which are crucial to delivering high-quality audits. A Tax practice enhanced by the skills and perspectives that Audit and Consulting professionals provide helps to promote more holistic tax administration and management and advance the Responsible Tax agenda. Organisations require a holistic approach to meeting their climate and broader ESG commitments, which the combined services of the multidisciplinary model enables.

Many of our people hold relevant professional memberships and accreditations including with the Chartered Accountants Australia and New Zealand (CAANZ), Engineers Australia, the International Bar Association, the Law Societies of NSW, Queensland, South Australia and Victoria, The Tax Institute, and Australian Institute of Company Directors (AICD). Our organisation is also a member of other associations, including Business Council of Australia (BCA). KPMG is a registered tax agent under the *Tax Agents Services Act 2009* (Cth).

Governance

Our Purpose and Values guide everything we do

OUR COMMITMENTS

Always act with a clear Purpose

Drive a responsible tax practice

To lead the profession in audit quality

Act lawfully, ethically and in the public interest

Uphold the highest level of data and information protection, privacy and security

Respect human rights and work against corruption and modern slavery

OUR GOVERNANCE PROGRESS

Purposeful business

Purpose, values and culture

OUR COMMITMENT: ALWAYS ACT WITH A CLEAR PURPOSE

EMBEDDING OUR PURPOSE IN EVERYTHING WE DO

Our Purpose – to inspire confidence and empower change – is underpinned by our Values – Integrity, Excellence, Courage, Together and For Better. These guide our culture, the decisions we make, the work that we do and the way we behave with each other, our clients and all our stakeholders.

To help us measure our progress against our commitment to always act with a clear Purpose, we have started developing a Purpose Index, which we will be reporting on from 2024.



Integrity

We do what is right.



Excellence

We never stop learning and improving.



Courage

We think and act boldly.



Together

We respect each other and find strength in our differences



For Better

We do what matters.

Purpose Index in development, to be reported from 2024

STRUCTURE AND GOVERNANCE

KPMG has strong governance for overseeing our activities, setting policies and aligning our strategy with our Purpose.

KPMG International

KPMG International Limited acts as the coordinating entity for the overall benefit of the KPMG global organisation. The [Global Board](#) is the principal governance and oversight body for KPMG International. It currently consists of 22 members from across KPMG's global network. KPMG Australia is a member of KPMG International and is represented on the KPMG Global Board by our National Chairman.

Representation on the Global Board gives the Australian firm an opportunity to influence KPMG's global agenda and champion initiatives with positive global economic, environmental and social impact. The Australian firm is also well-positioned to leverage the skills and experience of others on the Global Board to strengthen the impact of initiatives in our own market.

KPMG Australia

KPMG Australia's governance arrangements are set in part by our membership of KPMG International and the associated rights, responsibilities and obligations of our network agreement. In addition, we are bound by all relevant regulations and guidelines applicable to a professional services firm providing audit, tax and advisory services in Australia.

Delivering to our Purpose requires an ongoing commitment from our Board and executive leadership team, the National Executive Committee (NEC).

KPMG Australia's distinct governance model sees partners vote for the appointment of our Chair and Board members. The Chair and Board appoint KPMG's CEO and also approve appointments to the NEC.

National Chairman and Board

The [National Board](#) is KPMG Australia's key governing body, responsible for overseeing management and conduct of the firm. The Board is comprised of the National Chairman, the CEO, and nine other members – currently including two independent Board members who play a key role ensuring we hold ourselves to account to the expectations of the community.

OUR GOVERNANCE PROGRESS

Each year we take the opportunity to renew and refresh our Board composition and two new members were elected to join the Board, with effect from 1 July 2023. The Board comprises 6 women and 5 men.¹² The partnership has also elected Martin Sheppard as the firm's next National Chairman effective from 1 September 2023, succeeding our current Chairman Alison Kitchen, who has been in the role since 2017.

The role of National Chairman at KPMG is responsible first and foremost for holding the firm to the highest professional standards of governance, quality and integrity to engender trust from our people, clients and community. The separation of Board and management is critical for the appropriate oversight and holding to account of our CEO and Executive team on all aspects of performance.

CEO and National Executive Committee

KPMG Australia is led by Chief Executive Officer (CEO), Andrew Yates. The CEO is responsible for the effective management of the firm in accordance with the strategic direction, plans and policies approved by the National Board and the implementation of appropriate regulatory and risk management procedures in each of the businesses of the firm. The CEO heads the firm's principal management body, the [National Executive Committee](#) (NEC), which drives the execution of the business strategy and establishes processes to monitor and enforce policy compliance. The NEC comprises 6 women and 7 men.¹³

KPMG LEAP STRATEGY

KPMG Australia is committed to being a purpose-led organisation. Our Purpose and intent to make a positive impact on society are embedded in our 'KPMG LEAP' sustainable growth strategy. In this second year, we have made good progress in how we inspire our people, deliver exceptional outcomes with our clients and accelerate our investment and use of cutting-edge technology. This report provides updates on relevant elements of the firm's strategy across our [Governance](#), [People](#), [Planet](#) and [Prosperity](#) sections.

CHIEF PURPOSE OFFICER

In 2021, we established the role of Chief Purpose Officer (CPO). The CPO has played a critical role in decisions made by KPMG's Commercial Conflicts Resolution Committee (CCRC) during the year (see '[Managing conflicts](#)' further in this section). The CPO has also focused on educating and challenging our leaders and our teams to actively bring our Purpose to the centre of their decisions and to reflect on how these align with, and support, the commitments we have made as a firm.

¹² At 1 August 2023.

¹³ Ibid.

OUR COMMITMENT: DRIVE A RESPONSIBLE TAX PRACTICE

KPMG Australia is an active supporter of the firm's [Global Principles for a Responsible Tax Practice](#), which were revised and published in August 2022 to provide greater simplicity and readability without changing their essential nature.

This year saw an important step locally with the publication of [the Australian Tax Advisory Firm Governance Best Practice Principles](#).

The Principles have been jointly developed by KPMG, Deloitte, EY and PwC, with input from the Australian Taxation Office (ATO) and the Tax Practitioners Board (TPB). They aim to enhance public understanding of the important contribution of large advisory firms and further build community confidence and trust in the taxation system. The Principles complement the robust laws, regulations and professional standards, as well as the firm's Values, which KPMG adheres to in its role as an Australian tax adviser.

Importantly, this development means that KPMG Australia has made a public commitment on its adherence to the Principles, through our annual statement available [here](#). We believe adoption of the Principles helps promote transparency and enhance public confidence in Australia's taxation system and the role of tax advisers. While we have robust internal processes in place and apply the relevant regulations and professional standards, the public may have limited awareness of how we work. The Principles document is a means of increasing wider understanding.

While we have publicly proposed a review and a strengthening of these Principles in light of the high expectations the public has of tax advisers, they are an important step forward. The Principles complement KPMG's longstanding Global Principles and reflect the expectations the public should rightly have of reputable tax advisers.

We will periodically review the design of our policies, procedures and controls and regularly monitor their application in the execution of tax engagements.

KPMG is committed to building integrity within the tax profession and welcomes moves to strengthen the TPB. KPMG supports the recommendations outlined in the *Independent review into the effectiveness of the Tax Practitioners Board and the Tax Agent Services Act 2009* that relate to strengthening sanctions, improving individual accountability of partnerships and increasing TPB independence. KPMG looks forward to further public consultation on these reforms.

OUR GOVERNANCE PROGRESS

OUR COMMITMENT: TO LEAD THE PROFESSION IN AUDIT QUALITY

Our commitment to audit quality is one of our firm's highest priorities and is reflected in [KPMG's Global Audit Framework](#) which underpins how we deliver quality and consistency in our audits.

Accelerating our Audit Quality Transformation

In October 2022, we commenced a multi-year holistic Audit Quality Transformation (AQT) designed to drive a step change in our audit quality and to improve the audit experience for our clients and people. The AQT addresses elements of our firm's governance framework, audit quality monitoring, our audit delivery model, people development and includes a significant technology program designed to improve consistency.

Some of our flagship AQT programs include:

- Moving to full implementation of our globally consistent technology platform, KPMG Clara, in 2024. Alongside implementation, we are delivering enhancements to the tool and its supporting data and analytic capabilities, including deployment of AI into our audit software to further drive improvements to audit quality, efficiency and accuracy. Technology remains a key area of focus and investment.
- Deployment of standardised minimum procedures for specific audit areas, supported by smart documentation that tailors to client situations and enhanced guidance for audit partners and teams.
- Significant investment in our second line of defence is already underway, with a doubling of that function for the June 2023 reporting season.
- Renewed investment in our learning curriculum, with a wide range of relevant courses to develop our people and their capabilities.
- Full adoption of the new international standard of quality management International Standard on Quality Management (ISQM)1.

The AQT has already established strong momentum, with several key achievements since our launch in October last year. One key initiative delivered in FY23 was the establishment of a new subcommittee of the KPMG Australia Board with a dedicated focus on Audit Quality. The Audit Quality Committee has direct oversight of the firm's audit quality strategy, culture, investment plan and compliance with our system of quality management.

Recently we also launched improved guidance for teams to better demonstrate our professional scepticism and separately deployed a range of mandated, globally standardised procedures through our KPMG Clara Workflow (KCW) platform.

The NEC and Audit Quality Committee of the Board regularly monitor a range of audit quality metrics including the results of independent inspections of audit files. As reported previously to the market, the results of the ASIC inspection program published in October 2022 were disappointing, with the firm recording an increase in the relative percentage of audit quality findings reported by ASIC, 48% in FY22 (FY21: 30%, FY20: 26%). For KPMG, ASIC selected 8 higher-risk, complex audit files from the 5,000-plus opinions we issue each year for our 1,600 audit clients.

We observed an improvement in our internally inspected financial statement audit engagements, with 84% of engagements receiving a pass rating (FY22: 78%). There were no restatements of financial reports or reissuances of audit opinions due to any of the findings.

While we acknowledge the challenging environment for auditing professionals in Australia and around the world, we set high standards for ourselves. We are acting and doing everything we can to continuously improve our audits. We believe that the comprehensive AQT Plan will continue to improve the quality of our audits and the audit experience for our clients and our people. While we are in the early stages of our comprehensive AQT, we are making progress and are committed to our plan.

OUR GOVERNANCE PROGRESS



CASE STUDY

Embedding cutting-edge AI into Audit

Following successful pilot programs in the US, UK and Canada, KPMG Australia has this year begun embedding AI into audit software as part of a major technology investment designed to improve audit quality. The new tool works by incorporating advanced statistical, machine learning and rules-based analytics to analyse transactions and classify them into low, medium and high-risk populations. This investment in AI will allow clearer risk categorisation of transactions and enable us to analyse 100% of our clients' transactions, instead of manual sampling.

Over time, it will help us significantly improve our audit quality, efficiency and accuracy. Following the conclusion of the local pilot program, KPMG Australia is working to roll the tool out to around 200 engagements by next year.

OUR GOVERNANCE PROGRESS

Acting transparently with accountability and integrity

FURTHER TRANSPARENCY

Our industry is facing ongoing scrutiny around firm structure and governance. This year, we have increased our transparency including the following.

Partnership Agreement

In an Australian-first, the firm shared its KPMG Australia Partnership Agreement 2022 with the Senate Finance and Public Administration References Committee for public release. While partnership agreements have typically not been in the public domain, the move in July 2023 recognised people want to know more about the organisations with whom they work and engage.

Partner remuneration

KPMG has also released partner remuneration data for the first time to support a better understanding of partners' remuneration and how it is determined.

KPMG Australia sets out clear performance and conduct expectations for partners. The remuneration model is designed to drive and reward performance and behaviours consistent with our strategy and Values.

Our NEC and the Partner Remuneration and Nominations Committee review the process to ensure that the system for allocating the profit pool to partners is administered fairly and equitably and is subject to a formal Board approval process. Partner remuneration is variable every year and subject to the performance of the business.

During the year, partners receive monthly drawings and, from time to time, additional profit share distributions. Both the sum and timing of any additional distributions are decided by the NEC, taking into account the firm's cash requirements for operating and additional investment activities.

Any matters of conduct that may have arisen during the performance year are also considered, and appropriate remuneration consequences applied. The model promotes clarity and transparency among the partnership regarding their own remuneration and that of other partners.

CEO remuneration is determined having regard to both the financial and non-financial performance of the firm, including the strength of leadership behaviours, consistent with our strategy and Values. The change in the CEO's remuneration in FY23 reflected the financial performance of the firm.

PARTNER REMUNERATION	FY23 (\$)	FY22 (\$)
CEO – remuneration (excluding long-term incentive ¹³)	2,200,000	2,800,000
Average (mean) remuneration – equity partners	700,000	750,000

¹³ The CEO has a long-term incentive (LTI) arrangement which is measurable over an initial 3 year term through to 2024.

NEC MEMBERS (INC CEO): REMUNERATION (\$)	FY23	FY22
750,000-1,000,000	1	1
1,000,000-1,250,000	3	2
1,250,000-1,500,000	1	1
1,500,000-1,750,000	4	1
1,750,000-2,000,000	2	1
2,000,000-2,250,000	2	3
2,250,000-2,500,000	–	3
2,500,000-3,000,000	–	1

Moving to external assurance

We are continuing to mature our approach to reporting and this year have engaged Grant Thornton Australia to carry out an independent assurance readiness assessment for selected people metrics. It is our intention to progress towards external assurance on these metrics, as well as key financial metrics for FY24.

Political donations

KPMG reports all forms of political donations, including in-kind contributions, event sponsorships and membership fees for political party business forums. No cash political donations are made.

In FY23 our political donations were approximately \$160,000, down from \$242,455 in FY22. This will be formally reported via the Australian Electoral Commission in 2024.

Considering the ongoing debate around political donation reform, KPMG is currently reviewing its Political Donations Policy.

OUR GOVERNANCE PROGRESS

Trusted and trustworthy

KPMG regularly assesses its reputation amongst a variety of stakeholder groups (including clients, the market, our people, the community, and wider stakeholders) at a global and local level.

Importantly, we continue to respond to challenges impacting our firm, our industry and some of our clients, and recognise our role in preserving, maintaining, and restoring trust.

During the year, unprecedented trust issues have impacted our profession – most notably the Tax Practitioners Board (TPB) integrity breach matter ([refer to our response later in this section](#)). It is critical that government departments and agencies can engage the specialised skills, knowledge, and expertise of the private sector to secure the best outcomes for the Australian people. As part of this process, it is essential that government can have absolute trust in the private sector companies it works with.

OUR COMMITMENT: ACT LAWFULLY, ETHICALLY AND IN THE PUBLIC INTEREST

KPMG Australia is subject to an extensive and complex framework of obligations that require us to act lawfully, ethically and in the public interest.

ACTING LAWFULLY

Contractual frameworks set by our clients define their expectations and requirements, and are further supported by regulatory and legal obligations, professional standards and codes, and commitments to professional bodies. Our people are also required to comply with KPMG's [Global Code of Conduct](#) and to meet the expectations of communities in which we operate.

As members of Chartered Accountants Australia and New Zealand (CAANZ), all KPMG partners are subject to Accounting Professional & Ethical Standards (APES) 110 [Code of Ethics for Professional Accountants](#) (APES 110), which is issued by the APES Board. KPMG personnel also play an active role as members of a diverse number of other professional associations, many of which have clear expectations of the conduct of their members. As such, our people are subject to extensive regulations, requirements and codes of conduct that require us to maintain high levels of integrity.

The Australian Securities and Investments Commission (ASIC) is responsible for assessing compliance with and enforcing accounting and audit standards. When completing audits of entities subject to the *Corporations Act 2001* (Cth), auditors are legally obliged to comply with APES 110. ASIC inspects KPMG's Australian firm annually.

ASIC is also the regulator of the financial services industry and assesses the applications made to procure an Australian Financial Services Licence (AFSL). KPMG, via two of its corporate entities, holds AFSLs enabling the operation and activities of its financial services businesses.

Our audit practice is registered with the US Public Company Accounting Oversight Board (PCAOB) and with authorities in Japan, Canada, Luxembourg, the UK and Germany. This is necessary to either participate in audits of global clients or conduct audits of Australian clients who, owing to overseas stock exchange listing requirements, file financial statements in those jurisdictions. The PCAOB inspects KPMG Australia every three years, with our last inspection occurring during FY21.

Tax and Business Activity Statement (BAS) agents are subject to the regulatory oversight of the Australian Taxation Office and TPB. All legal practitioners are also subject to the oversight of regulatory bodies such as the legal services commissioners, which operate in states and territories. The Uniform Law and Rules set out the framework within which many of our legal practitioners must operate. Our people are also subject to international standards and regulatory regimes where our work extends beyond Australia.

Managing independence

At KPMG, we have prescribed policies, procedures and guidance, combining Australian and international regulatory, independence and ethical requirements.

In Australia, auditor independence requirements have been enshrined in the *Corporations Act 2001* (Cth) and APES 110. As an external audit firm, we are required to be mindful not only of actual conflicts of interest, but also of the perception of conflicts of interest. Compliance with these obligations requires us continually to reinforce the importance of auditor independence.

All KPMG Australia partners and client service professionals must complete independence training upon joining the firm, and annually thereafter, and complete an annual confirmation stating that they have remained in compliance with such requirements during the previous year.

OUR GOVERNANCE PROGRESS

Payments time reporting

We understand that cash flow is a key issue for all businesses, especially small businesses, and late payment of their invoices, or lengthy and extended payment schedules can be a threat to their wellbeing or even survival.

As a signatory of the Australian supplier payment code, KPMG has a positive record of prompt payment that we continue to work to improve. We also report against the Payment Times Reporting Scheme, introduced by the Australian Government in 2021. We currently pay 95% of our Small Business Supplier invoices within 30 days.

ACTING ETHICALLY

We continue to strengthen our existing governance and risk management processes to help ensure that the decisions we make and the work that we do align with our Purpose.

KPMG Code of Conduct

The [KPMG Code of Conduct](#) (the Code) outlines the responsibilities all KPMG people have to each other, our clients and the public. It shows how our Purpose and Values guide our behaviours and actions. The Code covers a wide range of topics, including integrity and ethical behaviour, professionalism, confidentiality, independence, and compliance.

Managing conflicts

KPMG’s Commercial Conflicts Resolution Committee (CCRC) is responsible for reviewing, maintaining oversight of, and making decisions relating, but not limited to, commercial conflicts, including proposed engagements, communications, or expressions of thought leadership likely to detrimentally impact our relationship with one or more of our clients.

Our policies and procedures include assessing existing or potential conflicts of interest and risk – including reputational, human rights and environmental considerations – through our client and engagement processes and systems. Prospective clients or engagements with conflicts that cannot be eliminated or safeguarded to an acceptable level (e.g. through the implementation of system information barriers and ethical divider memorandums) are rejected.

Ethical culture

Our Board and NEC are deeply involved in the delivery of our firm’s ethical culture program, commitments, and associated metrics. Areas of key focus this year have been upskilling our people in how to make better ethical decisions and strengthening our speak up culture.

