



# 2014 KPMG Corporate Responsibility Highlights Report

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# A Message from John Veihmeyer and Kathy Hopinkah Hannan

At KPMG, we recognize the impact we can have as an organization, and this understanding drives our ongoing commitment to our people and the communities where we live and work. It's also the reason corporate responsibility is at the heart of KPMG's culture. Each year, all of our employees engage in activities to support our four corporate responsibility pillars: Integrity, Corporate Citizenship, Diversity & Inclusion and Living Green.

In 2014, we celebrated the fifth anniversary of our KPMG Family for Literacy (KFFL) program. Through this initiative, which is focused on helping to eradicate childhood illiteracy, KPMG has distributed more than 2.2 million new books to children with a lack of access to books. Through a "Reading Relay," KPMG's offices across the country conducted events at schools and organizations that serve children from low-income families. KPMG people and their families volunteered their time to transform classrooms and libraries into scenes from popular children's books, read to kids, and gave each student five new books to take home with them.

KPMG also received a Leadership in Energy and Environmental Design (LEED)\* certification from the U.S. Green Building Council for our 25th office this past year. Going forward, all of our major office renovations and new office construction will meet LEED standards. This has helped us reduce electricity usage and will continue to have a positive impact for many years to come.

We also took time to celebrate the individual and collective contributions our work makes to the broader world, by encouraging our employees to share their stories with us. We received more than 40,000 stories from our employees that expressed their "higher purpose" at KPMG and how they inspire confidence and empower change.

This report highlights these efforts and the many other ways that corporate responsibility flows through KPMG in our day-to-day interactions with each other, our clients, the communities in which we live and work, and the capital markets we serve. We remain committed and inspired to do so in the years ahead.



John Veihmeyer



Kathy Hopinkah Hannan

John

**John Veihmeyer**  
Chairman, KPMG International

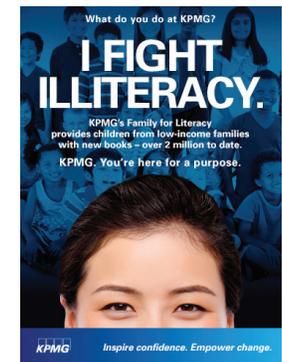
Kathy

**Kathy Hopinkah Hannan**  
National Managing Partner  
Diversity and Corporate Responsibility

At KPMG, we have always aspired to higher purpose. It is core to our culture.

In 2014, we invited our people to respond to the question, "What do you do at KPMG?" We provided tools for them to write and design posters capturing their sense of higher purpose.

To date, the people of KPMG have shared more than 40,000 stories. A great number are aligned with the four pillars that define our commitment to corporate responsibility. We are pleased to share several of them in this year's report.



\* LEED® is a registered trademark of the U.S. Green Building Council.

## KPMG AT-A-GLANCE

### HEADCOUNT

**TOTAL**  
PARTNERS &  
EMPLOYEES **27,102**  
**1,813** PARTNERS

### OFFICES

**101**

### REVENUE

**\$6.87B** (+12%)

### FEES BY SERVICE AREA



AUDIT **34%**  
TAX **28%**  
ADVISORY **38%**

## KEY METRICS

### CITIZENSHIP

FIRM CASH CONTRIBUTIONS\* VOLUNTEER HOURS  
**\$26,584,462** **123,813**

### DIVERSITY & INCLUSION

**63%** OF PARTNERS & EMPLOYEES ARE DIVERSE  
**158** DIVERSITY NETWORKS AND COUNCILS THROUGHOUT THE FIRM

### LIVING GREEN

**HALF** OF OUR EMPLOYEES WORK IN AN OFFICE THAT IS **LEED®-CERTIFIED**

**PAPER** CONSUMPTION **-29%** SINCE 2010 **-9%** VS. 2013

\*Includes contributions made via the KPMG Foundation and the KPMG Disaster Relief Fund.

KPMG’s corporate responsibility strategy—and the business decisions we make—are driven by four pillars: Integrity, Corporate Citizenship, Diversity and Inclusion, and Living Green.

This report highlights how we fulfill our corporate responsibility vision and commitment.



## Contents

Letter from John Veihmeyer and Kathy Hopinkah Hannan	1
2014 Corporate Responsibility Key Metrics	2
Integrity	4
Corporate Citizenship	7
The KPMG Foundation	11
Diversity and Inclusion	12
Living Green	18

Cover photo credits: Special Olympics volunteers by Michael A. Clubine; Woman reading to child by Justin Evans Photography; Outdoor classroom construction by Brandon Murray. Above: Photo by Brandon Murray.

All facts and figures are based upon FY 2014 KPMG activities unless otherwise referenced in the report.

## “I adopted an ‘integrity challenge’ to measure my own behavior.”

**Lisa Daniels, Managing Partner, Phoenix**

More than 100 CEOs and other business executives from public and private companies in Phoenix gather annually for an “Integrity Summit.” This extraordinary event assembles politicians, including the governor, as well as other civic and academic leaders for a day-long symposium focused on the critical role of ethical behavior.

For the 2014 event, conference organizers tapped Lisa Daniels, managing partner of KPMG’s Phoenix office, as a featured speaker. During her address, Daniels shared data from the latest KPMG Integrity Survey\* on corporate fraud and misconduct, and findings from personal analysis.

The KPMG Integrity Survey was based on interviews conducted with more than 3,500 U.S. working adults employed in a wide variety of industries, in a full range of job functions and levels. She noted “this study found ‘pressure to meet financial targets’ was the leading driver of misconduct in business—even more than personal gain.”

Daniels also explained her self-test. “Before the summit,” she said, “I adopted an ‘integrity challenge’ to measure my own behavior.” For 30 days, she:

- Logged the times she talked about ethics or integrity in team meetings; and
- Recorded how often she mentioned ethics during meetings about financial targets, because the study identified pressure regarding these targets as one of the drivers triggering wrong choices.

As the leader of more than 200 people in KPMG’s Phoenix office, Daniels is responsible for setting the ethical tone and was surprised at the results of her personal challenge. During the 30 days, she realized she mentioned integrity in one out of five team meetings and in just six of 21 meetings about financial targets.

As a call to action, Daniels challenged everyone at the summit, including herself and her KPMG team in Arizona, to regularly include integrity in discussions with colleagues—especially when discussing financial matters.

“After I spoke, one of the CEOs in attendance told me how much he personally appreciates our commitment to ethics and integrity,” Daniels noted. “I’m keenly aware that it is not possible to be a public accounting firm, like KPMG, without integrity.”

*Above right: Lisa Daniels stands with (left to right) Doug Ducey, Governor of Arizona; Jerry Colangelo, former owner of the Phoenix Suns; Russ Johnson, CEO of Merchant Information Systems; and Gregg Ostro, CEO of GO Media.*



## Integrity

At KPMG, we strive to create and sustain an ethical culture in which everyone embraces a sense of personal responsibility for doing the right thing in the right way.

