



Our Impact Report 2022

KPMG New Zealand



**We believe in fuelling prosperity for all
New Zealanders**

**Titokona tō tātou tōnuitanga,
mō Aotearoa, mō tātou**



About us

KPMG in New Zealand is a proudly New Zealand owned partnership, with seven office locations and over 1,450 professionals - including 95 partners - working throughout Aotearoa New Zealand.

We are a member firm of the KPMG global organisation of independent member firms* with a network of over 236,000 employees operating in 145 countries and territories.

Our national team works with private businesses, publicly listed companies, government and public sector organisations, and not-for-profits. We provide professional services across Audit, Tax and Advisory; and our Private Enterprise division works with small and medium enterprises, and family-owned businesses.

Our divisions are supported by our Corporate Shared Services team who provide essential services, data and insights to our divisional teams, supporting them in their client work; and to our Board and Executive team to inform decision making.

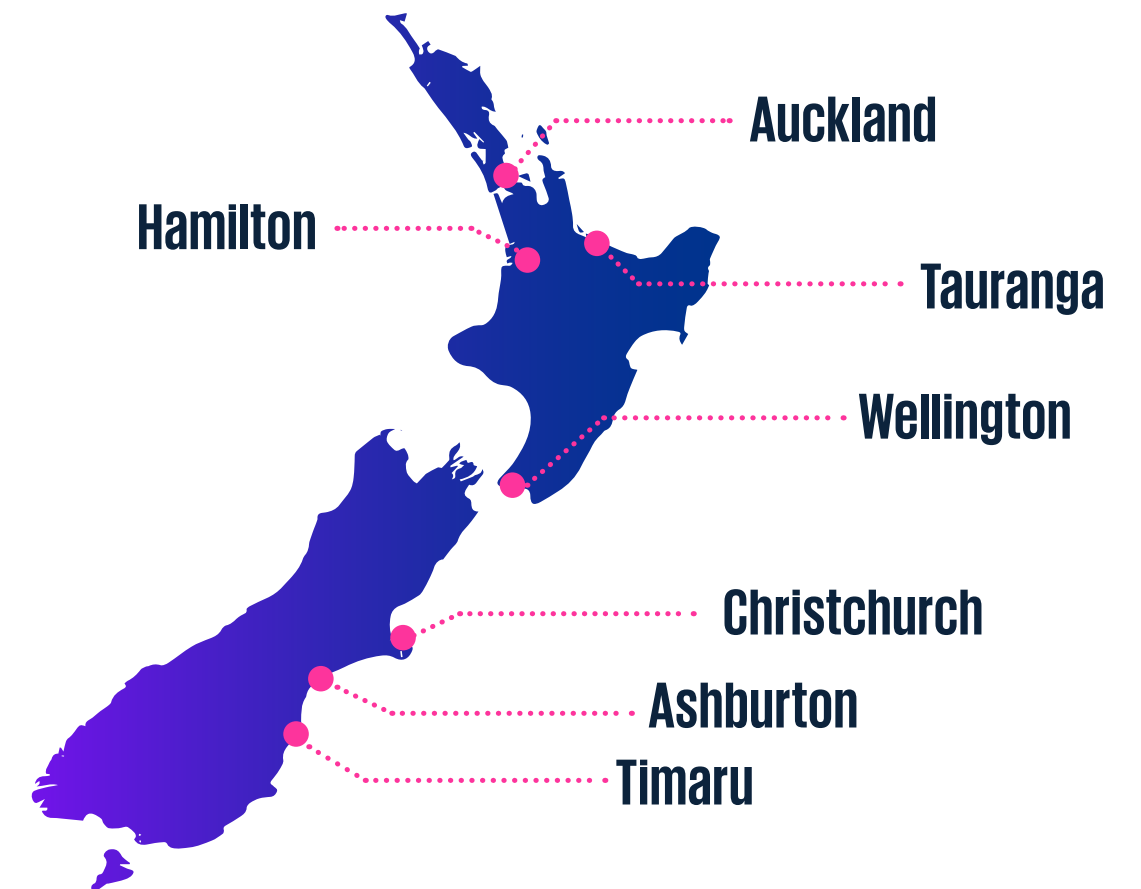
We have a sector-led Executive Leadership Team focused on five key sectors: Agribusiness, Corporates, Financial Services,

Government and Māori. This focus enables us to deliver in-depth specialist sector knowledge, relevant and timely market insights, and expertise to our clients.

We believe in fuelling New Zealand's prosperity, for all New Zealanders - Titokona tō tātou tōnuitanga, mō Aotearoa, mō tātou.

We strongly believe that the work we do with businesses, government, iwi, and community organisations positively impacts on the health, wealth and wellbeing of New Zealand and all New Zealanders.