We continue to proactively measure the impact of our ethical culture initiatives to understand what’s working well, what we need to do more of, and where in the business experiences may not be in line with expectations.

This year, 94%¹⁴ of our people agreed that ‘At KPMG, we have a culture of doing the right thing’ (from 97% last year). Proactively managing our culture to reinforce ethical conduct and alignment of behaviours with our Purpose and Values is a priority for our firm.

THIS YEAR

100%

COMPLETION

We Do What is Right: Integrity training at KPMG

74%

People can challenge their leaders when necessary without fearing negative consequences

(up from 63% in 2022)¹⁵

94%

At KPMG we have a culture of doing the right thing

(down from 97% in 2022)¹⁶

87%

People can report unethical practices without fear of any negative impact

(up from 85% in 2022)¹⁷

¹⁴ Based on the percentage of respondents rating the related questions favourably within our 2023 Ethical Culture Index (ECI) survey.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Ibid.

OUR GOVERNANCE PROGRESS

New ethical decision-making framework

Following a pilot program last year, we fully introduced our ethical decision-making framework, to provide our people with an easy-to-use, evidence-based and standardised approach to making ethical decisions:

- Recognise that there is an ethical issue.
- Identify options to resolve the issue.
- Grapple with options, informed by ethical commitments.
- Highlight potential risks and eliminate weaknesses.
- Take action in line with their decision.

Every employee and partner in the firm has had exposure to this Framework and will continue to every year. In addition, over 200 of the firm's most senior leaders have taken part in a facilitated workshop to provide hands-on practical experience with the framework and enable them to role model ethical decision-making to their teams.

Integrity training completion

Everyone at KPMG is required to undertake the firm's *We do what is right: Integrity at KPMG* training covering our Code of Conduct, as well as a separate Privacy training module, upon joining the firm, and annually thereafter. Completion is monitored and managed.

This training was refreshed this year to further strengthen our ethical culture and included learnings on KPMG Values and Code of Conduct, case studies on allyship, rationalising your decisions, inducements, bribery, confidentiality while working from home, insider trading, social media guidance and retaliation.

There was a 100% completion rate of the training undertaken in October 2022.

Respect@Work

Last year, we introduced our new human-centric Respect@Work policies, which restate our zero-tolerance position on bullying, forms of discrimination, harassment and victimisation. We are focused on listening and ensuring that greater support is provided to those who raise concerns, including access to a group of peer allies who can provide trauma-informed support, information and guidance.

We have created clear guidelines on how we will respond to ensure any concerns raised are treated with care, and that investigations are managed objectively. We have also enhanced our reporting to monitor and track impact including regular updates to our NEC and Board.

Educating our people and our leaders about the new policy has been critical. We conducted partner education sessions and refreshed our annual mandatory training this year, with de-identified case studies. We want to ensure they are clear that they are role models for inclusive behaviour who support our people to speak up safely and respond when any concerns are raised. We have also provided trauma-informed training to frontline employees such as our People and Inclusion Business Partners, Employee Relations, Work Health and Safety, and a team of Mental Health Peer supporters.

Speak up culture

We want everyone to have a voice at KPMG. Reinforcing a 'speak up' culture has been a priority for the firm and we encourage our people to raise concerns early before they become more serious issues.

Our focus remains on the most significant drivers to encourage a speak up culture, including open communication and easily accessible channels that enable our people to raise concerns, supportive leadership behaviours and security and support for people who do speak up.

During the year we commenced the implementation of an Ethics Champions Network (ECN) – a network of trusted employees that provide colleagues with access to support and guidance on ethical decision-making, how to successfully navigate ethical dilemmas, and offer an additional escalation channel that enables the firm to identify and act on instances of misconduct sooner.

The network is currently active within three divisions and will be expanded across the rest of the firm to reach over 60 Champions. The network complements existing 'speak up' channels, such as our People & Inclusion team, the Ethics and Independence Partner, the Chief Risk Officer; the General Counsel and our global and independently operated whistleblower hotline. We also updated the firm's Whistleblower Policy this year to improve its alignment with the UN Guiding Principles on Business and Human Rights.

We continued to embed psychological safety content into mandatory training and formal development pathways for our partners and leaders, and to encourage and prioritise a speak up culture with senior leaders through discussing it in town halls, Partner Roadshows, and firm-wide communications.

This year, we also introduced a Retaliation Monitoring System (RMS), to detect possible instances of retaliation occurring because of people speaking up, enable the fair investigation of possible instances of retaliation, and provide our people with the assurance that they have the firm's support and are protected to speak up.

OUR GOVERNANCE PROGRESS

Workplace complaints

We continue to empower our people to speak up about any unethical or inappropriate behaviour in the workplace. We are seeing an increase in confidence in our investigation process which has been supported by our use of de-identified workplace cases in our Respect@Work training and by the introduction of our Retaliation Monitoring System. Our leaders are engaged and invested in empowering our people and strengthening our 'speak up' culture. For these reasons, we view an increase in reporting in the short term as a sign of progress.

We take all matters raised seriously and where the complaint has been substantiated, one in four people who were the subject of the complaint were exited from the firm. The remaining employees received a warning, counselling and (as applicable), an adverse impact to their end of year rating and payments. One in two substantiated sexual harassment complaints ended in the subject of the complaint exiting the firm.

CONDUCT COMPLAINTS	2023	2022
Complaints raised	142	88 ¹⁸
Complaints closed out ¹⁹	131	69
Complaints raised per 100 employees	1.24	0.66
TYPES OF COMPLAINTS RAISED		
Breach of the Code or policies (other than sexual harassment)	127 (89.4%)	79 (89.8%)
Sexual harassment	15 (10.6%)	9 (10.2%)
SUBSTANTIATED CLOSED OUT COMPLAINTS		
All	84 (64.1%)	38 (55.1%)
Breach of the Code or policies	76 ²⁰ (63.9%)	31 (51.7%)
Sexual harassment	8 ²¹ (67%)	7 (77.8%)

¹⁸ 19 complaints raised in FY22 have been closed out in FY23.

¹⁹ A complaint is 'closed out' where it has been completed following an investigation and outcome.

²⁰ Of 119 Code or policies complaints closed, out of 127 complaints raised.

²¹ Of 12 sexual harassment complaints closed, out of 15 complaints raised.

OUR GOVERNANCE PROGRESS



CASE STUDY

Taking responsibility for reinforcing our 'speak up' culture

Psychological safety was identified as a priority for the firm in 2020 when we conducted a comprehensive third party ethical culture review. At KPMG, we refer to this as our speak up culture. It can be experienced in many ways and at different points in an employee's journey. One of the most critical ways this impacts our business and our profession is through speaking up around conduct and ethical behaviour.

For this reason, we use the Ethical Culture Index (ECI) survey as our primary measure. The ECI is an evidence-based assessment tool that enables our people to provide us feedback on various aspects of our ethical culture. It enables us to identify aspects of our culture that require development and identify emerging priorities. We ran the ECI in 2020, 2022 and 2023 and the result trend is indicating year-on-year improvements:

- At KPMG, people who challenge their superiors when necessary do not fear negative repercussions – 74%²² favourable in 2023, up from 63% in 2022 and 58% in 2020.
- People at KPMG can report unethical practices without fear of any negative impact on them: 87% in 2023, up from 85% in 2022 and 75% in 2020.
- Fewer people are observing any form of misconduct or unethical behaviour: 11% in 2023, down from 13% in 2022, 28% in 2020.

From the time people join us to when they leave, our listening touchpoints – which include our annual Global People Survey (GPS), our wellbeing survey, onboarding surveys (at two months and six months) and our exit survey – allow us to hear our people's concerns and make informed decisions to address issues to improve their experience.

We know culture is not 'set and forget' and although we are making good progress, we are clear that more work needs to be done.

²² A percent favourable score in the ECI represents the total percentage of people who responded to an item using Somewhat agree, Agree, or Strongly agree.

OUR GOVERNANCE PROGRESS

ACTING IN THE PUBLIC INTEREST

KPMG Australia is committed to ensuring our work adds value to the public service – whether that be implementing technology changes, project managing infrastructure development, assessing and protecting against risk, or assuring due process and controls. Consulting firms have a strong incentive to deliver value for money given the highly competitive nature of the market.

When working with clients (government and non-government), we have a duty to operate with the highest level of integrity, confidentiality and trust. When government engages with us, we never take this trust for granted and we must, and do, take our responsibilities seriously.

Our interactions with government

We are privileged to work with government on many confidential matters either in a commercial capacity or in an advisory role. We recognise the specific responsibilities that come with these interactions, and understand we must maintain a focus on integrity.

KPMG has an established single point of contact for all government consultations, with clear guidelines for interacting with government on policy consultations. Relevant outside government advisory and appointed roles must be disclosed in a firmwide internal database of personal appointments. Undertaking these roles also requires partner and risk management approval.

Participation in and response to the Senate inquiry into consulting

On 9 March 2023, the Senate Finance and Public Administration References Committee commenced an inquiry into the management and assurance of integrity by consulting services provided to the Australian Government. On 16 June 2023, the Senate agreed to extend the timing of its final report until 30 November 2023.

KPMG Australia welcomed the opportunity to provide a submission and appear before the Committee.

At the hearing, our CEO Andrew Yates outlined three reform initiatives to help restore trust in the profession:

- We proposed a review and strengthening of the Tax Advisory Firm Governance and Best Practice Principles. This could be achieved by codifying the voluntary code into legislation.
- We recommended the introduction of an integrity charter for working with the Australian Public Service. At the end of every piece of work, the government could assess compliance with the charter.
- We advocated a government review into whether ASIC should have an extended regulatory role over our profession.

In addition, we advised that we will not tender for the new Labour Hire Services panel in support of the government's commitment to building capacity in the Australian Public Services.

In our submission, we outlined steps taken to reinforce our confidentiality frameworks following the public disclosure of the Tax Practitioner's Board (TPB) integrity matter. These included:

- Reinforcing our confidentiality obligations to our people.
- Conducting a third party review of our confidentiality obligations, which found our policies and procedures were consistent with best practice and guidance published by relevant professional bodies. Further, it identified several recommendations for further strengthening our compliance, in the areas of training and guidance for our people, which we have implemented.
- We also noted our support of Treasury's review of confidential consultations, as well as a strengthened TPB.

Further, in early May 2023 we also shared a refreshed Confidentiality Policy with all our people, outlining the personal and professional confidentiality obligations they must always comply with.

OUR GOVERNANCE PROGRESS

On 26 May 2023 our Chairman and CEO provided an update via email to all partners and employees advising of the seriousness of the TPB integrity matter. The note highlighted the gravity of the issue and reiterated our duty to operate with the highest level of integrity, confidentiality and trust. It also reminded our people of our role when working with government and of the additional responsibilities that such appointments carry.

Upper House inquiry into the NSW Government's use and management of consulting services

This inquiry was established on 31 May 2023. KPMG provided a [submission](#) on 17 July 2023.

KPMG's submission recommends several opportunities for integrity, transparency and value for money improvements. We support the NSW Government's commitment to increase penalties for improper disclosure of confidential government tax information and we support strengthened processes in relation to confidential consultations.

We support greater transparency of consulting spend and continuous improvement in procurement frameworks. These include better centralised collection and reporting of procurement data through a single platform, options for better public service knowledge and skills uplift and that governments consider the introduction of an Integrity Charter for working with the Public Service.

KPMG's submission notes that we are proud to support the work of the NSW Public Service and we appreciate the opportunity to support the important work of the Committee.

Inquiry into Structural Challenges in the Audit, Assurance and Consultancy Industry

On 22 June 2023, the Parliamentary Joint Committee on Corporations and Financial Services resolved to commence an inquiry into structural challenges in the Audit, Assurance and Consultancy Industry (including but not exclusive to the 'Big Four').

KPMG Australia welcomes the additional inquiry and will be providing a submission to the committee in August 2023.

Federal Government announces reform package in response to PwC tax leaks scandal

On 6 August 2023, the Federal Government announced a series of reforms in response to recent integrity challenges within the consulting industry, aimed at restoring public confidence in our profession. The reforms are aimed at strengthening the integrity of the tax system, increasing the power of regulators and strengthening regulatory arrangements to ensure they are fit for purpose.

We welcome this announcement and strongly support this package of reforms as a significant, sensible and constructive step forward in restoring trust in our profession. We supported a number of the recommendations during the Parliament Committee process and look forward to actively engaging in the consultation process.

Legislation is expected to be introduced later this calendar year.

OUR GOVERNANCE PROGRESS

Information protection, data use, privacy and security

OUR COMMITMENT: UPHOLDING THE HIGHEST LEVEL OF DATA AND INFORMATION PROTECTION, PRIVACY AND SECURITY

Our people, clients and other stakeholders entrust us with sensitive data and information. We continue to strengthen the policies, processes, controls, training and capabilities needed to protect our data from unauthorised access and disclosure or any use beyond the original intent.

MANAGING DATA AND CYBER RISKS

KPMG Australia is required to protect our people and client data against loss and exploitation. It is critical that we ensure that we have appropriate governance structures in place to manage data and cyber risks, especially in the context of increasing cyber attacks globally.

Crucial to our management of data risks, we have continued to enhance our reporting of cyber and data risks to the NEC, which receives a quarterly update on the current threat landscape and the monitoring carried out by our Cyber Security Operations team.

During the year, we implemented continuous improvement to the following key activities:

- Monitoring and alerting capabilities – allowing us to respond to priority security concerns even faster.
- Security testing program – ensuring timely reviews of security risks across our technology platforms and software, including aligning our assessments of cloud environments.
- Threat hunting – bringing in additional technology and security operations analysts to identify ‘sleeping’ threats.
- Uplifting patching – clearly identifying software threats and vulnerabilities and applying patches to address these.

There were no notifiable data breaches in FY23.²³

²³ Notifiable Data Breaches are defined as an incident: in which personal or client data is lost or stolen; the integrity of personal or client data is/was affected; personal or client data was/is subject to unlawful disclosure.

DATA PRIVACY AND SECURITY UPLIFT

Working in a hybrid environment and through cloud-based document management presents new opportunities and challenges with respect to our firm’s data management and security.

We continue to proactively support and upskill our people to understand the risks posed not only to themselves but to our firm and our clients. We undertake regular phishing campaigns to educate our people on how to identify phishing attacks.

Everyone at KPMG is also required to complete Security Awareness for Everyone (S.A.F.E.) training on an annual basis to refresh their awareness and knowledge of the range of information security, personal information, and data privacy risks we are exposed to at work and at home.

This year we have focused on uplifting our security behaviour by:

- Providing new starters with security education training, focusing on their role in addressing threats early at the user level (increased phishing simulations, new starters letter, Cyber Fundamentals training).
- Increasing remedial training for privileged users and users who repeatedly click on phishing simulations.
- Creating new and inventive ways for our people to learn about data and information security (e.g. our Cyber Fundamentals training, internal social network and working closely with our internal communications team on security related stories).
- Delivering more in-person training sessions including for partners, directors and new starters, who are now mandated to complete security training during their induction.

In 2023 we had a 100% completion rate of our mandatory S.A.F.E training.

100% completion rate
of S.A.F.E training

OUR GOVERNANCE PROGRESS

Human rights

OUR COMMITMENT: RESPECT HUMAN RIGHTS AND WORK AGAINST CORRUPTION AND MODERN SLAVERY

KPMG has publicly committed to the UN Guiding Principles on Business and Human Rights, building on our longstanding support for the United Nations Global Compact. Human rights are a component of our due diligence procedures included in our Global Quality & Risk Management and People & Inclusion policies.

WORKING AGAINST CORRUPTION

Along with our Global Code of Conduct, our anti-bribery and corruption program is designed to ensure we uphold the highest standards of professional integrity. This includes detailed policies applicable to all KPMG firms and their personnel, as well as training, compliance procedures and an international whistleblowing hotline. During the year, there were no reports of bribery or corruption for the Australian firm.

HUMAN RIGHTS

This year, we refreshed our [Human Rights Policy](#) following an analysis of contemporary risk factors, interviews with over 20 internal and external stakeholders, and an assessment of human rights issues most relevant to the firm's operations and supply chain. The refreshed policy includes an even stronger focus on inclusion, diversity and equity and health and safety. We also developed the firm's first [Human Rights Action Plan](#) to further embed our commitment to respecting human rights across four areas: foster a culture of human rights; demonstrate human rights leadership; embed human rights into policies, practices and management systems; and transparency and continuous improvement.

During the year, there were no reports of bribery or corruption for the Australian firm.

MODERN SLAVERY RISK

Our approach to identifying and managing the risk of modern slavery is led by our firm's Human Rights Working Group. They work closely with a dedicated Human Rights Manager to implement a comprehensive multi-year modern slavery response. KPMG Australia's Chief Risk Officer and Chief Operating Officer/Chief Financial Officer were active participants in, and executive sponsors of, the working group throughout the year.

We carried out our annual modern slavery risk area review, which enabled a greater understanding of the key issues elevating modern slavery risk in FY23 – including how challenging global economic conditions may have a flow-on effect on labour rights within our supply chain and operations. This review helped focus our efforts on where there is more likely to be the risk of harm to people and formed the basis of our firm's commitments for the coming year.

Recognising the importance of continuing to work with our higher risk suppliers on achieving alignment with our Supplier Code of Conduct, we provided them with opportunities for improvement and as a result closed 27 supplier alignment plans due to satisfactory actions being taken (with 15 plans remaining open for further action).

Our fourth [Modern Slavery Statement](#) addresses the mandatory criteria outlined in the *Modern Slavery Act 2018* (Cth). While we have not yet identified any instances of KPMG Australia being involved with modern slavery, we continue to apply our methodology to identify and address risk areas, with key achievements including:

- Continuing strong advocacy for modern slavery reporting requirements by providing a detailed [submission](#) to the review of the *Modern Slavery Act 2018* (Cth), where we recommended the introduction of a positive duty on reporting entities to undertake and report on human rights due diligence, to align with emerging international leading practice.
- Promoting continuous, mutual improvement in modern slavery response through external engagement and collaboration, including through hosting events, publishing thought leadership articles, and participating in multi-stakeholder forums.
- Supporting the South Pacific Practice offices to assess their supply chain for modern slavery risk.
- Training our smaller suppliers on modern slavery risk identification.
- Engaging a single vendor for branded goods for corporate functions and internal use to enable more effective risk management.