Our culture of professionalism and integrity is supported by the ethics and compliance program, which guides our people as they do their jobs through:

- A meaningful governance framework, resources and tools;
- Training and communication; and
- A robust compliance structure.

Everyone is encouraged to ask questions and report concerns. Retaliation of any kind is strictly prohibited.

At KPMG, we are proud of our commitment to ethics and integrity, and we have embedded our core values into all aspects of our business under the following guiding principle:

“Above all, we act with integrity.”

\* The KPMG Integrity Survey 2013 is available at <http://www.kpmg-institutes.com/institutes/advisory-institute/articles/2013/07/integrity-survey-2013.html>

## Above all, we act with integrity.

Every individual is responsible for reporting conduct that is inconsistent with any law, regulation, professional standard, KPMG policy or our core values. We provide many confidential channels for reporting issues, including anonymous options. And we proactively seek to protect from retaliation anyone who reports misconduct.

KPMG's Code of Conduct is at the heart of our ethics and compliance program. It helps us articulate our standards of behavior as we approach our work with professionalism and integrity.

All new hires receive training on the Code of Conduct upon joining KPMG. Then, every two years thereafter,

we refresh all of our professionals' understanding with online training on the Code, ethical decision making, and relevant compliance areas. This training qualifies for Continuing Professional Education credit.

At the time of hire, and each year thereafter as part of an annual confirmation process, all of our people affirm in writing that they have reviewed the Code, understand it, and agree to adhere to our core values, shared responsibilities, global commitments, and promises. Further, at various touch-points—from recruiting and orientation through ongoing performance management and critical career milestones—we reinforce KPMG's expectations.

KPMG's governance structure provides checks and balances at every level to help ensure transparency and objective monitoring of our actions and culture. This structure includes:

- Oversight by the Legal, Risk and Regulatory Committee, which is the principal management-level structure through which the ethics and compliance program is designed, implemented, and evaluated

for effectiveness. Compliance-related issues flow up to KPMG's Board of Directors through this committee;

- The Chief Compliance Officer who is responsible for day-to-day execution of the program; and
- A Management Review Panel (MRP) that monitors discipline and other remedial actions taken in response to substantiated incidents of noncompliance with applicable law, regulation, or firm policy, and helps ensure fairness and consistency of remedial actions across the firm. The MRP is comprised of senior leaders from all functions within KPMG.

Further, the Professional Practice, Ethics and Compliance Committee of KPMG's Board of Directors reviews and is ultimately responsible for the organization's ethics and compliance strategy.

Through our people, programs, and policies, we have made it a priority to ensure we have an ethical culture in which everyone embraces a sense of personal responsibility for always doing the right thing in the right way.



An "ombudsman" role in business is defined as a designated neutral party, who functions with a degree of independence so that he/she can investigate and address potential violations. The ombudsman needs to be high-ranking.

Jose Rodriguez, an Audit partner and the COO of Global Audit for KPMG LLP, has many roles including serving as the firm's ombudsman. In this role, he is an additional "channel of communication" for KPMG personnel to report any potential issues specifically involving audit engagements for clients who are public companies—regulated by the United States Securities and Exchange Commission (SEC)—within the U.S. and their foreign operations.

Regarding these matters, Rodriguez reports directly to the Chairman of KPMG and operates under the firm's principles of confidentiality and non-retaliation. When investigating potential issues, Rodriguez assembles an internal investigation team based on the nature of the case.

"The markets and individual stockholders rely on us to maintain the highest standards of ethics and integrity when conducting audits for publicly traded companies," Rodriguez explained. "Having an ombudsman role dedicated to addressing any questions or concerns related to SEC clients is another way we demonstrate our commitment to those standards and honoring the trust placed in us."

### Incident Reports\*



REPORTS RECEIVED AND INVESTIGATED BY VARIOUS RESOURCES UNDER THE AUSPICES OF THE CHIEF COMPLIANCE OFFICER



OF THESE REPORTS WERE MADE THROUGH KPMG'S ETHICS AND COMPLIANCE HOTLINE



OF HOTLINE REPORTS WERE MADE ANONYMOUSLY

### Actions Taken\*

As a result of issues raised in the reports received, the top actions taken for substantiated cases included counseling, additional training, reprimands (written and verbal), separation from the organization (terminations/resignations), and reductions to compensation, performance rating, and/or bonus.

\*Between October 1, 2013 and September 30, 2014

## “I make it clear that we actively monitor for any negative consequences.”



Above: Shira Spier

**Shira Spier**, Senior Associate, Human Resources, New York

As the human resources (HR) professional supporting two major Tax practices in the New York metro area, senior associate Shira Spier understands that raising concerns regarding integrity and ethics takes courage.

“When employees raise concerns about inappropriate behavior, they may be scared that their career could suffer as a result,” Spier explained. “As an HR professional, it’s my job to conduct a thorough investigation, which may involve talking to those involved in the alleged misconduct.”

To reassure employees who raised their concerns, Spier takes extra time to fully explain KPMG’s anti-retaliation policy and robust monitoring process. “I make it clear that we actively monitor for any negative consequences, whether they are formal, such as a bad engagement review, or subtle, like being excluded from social events. I find that employees often feel better when I explain the policy and process,” she said. In fact, KPMG’s anti-retaliation monitoring is recognized among ethics professionals as a best practice model.

It starts with the policy: KPMG does not tolerate retaliation against anyone who, in good faith, reports potential misconduct or otherwise participates in an investigation. “This commitment holds even if we cannot find sufficient evidence to substantiate the concern,” Spier added. KPMG will take appropriate action against anyone found to be engaged in retaliation, and will take steps to monitor identified reporters, witnesses and other investigation participants for possible retribution. The KPMG Ethics

and Compliance Group analyzes key career metrics (e.g., performance evaluations, compensation awards, career progression, and productivity) for indications of potential reprisals.

Spier takes pride in how KPMG cares about our employees and follows up after a case is closed. “Prior to joining the firm, I had seen some organizations that didn’t have our level of focus on ethics,” she concluded. “These policies are an important reason why I joined KPMG and I’m proud of our commitment.”

## Firmwide training shows integrity in daily work life

KPMG’s global core value of acting with integrity was featured in the required firmwide ethics and compliance training in 2014. Every partner and employee completed the web-based course.

“This interactive course allowed people to apply their knowledge to ethical dilemmas on a variety of topics,” said Sven Holmes, vice chairman—Legal, Risk and Regulatory. “The training helps remind everyone of the impact of their conduct.”

The course achieved high feedback scores, with more than 95 percent of participants agreeing that “my work environment will support me in applying my learning.” Employees noted that the real-life scenarios, actual cases and statistics were engaging because they were not hypothetical situations.