People

Creating a caring, inclusive, purpose-led and values-driven culture

OUR COMMITMENTS

Provide a great people experience built on our People Promise

Champion gender equality and create an inclusive and equitable culture for all

Protect the health and wellbeing of our people

Foster a continuous and future-fit learning and development culture

Simpler, more inclusive recruitment processes to attract world-class talent

OUR PEOPLE PROGRESS

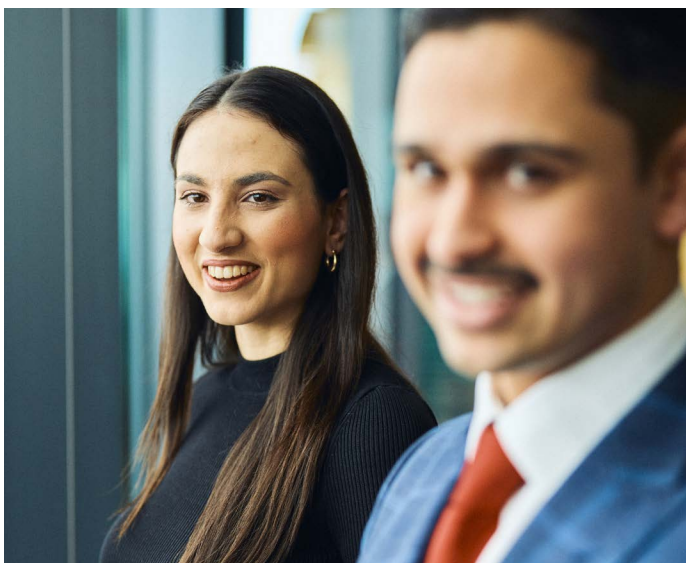
Employee engagement and experience

**OUR COMMITMENT:
PROVIDE A GREAT PEOPLE EXPERIENCE,
BUILT ON OUR PEOPLE PROMISE**

OUR NEW PEOPLE PROMISE

Employee engagement and experience are central to all KPMG people-related initiatives and a critical driver of our business success. This year, we have enhanced our listening strategy to ensure we better understand our people’s experiences and act on opportunities to support and inspire them throughout their career at KPMG.

We established our new People Promise – our Employee Value Proposition – to identify and articulate what people value about working at KPMG. Our commitment across the five pillars of our People Promise helps ensure that all our people and all new starters understand the whole value proposition of working with us, what they can expect and what the fundamental benefits of a KPMG career are.



OUR PEOPLE PROMISE PILLARS

DO WORK THAT MATTERS



Every day, in ways big and small, you make a meaningful and positive difference for clients, people and the communities we serve. Help create opportunities in a world of increasing complexity.

COME AS YOU ARE



Your unique experiences and perspectives belong here. Both individually and as a team, you will understand and value the differences that lead to stronger insights and innovation.

THRIVE WITH US



Build relationships with colleagues who take care of each other. You will have the KPMG community at your side, providing the support you need to be at your best and create opportunities for yourself and others.

LEARN FOR A LIFETIME



Grow your own way in an environment where learning is continuous. Feed your curiosity, work with the best on emerging practices and technologies, and gain an advantage for life.

MAKE YOUR MARK



Your aspirations and initiative make KPMG better. Wherever you work, be recognised for the impact you make, the leadership you show, and the success you create with others.

OUR PEOPLE PROGRESS

LISTENING CHANNELS

Our firm has implemented several feedback mechanisms over the years to monitor engagement, hear how we can improve our people experience and inform our strategy. This includes our annual wellbeing survey, our Global People Survey (GPS), an Ethical Culture Index, and specific career automated surveys during onboarding and when leaving the firm.

This year, we also introduced the Partner Performance Feedback tool to ensure our partners receive feedback on their leadership behavioural proof points linked to our Values, such as ethics and inclusion.

Our Board and NEC continue to receive regular insights and updates on our people's feedback, ensuring governance and oversight at the most senior level.

Global People Survey

This year and for the first time, we have given everyone in the firm access to our annual Global People Survey (GPS) data, allowing our people to see results – including qualitative feedback – at the firm level and for their specific teams. This is an important step forward in building a more transparent, safe and trusting environment where people feel they can 'speak up', be heard and be open about their experiences at work. In 2023, 86% of our people across Australia, PNG and Fiji completed our GPS, up from 80% last year. We found that:

- 92% of people agreed that KPMG does not tolerate any form of harassment including gender-based and sexual harassment. 6% were neutral and 2% disagreed (new measure).
- 89% of our people are proud to work for KPMG, up from 85% in 2022.
- 82% believed that, overall, KPMG is a great place to build their career, from 84% last year.

There are opportunities to:

- Further improve our open and honest two-way communication at KPMG, with only 67% believing this is already in place.
- Improve the way we give recognition and praise, as only 68% of respondents answered this favourably.
- Work further on challenging the 'status quo' (our traditional ways of doing things), with only 62% of respondents agreeing this culture was already in place.

Key Global People Survey (GPS) scores 2023

Data shows the percentage of favourable responses

75²⁴

Engagement Index

(compared to 75 in 2022)

68

Growth Index

(compared to 71 in 2022)

79

Trust Index

(compared to 81 in 2022)

77

Values Index

(compared to 80 in 2022)

²⁴ 17% neutral, 8% unfavourable

Understanding how hybrid work impacts our people

The way we work has changed significantly since the COVID-19 pandemic. Workforces around the world have experienced exceptional circumstances and organisations are now grappling with how best to design work and office space to meet the needs of their people, their teams and their business. With our own people adopting a range of hybrid working patterns, we found there was limited research in Australia into how hybrid work was impacting people and their experience at work.

In February 2023, we commenced a research project as part of our KPMG Chair in Organisational Trust partnership with the University of Queensland, exploring how hybrid work impacts our people and our culture, with a focus on critical aspects of our People Promise including wellbeing, engagement and collaboration. The results of this work are due later this year.

REMUNERATION TRANSPARENCY AND REWARD

In July 2022, following our total reward and pay policy review carried out across 2022, we proactively shared remuneration data with all our people and the market for the first time. We published information on the salary bands within our client-facing core capabilities across the firm: External Audit, Consulting, Data & Tech, Deals and Tax. Importantly, we believe transparency also contributes to reducing our gender pay gap. We provided updated data for this year with our people and the market in July 2023.

OUR PEOPLE PROGRESS

Inclusion, diversity and equity

OUR COMMITMENT: CHAMPION GENDER EQUALITY AND CREATE AN INCLUSIVE AND EQUITABLE CULTURE FOR ALL

Inclusion, Diversity and Equity (IDE) is embedded within our Values and aligns to our Purpose. We want to attract and retain talent that is representative of the world in which we live, and to provide clients with diverse teams that utilise their unique experiences and views. We strongly believe that this diversity of thinking leads to improved decision-making and produces better business outcomes.

We track our performance on IDE through a people metrics dashboard, and through our leaders' performance scorecards, with progress reported quarterly to the NEC.

GENDER EQUALITY AND EQUITY

We believe that having more women represented in key decision-making positions delivers better performance, greater productivity and profitability. We have continued to implement strategies to help improve women's participation within our firm and contributed again this year to furthering research and advocacy to support gender equity within our economy ([see 'Advocating on issues that matter'](#)).

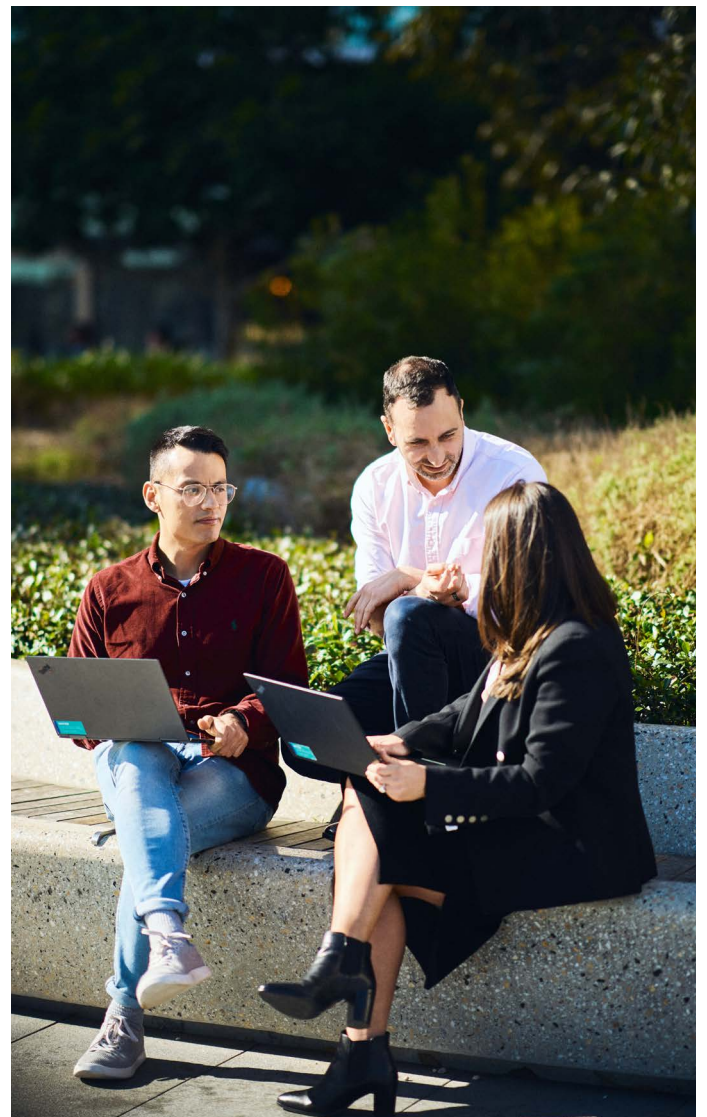
We also support the practice of equity within our business, where resources and opportunities are intentionally pointed to more diverse and individual needs to achieve more equal outcomes.

At KPMG Australia, gender equity is inclusive of women, men and those that identify outside of the binary (such as non-binary, agender and genderfluid people).

In 2023 we achieved 35.1% women in partnership (up from 33.4% in 2022) – progressing towards our stated target of 40% women in partnership by 2025. We strive for a 40:40:20 gender balance in partnership – 40% men, 40% women and 20% all genders (which can include men, women and non-binary people).

This year, we have continued to develop our leaders through specific training programs tailored for women. For example, we offered a women's leadership program aimed at our manager level for the first time, complementing existing opportunities for our high potential leaders above manager level. The program enables its participants to grow their capability, reflect on the type of leader they aspire to be and an opportunity to broaden their personal network. Thirty places were offered in this first year pilot, with up to 60 places planned for 2024.

In June 2023, KPMG received our compliance report acknowledging our Workplace Gender Equality Agency report submission, our 18th consecutive year of participation.



OUR PEOPLE PROGRESS

GENDER PAY GAP

KPMG has committed to removing the gender pay gap and we measure and report on this in three ways. As of 30 June 2023, our performance is summarised as:

- On a like-for-like basis (i.e. the same job level and employee profile), our gender pay gap remains negligible (0.1%).
- Our Partner Gender Pay Gap is 11.58%, an improvement on 2022 (12.46%).
- Our Employee Gender Pay Gap is 9.9%. This measures the gap for fixed remuneration across the whole firm and is an improvement on 2022 (11.4%).

Australia's national gender gap, on base salary, is 13.3% (ABS, 2023). One of the key drivers of our gender pay gap is the lack of women represented in leadership levels. Our continued focused on equity for women in leadership roles will assist in closing the gender pay gap across the firm.

We also endeavour to proactively challenge gender bias by carefully reviewing promotions, rewards and remuneration decisions and have appointed bias disruptors for each of our team's performance review sessions to help ensure gender equity is considered through these processes and their outcomes.

BUILDING CULTURAL DIVERSITY

We continue to build our cultural diversity by investing in systems to improve data collection, encouraging internal support and engagement networks and consistently monitoring and challenging bias.

Our Belong network links over 1,400 of our people into a community with a shared commitment to foster awareness and inclusivity towards cultural diversity. Through a Partner Board and an Employee Advisory Council, the three focus areas of education and empathy, safe and inclusive environment, and equity, are reinforced through the firm.

In 2023, 14.5% of partners identified as 'non-Anglo/Celtic/European' up from 11.4% in 2022. We have set ourselves a target of 20% culturally diverse partners by 2025, to better reflect the demographics within which we operate, and we will continue to direct further attention and increase our action to accelerate our progress.

Monitoring and challenging bias is one of the key mechanisms we can use to promote equity for culturally diverse people, not only for partners, but across our pipeline of emerging leaders at KPMG. Our bias disruptors are specifically trained to proactively challenge cultural as well as gender bias.

We also have an ongoing focus on developing capabilities to lead an inclusive culture and support our Inclusion, Diversity and Equity strategy. By expanding our suite of leadership programs and increasing the opportunity for our people to participate, we have strengthened gender and cultural diversity in our leadership pipeline.

For example, the Illuminate Leadership and Talent Program, launched in 2021, was designed to address under-representation of culturally diverse talent in mid-senior leadership roles and to explore the impacts of culture both personally and professionally. Participants from culturally diverse backgrounds develop their leadership capability while exploring identity and opportunities to build their personal impact and purpose. Partner sponsors involved get the opportunity to build their own cultural intelligence and consider their own cultural diversity bias and leadership impact.

35.1%

WOMEN IN PARTNERSHIP

up from 33.4% in 2022
40% target by 2025

11.58%

PARTNER GENDER PAY GAP

down from 12.46% in 2022

9.9%

EMPLOYEE GENDER PAY GAP

down from 11.4% in 2022

14.5%

CULTURALLY DIVERSE PARTNERS

up from 11.4% in 2022

OUR PEOPLE PROGRESS

Cultural leave

On 1 July 2021, KPMG Australia introduced a Cultural Leave policy. This enables people to swap an existing public holiday with a different day to allow them to recognise and celebrate religious or significant cultural events relevant to their culturally diverse or Indigenous heritage and religious beliefs. This year, 713 people (from 239 in 2022) have utilised the policy to swap a public holiday for one that is of more cultural or religious significance to them.

713

PEOPLE ACCESSING CULTURAL LEAVE

up from 239 in 2022

19

INDIGENOUS PEOPLE HIRED

down from 32 in 2022

INDIGENOUS-INCLUSIVE WORKPLACE

Our Arrilla Digital Cultural Awareness training, which was made mandatory for all Australian partners and employees in September 2021, continues to receive positive feedback from our people and to help educate non-Indigenous people working at KPMG Australia to improve cultural and historical awareness. As of July 2023, 100% of the firm had completed this training.

As part of our [Reconciliation Action Plan 2021–2025](#) (RAP) leadership commitments, we have also started developing a cultural safety plan, which includes an assessment of the level of cultural safety experienced by Aboriginal and Torres Strait Islander people working for our firm. Led by an external Indigenous consultancy, the project involves analysing the findings of our 2017–2020 RAP audit, examining local and international best practices in cultural safety and carrying out a consultation process with internal and external stakeholders.

The initial findings indicate several key themes including a strong focus on the need to address cultural load²⁵, to support the spiritual and mental wellbeing of First Nations employees, and to ensure that the roles of Indigenous team members are not misrepresented on key projects. The final report, with recommendations on how we address any issues raised, is due to be delivered in the first quarter of FY24 and will contribute to our continuous focus on hiring and retaining Indigenous talent.



Our RAP has a target to hire an additional 135 Indigenous people across the 2021–2025 period. As of July 2023, 51 people have been hired since 2021, including 19 in 2023, falling short of our interim target of 31 people. This will be a focus for improvement in 2024, as outlined in our latest [RAP FY23 Progress Report](#).

CARING FOR FAMILY

KPMG maintained our Family Friendly Workplace accreditation in May 2023, in line with the National Work + Family Standards developed by Parents At Work and UNICEF Australia. This year, KPMG was also named Australia's Best Workplace for Fathers in recognition of our work to actively support fathers at all levels, and our broader commitment to create an inclusive and equitable culture for all.

We continued to provide our market-competitive 26 weeks flexible parental leave policy which applies to all parents regardless of gender and is inclusive of adoption, surrogacies, and foster care children. In the tragic event of stillbirth or for early pregnancy loss, KPMG also provides leave and resources – including the [Pink Elephants Support Network](#) – to support our people and their managers, and to normalise being able to talk about very difficult life events.

KPMG's policies on gender neutral parental leave and part-time work are also designed to reduce the stigma around men accessing these provisions. In 2023, 234 men and 219 women accessed parental leave, compared to 249 and 218 respectively in 2022. 94% of people who have used parental leave have returned to work with the firm.

Approximately 15% of our employees have elder care responsibilities, and with an ageing population we expect this number to increase. In response, this year we partnered with Care and Living with Mercer (CaLM) to bring employees a service to help understand, navigate and plan ageing care and living needs for loved ones.

²⁵ According to the Diversity Council of Australia Gari Yala report, cultural load is the additional workload (often invisible) borne by Aboriginal and Torres Strait Islander people in the workplace, which can include expectations to educate non-Indigenous colleagues about Aboriginal and Torres Strait Islander people and racism, and expectations to talk on behalf of all Aboriginal and/or Torres Strait Islander people.

OUR PEOPLE PROGRESS

LGBTQ+ COMMUNITY

This year, KPMG launched its Global LGBTQ+ Inclusion Statement, a unifying driver of inclusion, diversity, and equity for our people, our firm, and the communities we operate in. We see diversity as a strength in our workplace. KPMG is committed to supporting diversity of sexual orientation and gender identity.

Following on from KPMG's global LGBTQ+ Inclusion Statement, Pride@KPMG in Australia launched its Pride@KPMG Strategy 2023–2026, which seeks to ensure KPMG is an employer of choice where LGBTQ+ people thrive.

The network hosted focus groups with participants from across the firm to understand the perceptions of Pride@KPMG and how the network should deliver LGBTQ+ inclusion. Four key pillars were defined from these sessions which will guide the strategic direction of the network for the coming year:

- Connection through storytelling
- Building safe spaces
- Inspiring allies
- Together for better.

Both the national Pride@KPMG Network and its subgroups such as the Trans and Gender Diverse Network continue to grow in numbers.

Our focus on trans and gender diverse inclusion and creating opportunities for LGBTQ+ community to connect continued this year, with two inaugural events – the Trans and Gender Diverse Conference and Pride@KPMG Summit which brought together members of the LGBTQ+ community at KPMG to help inform the new strategy and amplify the voices of LGBTQ+ people at the firm.

Existing policies and programs such as the Gender Affirmation Policy including the affirmation benefit continued to be accessed and we recently kicked off the fourth cohort of Leading with Pride, our LGBTQ+ leadership development program.

BECOME A LEADING EMPLOYER FOR PEOPLE WITH DISABILITY

This year, we have been focused on progressing two key elements of our Disability Action Plan (DIAP) 2021–2023. Our next plan will have a focus on accessibility and workplace adjustments:

- **Accessibility:** In March 2023, we hosted focus groups to assess 38 of our most used digital applications to ensure that they were accessible to our colleagues with a disability. This will result in a gap analysis in the second half of 2023, with recommendations for enhanced accessibility to be considered when developing our next DIAP.
- **Workplace Adjustments Policy:** This has recently been reviewed to ensure we adequately capture the revised process for workplace accommodations and details on how to disclose a disability. The revised policy sets out the use of personalised Success Plans and digital accommodation passports as well as the scope, responsibilities, and procedures for reasonable workplace adjustments requirements such as braille products, services such as interpreting or captioning, facilities such as ramps or door openers, or work organisation such as task allocation and flexible work.

MARKET RECOGNITION IN FY23: AWARDS AND SCHEMES



Australian Workplace Equality Index (AWEI) Gold Employer

Second year recognised



Excellence for Diversity Award (EAPD team)

at the Asset Management Council (peak body for asset management in Australia)



Best Workplace for Fathers 2022

Inaugural award by The Fathering Project



Family Friendly Workplace

Certified by UNICEF Australia and Parents At Work in 2021 with three-year action plan



AWEI Awards Network of the Year

for Pride@KPMG, for the second year running

OUR PEOPLE PROGRESS

Employee health and wellbeing

OUR COMMITMENT: PROTECT THE HEALTH AND WELLBEING OF OUR PEOPLE

We are committed to protecting the health, safety, and wellbeing of our people by providing a safe and mentally healthy work environment where everyone can thrive.

HOLISTIC WELLBEING APPROACH

Our holistic wellbeing approach provides the programs, resources and tools for each person to achieve optimal health and sustainable performance in their personal and professional lives.

This year, as part of our 'whole human' approach, we have introduced a new, proactive program that seeks to move away from the traditional Employee Assistance Program. KPMG CARE encompasses health, safety and wellbeing aspects into one service including physical safety and health, mental health and wellbeing, and domestic and family violence support.

SUSTAINABLE WORKLOAD

Sustainable workload continues to be a priority in our profession, and a core part of our firm's approach to providing a mentally healthy work environment. This year, only 55% of our people agreed that 'they are able to sustain the level of energy they need to do their work', up from 53% in our GPS in 2022. We believe there is still much work to do and we are committed to improving our results year-on-year.

While recognising the fast-paced environment in which we work, we want to ensure that employees thrive, and that the business supports realistic and sustainable work demands. A new Sustainable Workload Framework and Policy is in development, aimed at ensuring that we practise healthy ways of working.

Lead with wellbeing

The success of a sustainable wellbeing pilot we ran in 2022 in partnership with Springfox – The Resilience Institute led to the launch of a full program targeting Directors and Partners this year, called 'Lead with Wellbeing'. The practical, high-impact program was designed by bringing together modern preventative medicine, positive psychology, cognitive behavioural therapy (CBT) and neuroscience.

'Lead with Wellbeing' helps participants in leadership roles to develop awareness, build healthy habits and practices to stay well, and to support others to do the same. With 555 participants in 2023, 96% agreed or strongly agreed that they felt inspired to make positive changes to enhance their resilience and positive role model wellbeing.

Real Conversations on Mental Health

The Real Conversations on Mental Health program, in partnership with Heart On My Sleeve (HOMS), has been running for four years, with almost 1,300 participants trained to date. Since the delivery of the HOMS Real Conversations on Mental Health program, KPMG has seen an increase in the number of people speaking up and leaders listening in – a core contributor to psychological safety in the workplace.

Internal evaluations this year found that over 85% of participating KPMG people felt their leader supports their mental health challenges.

Wellbeing Circles

This year, 13 Wellbeing Circles were facilitated by a small group of Real Peers, people accredited by Heart On My Sleeve, and over 150 people participated throughout the year (20 circles were facilitated with over 180 participants attending across 2022). Wellbeing Circles were originally developed and led by HOMS, to support our people throughout COVID lockdowns, and evolved to be led in-house and delivered in a hybrid way.

Themes are developed based on feedback from our people, our leadership team and from formal surveying across the year. These sessions are highly sought after and valued for the opportunity to be open, and understanding they are not alone.

Our quantitative evidence shows our Circles have an overwhelmingly positive influence on our people. 85% of participants strongly agreed or agreed that they felt more comfortable to reach out and check in on a colleague and 70% of participants strongly agreed or agreed they had been exposed to new strategies to help them manage their mental health and wellbeing.

OUR PEOPLE PROGRESS

DOMESTIC AND FAMILY VIOLENCE

We continue to examine ways to better recognise and respond to domestic and family violence (DFV). We do this by ensuring we stay connected to thought leaders and expertise, and our DFV advisory committee meets bimonthly to track the progress of our DFV program.

Notably, in November 2022, we changed our leave policy to extend our domestic and family violence leave provision from 10 days to 20 days of paid leave, in line with leading practice.

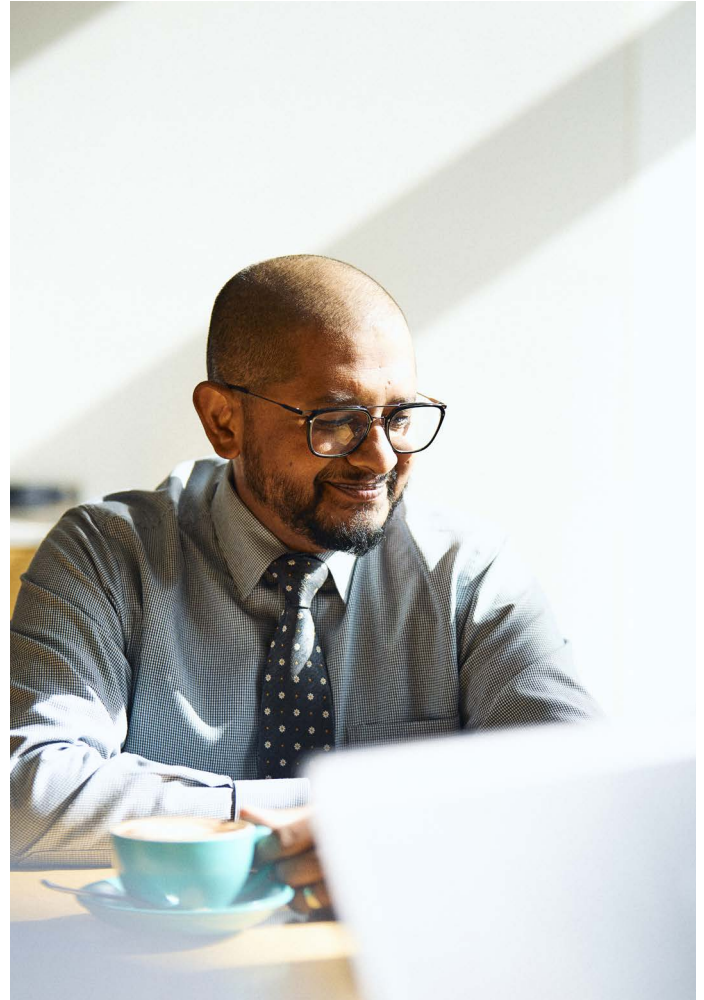
Our in-house leadership and peer program 'Continuing to shine a light on domestic and family violence' is an important part of our firmwide wellbeing strategy. This program is designed to create awareness and understanding of the context of domestic and family violence and to enable employees to recognise the warning signs of someone who might be experiencing it, as well as to provide the knowledge and skills to respond to a disclosure. In 2023, 80 of our leaders participated in this DFV literacy program, with 270 of our people trained to date.

SAFETY

Our Occupational Health & Safety Management System (OH&SMS) provides a framework to identify, control and manage OH&S risks and opportunities. By implementing our certified OH&SMS we can address legal, ethical and industrial relations concerns regarding worker safety and employers' duty of care.

KPMG Australia reported 71 work related injuries in 2023, up from 37 in 2022. The majority were sprains, strains, bruising and mental health related illnesses.

This year, our Infrastructure, Assets & Places (IAP) division received external accreditation for ISO 45001 joining Management Consulting as certified Divisions. This demonstrates our health and safety management system provides a robust and safe system of work for our people.



DOMESTIC AND FAMILY VIOLENCE LEAVE PROVISION INCREASED FROM

10 DAYS

to

20 DAYS

OUR PEOPLE PROGRESS

Continuous learning and future-ready workforce

OUR COMMITMENT: FOSTER A CONTINUOUS AND FUTURE-FIT LEARNING AND DEVELOPMENT CULTURE

We want people to thrive and to grow in their own way, in an environment where learning is continuous. Through our integrated learning ecosystem and access to learning solutions from our global network, we focus on helping our people maintain ongoing career relevance while developing leading-edge technical expertise specific to their aspirations, their role and context. This year, average learning hours per employee continued to increase to 35 hours, from 33.5 in 2022.

KPMG ECLIPSE ACADEMY

The Eclipse Academy is a multi-year investment in our people to deliver on our business strategy. The Academy builds critical, future-focused skills in business areas important to our firm's and people's growth, including digital and data, ESG and leadership. Investing in these skills helps our people mobilise their career and maintain their competitive edge.

The Eclipse Academy also provides recognition of our people's skills and experiences with shareable certificates and digital badges. This formal acknowledgment, visible on social platforms such as LinkedIn, elevates our people's skills so they become highly visible, portable assets to help maintain career relevance. In 2023, 48% of our workforce engaged in Eclipse experiences.

BUILDING LEADERSHIP CAPABILITY

In alignment with our consistent best-in-class talent and succession approach, we have continued to invest in leadership development to grow a purpose-led, future-fit, and diverse community of leaders.

In 2023 our Eclipse Academy Transition Pathways program reached 2,515 people, providing support as they embarked on their role with a career development program. With an emphasis on career-enhancing capabilities such as leading adaptively, creating psychological safety, and leading with values and ethics, the pathways enabled successful role transitions and provided opportunities for participants to collaborate and build their professional network.

We have also continued to invest in our future talent to ensure ongoing leader bench-strength across the firm. Our robust 'high potential' programs offer targeted development to improve the readiness of our leaders for more senior and complex leadership opportunities locally and globally.

AVERAGE LEARNING HOURS PER EMPLOYEE

35 HOURS IN 2023

up from 33.5 hours in 2022
and 21 hours in 2021

OUR PEOPLE PROGRESS



CASE STUDY

Increasing diversity in our STEM teams

In the last five years, our Engineering, Assets & Project Delivery (EAPD) Team has grown from 70 to 348 professionals, with the team's gender diversity increasing from 13% to 32%. At the same time, the number of women in partnership in this team has grown from zero to 40%. The team also achieved a graduate intake that was 50% women.

This led to the team being recognised by the Asset Management Council, the peak body for Asset Management in Australia, for Excellence in Diversity.

Stan Stavros, Head of Infrastructure, Assets & Places (IAP) said, "We know we have more work to do, but I am so incredibly proud of the culture our team has created to have a more inclusive workplace. My learning from the journey is the need for representation. You can have an inclusive culture and leading HR policies, but without representation in your leadership, our people and clients hold back."

BUILDING DIGITAL AND DATA CAPABILITY

The Eclipse Academy provided opportunities for our people to uplift their digital and data skills so they can better support our clients. This included digital and data literacy for all our people with a self-directed learning experience leveraging market-leading video content, contextualised with bespoke client centric events. This personalised experience offered choice and flexibility and combined with social learning, reinforced our learning culture. To date, 11% of our workforce has chosen to participate in this learning offer and we will look to continue to grow our people's participation in the year ahead.

Women in Technology

Through our Women in Technology program 'IT's Her Future', we are helping to challenge gender barriers in technology, with 24 KPMG women receiving mentoring from senior leaders within the business. We also launched a 10-week Python coding program targeted at women and those who haven't had the opportunity to work in technology before, to increase participation in technology careers. To date, 497 people registered their interest and 120 KPMG people each week are participating in this program.

BUILDING ESG CAPACITY

In response to increasing community, investor and market expectations together with our imperative to embed Environment, Social & Governance (ESG) in all we do at KPMG, the Eclipse Academy has deployed the 'Cambridge ESG Transformation' experience to all our people, in collaboration with the Judge Business School at the University of Cambridge. This unique learning journey brings together Cambridge academics, thought leaders, and industry experts to deliver essential ESG knowledge and tools relevant to the global stage.

This year, with the European Business School, we also launched a new 10-module course for our people actively working on ESG engagements. This experience, tailored to the Australian context and aligned to industry sectors, helps our people bring clarity, build trust, and provide critical perspective when working with our clients to solve their ESG challenges.

OUR PEOPLE PROGRESS

Talent attraction

OUR COMMITMENT: SIMPLER, MORE INCLUSIVE RECRUITMENT PROCESSES TO ATTRACT WORLD-CLASS TALENT

We continue to improve our talent attraction, recruitment and onboarding processes towards achieving our goal of delivering an exceptional and seamless experience and accessing new, skilled talent from all walks of life that meet our growth demands and future skills needs.

Our graduate program attracted 877 people in 2023, up from 749 in 2022. We received 19.8% of all Australian graduate applications in 2022, with the firm awarded three of the top AFR Grad Connection awards in April 2023.

KPMG Australia launched our 'Talent Attraction and Recruitment Reimagined' program this year to provide a more integrated and efficient experience and deliver the talent required to support our KPMG LEAP strategy. There are four focus areas:

- Customised, flexible and scalable talent engagement using leading technology to reach world-class talent.
- Data and insights in real time to enable more efficient decisions on sourcing and outcomes.
- Enhanced people experience through higher transparency, collaboration and reduced administrative burden.
- Flexible and responsive recruitment system and service that is easy to navigate and meets our firm's changing needs.



INCLUSIVE RECRUITMENT

We have continued to broaden our pathways to enter the firm, addressing the need for a wider skills base and an inclusive approach to recruitment.

Our new Inclusive Recruitment Program Strategy launched during the year seeks to make KPMG an Employer of Choice for talent from under-represented communities, with action plans developed to support six talent areas: disability, veterans/first responders, women in STEM, mature age workers, First Nations people and skilled refugees.

Planet

Supporting our firm's, our clients' and Australia's transition to net zero

OUR COMMITMENTS

Decarbonise our operations and supply chain towards net zero

Support our clients' and Australia's transition to net zero

Strengthen climate resilience with our people, clients and community partners

Advance our commitment to circularity

Understand and improve our impact on nature and biodiversity

OUR PLANET PROGRESS

Climate change and environmental sustainability

We are committed to decarbonising our operations and supply chain whilst supporting our clients and Australia's transition towards net zero. We continue to collaborate and advocate alongside our people, clients, alliance partners, community organisations and NGOs to build a more sustainable and resilient future.

KPMG AUSTRALIA CLIMATE ACTION PLAN 2030

In April this year, we released our new [Climate Action Plan \(CAP\) 2023–2030](#), developed in consultation with our people, KPMG's subject matter experts and leading non-governmental organisations (NGOs). The CAP 2023–2030 builds on our inaugural Climate Action Plan (CAP) 2018–2022 and includes new and ambitious targets, actions and initiatives supporting Australia's transition to a net zero future.

-43%

CHANGE IN GROSS SCOPE 1, 2 & 3 EMISSIONS

against our 2019 baseline

As a significant provider of ESG services, KPMG Australia has a responsibility to look at the impact of our own operations and supply chain and to play our part in global decarbonisation efforts. Our new CAP 2023–2030 recognises the critical need to continue our own decarbonisation journey beyond our operations and into our supply chain and to support our clients, our economy and our communities' net zero transition and climate resilience.

Our [Environmental Policy](#) and [Environmental Statement](#) were reviewed and updated this year in light of updates to our new CAP 2023–2030.

DECARBONISATION

OUR COMMITMENT: DECARBONISE OUR OPERATIONS AND SUPPLY CHAIN TOWARDS NET ZERO

At a global level, KPMG International has committed to achieving net zero carbon by 2030, based on a 1.5°C Science Based Target. The target has been validated by the Science Based Targets initiative (SBTi).

To meet this objective, KPMG Australia must achieve a 50% reduction of our greenhouse gas (GHG) emissions by 2030 (on a 2019 baseline), across our Scope 1, 2 and 3 emissions. This includes business travel and purchased goods and services.

While we continue to be on track towards meeting this overarching target, having this year achieved a 43% reduction against our 2019 baseline, our gross absolute emissions increased by 160% from last year, predominantly driven by larger volumes of business travel post-pandemic.

Energy emissions from KPMG offices went down by 59% due to our Renewable Energy Supply Agreement, and energy emissions attributed to our people working from home also decreased by 18% due to greater occupancy of our offices throughout the year.

We continue to maintain Climate Active certification on our carbon neutral claim and source 100% renewable energy for KPMG tenancies through our Renewable Energy Supply Agreement.

OUR PLANET PROGRESS

INTERNAL PRICE ON CARBON

Our Internal Price on Carbon (IPC), launched last year and which places a fee on our air travel emissions anchored to the market price for Australian Carbon Credit Units (ACCUs), is continuing to help us raise visibility of the impact of our collective air travel as we closely monitor progress against our 50% emissions reduction target.

Over the last 12 months, we generated \$250,000 from IPC payments from each of our divisions, which have been invested into carbon removal initiatives focused on reforestation and restoration of natural habitats in Australia.

Although we have achieved an absolute reduction of 47% for our business air travel emissions from our 2019 baseline year, these emissions increased considerably since last year, with our people resuming air travel after a lengthy Covid-driven hiatus. As a result, our NEC issued an updated Travel Policy in March 2023 with a new and stricter approvals process for international travel and non-client work travel, to help ensure we do not return to pre-pandemic peak travel levels.

A STRONGER FOCUS ON DECARBONISING OUR SUPPLY CHAIN

Our new CAP 2023–2030 has a much stronger focus on our supply chain – setting a target that 80% of our suppliers (by spend) must have a Science Based Targets initiative (SBTi) or equivalent carbon reduction target by 2025. As of 30 June 2023, 73 of our suppliers (40% by spend) had met this requirement.

We are making good progress in implementing the Sustainable Procurement Framework we launched last year by working closely with suppliers large and small and playing an active role in helping them reduce their Scope 3 emissions.

As of 30 June 2023

73 OF OUR SUPPLIERS
(40% BY SPEND)
HAD CARBON
REDUCTION TARGETS

80% target by 2025

Progress in the past year included working with our suppliers, subject matter experts and our people to:

- Host our first net zero workshop in June, aimed at building our suppliers' capabilities to set and validate science-based targets and report carbon performance: 10 suppliers participated, learning from our Climate Change & Sustainability Services client team and supply chain partners including Avarni.
- Use the Avarni carbon accounting and emissions management platform to improve our supply chain reporting through supplier engagement questionnaires and to track climate risk in our highest emissions supplier categories through a visual dashboard using Microsoft Power BI.



CASE STUDY

BrewHub: coffee with impact

BrewHub is an Australian owned medium sized business that supplies all our offices with high quality coffee machines, beans, milk, and pantry supplies. Four years ago, in collaboration with KPMG, they developed a new coffee blend called BrewGooder. This year, the blend generated \$32,000 which has been donated to the Indigenous Futures Foundation.

From an environmental perspective, BrewHub has worked with KPMG to do the following:

- Set carbon reduction targets in line with Science Based Targets to deliver by 2030.
- Conduct carbon audits to Australian Standards and feeding those results through to Avarni to help capture our Tier 3 impact.
- Determine the emissions intensity of its activities per coffee machine.
- Power its main warehouse with 100% solar power – and is working towards renewable power for remaining warehouses.
- Install fast-charging stations for electric vehicles.