## “KPMG is helping to instill a love of reading.”

**Mary Jo Eldridge**, Principal, Longview Elementary School, Phoenix

“It was like you had given them a million dollars. They were that excited,” said Mary Jo Eldridge, principal of Phoenix’s Longview Elementary School, when talking about the children’s reaction to a library renovation and gift of 5,000 new books from KPMG. Longview was one of the schools to benefit from KPMG’s “Inspiring Win” program this year.

Inspiring Win is part of KPMG’s Family for Literary (KFFL) Blue for Books program. Each time KPMG brand ambassadors Stacy Lewis or Phil Mickelson wins a golf tournament, a school is identified in the tournament city to receive 5,000 new books and enhancements to its library. Since its inception in 2013, nine schools have benefited and 45,000 new books have been donated through this program.

Over the course of one weekend at Longview, KPMG volunteers transformed the library. Improvements included freshly painted walls, new chairs and ottomans, framed inspirational quotes, and enhanced reading and audio areas.

Following the project, all 680 students were invited to select two to three new books to take home. “Many of these kids come from low-income families where English is not the first language. Being able to select a new book to take home was a big deal for them,” Eldridge said.

“Through the Inspiring Win program, KPMG is helping to instill a love of reading,” concluded Eldridge.

Above right: Mary Jo Eldridge (far left), principal of Longview Elementary School, poses with children and staff. Kiffle, KFFL’s official mascot, helped the school celebrate. Photo by Erika Keel.

Below: KPMG volunteers reading with children in Longview Elementary School’s newly improved library. Photo by Erika Keel.



## Corporate Citizenship

Our commitment to the communities where we live and work is broad and impactful. At KPMG, we provide resources and support that empower and enable our people to demonstrate our core value of giving back to our communities.

We...

- Offer volunteer time release, which provides 12 hours of paid time off annually for individuals to volunteer;
- Leverage our talents and experience through skills-based volunteerism and nonprofit board service; and
- Practice philanthropy and corporate giving through our strategic alliances with nonprofits.

“We are committed to our communities.”

READ MORE 

# We are committed to our communities.

**KPMG** PAVING THE ROAD TO SUCCESS FOR TOMORROW'S LEADERS.



Through the strategic relationships established with various nonprofits focused on education and youth, KPMG has built an Education Continuum that impacts a student's education from early childhood through adult learning. Our intent is to help create a diverse talent pipeline of college and career-ready graduates.

KPMG's Education Continuum begins at the pre-kindergarten to fifth-grade level with a focus on literacy through KPMG's Family for Literacy (KFFL) program, expands to middle school with Junior Achievement's *JA Finance Park*\* program, and continues in high school through the National Academy Foundation (NAF) career-themed schools. Our commitment extends into college and beyond, helping diverse doctoral students through the PhD Project.

## KPMG's Family for Literacy (KFFL)

KPMG's Family for Literacy is an award-winning program that provides children from low-income families with new books—and in many cases, their very first book. In collaboration with First Book,



an award-winning nonprofit social enterprise with over two decades of experience in delivering new books to children in need, KPMG has reached far and wide to help eradicate childhood illiteracy. The success of KFFL has been achieved by harnessing the energy and enthusiasm of KPMG's extended family including our partners, employees, spouses, family members, interns and retirees, as well as professional golfers and KPMG brand ambassadors Phil Mickelson and Stacy Lewis.

Since its inception in 2008 to 2014, KFFL has provided more than 2.2 million new books to children in need in more than 100 communities across the United States. Global expansion has begun in India, Mexico, South Africa and the United Kingdom. (For more information on KFFL, see "Reading Relay" on Page 9).

## Junior Achievement (JA)

In addition to the more than 50 KPMG professionals serving on local JA boards across the country, professionals from almost 60 KPMG U.S. offices donated over 15,000 hours, and the firm and its employees contributed more than \$685,000 to JA through corporate philanthropy and fundraising events in FY 14. These efforts complement major financial support provided by the KPMG Foundation.

KPMG played an integral role in supporting the redevelopment of the *JA Finance Park* program, which now features a new digital curriculum and accompanying technology. *JA Finance Park* is one of JA's most successful programs with more than 1 million students across the United States having completed this hands-on curriculum. The new digital curriculum and custom software, made possible through the support of the KPMG Foundation, allows students to engage in real-world financial activities such as online banking and paying bills via tablet PCs, while learning about concepts like insurance, credit and long-term investments.



## National Academy Foundation (NAF)

NAF is an acclaimed national network of career-themed high schools whose curriculum is developed with input from industry and educational experts with a focus on workforce readiness. KPMG supports NAF's Academies of Finance by helping to shape its accounting curriculum. In addition, KPMG employees share their knowledge with students through work-based learning experiences including job shadowing, mock interviews, resume reviews, and paid internships. In FY 14, KPMG hired more than 20 NAF interns, and KPMG professionals served on local NAF Advisory Boards. A KPMG partner also serves on NAF's National STEM (science, technology, engineering and math) Advisory Committee.



## Employee volunteerism

KPMG teams with many national nonprofit organizations on events, volunteer activities, and fundraising efforts through our community involvement program, "Involve." Involve provides a framework that supports and enables our local offices to tailor their activities to meet the needs of their communities and engage employees. In FY 14, KPMG volunteers provided nearly 124,000 hours of service at nearly 900 events, a 13 percent increase in time over FY 13.

## Corporate philanthropy

Our charitable giving aligns with our support of youth education and includes the following forms of giving:

- Organization contributions;
- Funding through the KPMG Foundation (see Page 11) and the KPMG Disaster Relief Fund;
- Funds raised through Involve activities and the Community Giving Campaign.

\* *JA Finance Park*® is a registered trademark of Junior Achievement USA®.

## KFFL celebrates 5 years with coast-to-coast “Reading Relay”

KPMG’s Family for Literacy (KFFL) commemorated five years of combating childhood illiteracy with a coast-to-coast firmwide “Reading Relay.” As part of the Reading Relay, KPMG’s offices across the country conducted events at schools and organizations that serve children from low-income families at which KPMG people, spouses, other family members, and alumni volunteered their time to read to children and give each student five new books—called the First Five Collection—to take home with them. School cafeterias and libraries used for Relay events were transformed, bringing the imaginary environments depicted in Collection books to life.

The First Five Collection, which represents the favorite children’s books of KPMG people, were given on behalf of every KPMG employee.

Over the course of six weeks, KPMG volunteers distributed 140,000 new books to nearly 30,000 children.

At one of the final Reading Relay events in San Diego, KPMG volunteers were joined by NBA Hall of Fame legend Bill Walton, as well as the family of KPMG brand ambassador Phil Mickelson. Together, they created a day of reading, arts and crafts and held a “wild rumpus” with students.