“KPMG made a number of practical recommendations to reduce our emissions while making our operations more efficient and sustainable, which we implemented,” said David Scott, Managing Director, BrewHub.

OUR PLANET PROGRESS

SUPPORTING INNOVATIVE ECO STARTUPS

The KPMG Nature Positive Challenge

Our investment in emerging sustainable technology and enterprise through our work with eco-ventures has continued as we launched the second year of the KPMG Nature Positive Challenge in April 2023. The Challenge supports innovative ventures that help accelerate positive outcomes for nature and biodiversity. This year we expanded the Challenge to include Fiji and Papua New Guinea and called for Expressions of Interest with a focus on:

- Biodiversity: accelerating the protection, preservation, and regeneration of all species and living things on Earth.
- Blue Economy: encouraging the sustainable use of marine resources for economic growth and community prosperity, while preserving the health of the blue ecosystem.

Sydney-based [Xylo Systems](#) won our Nature Positive Prize of \$100,000 for their cloud-based data and AI platform that supports organisations – such as property developers and energy companies – measure and manage their footprint and biodiversity impact in line with the guidelines of the Taskforce on Nature-related Financial Disclosures (TNFD).



Xylo Systems CEO & Co-founder Camille Goldstone-Henry (right) and Co-founder & CTO Jada Andersen (left)

PNG-based Cooperative Advantage Alliance, a women-led organisation focusing on enabling landowners to establish sustainable fishing practices and crop management techniques was voted by KPMG employees for our inaugural \$50,000 People's Choice prize. The two ventures, alongside three other startups selected by our judging panel – [Hullbot](#), [Restore Blue](#) and [Wilderlands](#) – will share an expanded pool of tailored advisory support worth \$250,000.

We continued to work alongside the ventures from last year's Nature Positive Challenge and to grow the volume of client work we are doing with eco startups. We have also formed a partnership with Climate Salad, a network to boost climate tech companies and entrepreneurs, as they grow their teams, get customers and connect with investors.

CLIMATE RISK

OUR COMMITMENT: SUPPORT OUR CLIENTS AND AUSTRALIA'S TRANSITION TOWARDS NET ZERO

This year, and for the first time, KPMG Australia made a formal commitment to support and accelerate our clients' and Australia's transition to net zero. We believe that we have a unique opportunity to leverage the breadth of our core capabilities and service offerings to support organisations – from innovative startups to large multinational companies – to innovate, transform their business and grow more sustainably.

DECARBONISATION AS A CLIENT FOCUS

KPMG Australia continues to progress towards our vision to be a leader in sustainable decarbonisation pathways, supporting deep transformational change in the private and public sector to achieve net zero.

This year has seen the launch of our new Decarbonisation proposition, bringing together the services and associated solutions we offer to proactively support clients in their transition journey. The [Prosperity](#) section provides further information on our ESG ambition and practical examples of our work and thought leadership in this space.

OUR PLANET PROGRESS



CASE STUDY

Agronomeye – an AgTwin for nature positive outcomes

KPMG 2022 Nature Positive Challenge finalist [Agronomeye](#) have created a digital twin for agriculture that provides real-time virtual representations of farming land based on science and data.

The AgTwin platform helps inform smart land management practices and generate improved outcomes such as farm productivity, biodiversity, water efficiency, animal welfare and carbon emissions. Importantly, the platform brings science, data and transparency to help farmers legitimise their Nature Positive and ESG credentials.

KPMG has been working alongside Agronomeye to develop and implement a nature positive merino offering in partnership with local farmers in the Midlands region of Tasmania. This historic farming area consistently produces some of the finest merino wool in the world and was managed productively for 40,000 years by Tasmania's First Nations people. The region is also one of Australia's biodiversity hotspots.

Using best practice ESG frameworks, KPMG is helping measure the impact of farmers that are using the Agronomeye platform to help restore the landscapes on which they farm while maximising their production and achieving higher wool prices for a premium, more sustainable product. Together, they are finding it useful to be able to use data, science and transparency to support their on-ground performance and management, and create a meaningful narrative and connection for consumers to participate in regeneration through their purchases and support.

Early impacts of the Agronomeye technology include the identification of endangered species habitats (such as Wedge-tailed Eagles), improved planning for efficient farm design and developments (including vineyard and landscape rehydration/erosion projects) and reporting on factors such as animal welfare to help meet increasing supply chain demands.

OUR PLANET PROGRESS

Monitoring the carbon intensity of our client portfolio

We also have a responsibility to manage our own client portfolio in a way that aligns with our Values and understands how it is evolving towards a low carbon future. We continue to monitor and report on carbon emissions generated through our client portfolio for every dollar of revenue we generate each year.

As disclosed last year, in the absence of an existing industry methodology, we developed a new innovative method to estimate our client-related emissions, which we continued to refine this year (noting that the data is one year in arrears due to availability, which is consistent with emerging industry accepted practice).

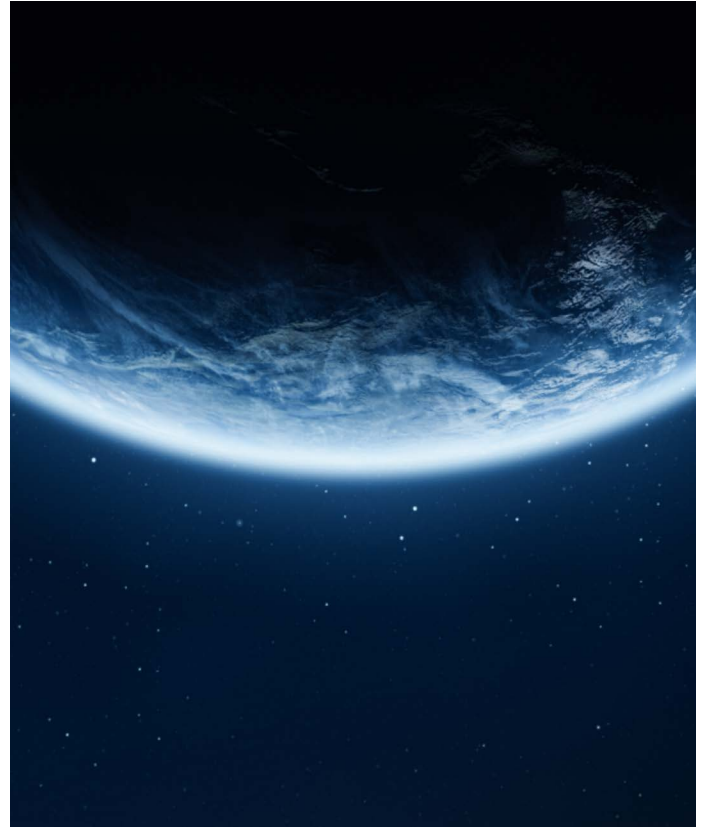
For FY22 we have estimated that our client-related emissions for every dollar of revenue generated was 0.181kg²⁶ (an increase on 0.106kg in FY21). The increase in emission intensity is mainly driven by change in our client portfolio, with more work having been undertaken for the energy and utilities sector.

We are now trying to understand more about the nature of the services provided to these clients – whether they are positive, neutral or negative to the decarbonisation of Australia's economy – and determine implications for managing future engagements. A summary of our methodology is included in our [Databook](#).

This year, we also started monitoring the percentage of our ASX 200-listed clients who have publicly set Science Based net zero targets, and we found that:

- 32% of our clients have set Science Based Targets initiative (SBTi) approved targets.
- 57% have set net zero targets that have not been publicly approved or validated by the SBTi.
- 11% have no publicly set targets.

We are continuing to monitor and refine these estimates and targets and will use it in the future to identify and manage our climate-related risks and the exposures that emerge as the economy decarbonises in line with Australia's decarbonisation goals.



CARBON INTENSITY OF OUR CLIENT PORTFOLIO

0.181kg²⁶

of CO₂ emissions per dollar of revenue generated in FY22

from 0.106kg in FY21

²⁶ This figure has been updated following a transcription error.

OUR PLANET PROGRESS

OUR COMMITMENT: STRENGTHEN CLIMATE RESILIENCE WITH OUR PEOPLE, CLIENTS AND COMMUNITY PARTNERS

Our Climate Action Plan (CAP) 2023–2030 aims to amplify our people’s knowledge on climate action, and collaborate with clients and community partners to strengthen climate resilience. This year, through our Climate Action Survey, 61% of participants told us they believe KPMG fosters environmentally friendly practices – consistent with 2022 results. There is more work to do to raise awareness of our new CAP 2023–2030 and to engage our people in climate and sustainability initiatives.

EMPOWERING OUR PEOPLE TO ACT ON CLIMATE

We believe everyone at KPMG Australia has a role to play in the transition to net zero. To help us, we have set a new target that half of our workforce will participate in climate-related engagements and initiatives by 2030. This can be through completing specialised training, delivering relevant thought leadership, or through direct participation in a range of environmental initiatives. We expect to start reporting progress on our people’s participation from 2024.

Climate and sustainability initiatives

This year, over 290 people volunteered over 2,000 hours with environmental community partners and NGOs, supporting SDG 13 (Climate Action), SDG 14 (Life Below Water) and SDG 15 (Life on Land).

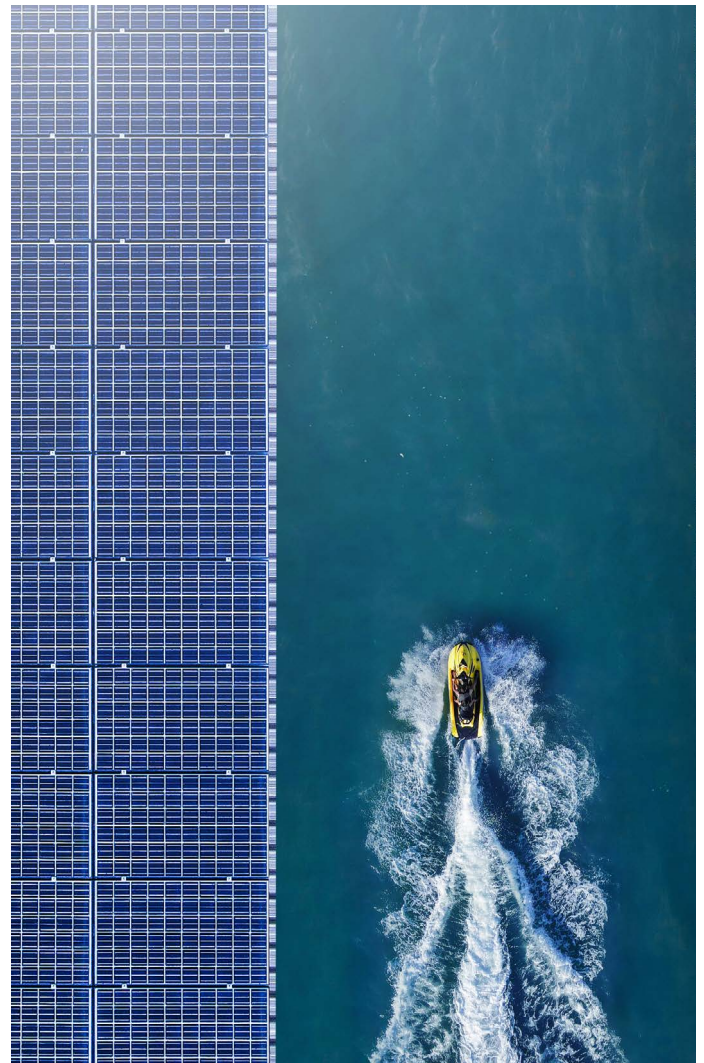
For example, with Landcare Australia, we helped establish over 5,300 native plants and remove noxious weeds by hand over 4,500 square metres of land.

In the past 12 months, our Green Champions Network has been actively engaging and connecting through Yammer – where our people shared stories of sustainability in action, worked together to develop educational materials and shared tips around recycling, renewable energy and low carbon and sustainable living. Over 435 KPMG people from across Australia, PNG and Fiji are now members of this Network.

Through our ESG Activation series, a learning program launched last year to upskill our people on ESG, we delivered climate literacy sessions covering everything from contemporary sustainability frameworks to climate change science, greenwashing and climate risks and opportunities.

This year, KPMG International also became a founding member of the Alliance for a Just Energy Transformation (AJET), announced at COP27 by the United Nations Development Programme (UNDP) and World Wide Fund for Nature (WWF).

AJET is a voluntary initiative that intends to mobilise stakeholders including communities, civil society, policymakers, and the private sector to drive the successful implementation of just energy transition policies worldwide. This involves understanding the needs of those currently engaged in fossil fuel supply chains and services as they transition to renewable energy alternatives.



OUR PLANET PROGRESS

OUR COMMITMENT: ADVANCE OUR COMMITMENT TO CIRCULARITY

Our 90% waste to landfill target was not met as part of our previous CAP 2018–2022, and disappointingly in the past year we only reached a 71% recycling rate. We continue to work towards progressing against this target across KPMG tenancies, through education and behaviour change, but there is more work to do.

We remain challenged by cross-contamination of our office waste, so where waste data is not available, KPMG Australia tenancies will be audited on waste and recycling rates, to help us achieve a 20% reduction in office waste to landfill by 2025.

As part of our CAP 2023–2030, we have committed to implementing new measures to ensure more raw materials are being reused and recycled by 2030. To do this, we will perform a baseline assessment of our circularity performance. We will also require all major suppliers of purchased goods to have to set waste, packaging or circularity targets by 2025.

We continue to work closely with our suppliers of purchased goods, including furniture, IT and office suppliers and catering to minimise waste. For example, KPMG use Lenovo as a technology provider, utilising its Device-as-a-Service (DaaS) offering which allows us to use the equipment for three years, before returning it to Lenovo who then reuses or recycles the equipment, ensuring e-waste is kept out of landfill.

Progress on circularity in the last 12 months included:

- Eliminating the use of single use plastic in our in-house catering and hospitality services across the country.
- Establishing the ReGround partnership in Melbourne office to help recycle more than 2,100kg of coffee grounds, which are delivered to community gardens and local gardeners.
- Implementing Project Re-use to minimise waste across our office fit-outs (see case study).



CASE STUDY

Project Re-use: office fit-outs with circularity in mind

Office relocations and new office fit-outs are an opportunity to minimise waste, by ensuring that the re-use of fittings and fixtures is a priority. Over the past 12 months, through our new Parramatta and Geelong offices and renovations across Hobart and Melbourne, our teams have repurposed furniture and re-used equipment.

- Parramatta: 43% office chairs re-used; 100% of tables relocated to the new office.
- Melbourne: 100% of chairs, desktop fit-out equipment and workstations re-used, and 100 personal lockers dismantled and relocated.
- Hobart: 100% of office and meeting room chairs re-used, 50% of desktop fit-out and 40% of meeting room tables re-used, and 55% of personal lockers relocated.
- Geelong: 74% of office chairs and 54% of meeting room chairs re-used, 25% of meeting room tables relocated.

Next year, we will continue to see more streams of recycling introduced and better waste data across our tenancies.

OUR PLANET PROGRESS

NATURE AND BIODIVERSITY

OUR COMMITMENT: UNDERSTAND AND IMPROVE OUR IMPACT ON NATURE AND BIODIVERSITY

Taskforce on Nature-related Financial Disclosures

In 2023, KPMG operated four tenancies in or adjacent (within 5 km) to key biodiversity areas, including Canberra, Hobart, Perth and Penrith offices (which closed in August 2022). Similarly, KPMG offices in Adelaide and Port Moresby (PNG) were identified as operating in regions with medium-high water stress.

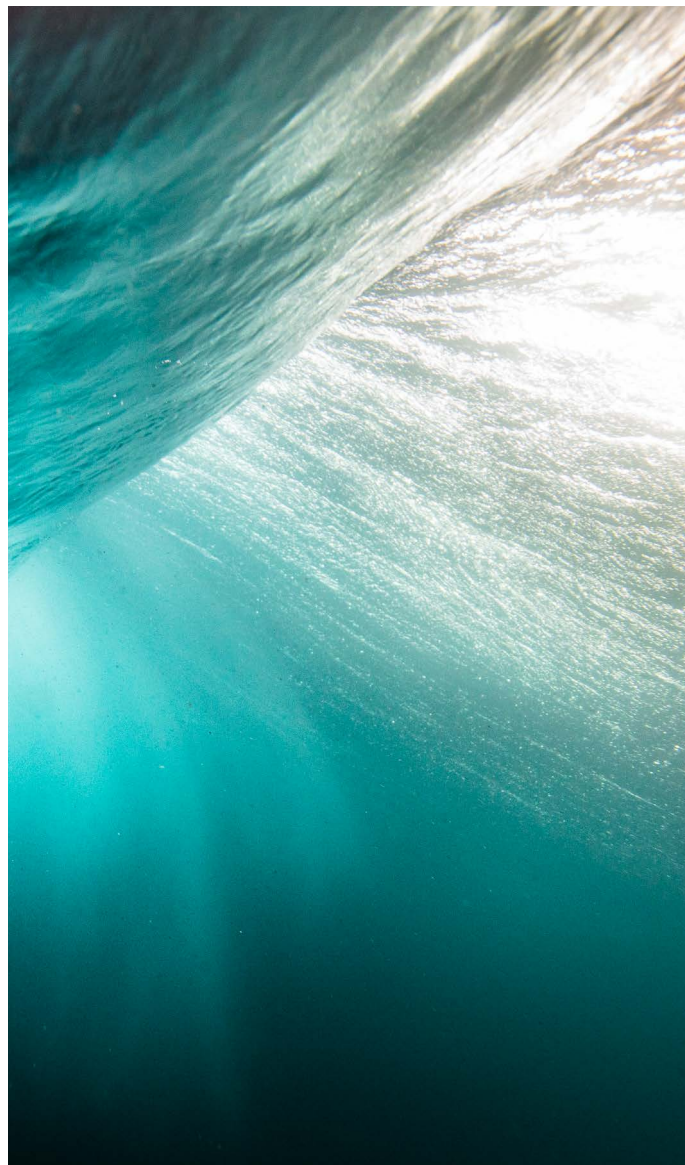
KPMG International has been actively involved in the new Taskforce on Nature-related Financial Disclosures (TNFD) expected to come into force in late 2023 and has this year implemented a biodiversity plan as part of our global journey toward a nature positive future, which includes our operations and office footprint, our supply chain and our work for clients. KPMG Australia's Natural Capital & Biodiversity National Lead represents our global firm as a Member on the Taskforce.

KPMG is also a member of the Responsible Investment Association Australasia (RIAA) Nature Working Group, an initiative to support financial services, asset owners and managers in their stewardship responsibilities to protect nature and biodiversity in their business operations and portfolios.

Funding pilots to support reforestation and natural habitat restoration

This year, we started a partnership with [AirSeed](#) – a finalist in our 2022 Nature Positive Challenge – to help finance a pilot restoration project to plant 50,000 seed pods in Australia. AirSeed will provide monitoring data allowing us to track the total area restored, the species planted and to better understand how to achieve stronger restoration outcomes. This pilot project will also provide direct opportunities for our people to engage with the seed pod production and planting process.

KPMG Australia has commenced a new partnership with WWF-Australia to support 'Koala Friendly Carbon', an initiative in collaboration with Climate Friendly. This is a first-of-its-kind carbon project that aims to restore tens of thousands of hectares of high abundance koala habitat in eastern parts of Australia.



Through our CAP 2023–2030, we have outlined new and ambitious measures to support nature positive outcomes, complementing our investment in innovative ventures through the KPMG Nature Positive Challenge, including:

- Adopting a zero-deforestation policy in 2023 and engaging with major suppliers to adopt the policy by 2025.
- Commissioning an Integrated Biodiversity Assessment (IBAT) to understand our impact on biodiversity, protected areas, threatened species and critical habitats across KPMG Australia's national office footprint.

Prosperity



Making a positive social and economic impact

OUR COMMITMENTS

Strong economic contribution

Exceptional client outcomes through work that matters

Build a thriving technology business and innovate with our clients, alliance partners and the startup ecosystem

Create a fairer, more inclusive and more sustainable future for our communities

Advocate on the issues that matter

OUR PROSPERITY PROGRESS

Purposeful growth

Impact of our client work

This year we've made progress in unlocking our organisation's contribution towards economic and social prosperity, in line with the UN Sustainable Development Goals (SDGs). This means we strive to create meaningful employment opportunities; we generate wealth and contribute to the economy and regional development through growing our business and paying taxes; we provide services to clients to help them drive sustainability; and we invest in creating fairer, more inclusive and more sustainable communities.

OUR COMMITMENT: STRONG ECONOMIC CONTRIBUTION

EMPLOYMENT

As a professional services firm, we are a people business first – from the graduates and early career professionals who join and grow with us, to the leaders that bring a wealth of experience to our teams across Australia, PNG and Fiji, to our alumni in the broader business community.

At 30 June 2023, the firm employed 10,173 people²⁷ across Australia, Fiji and PNG – 353 of which were employed in the South Pacific Practice, up from 266 the previous year.

In FY23, 877 graduates were hired, up from 749 in 2022. Almost 60 of these were in PNG and Fiji.

KPMG Australia also appointed 96 new partners and executive directors during the year, increasing the partnership to 713 (up from 673 in 2022). Of our new partners, 43% are women and 18% identify as culturally diverse.

Please refer to our [Databook](#) for more information about our People.

GROWING OUR PRESENCE

KPMG Fiji – which currently services seven Pacific Island nations – relocated its Nadi office to new modern premises with strong sustainability features, designed by a leading Fijian architecture firm.

We have also continued to grow our regional presence in Australia by opening a new office in Geelong; relocating our Greater Western Sydney office to new and larger premises in Parramatta; and refurbished our Hobart office to support the growth of our practice in Tasmania.

This year, KPMG also completed two acquisitions:

- Fiji-based digital enterprise solutions provider Acton, broadening the delivery of Microsoft solutions to our mid-market clients in Australia and the South Pacific.
- Adelaide-headquartered Think180, expanding our firm's SAP capabilities to create a leading SAP Intelligent and Enterprise Asset Management specialist team.



²⁷ Includes full-time, part-time and casual employees in Australia, Fiji and PNG. Excludes partners and contingent workers.

OUR PROSPERITY PROGRESS

KPMG AUSTRALIA FINANCIAL RESULTS

KPMG Australia posted revenue of \$2.553 billion for the year ending 30 June 2023, representing year-on-year (yoy) growth of 9.1%.

A\$bn	FY23	FY22	GROWTH%
Total revenue	\$2.553²⁶	\$2.341	9.1%
Recoverable expenses	\$0.175	\$0.161	8.7%
Revenue	\$2.378	\$2.179	9.1%

²⁶ Includes PNG and Fiji for FY23: (\$0.033bn for FY23)

The FY23 performance across the firm's divisions reflected uncertain economic conditions and a constrained consulting environment. Audit, Assurance & Risk Consulting revenues grew by 4% (\$671 million); Deals, Tax & Legal revenues were down by 2% (\$401 million); Enterprise was up by 23% (\$361 million); Infrastructure, Assets & Places was up by 22% (\$200 million); and Management Consulting was up by 12% (\$745 million).

KPMG also invested significantly in developing the business for future growth, with AI experimentation a highlight.

KPMG CEO Andrew Yates said: "Given the challenging economic environment, I'm pleased to report a solid financial result, reflecting the dedication of our talented people and partners. The environment reminds us that we need to double down on core priorities – delivering high-quality work, providing a great people experience, generating returns responsibly, and continuing to grow at a healthy rate to allow us to invest for the future."

"Coming off strong growth in FY22, we maintained revenue momentum until December. Then there was a noticeable shift, with client activity and revenue slowing. While our revenue increased year on year, the slowdown resulted in equity partner incomes decreasing by 3.9% on the prior year."

"To reflect the new landscape, we have had to adjust our business. Most recently, I announced the introduction of a new operating model, partly to address the reality of the new environment but also to ensure better alignment with the global firm."

Economic contribution

\$2.553 BILLION REVENUE
(up 9.1%)

10,173 PEOPLE
including 877 graduates (up 17%)

713 PARTNERS AND EXECUTIVE DIRECTORS
(up 6%) – including 96 new partners

\$815 MILLION TAXES PAID
(up 18%)

Opened new office
in Geelong

Relocated Parramatta
and Nadi offices

2 BUSINESS ACQUISITIONS

ACTON, THINK180

Investment

Technology and innovation

KPMG continued to develop capabilities for the firm, employees and clients, leveraging emerging technologies and investing in cutting-edge research and startups to help tackle complex business challenges.

Engagement with AI was a standout achievement for the year. In March 2023, KPMG became one of a handful of companies in the world to be given access to a private version of ChatGPT – known as KymChat. The solution is directly integrated with Microsoft Teams and allows people to safely use ChatGPT's groundbreaking technology in the workplace. In July 2023, KPMG launched an offering for clients that combines this world-class technology with bespoke AI consulting services.

OUR PROSPERITY PROGRESS

Following successful pilot programs in the US, UK and Canada, KPMG Australia also began using new AI audit technology on a small number of companies. Powered by the integration of MindBridge financial risk discovery technology with the KPMG Clara smart audit platform, there are plans to roll out the technology to around 200 audit engagements in the coming year. This will be a major investment for the Australian audit practice and a significant development in audit accuracy and efficiency.

The KPMG Futures team's focus was dedicated to Next Generation Internet, quantum and next gen AI – the areas the firm believes will have the greatest impact on itself and clients. The inaugural Head of Metaverse Futures was appointed, a first in the industry, and a specialist team now offers a unique approach to growth and innovation using metaverse technologies and is designing new business models for the firm.

KPMG Eclipse Academy

The Eclipse Academy is a multi-year investment in employees to deliver on the firm's business strategy. The Academy builds critical, future-focused skills in business areas important to our firm's and people's growth including digital and data, ESG and leadership. In its first full year of operation, the Academy focused investment on leadership development, building digital and data capability, and ESG capacity.

Outlook

Andrew Yates commented: "We live in a time of accelerating change – an evolving market, an industry in a state of disruption, heightened expectations and economic uncertainty. Our outlook for FY24 is therefore cautious, but optimistic. We have great people, with an innovative spirit. We'll ensure the business is efficient, with a focus on growing responsibly."

"With intense scrutiny on professional services firms, and with the sector confronted by questions about trust and integrity, KPMG will continue doing whatever we can to improve independently. But there is scope for more significant advancement if the profession moves together through sensible sector-wide reform and increased transparency of the way we work. We're hopeful our industry can work co-operatively with the inquiries and with governments to produce practical enhancements on regulation that strengthen the sector and benefit the community."

New operating model for FY24

On 5 June 2023, Andrew Yates announced changes to the firm's operating model and leadership, effective from 1 July 2023. Key drivers for the changes are better global firm alignment; removal of internal structural barriers; and improved strategy execution. The changes are timely given market issues as the firm maintains a sharp focus on building trust in the profession.

From 1 July 2023, the client-facing divisions of the firm will be as follows. In future, reporting will adjust to align to these.

Audit & Assurance

Consulting (combining Management Consulting and Risk Consulting)

Deal Advisory & Infrastructure

Enterprise

Tax & Legal

Tax paid

We have a responsible approach to tax, strong governance and policies, and are committed to transparency around tax. KPMG has a global policy to set the standard and expectations around member firm and partner tax affairs. There are also risk management practices in place to help ensure that tax affairs have been conducted in accordance with the relevant local laws and regulations and in harmony with global tax principles.

Total taxes paid by the Australian firm, its partners and employees on income generated from the firm totalled \$815 million in 2023 (up from \$690 million in 2022). This included goods and services tax, fringe benefits tax, payroll tax, tax deducted from employee salaries, and tax payable by partners on income generated.

Partners paid on average an effective tax rate on profits of 40.3%.

We did not receive any financial support from any government during the year.

OUR PROSPERITY PROGRESS

OUR COMMITMENT: EXCEPTIONAL CLIENT OUTCOMES, THROUGH WORK THAT MATTERS

This year, we have continued to invest in areas that matter most to our clients and through which the firm can deliver exceptional and purpose-driven client outcomes.

As part of delivering to our KPMG LEAP strategy, we are listening to our clients and anticipating their needs, creating tailored client experiences and solutions through both digital and face-to-face channels. Our client satisfaction metric was 8.7 (out of 10), a strong result consistent with last year.

High quality client service

KPMG Australia achieved ISO 9001 certification, an internationally recognised standard that sets the criteria for quality management and helps organisations ensure they consistently meet customer and regulatory requirements. Being ISO 9001 certified demonstrates our commitment to continuous improvement and to adopting innovative approaches and best practices throughout our operations.

The certification has been expanded this year to include Fiji and PNG, in addition to Management Consulting (MC), Infrastructure, Assets & Places (IAP), Connect Technology Group (CTG) and Business Services divisions. In 2023 we also launched our new Operational Risk & Resilience Centre of Excellence, dedicated to enhancing client trust and satisfaction through identifying, managing and mitigating operational risks. It enables and ensures compliance with regulations and the firm's operational ISO programs.

Economic contribution

8.7

**CLIENT SATISFACTION SCORE
(OUT OF 10)**

consistent with 2022 results

WORK THAT MATTERS ACROSS OUR FIRM

Across our divisions, our people have continued to work alongside our clients to support their needs, their sustainable growth, and to make a significant positive contribution to prosperity.

In our Audit, Assurance & Risk Consulting practice, we've worked with clients to understand and manage their risks and establish safeguards against rising and emerging issues such as cyber threats and geopolitical shifts. We have continued to enhance the integrity, transparency and reliability of clients' financial and ESG information which markets rely on, helping to preserve confidence. KPMG is also the financial statement auditor for approximately 19% of the ASX 200 companies.

The Deals, Tax & Legal practice has helped organisations meet their regulatory obligations, navigate and comply with complex and constantly evolving tax and legal landscapes and provide commercial insights to unlock stakeholder and investor value.

Our Enterprise practice continued to provide services to mid-market companies, family businesses, regional businesses and Indigenous enterprise, tailoring local solutions to meet the needs of our clients and to deliver beneficial outcomes for regional economies and employment.

The Infrastructure, Assets & Places division has engaged with some of the largest infrastructure projects in the nation by bringing together technical, financial, and strategic experts to activate critical infrastructure and community facilities that provide a sense of place.

Our Management Consulting team has worked alongside organisations to navigate their transformation journeys, deliver on their promise to customers and employees, and leverage new technology and cloud-based solutions to solve complex and evolving problems across industries.

We work with over 15,000 clients each year. Here are a few case studies to provide some insights into our daily work and how we can bring to life the confidence and positive change we make with our clients and our community.

OUR PROSPERITY PROGRESS



CASE STUDY

Helping the Australian Red Cross continue to serve communities experiencing vulnerability

The Australian Red Cross has been central to the fabric of Australian society since its creation over 100 years ago. Through its network of 20,000+ staff, members and volunteers, the Australian Red Cross delivers expertise in emergency services and disasters, migration, community programs, international conflicts, and humanitarian law.

In FY23 Australian Red Cross partnered with KPMG Australia, which deployed over 120 team members to help rapidly transform multiple aspects of their organisation. At the heart of the transformation was the pursuit of purpose, a collective focus to enable the Australian Red Cross to make an even more significant impact, for the long term.

KPMG and Australian Red Cross Executive team members jointly led the organisation through a complex transformation process, which focused the scope of activities on Australian Red Cross' core areas of expertise and re-engineered systems and processes so they are more efficient and effective. As the lead transformation partner, KPMG's support has assisted the Client Management Team to:

- Prepare and seek Board endorsement of the Transformation Roadmap, including the release of project funding.
- Provide clear direction to the organisation on the future vision and a roadmap to achieve a ~\$45m EBITDA turnaround in 18-24 months.
- Design the organisation, technology, process and governance in line with better practice, to reduce operating risk and improve efficiency.
- Govern and co-ordinate delivery across a complex program of work, reducing implementation risk.
- Reduce implementation risk by leveraging KPMG's Powered transformation approach, tools and templates.

Ultimately, this will enable the Australian Red Cross and its 20,000+ volunteers, members and staff to execute on its strategy and sustainably continue to impact the lives of Australians by providing critical services to the community, which last year reached 131,000 Australians.

OUR PROSPERITY PROGRESS



CASE STUDY

Helping Homes Victoria meet the unique needs of people living with mental illness

Homes Victoria and the Department of Health are implementing a suite of reforms in response to recommendations from the Royal Commission into Victoria's Mental Health System. One of the priorities was to increase the allocation of social housing to Victorians living with mental illness.

KPMG Australia was called upon to work with Homes Victoria on their housing reform program, co-designing the social housing and support model for Victorians living with mental illness. Over five months, our team led an iterative program to co-design supported housing principles with people with a lived and living experience of mental illness and unstable housing to ensure that the composition, design and support provided meets the unique needs of the people who will live in them.

We partnered with a range of specialists in the design and facilitation of the co-design process including facilitators from Mental Health Victoria as well as a panel of 'critical friends' with lived experience who helped shape the approach, analysis and recommendations throughout. Our participants included Aboriginal Victorians, people from culturally and linguistically diverse backgrounds, LGBTQ+ community members, people from regional areas of Victoria, and people from different age groups – ensuring the design was informed by the needs of a diverse range of people and whose voices are often unheard.

We also engaged with carers and service providers in the mental health sector, and housing agencies, exploring their insights and recommendations and considered how they may be able to collaborate to provide better support to people living in the homes. Importantly, we helped to define the likely range of homes and their design features that would better meet the needs of people living with mental illness, to support their procurement. We also provided guidance on the sorts of support and services that should accompany those homes, and how housing and support service providers can collaborate to improve outcomes for people living in the homes.

Homes Victoria has used this work to inform the development of 2,000 homes for adult Victorians living with an acute mental illness who are in unstable housing and require intensive, ongoing treatment, care and support. Our work has revealed the opportunities and advantages of a co-design approach, which Homes Victoria and other agencies will be able to draw on or replicate in future to gain similar benefits.

OUR PROSPERITY PROGRESS

CASE STUDY

Waterloo Renewal Project: improving housing outcomes for the community

KPMG Australia is supporting the NSW Government on the renewal of the Waterloo Estate in Sydney, the state's largest and most complex social housing urban renewal project.

The 19-hectare Waterloo Estate is located approximately 3 km south of Sydney's CBD and is currently the largest social housing estate in Australia, accommodating approximately 2,000 social dwellings. The homes on the site are now nearing the end of their life with opportunities to provide improved outcomes for residents through diversity of housing, an increased focus on place-making and initiatives that provide sustainable improvements in socio-economic outcomes for residents.

Since early 2022, KPMG has worked with NSW Land and Housing Corporation (LAHC) to carry out a market sounding exercise, following detailed consultation with a diverse range of stakeholders including developers and community housing providers. We are currently engaged in the procurement phase request for proposals (RFP) Stage 1 where we are providing commercial advisory and transaction management services. Our role in the market sounding and during RFP Stage 1 has helped inform and shape the procurement and commercial transaction process to secure a long-term delivery partner for the project.

The Waterloo Renewal Project is of great significance to the local community – our involvement in this unique and complex redevelopment project is helping the NSW Government deliver lasting positive social and economic wellbeing for residents and the delivery of around 3,000 new homes comprising of social, affordable and private housing, as well as new public spaces and facilities.



CASE STUDY

Developing a mobile app to help children get to school safely

KPMG partnered with the NSW Department of Education to develop a mobile app for the Assisted School Travel Program (ASTP).

The ASTP provides a free, specialised transport service for eligible students living with a disability to help them get to and from school across New South Wales. The mobile app enhances the safety and security of these students by providing transparency on their movement through the transportation of authorised destinations and validation that students have safely exited the vehicle.

The previous process involved emailing or printing run manifests which did not provide adequate assurance and visibility over where the children were getting on and off the vehicles. The digital app and operational dashboard, developed by KPMG, uses real-time technology and GPS to track the vehicles to show where they are at any given moment – if there are delays due to traffic or an on-road incident, the Department is alerted and is able to take action accordingly. The ASTP Staff are able to view each route and identify who is onboard and their location at any point in time.

During the trial phase, in the first half of 2023, over 100 students and their parents benefited daily from this mobile app.

OUR PROSPERITY PROGRESS

DELIVERING OUR ESG AMBITION

Supporting organisations to achieve their own ESG goals is integral to the impact of our work. Our clients expect us to provide them with timely insights, tools and capabilities to help them respond to the environmental, social and governance risks and impacts associated with their business. Clients also look to us to anticipate market shifts and evolving stakeholder expectations around ESG to help transform their business and manage their transition towards net zero.

This year, we have continued to embed ESG as the watermark that runs through our business, with each of our divisions actively engaged in helping clients progress and accelerate their ESG journeys. We've also actively encouraged our people at all levels to participate in ESG learning and upskilling to stay across the latest developments.

UPSKILLING OUR CAPABILITIES ON ESG

To support informed and impactful client conversations in a fast-moving landscape, our ESG Activation series offered our people a firm-wide program of learning, interactive sessions, videos and articles across a wide range of ESG topics, from ESG Foundations through to specialised training such as Climate Risk, ESG in the Supply Chain and Operationalising the ESG Agenda. This year, 1,660 people have attended various sessions across this series.

The ESG activation series complements our global flagship ESG program with the Judge Business School at the University of Cambridge and our new 10-module course with the European Business School.

CONTRIBUTING TO ESG THOUGHT LEADERSHIP

We also continue to produce thought leadership and insights to help strengthen awareness and understanding of the building blocks for a climate-resilient economy and society.

Key reports published in 2023 include:

- [Big shifts, small steps. Global-Survey-of-Sustainability-Reporting](#)
- [Net zero, purpose at pace](#)
- [Climate transition planning: prepare your organisation](#)
- [Accelerating Australian electric vehicle uptake – KPMG Australia](#)
- [Potential economic pay-off of a circular economy](#)

HELPING CLIENTS WITH ESG

In April this year, through our new Climate Action Plan (CAP) 2023–2030, we made a commitment to supporting and accelerating our clients' unique decarbonisation journeys – including those in carbon-intensive industries.