“Our whole office participated in assembling the book bags and painting life-sized creations from the story, ‘Where the Wild Things Are,’” said Beth Altman, San Diego office managing partner and KFFL partner champion. “This effort engaged our employees and raised the level of awareness of KFFL and the work we are doing to support literacy.

“We were able to get the children excited about reading and the places their imagination can take them,” Altman added. “The children were so proud to have books to call their very own.”

Top left: KPMG Deputy Chairman and COO P. Scott Ozanus joined the Reading Relay event in San Diego.

Middle left, top right: Around the country, children were thrilled to receive their First Five collection of favorite children’s books as voted on by KPMG’s people.

Bottom: San Diego office managing partner Beth Altman (back row, far left) and KPMG volunteers are joined by children at Education Enrichment Systems, a local early childhood education center. Kiffle, KFFL’s kangaroo mascot, joined several events across the United States.



# “I do this because I yearned for professional guidance in high school.”



**Daniel Zamora, Senior Manager, Audit, Miami**

Imagine, in just one month, conducting 45 mock interviews with high school students on top of your full-time job. For most, the task would be a chore, but for KPMG Audit senior manager Danny Zamora, the interviews are a labor of love.

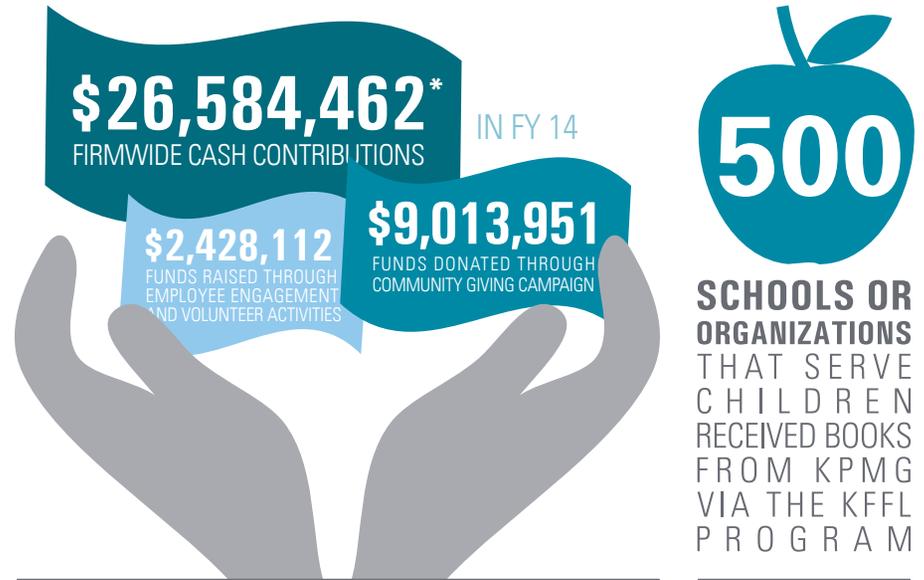
The son of Cuban immigrants, Zamora understands firsthand the challenges that face first-generation high school students in his community. So, when he was invited three years ago by KPMG Miami office managing partner Roddy Melendez to become a member of the local Advisory Board for the National Academy Foundation (NAF), he quickly accepted the invitation.

In South Florida, Zamora coordinates NAF work-based learning experiences, including job shadowing, mock interviews, guest speaking, and resume reviews for students at Coral Gables High School (CGHS) in Miami-Dade County.

Last summer, he helped create a program that connected CGHS students with the dean of accounting at Florida International University, which resulted in 20 students participating in the college’s accounting bridge program. The program included two days of on-campus events and visits with local industry representatives to learn about careers in engineering, accounting, and healthcare, among others.

“The students tell me how beneficial the program is and the impact it has made on them,” Zamora said. “The guidance they receive expands their horizons and provides them skills that set them apart from their peers. They are extremely grateful.”

Above: In addition to his work with students, Daniel Zamora serves on the local advisory board for NAF and the Board of Directors for Junior Achievement in South Florida.



\*Includes contributions made via the KPMG Foundation and the KPMG Disaster Relief Fund.  
\*\* KPMG's Volunteer Time Release program annually provides employees with up to 12 hours of paid time during normal business hours to conduct volunteer activities.

# The KPMG Foundation: building a pipeline of diverse talent

## KPMG FOUNDATION AT-A-GLANCE (FY 14)

**\$5,683,743**

MATCHING GIFTS TO COLLEGES AND UNIVERSITIES



THE PHD PROJECT ASSOCIATION  
**\$250,000**



**GRANTS** JUNIOR ACHIEVEMENT  
**\$250,000**

NATIONAL ACADEMY FOUNDATION  
**\$250,000**

COMMUNITY ORGANIZATIONS  
**\$177,000**

ACADEMIC ORGANIZATIONS  
**\$804,427**



AICPA ACCOUNTING DOCTORAL SCHOLARS PROGRAM  
**\$190,000**

**\$440,000** MINORITY ACCOUNTING DOCTORAL SCHOLARSHIPS

The KPMG Foundation, established in 1968, helps KPMG build a pipeline of diverse talent for our organization and the profession.

KPMG and its Foundation collaborate to create a meaningful impact for students at every stage of the educational process. While the firm focuses resources on programs that support students from pre-kindergarten through high school, the Foundation's primary emphasis on investment and involvement at the college and university levels rounds out the effort, ensuring that together we empower students at each step along their education path.

Through a matching gifts program, the Foundation augments gifts from KPMG partners, employees and retirees for designated colleges and universities. The investments help address the schools' greatest needs, build long-term relationships and maximize the impact of individual contributions.

Premier programs funded by the Foundation include:

- The PhD Project**—This program is designed to increase the diversity of business school faculty. The Project's mission is to attract African-Americans, Hispanic-Americans, and Native Americans to business doctoral programs and provide a network of support to recipients during their doctoral programs. Since its inception in 1994, the Project has more than quadrupled the number of minority business professors from 294 to 1,274, with 300 doctoral students in the pipeline.
- KPMG Professorships**—Established in 1974 with four professorships, the KPMG Foundation today supports 52 positions at nationally recognized business schools across the United States. KPMG Professorships enable business schools to attract and retain top talent in the fields of accounting, auditing and tax.

### Creating linkages

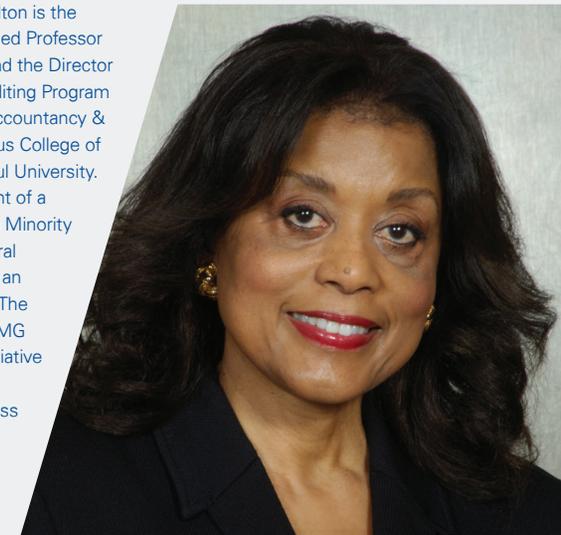
KPMG and the Foundation also collaborate to multiply our impact at the primary and secondary levels by creating linkages to college and university students and instructors. For example, the Foundation:

- Enlists college faculty from The PhD Project to enhance accounting education at the high school level through the National Academy Foundation (NAF) Academies of Finance. The Foundation is also a major donor to NAF.



- Supports financial literacy through Junior Achievement, where it has committed \$1.75 million over six years to enhance the preparation of young people, primarily in middle school, for careers in business.
- Creates opportunities for college and university students to participate in community service. The Foundation links students in the Beta Alpha Psi (BAP) Chapter Activity Program with KPMG Family for Literacy volunteers to give away new books to children in need. BAP's Chapter Activity Program encourages community involvement for financial information students and professionals. The Foundation is BAP's largest supporter.
- Provides major support for Campus Compact, a national coalition of more than 1,000 colleges and universities representing some six million students. Campus Compact is the only national higher education organization dedicated solely to campus-based civic engagement, promoting public and community service to develop students' citizenship skills and help campuses connect meaningfully to their communities.

Right: Sandra Shelton is the KPMG Distinguished Professor of Accountancy and the Director of the Internal Auditing Program in the School of Accountancy & MIS at the Driehaus College of Business at DePaul University. She was a recipient of a KPMG Foundation Minority Accounting Doctoral Scholarship and is an active member of The PhD Project, a KPMG Foundation-led initiative to increase the diversity of business school faculty.



# “It’s wonderful to see our people donate their time and resources to support the mission of the Special Olympics.”

**Dana Foote**, Audit Partner, Kansas City

Special Olympics has a special place in the hearts of many people at KPMG. Since 2009, KPMG has served as a Founding Partner of the Special Olympics USA Games and a corporate sponsor of the National Invitational Golf Tournaments. Our people regularly volunteer at Special Olympics events, lending their time, talents and resources to support the organization’s mission.

KPMG’s long-standing relationship with the Special Olympics reached new heights when combined contributions from the firm and our people to the 2014 U.S. National Games topped \$550,000 and 230 KPMG employees and their family members volunteered at the National Golf Invitational in West Windsor, N.J.

For Dana Foote, the driving force behind KPMG’s national relationship with Special Olympics, the accomplishment is gratifying. “KPMG has supported the Special Olympics since 2009 and in that time, our financial support of the organization has increased tenfold,” said Foote, an Audit partner in Kansas City.

“It gives athletes ongoing opportunities to develop physically, demonstrate courage and share their gifts, skills and friendship with their families, other athletes and the community,” she added.

Foote herself has a hidden disability that she discusses openly and freely, serving as a role model and mentor for others in the firm. “In 1998, I was diagnosed with multiple sclerosis (MS), and early on, I tried to hide it—sometimes even working with an intravenous pump hidden in my shirtsleeve,” she explained.

Once she became a partner, Foote felt responsible as a leader to talk openly about MS. “All my supervisors have been incredibly supportive, and with the firm’s backing, I’ve succeeded on the strength of my skills and abilities,” she said.

Foote channeled her passion for service and her desire to raise the visibility and awareness of people with disabilities through the creation of the firm’s Abilities in Motion (AIM) Network. Foote co-founded AIM in 2007 with the goal of affirming KPMG’s mission to foster an environment that supports people who have a disability, or who have a child or other family member with special needs, as they build their careers. She now serves as a member of the network’s Advisory Board. Today, more than 900 KPMG employees are members of AIM’s 12 chapters.

When Foote reflects on her career at KPMG she says, “I’m living proof that there’s no limit to what people with disabilities can achieve at KPMG, and the value they can contribute to our organization.”

*Above right: Dana Foote, left, works with volunteers at the Special Olympics U.S. National Games. Photo by Michael A. Clubine.*



## Diversity and Inclusion

At KPMG, diversity and inclusion are woven into everything we do. We know that every individual in our organization adds value and contributes to our ability to provide exceptional service to our clients.

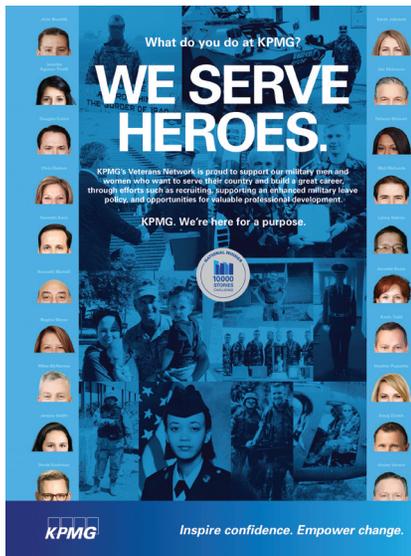
We...

- Seek out, engage and recruit top-performing diverse individuals to join us;
- Invite professionals into career-enriching opportunities through networking, mentoring, KPMG-sponsored events, professional organizations, and community involvement;
- Support diversity and inclusion through a strong national infrastructure; and
- Pursue and support vendor relationships with businesses of diverse ownership.

“We respect the individual.”

READ MORE 

# We respect the individual.



Members of KPMG's Veterans Network responded to the question, "What do you do at KPMG?" with the answer, "We serve heroes" in this winning poster for our "Higher Purpose" project.

In an effort to serve military spouses, the Veterans Advisory Board (VAB) expanded in 2014 by launching the Military Spouses Group as part of each of the 17 local Veterans Network chapters.

Jessica C. Smith, associate director, KPMG Learning in Orange County, and Chris Elefson,

manager, Firmwide Security in Indianapolis, led the charge. Both Smith and Elefson are members of the VAB. Smith explained the thinking behind the spouses' group. "Being a spouse to an active duty military member while working fulltime at KPMG comes with its own unique set of challenges. Our group was founded to not only identify and build firm awareness of those challenges, but also to develop lasting solutions," Smith said.

At KPMG, diversity and inclusion are paramount to our success as a firm, and we strive to foster a culture where all of our people can reach their full potential. By valuing and embracing the differences in experience and background that our employees bring to their work, we continue to attract the best and brightest. KPMG's diverse and inclusive culture is a business imperative and supported by our values and clients. Our success depends on it.

To support our efforts, we form alliances with premier diverse organizations and programs.