Acknowledging that the transition to net zero can be a long and complex process, we launched our new [Decarbonisation Proposition](#) in the same month. This proposition brings together our existing cross-firm advisory and assurance capabilities – including our expertise spanning climate change and sustainability, reporting, data and analytics, economics, infrastructure and engineering, human rights and governance – to help our clients plan for a just and sustainable transition to net zero.

Over the past 12 months, our work has focused on two priorities:

- **Transforming organisations to enable progress across key stages of their transition to net zero** – understanding their existing level of maturity, considering the risks to climate and nature from their industry, their business and operating model and assessing the people, social and economic impacts of their decarbonisation journey.
- **Reporting on ESG performance against commitments and meeting disclosure requirements** – ensuring ESG performance information is timely, transparent and reliable to inform stakeholders and their decisions.

We have also seen growing demand for ESG due diligence this year and have assessed approximately over \$900 million of transactions, looking at companies' ESG risks and compliance to help inform investments, acquisitions and other deals.

The impact of our work also extends beyond individual client engagements through the delivery of community engagement and consultation to help inform the decarbonisation of existing industries and the development of clean energy industries – helping to ensure impacted stakeholders are heard and considered in Australia's transition.

OUR PROSPERITY PROGRESS

CASE STUDY

Building resilience to extreme weather events due to climate change

KPMG Australia was engaged by Essential Energy to assess the impact and risks to its distribution network posed by climate change. Essential Energy is a NSW Government-owned corporation, with responsibility for building, operating and maintaining one of Australia's largest electricity networks – delivering essential network services to more than 885,000 homes and businesses across 95% of NSW and parts of southern Queensland.

As extreme weather events become more frequent, protecting the physical network infrastructure – the 'poles and wires', underground cables, substations and transformers – is critical to ensuring a safe and continuous supply of power to communities and cities.

KPMG's work with Essential Energy involved forecast modelling to quantify the impact of bushfires, floods and windstorms on its network and development of a strategic response to the physical risks associated with climate change.

This work has enabled Essential Energy to gain better visibility of and better manage climate risks to support continuous servicing into the future.



This year we released several new offerings to the Australian market including:

- **Climate IQ** – a comprehensive, multi-industry risk management tool that evaluates KPIs to address questions around a company's exposure to climate change, to help formulate decisions in line with business needs and regulatory requirements.
- **Climate Navigator** – a climate risk and resilience tool to review our clients' structures, systems, and settings to identify opportunities for improvement, develop a practical roadmap to good practice, and track progress over time.
- **ESG maturity benchmarking tool** – to inform participating organisations on the current status of their ESG governance, strategy and performance reporting against peers.
- **Embedded ESG** – a tool to help our clients embed ESG as a part of their organisation's strategic performance management practices, navigate ESG challenges and leverage future ESG opportunities.

OUR PROSPERITY PROGRESS



CASE STUDY

Ensuring our shift to clean energy benefits First Nations communities

Australia's transition to renewable energy can bring considerable economic opportunities for Indigenous communities, as many large-scale renewable projects are being developed on Indigenous lands. To achieve this, there is a need to focus on protecting cultural heritage and Country, supporting cultural competency and creating genuine social and economic benefits for those communities.

KPMG Australia was commissioned by the Clean Energy Council – the peak body for the clean energy industry in Australia – to co-develop a set of leading-practice guidelines for renewable energy companies when engaging with First Nations communities. The guidelines build on the 10 principles developed by the First Nations Clean Energy Network – a partnership of Indigenous people, community organisations, land councils, industry groups, legal experts and renewable energy companies – to help ensure First Nations communities, people and businesses participate in and benefit from the renewable energy transition.

Aboriginal and Torres Strait Islander peoples' rights and interests in land are formally recognised over around 50% of Australia's land area. The team is engaging widely across First Nations communities – on Country where possible – to cover a diversity of different regions and renewable technologies. We also spoke with many renewable energy developers to translate community needs, expectations and hopes into practical action, supporting the industry towards a just transition.

This guide is also a great chance to educate the industry – particularly international stakeholders – about the historical and cultural significance of Australia's First Nations people and their rights. The guidelines will be launched in late 2023.

OUR PROSPERITY PROGRESS

Technology and innovation

**OUR COMMITMENT:
BUILD A THRIVING TECHNOLOGY BUSINESS AND INNOVATE
WITH OUR CLIENTS, ALLIANCE PARTNERS AND THE
STARTUP ECOSYSTEM**

We are developing future capabilities, leveraging emerging technologies and investing in cutting-edge research and startups to help tackle complex business, societal and sustainability challenges.

For clients, KPMG Australia has been investing in solutions, products, managed services and platforms to help us respond to the changing market and meet evolving client expectations around data, cloud and technologies like Artificial Intelligence (AI).

Our new Connected Technology Group (CTG), formed during the year, is helping us build a modern technology business, transforming our firm and accelerating the growth and adoption of innovative technology solutions.

KPMG Futures, established last year, leads our investment in research, ventures and capabilities in emerging Horizon 2 and 3 technologies – focusing entirely on what lies ahead to help clients and our own firm predict, adapt, and leap into this accelerating change.

ARTIFICIAL INTELLIGENCE

We have been actively exploring the role that AI can play in creating sustainable value and deepening our research to help us and our clients navigate the trust challenges and potential impacts that can affect its adoption. While our initial focus is experimenting in-house, we are applying our learnings to client offerings as well. We are now working towards embedding our collective learnings and thought leadership on AI into a people-centred AI governance framework to support the firm and its clients, to be implemented next year.

Experimenting with AI

When ChatGPT launched in late 2022, KPMG Australia initially restricted access to the AI solution until security and data sovereignty issues could be managed to protect sensitive information, including client data. We performed a series of controlled tests to ensure ChatGPT met our security requirements and access to the platform was provided across the firm. Our Chief Digital Officer, John Munnely, hosted an innovation challenge, inviting our people to share their best ChatGPT use cases and ways it could support the firm's culture of innovation.

KPMG Australia and the firm's Alliance Partner, Microsoft, then worked together to understand how best to further harness the AI platform within parameters set by our firm. In March 2023, KPMG became one of a handful of companies globally to be given access to a private version of ChatGPT known as KymChat. The solution is directly integrated with Microsoft Teams and allows our people to safely use ChatGPT's groundbreaking technology in the workplace.

On the first day of its launch, our people interacted with KymChat over 10,300 times and after 100 days, the AI powered chatbot had answered 55,000 questions from people across KPMG Australia.

In July 2023, KPMG launched a version of the world-class technology for clients, to help accelerate their AI journeys. By the end of 2024, we are anticipating that KymChat will process complex data and respond to client issues with specialist insights.

NEW TECHNOLOGY SOLUTION FOR OUR FIRM AND OUR CLIENTS

10,300

the number of times our people interacted
with KymChat on the first day of its launch

OUR PROSPERITY PROGRESS

Understanding trust in AI with the University of Queensland

Now in its fourth year, our research into trustworthy AI led by Professor Nicole Gillespie and the University of Queensland (UQ) generates timely insights that are helping shape emerging thinking in this space. We continued our thought leadership program to better understand the public's attitudes towards AI. Our most recent joint UQ and KPMG study [Trust in AI: Global Insights](#) involved 17,000 people across 17 countries and investigated the perceived risks and benefits around AI use and the public expectations around the governance and management of AI systems.

We found that three out of five people globally are either ambivalent or unwilling to trust AI, but that most people (85%) believe that AI will deliver a range of benefits including efficiency and innovation. While the benefits, challenges, risks and opportunities that AI offers differ from one industry to another, the research identified common design and governance principles and practices that the public expect organisations to use when designing and deploying AI.

The Human Technology Institute

This year, KPMG Australia started a four-year partnership with the Human Technology Institute (HTI), which is housed at the University of Technology Sydney (UTS). The HTI focuses on a human-centred approach to the development and use of AI in a way that achieves fair, accurate and accountable decision-making. We are working with HTI through three connected 'laboratories', focused on AI strategic skills, practical tools and policy. Together, we have begun to use these labs to test, validate and collaboratively develop solutions to client challenges, and engaged our people and senior leaders in discussions, events and experiences.

KPMG FUTURES

The KPMG Futures team's focus this year has been dedicated to Next Generation Internet, quantum and next gen AI – the areas we believe will have the greatest impact on us and our clients.

Leading on emerging tech

Next Generation Internet – Head of Metaverse

Following a large number of enquiries from clients around the use of Next Generation Internet and Web3, we appointed our inaugural Head of Metaverse Futures, a first in our industry. A specialist team now offers a unique approach to growth and innovation using game-changing metaverse technologies and is designing new business models for the firm.

First mover in quantum computing

This year, KPMG Australia's Quantum team has worked with Microsoft and Quantinuum to demonstrate a significant building block in making quantum computing more efficient and accessible. This is the first time an Australian company has accessed and run code on the Quantinuum Quantum computer.

Through this partnership, we have been able to develop and run quantum code on real quantum hardware from a KPMG laptop using Quantum Azure. This new functionality enables quantum and classical computers to integrate seamlessly together in the cloud, an industry first and an important step to quantum at scale. Our code was made available via open source. The project represents a significant innovation and Microsoft has published a [public tutorial](#) to explain to the broader quantum community how to replicate the work that the KPMG team undertook.

Generative AI and Large Language Models

We are also expanding our collaboration with fast-emerging generative AI companies particularly with Large Language Models (LLMs) to support internal processes such as bid and proposal content generation, enabling our teams to craft bespoke proposals which can be rapidly refined to meet our client-specific requirements. We are leveraging other LLMs and advanced data modelling to understand and synthesise web intelligence, to help our teams and clients quickly understand any market attributes such as risks, opportunities, participants, trends and emerging capabilities.

Build leading firm-wide tech capability

Through our Eclipse Academy, we have created digital learning modules providing fast-paced introductions to fundamental concepts, insights and trends on innovation and technology, including modules on automation, extended reality and the metaverse, as well as generative AI. With the HTI, our people have been able to interact with facial recognition and AI through an immersive experience called Face Value. The events challenged the thinking of 150 partners and 240 colleagues, helping them better understand the decisions AI makes and how it can impact their lives, to inform more human conversation about emerging technology.

Working alongside Professor Genevieve Bell and the ANU School of Cybernetics, we have also delivered capability building on cybernetics for our partners.

OUR PROSPERITY PROGRESS

INCUBATING AND INVESTING IN TECH STARTUPS

KPMG x Stone & Chalk

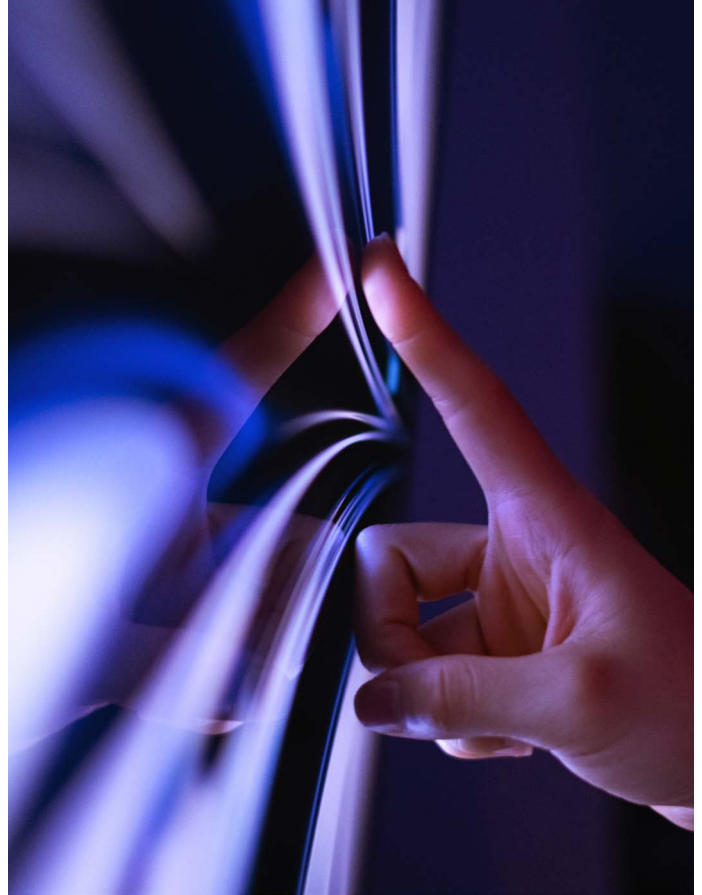
Alongside Stone & Chalk, a leading innovation startup and scale-up hub, KPMG Australia launched the Future Technology Program to help Australian startups succeed and grow. The program runs twice a year, supporting five startup founders and their teams who receive complimentary residency for 12 months at one of Stone & Chalk's startup hubs and a bespoke support program covering areas such as investor readiness, industry insights, connections to potential clients, and mentoring on how to work with large, global companies.

The Program's first cohort of supply chain-focused startups is almost halfway through their year-long program. Startups supported by the program include Givvable, an ESG-focused supply chain management platform, and Zondii, a real-time smartphone verification and validation solution for the food and fibre industry. The team is currently working on selecting the startups for the second cohort, which will focus on space technology.

Incubating tech startups

KPMG Futures also incubates tech startups inside KPMG in a protected environment to allow them to scale quickly and accelerate technology solutions for our clients and our firm. Wiise and KPMG Origins are two of several such ventures within KPMG Futures.

- Launched by KPMG in partnership with Microsoft in 2018, **Wiise** is a standalone business-to-business SaaS startup developed for companies experiencing growth that are ready to move beyond accounting and invoicing software and are looking for a robust solution as they scale their operations. KPMG Futures has incubated the Wiise team as they have worked with several partners and resellers in Australia, and achieved significant growth over the past year. Hundreds of Australian companies now use Wiise to help manage their business operations.
- **KPMG Origins** has grown to a team of over 40 members since its creation in 2021. The centralised data platform leverages blockchain technology to increase transparency by helping reshape industry supply chains through better traceability, visibility and control of data across organisations, industries and international borders.



For example, in August 2022, KPMG Origins launched the Building Trustworthy Indicator (BTI), working closely with the NSW Government to help increase consumer confidence in the building and construction industry. Environmental regulators in NSW and Queensland have also turned to KPMG Origins to help them develop a consistent solution to track hazardous waste.

OUR PROSPERITY PROGRESS

Societal impact

**OUR COMMITMENT:
CREATE A FAIRER, MORE INCLUSIVE AND MORE
SUSTAINABLE FUTURE FOR OUR COMMUNITIES**

We work alongside impactful NGOs, community organisations and social enterprises, leveraging our people’s passion, expertise and time to help create meaningful and lasting positive change in our communities.

OUR IMPACT IN THE COMMUNITY

- 455 of our people held over 575 Board roles with not-for-profit organisations.
- Overall, 1,399 of our people engaged in 17,178 hours of community impact.
- We have valued our people’s time, combined with our community investment, at \$12.9 million.²⁸

This year, we refreshed our community impact strategy to strengthen our alignment with specific UN Sustainable Development Goals (SDGs) and help us further progress our commitment to create a fairer, more inclusive, and more sustainable future for our communities. We have focused on the following three impact areas:

- **‘Reducing inequalities’** – enabling fairer and more inclusive access to opportunities.
- **‘Climate action’** – accelerating climate action and solutions for a nature positive world (refer to our progress in the [Planet](#) section).
- **‘Resilient and sustainable communities’** – advancing ideas and supporting initiatives that promote community wellbeing, resilience, and sustainable futures.

Every part of the organisation is engaged in delivering on our commitments outlined across our [Climate Action Plan 2023–2030](#), [Lifelong Learning Action Plan 2022–2026](#), and [Reconciliation Action Plan 2021–2025](#).

Our people are making a difference in our communities through their day-to-day work, their involvement in skilled volunteering and mentoring programs, and their participation in on-the-ground volunteering activities with our national and state community partners.

With our Board Connect program, we also provide opportunities for our people and partners to connect with relevant roles and build their capacity and readiness to engage in not-for-profit Directorships.

455 PEOPLE
on not-for-profit Boards

1,399 PEOPLE
participating in
volunteering activities

\$12.9 MILLION
in community contribution

²⁸ This includes value of volunteering and pro bono time, cash contributions, management costs and other non-cash contributions.

OUR PROSPERITY PROGRESS

REDUCING INEQUALITIES

Lifelong Learning

Through our Lifelong Learning Action Plan 2022–2026, we are committed to supporting people in our community experiencing disadvantage, and those under-represented in the workforce to access the skills and opportunities they need to thrive in the new world of work.

In the past 12 months, we have dedicated our focus to reducing inequalities by helping remove the barriers to participation in STEM careers for girls, women and people from low socio-economic backgrounds and by reducing the digital divide in high school students. We have directly supported over 1,300 young people through our various lifelong learning mentoring, traineeships and digital inclusion programs this year.

ABCN

KPMG is a founding partner of the Australian Business and Community Network (ABCN) since 2005. Through ABCN, we connect our people with students from low socio-economic backgrounds to provide workplace-based mentoring programs that develop students' confidence, skills and aspirations vital for thriving in the workplace of the future.

This year, over 200 KPMG people contributed their time as ABCN mentors and volunteers, to help shape and guide the futures of 631 students. Our CEO Andrew Yates also dedicated his own time by joining the ABCN Board and participating in ABCN's 'Partners in Learning' co-mentoring program with a high school principal.

KPMG Technology Traineeship Pathway

The KPMG Technology Traineeship Pathway provides high school graduates in Sydney with an alternative route to a career in technology. The three-year traineeship pays high school graduates to rotate through the various technology teams within KPMG Management Consulting, while studying for their diploma at TAFE. Since 2022, 20 high school trainees have completed the program. Traineeship opportunities are currently offered to Year 12 graduates from targeted public high schools in Western Sydney.

Robogals

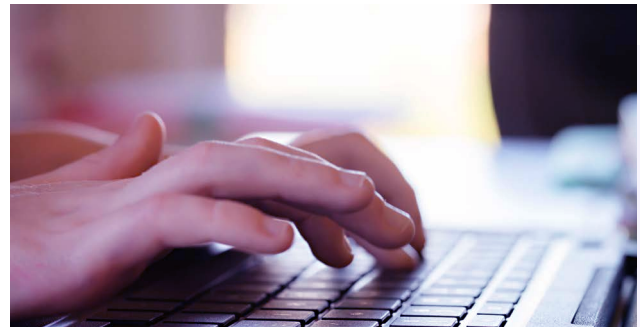
Robogals is a student-run organisation that aims to inspire and empower young women to consider studying engineering and related fields.

This year, KPMG supported over 300 students through networking, professional development, competitions and technical presentations, to encourage young women to explore STEM in school and to take up STEM careers.