To achieve this vision our leaders focus on three key goals:

- Talent development—hire diverse professionals and provide development to ensure potential for retention and advancement;
- Office advocacy—allocate resources at the local level that engage and inspire inclusion and awareness; and
- Marketplace engagement—align our talents with community and business relationships to foster collaboration with the clients we serve.

KPMG views its diversity and inclusion commitment as a talent sustainability strategy—the ability to retain and credential a diverse workforce for long-term sustainability of the enterprise. Through our goal-setting process, every individual is asked to

identify ways to contribute to building an inclusive culture. Their goals include a myriad of activities from mentoring people different from themselves to engaging in campus and other recruiting opportunities.

Key learning opportunities enrich our talent and development programs and encourage our people to respect individuals and foster leaders who are inclusive managers.

Diversity and inclusion is supported by a strong national infrastructure including our Diversity Advisory Board (DAB). Comprised of senior leaders who serve as the executive sponsors of the firm's seven national Diversity Networks, the DAB helps ensure that KPMG continues to support a talent management strategy that drives accountability and supports an inclusive culture.

KPMG's Diversity Networks and Diversity Councils provide employees with exceptional opportunities to participate in development programs, connect with mentors and sponsors, demonstrate leadership skills, broaden professional experiences and build career-enriching relationships. In FY 14, we expanded the total number of local network chapters and councils to 158 from 140 in FY 13. These networks and councils engage 40 percent of our people and execute a national strategy across local offices and communities.

## Diversity Advisory Board invests in talent

Cultivating talent and building a pipeline of professionals with a balanced combination of outstanding technical and leadership skills is the goal of all KPMG career-stage investments for employees. Specific to our diverse talent, KPMG is moving at full speed to develop leaders through programs and initiatives sponsored by our network advisory boards.

National career growth and development opportunities are specifically designed for consistently high-performing and high-potential diverse professionals. Activities include participation in leadership development experiences, networking events with senior management, and skills enhancement that strengthens business acumen, client service, strategic networking and ability to develop and lead high-performing teams. Our robust training ensures that KPMG builds a talented, accomplished team of professionals able to meet the complex business challenges of our clients.

Among the leadership development activities in FY 14, the network advisory boards developed



Left: Jela Foote

four significant programs in support of our talent sustainability strategy. Specifically:

- The African American Network Advisory Board hosted a Leadership Insights Summit to enhance the development of senior managers and directors to ensure their readiness as partner and managing director candidates.
- The Asian Pacific Islander Network Advisory Board held the Leadership Development Series for senior managers and directors to enhance leadership acumen and approaches for dispelling cultural myths.
- The Women's Advisory Board hosted the Stacy Lewis Rising Stars event to cultivate high performing senior managers and directors and ensure their readiness for advancement. (See Page 15)
- The pride@KPMG Advisory Board sought nominees for its P15 Leadership Council, which supports LGBT leaders by creating talent-centric priorities to improve the recruitment and retention of LGBT professionals while promoting educational awareness.

Among the participants was Jela Foote, an Advisory managing director from Philadelphia who attended the Leadership Insights Summit. "This program gave me confidence in my ability to be successful at the next level and helped push me forward on a promotion opportunity. The program provided me with tools to use at the next level to achieve that success. The contacts I met and networking opportunities available from the event have benefited me greatly," Foote noted.

KPMG's seven national Diversity Networks provide employees with exceptional opportunities to participate in development programs, connect with mentors and sponsors, demonstrate leadership skills, broaden professional experiences, and build career-enriching relationships.



## “This program has helped to catapult the firm’s female leadership.”

**Debbie Heard**, Tax Managing Director, Silicon Valley and **Nadia Matthie**, newly promoted Partner, New York

Thrilled to be invited by Tax national managing partner Laura Newinski to the Stacy Lewis Rising Stars event for high-performing women, Debbie Heard, Tax managing director in Silicon Valley, kept the voicemail invitation as a reminder. “I was so excited, I saved the voicemail.”

Rising Stars is a two-day professional development and recognition event sponsored by KPMG’s Women’s Advisory Board for future leaders of the firm. Attendees are selected based on their high performance and dedication to clients and fellow professionals. Through Rising Stars, KPMG helps these women continue to build their expertise, meet senior management, engage in vital strategic networking and develop even more ways to contribute to the success of KPMG.

Heard was one of 25 women selected to participate. “It was an honor and a huge surprise to realize that we would be networking with senior leaders,” she said.

Nadia Matthie, a recently promoted Audit partner from New York, also attended.

An 18-year veteran of KPMG, Matthie noted the continued commitment of the firm to developing female leaders. “This program has helped to catapult the firm’s female leadership. We are being supported and are moving forward in our careers. I call it the ‘Sister Circle.’”

Heard and Matthie have developed a close relationship despite the distance between California and New York as a result of this program. “I call Debbie for personal and work-related help all the time and vice versa,” Matthie said. “Our mutual mentorship is one of the great benefits I got from Rising Stars.”

## Leadership development, training and mentoring across KPMG

KPMG excels in leadership development and training programs, and sustains an active learning and development curriculum for all of our professionals. Overall, our client service professionals earned an average of more than 55 Continuing Professional Education (CPE) credits per person in FY 14, above the industry requirement of 40 credits annually. Each CPE credit equates to roughly one hour of training. In the same time period, KPMG itself offered more than 5,000 sessions of 2,861 instructor-led courses and access to a library of nearly 1,900 electronic courses available on demand.

Mentoring relationships augmented our online and classroom training during FY 14 by providing important relationships and opportunities for one-on-one advice and counsel from senior leaders. In total, more than 37 percent of our employees identified a mentor, and 20 percent of all professionals (partners and employees) mentored another employee. Altogether, 10,355 of our professionals benefited from an individual relationship with a mentor during the fiscal year.

Recognition of the firm’s commitment to learning aids our ability to recruit and retain high-performing talent. In 2014, *Chief Learning Officer* magazine named KPMG one of the top ten “LearningElite” companies in the U.S.



Far left: Nadia Matthie with Stacy Lewis

Left: Debbie Heard with Stacy Lewis

“Our ability to successfully sustain a high-performance culture requires that our people be as diverse as the clients we serve, and the communities in which we live and work.”



BOARD OF DIRECTORS  
**29% DIVERSE**  
AS OF OCT 1, 2014

PROCUREMENT:  
**23%** OF TOTAL SPEND  
WITH SMALL AND/OR DIVERSE BUSINESSES



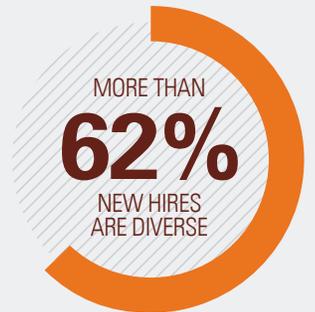
**40%**  
OF PARTNERS AND EMPLOYEES ARE ENGAGED IN DIVERSITY NETWORKS



**4** NETWORK ADVISORY BOARDS OFFER **LEADERSHIP** DEVELOPMENT

**158**  
**DIVERSITY NETWORKS AND COUNCILS**

**DIVERSITY NETWORK MEMBERSHIP** FY14 VS. FY13  
**OVERALL GROWTH +42%**



**46%**  
OF EMPLOYEE DIVERSITY NETWORK LEADERS RATED **HIGH PERFORMERS** IN FY 14



KPMG TRAINING SUPPORTS INCLUSIVE CULTURE:  
**RESPECT AND DIGNITY, LENS OF INCLUSION, STRAIGHT FOR EQUALITY, & DISABILITIES ETIQUETTE AWARENESS TRAINING**



## “I believe strongly in the importance of diversity: it enables us to bring diverse teams and perspectives to serving our clients.”

**Andy Gottschalk**, Advisory Partner, Chicago and **Kurt Gabouer**, Audit Partner, Chicago

As the newly designated champions for the Chicago office chapters of the African-American Network (AAN) and the Hispanic Latino Network (HLN), partners Kurt Gabouer and Andy Gottschalk are bringing fresh enthusiasm and energy to KPMG’s culture of inclusion while humbly learning of other people’s experiences.

Gottschalk is working with the HLN steering committee to support networking within and outside of KPMG. “We support employee participation in civic volunteering activities, and create networking events with peers from our clients, prospective clients and other organizations to build meaningful relationships,” Gottschalk said. “We’re also kicking off an informal mentoring structure within the group to help support career advancement.”

AAN’s Gabouer finds the 100-plus member network energizing. The group is highly active: forming committees to pursue priority goals, such as strengthening business skills, engaging with

premier organizations like the Chicago Urban League and Chicago United, and developing leadership competencies. “I believe strongly in the importance of diversity and inclusion: it enables us to bring diverse teams and perspectives to serving our clients, and enhances our ability to attract and retain the best talent,” Gabouer said. “Personally, I love the energy and enthusiasm, and I’m enjoying the opportunity to meet and work with professionals from so many levels and practice areas within the firm.”

Gottschalk and Gabouer share another bond: both were recruited for their roles by Reginald Reed, Audit partner in the Chicago office. Reed, who is African-American, convinced them that they were the best choices for the leadership roles. “I’ve had long-standing relationships with both Andy and Kurt,” Reed said. “I could tell they are natural leaders and very supportive of diversity and inclusion.”

Gabouer sees his involvement in AAN as an example of the network succeeding in its mission. “We make it clear that you don’t need to be a member of a group to participate in a network. Diverse membership in these groups brings new perspectives and makes them stronger,” he said. “At the same time, I’m working with new and diverse people from all levels of our organization, and growing personally in the process.”

Gottschalk agrees. “When Reggie first approached me, I wondered if I fit the profile. Yet through HLN and all of the diversity networks, we want to include everybody—no one is excluded,” he concluded. “When I thought about that, I thought, ‘I am the right person for this role.’ ”

Below: Chicago partners and Chicago-office diversity champions Andy Gottschalk, left, and Kurt Gabouer.



## “We could create an entire outdoor classroom to help the children experience and engage with nature.”

**Zuzanna Fahey**, Manager, KPMG Business School—Audit, Montvale, N.J.

The Campus Fun and Learn Child Development Center (CFL) is a frequent and favorite stop for volunteers from KPMG’s Family for Literacy (KFFL) Montvale, N.J. chapter. Located on a State University of New York community college campus, the center serves nearly 100 children from six weeks to five years of age, and nearly 70 percent are from low-income families.

During a KFFL visit in early 2014, volunteers noticed the center’s playground was little more than a dirt field. Sensing an opportunity to improve this setting, they engaged members of the local Living Green chapter to help explore options.

Zuzanna Fahey, manager in the KPMG Business School and a Living Green committee member, recalls the early discussions. “We started brainstorming possibilities, and we hit on an idea: we could create an entire outdoor classroom to help the children experience and engage with nature,” she said.

With the center’s enthusiastic support, the KFFL and Living Green chapters engaged in an ambitious five-month planning process. Their ultimate design created a fully functional outdoor classroom in nature, complete with sensory and butterfly gardens; reading, music, and art areas; and a new storage shed. The project evolved into an opportunity to convey the important lessons of literacy and environmental sustainability. It helped attain goals of both the KFFL and Living Green programs by providing children access to environmentally themed books and educating them on the importance of being good stewards of the environment.

Fahey helped coordinate the daylong volunteer effort to create the outdoor classroom. “We organized morning and afternoon shifts,” Fahey recalled. “More than 85 KPMG employees, interns, and family members completed the entire classroom in just one day.”

Andrea Bogin, CFL’s director, recalls marveling at the workers and all they accomplished. “It was amazing to watch—two large coach buses pulled in and volunteers streamed off,” she said. “Everyone knew their assigned jobs and went straight to work. It was a humbling experience.”

According to Bogin, the project’s impact on CFL’s teachers and students is profound. “Our children feel personally connected and responsible for caring for this beautiful new space,” she commented. “And our teachers are inspired to create approaches to learning about nature and our environment. That’s what KPMG accomplished for us.”

*Above right: KPMG volunteers from Montvale, N.J., built an “outdoor classroom” for students at the nearby Campus Fun and Learn Child Development Center. Students at the center range from six weeks to five years of age. Photo by Brandon Murray.*



### Living Green

At KPMG, we are keenly aware of the impact we have on the environment and the role we must play as leaders to ensure its sustainability.

We...

- Strive to preserve the environment, seeking out and implementing new ways to reduce waste, lower energy consumption and shrink our carbon footprint;
- Design new and remodeled offices to the highest sustainable standards; and
- Invest our money, ideas and our collective energy to enhance our communities.

“We lead by example.”

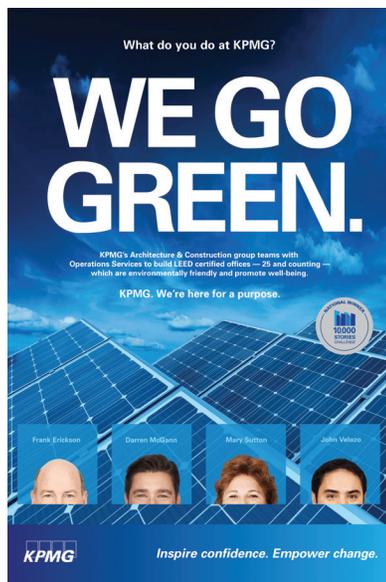
## We lead by example.

Through our Living Green program, KPMG is committed to reducing our organization's impact on the environment. As stewards of the world around us, we continuously strive to measure, manage and reduce our use of natural resources and energy and minimize greenhouse gas emissions.