Reducing the digital divide

The KPMG Laptops for Lifelong Learning program, in collaboration with social enterprise WorkVentures and ABCN, was launched in February 2022 to help deliver on our commitment to increase digital inclusion with a target of donating 1000 laptops by 2026.

Since then, the firm and our people have raised funds to support 444 digitally excluded high school students within the ABCN network with a refurbished laptop and personalised technical support from WorkVentures.



CASE STUDY

Laptops for Lifelong Learning: our impact on digital inclusion

- 444 students from low socio-economic high schools received refurbished laptops and digital inclusion support from WorkVentures.
- 15 schools in low socio-economic areas in the ABCN network supported.
- 80% of students surveyed indicated that the lack of adequate access to a computer meant that they either occasionally, often or frequently had trouble finishing classwork and assignments.

"I have never had a laptop so this is a massive opportunity for me. I am also excited because I don't have to go to the library to use the laptops there, I have my own one now! Thank you!" – High school student and 2023 laptop recipient.

Principal Brenton Farleigh from Loganlea State High School in Queensland, where less than 10% of students have a device they can bring to school, wrote to personally thank KPMG and its people: "I am a believer that financial hardship should not be a barrier to students becoming digitally literate. However, in my experience, it often is. Your contribution to our school will make a significant difference in the lives of our students."

OUR PROSPERITY PROGRESS

RECONCILIATION

Reconciliation continues to be a core part of delivering to our commitment to enable fairer, more inclusive access to opportunities for our First Nations communities. In December 2021, KPMG launched its 2021–2025 ‘Elevate’ Reconciliation Action Plan (RAP), our third Elevate RAP, and our fifth RAP overall.

In January 2023, we refreshed our [Indigenous Peoples Policy](#), in line with the United Nations Declaration on the Rights of Indigenous Peoples.

Importantly, we are also making good progress on the leadership projects committed to in our RAP, which are designed to contribute to long-term positive change for Aboriginal and Torres Strait Islander peoples:

- We are developing our firm’s first Indigenous cultural safety framework in conjunction with an independent Indigenous consultancy.
- We are working collaboratively with the Indigenous suicide prevention sector to develop an approach to Indigenous suicide prevention. In February 2023, we released [The StatUS Report](#): A case for First Nations LGBTQIA+SB Self-Determination in conjunction with Black Rainbow, a national organisation focused on the pursuit of positive health and wellbeing for the Indigenous LGBTQIA+SB community.
- We have continued to work closely with community partners including Jawun, the Australian Indigenous Education Foundation (AIEF) and the GO Foundation. We currently have 15 people mentoring Indigenous high school students through AIEF, and 22 people participated in six-week long Jawun secondments during 2023.

We once again exceeded our Indigenous procurement target, achieving 3.82% against a target of 3% addressable spend.

We report annually and hold ourselves to account on our progress with Reconciliation through our [FY23 RAP Progress Report](#).



3.82%

**INDIGENOUS
PROCUREMENT SPEND**

against a 3% target

OUR PROSPERITY PROGRESS

RESILIENT AND SUSTAINABLE COMMUNITIES

Mentoring social enterprises

Our partnership with the Social Impact Hub 'RISE Mentoring' program is an example of initiatives that promote community resilience, wellbeing and sustainable futures. The program is designed to help social enterprises grow and navigate business challenges by matching them with corporate mentors who have the expertise required to assist on a specific project.

This year, 34 KPMG people embarked on six-month long projects working with social enterprises focusing on issues that impact our communities such as homelessness, access to employment, food insecurity, circular economy, and disability inclusion.

SUPPORTING A RESILIENT COMMUNITY SECTOR

A refreshed Pro bono @KPMG program

We reviewed our Pro bono Program to identify the areas we are best placed to leverage our expertise and deliver meaningful impact to assist the not-for-profit and social enterprise sector and the diverse communities they support.

This year we delivered 116 pro bono engagements valued at approximately \$6.5 million.

Deepening research into wellbeing

Our people made an important contribution to research and awareness around community health and wellbeing through multiple pro bono engagements, many of which were made public and communicated through media relations activity to generate broad community awareness:

- [Connections Matter](#) – a research report developed with the Groundswell Foundation revealing the prevalence of loneliness in Australia and the significance of its impact on all areas of the community. Our report highlighted the significant economic impacts of loneliness, with an annual healthcare cost to the Australian economy of \$2.7 billion, or approximately \$1,565 per person per year.
- ['Understanding the cost of addiction in Australia'](#) – a joint report with Rethink Addiction, looking into the impact on productivity and associated losses to the nation's economy due to addiction, which amounted to \$80 billion for 2021 alone. We found that to reduce the harm across all areas of addiction, we must bolster our efforts in prevention, reducing stigma to promote help-seeking and invest in early intervention.
- The [Australian Mental Wellbeing Index](#) – part of a series of reports in a three-year partnership with Smiling Mind, a digital-led mental wellbeing not-for-profit, reporting mental wellbeing trends based on the data collected through the Smiling Mind app. The Index analyses and reports on key factors contributing to positive mental health outcomes such as emotional awareness and regulation, focus and concentration, relationships and social connections, sleep, and stress.



CASE STUDY

RISE mentoring: from little things, big things grow

The Beautiful Bunch (TBB) is a flower delivery social enterprise launched in late 2020 during one of Melbourne's extended lockdowns, to create an inclusive work environment for young refugee women. Within weeks – and largely through word-of-mouth – the team increased its sales from 7 to 70 bunches of flowers a day. Soon, the organisation needed to find additional ways to generate revenue and we partnered with the RISE program to identify business development opportunities.

A five-person team from KPMG was matched with The Beautiful Bunch and produced an outreach kit to help engage prospective customers, which included hospitality venues, salons and large corporates. KPMG volunteers shared their knowledge of marketing and assisted the enterprise with their presence on different social media platforms, including Instagram and LinkedIn.

HUMANITARIAN SUPPORT

During 2023, we also continued to partner with our global disaster relief partner UNICEF Australia to support the Sri Lanka appeal in July 2022 with more than \$28,000; and again in February 2023, KPMG Australia and our people jointly contributed \$75,000 to the Syria and Turkiye Earthquake appeal.

OUR PROSPERITY PROGRESS

OUR COMMITMENT: ADVOCATE ON THE ISSUES THAT MATTER

We progressed our work in advancing ideas and awareness on key issues through our ongoing advocacy, research and thought leadership including on gender equity, climate and migration. During 2023, KPMG made 37 submissions to various government and parliamentary inquiries and consultations and published two public policy papers.

ISSUES THAT MATTER

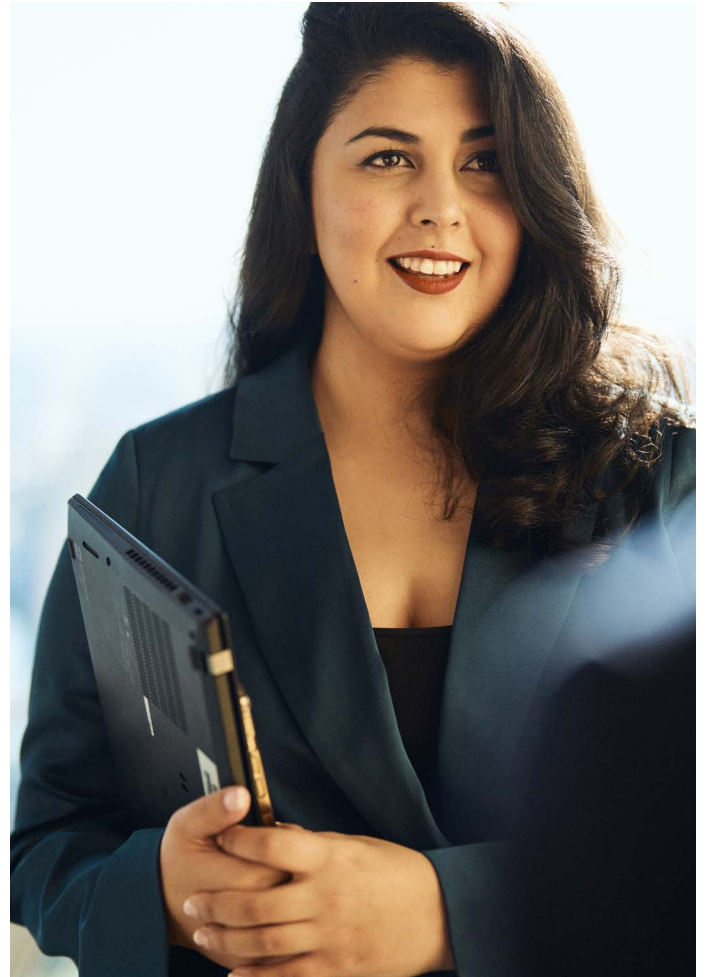
Equal opportunity

KPMG has continued its gender equity series in FY23 with two new public policy papers.

In July 2022, KPMG released [She's Price\(d\)less: The economics of the gender pay gap](#). In collaboration with the Diversity Council of Australia and the Workplace Gender Equality Agency, the report was the fourth in a series since 2009. The reports analyses the contributing drivers of the gender pay gap to explain why the gap exists, and where it needs to be addressed the most. This most recent report showed that the gender pay gap in Australia has remained stubbornly unchanged since 2019, and while there has been action across the public and private sectors to address this, there is a worrying trend in the rise of industry and occupation segregation.

In August 2022, we published [Budgeting for gender equity](#) which outlines how gender responsive budgeting (GRB) can act as a powerful enabler for the successful delivery of governments' gender equity strategies, both in terms of the direct impact on policy funding and the signal that it sends to the community about transparency and accountability.

KPMG also published [Towards a new and improved era in women's equality: Valuing unpaid work](#) in November 2022. The report highlights the failure to recognise the value of unpaid work, and outlines recommendations to reduce this inequality including the consideration of a Carers' Income Tax Offset, which would be credited against any income tax payable upon carers returning to work after caring for children, people with a disability or elderly parents, in recognition of the value of their unpaid caring work.



OUR PROSPERITY PROGRESS

Building Australia's international competitiveness

KPMG has continued to contribute to policy conversations in areas which are critical to Australia's competitiveness in the global market. This has included a number of submissions in the areas of AI, data and technology including Australia's cyber security strategy, data strategy, AI and automated decision-making regulation, and crypto. KPMG's broader work in this area is discussed under 'Technology and innovation'.

This year KPMG provided submissions to:

- [Measuring what matters](#)
- [Climate-related financial disclosure](#)
- [A range of crypto-related regulatory consultations, including crypto token mapping and the tax treatment of digital assets and transactions](#)
- [Automated Decision Making and Artificial Intelligence regulation](#)
- [Australian Data Strategy](#)
- [Australia's Cyber Security Strategy](#)
- [A migration system for Australia's Future](#)
- [Review of the Privacy Act](#)
- [The Australian Government's Employment White Paper](#)

Indigenous affairs

As an Elevate Reconciliation Action Plan (RAP) organisation, KPMG supported the Uluru Statement from the Heart together with other leading companies during National Reconciliation Week in 2019. During this year, we considered our approach to the debate on the upcoming referendum on constitutional recognition and The Voice to Parliament, with our Board and NEC listening to those on both sides of the debate.

Aligning with our support of the Uluru Statement and consistent with the commitments in our RAP, we subsequently publicly confirmed our decision to support a Yes vote as a signatory to Reconciliation Australia's [joint statement](#), released on 2 July 2023.

As a firm, we are proud to support a Yes vote in the referendum. We believe it is an important next step on a long journey towards a reconciled nation. A reconciled Australia is one where we recognise our shared past, present and future and where, in that future, the Voice of Indigenous Australians is heard, understood, and respected. We believe constitutional recognition and The Voice will lead to a stronger, fairer and better nation for all.

Importantly, we acknowledge that there will be different points of view, and we respect everyone's right to vote according to their own beliefs.

MATERIAL TOPICS ASSESSMENT

Understanding the material topics that matter to our business and our stakeholders

Our approach to materiality

This year, we reviewed and refreshed the list of material topics shared in our last impact report. In line with the latest Global Reporting Initiative guidance, we consulted senior leaders and subject matter experts within KPMG Australia and reviewed key documents, data and insights.

For the first time, we also interviewed external stakeholders specifically to inform a deeper understanding of our current and emerging ESG impacts. We engaged with clients, suppliers, alliance partners, and representatives of non-governmental and community organisations working across human rights, reconciliation, and the environment.

A range of inputs were collected to inform our material topics:

CLIENTS AND MARKETS

- Review of our latest CEO survey, ESG reports from Australian industry leaders, and client interviews.

EMPLOYEES

- Review of internal engagement surveys including our Global People Survey, research to inform our People Promise and engagement with the leadership of our People & Inclusion team.

PEERS

- Review of the topics raised by our international KPMG member firms, including KPMG International and our domestic and international competitors.

REGULATORS AND STANDARD SETTERS

- Review of guidance from ISSB, GRI, ASIC and CAANZ on the topics that impact professional services firms.

SENIOR LEADERSHIP

- Review of strategic risk documents and consideration of ESG risks, interviews with our Australian Chairman and National Executive Committee (NEC) members.

SOCIETY

- Review of media and public commentary, including monitoring emerging ESG topics of importance to society and our industry, review of independent trust research, and interviews with non-governmental and community organisations.

Our Impact Plan Steering Group, which is comprised of senior representatives from each of our four reporting pillars – Governance, People, Planet and Prosperity – reviewed the outputs of our material topics assessment and the prioritisation of our most significant impacts for reporting. Our Board and National Executive Committee (NEC) reviewed and approved this year's material topics and the commitments presented within this report.

As a result of our assessment, we added 'Talent Attraction' as new material topic and updated three existing topics to acknowledge new or potential impacts:

1. **'Continuous learning'** is now **'Continuous learning and future-ready talent'**, to reflect the growing importance of building capabilities within and outside KPMG by investing in the future of work skills and careers.
2. **'Innovation'** is now **'Technology and innovation'**, to highlight the convergence of new and emerging technologies such as generative AI, the metaverse and quantum computing, and our role in supporting their responsible adoption.
3. **'Community impact'** is now **'Societal impact'**, in recognition of our Purpose and our commitment to creating a fairer, more inclusive and more sustainable future.

OUR 12 MATERIAL TOPICS FOR 2023

GOVERNANCE

1

PURPOSE, VALUES AND CULTURE

Our Purpose – inspire confidence and empower change – is underpinned by our Values: Integrity, Excellence, Courage, Together and For Better. These guide our culture, the decisions we make, the work that we do and the way we behave with each other, our clients and all our stakeholders.

Our commitments:

- Always act with a clear Purpose.
- Drive a responsible tax practice.
- To lead the profession in audit quality.

2.

TRUSTED AND TRUSTWORTHY

Through clear and fit-for-purpose governance and by exhibiting the highest standards of personal and professional integrity in everything we do, we continue to build, preserve and strengthen trust.

Our commitments:

- Act lawfully, ethically and in the public interest.
- Respect human rights and work against corruption and modern slavery.

3

INFORMATION PROTECTION, DATA PRIVACY AND SECURITY

Our people, clients and other stakeholders entrust us with sensitive data and information. We continue to invest in the policies, processes, controls, training and capabilities to maintain stakeholder trust by ensuring we protect data and information against loss, misuse and exploitation.

Our commitment:

- Uphold the highest level of data and information protection, privacy and security.

PEOPLE

4

EMPLOYEE ENGAGEMENT AND EXPERIENCE

We continue to put our people at the heart of what we do through our ongoing listening strategy and act on opportunities to support and inspire them throughout their career at KPMG.

Our commitment:

- Provide a great people experience, built on our People Promise.

PEOPLE

5

INCLUSION, DIVERSITY AND EQUITY

We continue to actively support and accelerate inclusion, diversity, equity and belonging across our business – encouraging our people to ‘come as they are’.

Our commitment:

- Champion gender equality and create an inclusive and equitable culture for all.

6

EMPLOYEE HEALTH AND WELLBEING

Our holistic wellbeing approach provides the programs, resources, and tools for each person to achieve optimal health and sustainable performance in their personal and professional lives.

Our commitment:

- Protect the health and wellbeing of our people.

7

CONTINUOUS LEARNING AND FUTURE-READY TALENT

We focus on upskilling, reskilling and creating opportunities for our people to develop the critical skills they need to grow, lead and thrive in the future of work.

Our commitment:

- Foster a continuous and future-fit learning and development culture.

8

TALENT ATTRACTION

We continue to reimagine our talent attraction, recruitment and onboarding process to deliver an exceptional and seamless experience and access new, skilled and diverse talent.

Our commitment:

- Simpler, more inclusive recruitment processes to attract world-class talent.

OUR 12 MATERIAL TOPICS FOR 2023

PLANET	PROSPERITY		
<h2 style="font-size: 2em; margin: 0;">9</h2> <h3 style="margin: 0;">CLIMATE CHANGE AND ENVIRONMENTAL SUSTAINABILITY</h3> <p>We continue to collaborate and advocate alongside our people, clients, alliance partners, community organisations and NGOs to support our transition towards net zero and build a more sustainable and resilient future.</p> <p>Our commitments:</p> <ul style="list-style-type: none"> • Decarbonise our operations and supply chain towards net zero. • Support our clients’ and Australia’s transition to net zero. • Strengthen climate resilience with our people, clients and community partners. • Advance our commitment to circularity. • Understand and improve our impact on nature and biodiversity. 	<h2 style="font-size: 2em; margin: 0;">10</h2> <h3 style="margin: 0;">IMPACT OF OUR CLIENT WORK</h3> <p>We continue to deliver relevant, quality services that help build trust, transform businesses and create sustainable value for people, clients, communities and the environment.</p> <p>Our commitments:</p> <ul style="list-style-type: none"> • Strong economic contribution. • Exceptional client outcomes, through work that matters. 	<h2 style="font-size: 2em; margin: 0;">11</h2> <h3 style="margin: 0;">TECHNOLOGY AND INNOVATION</h3> <p>We are developing future capabilities, leveraging emerging technologies and investing in cutting-edge research and startups to help tackle complex business, societal and sustainability challenges.</p> <p>Our commitment:</p> <ul style="list-style-type: none"> • Build a thriving technology business and innovate with our clients, alliance partners, and the startup ecosystem. 	<h2 style="font-size: 2em; margin: 0;">12</h2> <h3 style="margin: 0;">SOCIAL IMPACT</h3> <p>Leveraging our people’s passion, expertise and time, we strive to create meaningful and lasting opportunities and positive change in our communities and to advocate for the issues that matter most.</p> <p>Our commitments:</p> <ul style="list-style-type: none"> • Create a fairer, more inclusive and more sustainable future for our communities. • Advocate on the issues that matter.

The UN Sustainable Development Goals (SDGs) most relevant to us:



SDG 5: Gender Equality



SDG 8: Decent Work and Economic Growth



SDG 10: Reduced Inequalities



SDG 13: Climate Action



SDG 16: Partnership for the Goals

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August, 2023. 1107366131BRAND.