Externally, KPMG works on projects that safeguard the environment and joins forces with business leadership groups to address environmental issues; we are affiliated with the Arbor Day Foundation, Net Impact and World Council for Sustainable Development.

And we are proud to be recognized for our commitment and performance. For the third consecutive year, KPMG International and its global network of member firms were recognized as the "Sustainable Firm of the Year" by the *International Accounting Bulletin*.

Within KPMG, our Living Green environmental activities and other volunteer projects engage our people. In 2014, volunteers participated in a variety of environmentally focused activities.



- Several offices combined "Take your Daughters and Sons to Work Day" and Living Green activities to engage employees and their families around the theme, "Plant a Seed, Grow a Future."
- The Buffalo, N.Y., office participated in the Shoreline Sweep with Riverkeeper, a community-based organization dedicated to protecting the quality and quantity of water, while connecting people to water. Activities included cleaning debris from waterways, restoring fish and wildlife habitats, and enhancing public access through greenways that expand parks and open space.
- The New Orleans, L.A., office raised money for Hike for KaTREEena, a partner project of the Department of Parks and Parkways. Hike for KaTREEena is dedicated to replanting the trees lost because of Hurricane Katrina and associated levee failures in the greater New Orleans area.
- The San Diego, C.A., office partnered with the building's property management company to offer free e-waste recycling for the entire building.
- The Stamford, C.T., office got down and dirty helping to improve area trails by creating water bars along river areas downtown.

Above: KPMG reached two notable environmental milestones in 2014. With the launch of the new office space in Short Hills, N.J., we opened our 25th Leadership in Energy and Environmental Design (LEED)\*-certified office, as recognized by the U.S. Green Building Council. Half of KPMG's employee population now works in a LEED-certified office.

The LEED Green Building Rating System for Commercial Interiors evaluates a project's design, construction, and operation as it relates to positive environmental impact. It also emphasizes occupant health, comfort, and productivity throughout the project's lifecycle.

John Velozo, senior associate in Architecture & Construction, noted multiple benefits to using LEED standards. "The LEED standards help us reduce our energy and water usage, shrink our carbon footprint, bring more natural light into workspaces and improve indoor air quality," he said. "People working in LEED offices typically feel better physically, emotionally, and are more productive."

KPMG was an early adopter of the standards, opening its first LEED-certified office in 2009. "As an architect, our commitment to LEED is exciting to me. I'm proud to be part of helping the firm grow in an environmentally responsible way," Velozo concluded.

\* LEED® is a registered trademark of the U.S. Green Building Council.

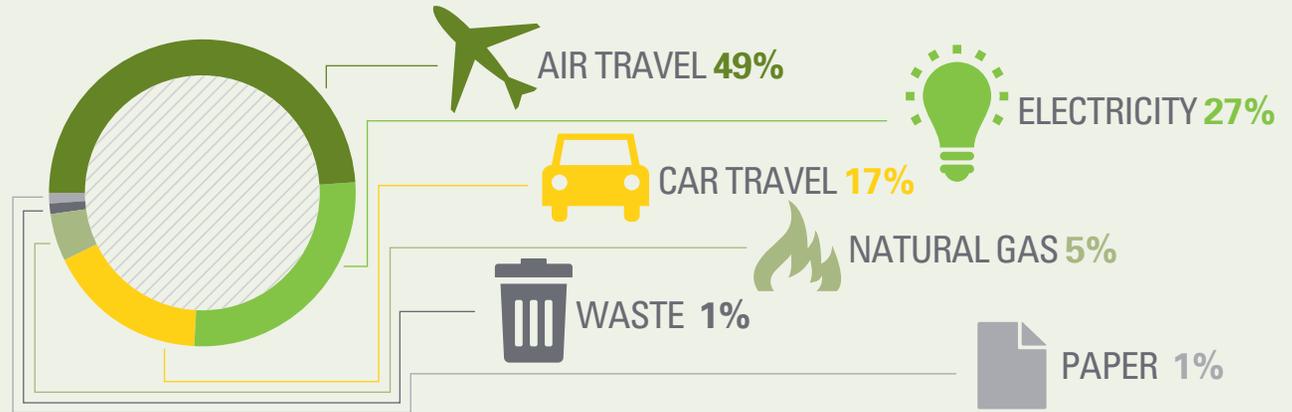
**“We understand the importance of our role as leaders in protecting and preserving our planet.”**

At KPMG, we are always focused on the long-term impacts of our decisions. That is why environmental sustainability is a pillar of KPMG’s corporate responsibility strategy, and has been for years. In 2011, KPMG set a new emissions target calling for a 10 percent reduction in net emissions (against a 2010 baseline) per full-time equivalent by the end of 2015. Significant progress has been made toward the new target as KPMG has achieved a 6 percent net emissions reduction per full-time equivalent.

This helped us reduce electricity usage by 8 percent in four years—an accomplishment that will continue to have a positive impact for many years to come. In addition, new processes and workflows, driven by technology, have reduced paper consumption by 29 percent in four years.

Following is a summary of KPMG’s 2010-2014 environmental results; sustainability performance is measured per calendar year.

## KPMG 2014 CARBON FOOTPRINT



**GOAL: 10%**  
EMISSIONS REDUCTION  
BY YEAR-END 2015 (2010 BASELINE)



### EMISSIONS\*

(METRIC TONNES OF CO<sub>2</sub>e/YEAR)

	TOTAL EMISSIONS				
	2010	2011	2012	2013	2014
<b>TOTAL SCOPE 1 &gt; DIRECT EMISSIONS:</b> EMISSIONS FROM DIESEL FUEL AND NATURAL GAS	5,190	5,266	6,540	6,342	7,042
<b>TOTAL SCOPE 2 &gt; INDIRECT EMISSIONS:</b> EMISSIONS FROM ELECTRICITY CONSUMPTION	46,236	44,495	35,292	35,518	37,784
<b>TOTAL SCOPE 3 &gt; INDIRECT EMISSIONS:</b> AIR TRAVEL, CAR TRAVEL, SHIPPING, WASTE AND PAPER CONSUMPTION	63,296	77,143	81,429	87,229	94,060
<b>TOTAL GROSS</b>	114,722	126,904	123,261	129,089	138,887
<b>RENEWABLE ENERGY</b>	0	(219)	(829)	(1,430)	(2,827)
<b>TOTAL NET</b>	114,722	126,685	122,432	127,659	136,060
<b>EMISSIONS PER FTE</b>	<b>5.82</b>	<b>6.11</b>	<b>5.66</b>	<b>5.92</b>	<b>5.50</b>

\* Due to rounding, performing the calculations given in the equations may not return the exact results shown.

Note: Metrics are based on calendar year performance, January-December 2014.

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KPMG has a commitment to environmental responsibility.