KPMG office locations



*KPMG New Zealand is a New Zealand partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

About this report

Welcome to KPMG New Zealand's inaugural "Our Impact Report".

This report is the first of its kind for us. It represents our commitment to greater transparency and accountability, and measures the impact of our mahi (work) across four key areas: Planet, People, Prosperity and Governance.

This inaugural report is intended to be our stake in the ground, against which we will continue to measure and report back to you, and which will evolve over time.

Executive summary

Against a backdrop of significant global and local change - environmental, social, economic and political – our purpose and values have never been more important in continuing to guide us, as we seek to make a positive impact on New Zealand through our work and our behaviour.

The intention behind this report is to document our impact through measuring our progress against our commitments in four key categories: Planet, People, Prosperity, and Governance. The report both highlights our achievements in these areas and acknowledges the areas where we need to do better. We intend it to be a transparent reflection of our progress - and a means of holding ourselves publicly accountable.

Highlights from this inaugural report include:

Planet – we have invested in our IMPACT team and services to help organisations be sustainable, resilient, inclusive and focused on their impact. Although not required to, we have chosen to hold ourselves accountable to the External Reporting Board (XRB) climate disclosure standards by self-reporting – allowing us to walk shoulder-to-shoulder with our clients who are required to comply with these standards. We have completed a maturity assessment of our climate-related systems, structures and processes, and will release a



We intend it to be a transparent reflection of our progress - and a means of holding ourselves publicly accountable.

Climate Disclosure Statement within the next year. We've committed to reducing our greenhouse gas emissions to an SBTi (Science Based Target) of 1.5°C - or the equivalent of less than half our base year emissions - by 2030, offsetting residual emissions along the way. Our internal Green Team is actively working on, and measuring progress against, a set of six sustainability-focused goals aligned with the UN Sustainable Development Goals.

People – we have committed to a meaningful promise to our people: *You do work that matters here, you will thrive and grow here, you belong here.* We have grown our headcount 13.7% year-on-year, and 51% over the last five years, reflecting increased skillsets and a more diverse talent pool. Inclusion, diversity and equity is a major focus for us, and we have introduced well-received new policies to support parenting for both primary and secondary caregivers, and to allow our people to design and propose their preferred ways of working. We note that our gender diversity and gender pay gaps are

improving but it is apparent that we have work to do in this area at partner level. We are improving our cultural competency and have introduced a Pou Ahurea | Cultural Advisor and been awarded for our Māori and Pasifika mentoring programme.

Prosperity – we have introduced new - and expanded existing - service lines to meet and anticipate the changing needs of our clients and to contribute to purposeful business practices, and this year we published our first Audit Quality Report. We have grown our Māori leadership team to help deliver outcomes that will improve Māori prosperity and to help guide our rangatahi (young leaders). Over a 12-month period our people spent over 5,000 hours giving back to our communities through volunteering, pro bono and governance work.

Governance – we have focused on our purpose and values, which lie at the heart of the way we do things and define how we work together and how we work with our clients and communities. We have evolved our governance structure to meet the challenges of our changing world and our Transformation, Growth and Trust strategy – as well as to help us deliver on our commitments. We have substantially implemented a System of Quality Management and commissioned our first Modern Slavery Diagnostic Assessment across our operations and supply chain.

You'll find additional facts, figures and detail on the following pages and we'd like to acknowledge that, while we're proud of the progress we're making, we know that we still have a way to go. As we carry on striving to make a positive impact, we'll continue to track our progress and to hold ourselves accountable to our people, our clients, and our communities. We're determined to stay true to our commitments, to our values, and to our purpose of fuelling New Zealand's prosperity for all New Zealanders - Titokona tō tātou tōnuitanga, mō Aotearoa, mō Tātou. We look forward to sharing our journey with you.



Kay Baldock

National Managing Partner,
Brand & Growth
KPMG New Zealand



Matt Prichard

Executive Chair
KPMG New Zealand



Godfrey Boyce

Chief Executive
KPMG New Zealand



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01 Planet

'Whatungarongaro te tangata toitū te whenua'

As man disappears from sight the land remains

Planet

Reducing our impact on the environment for a more sustainable and resilient future.

KPMG New Zealand is committed to doing our part in tackling environmental issues – in terms of how we operate our own business and, increasingly, by helping our clients to address their most critical challenges in the environmental space.

We are doing this at both a local and global level. As well as aligning globally with KPMG's significant commitments around [Planet](#), locally we are a member or partner of the [Sustainable Business Council](#), the [Climate Leaders Coalition](#), [The Aotearoa Circle](#) and [Chapter Zero](#), some of New Zealand's leading business sustainability organisations.

We are also committed to the publication of a Climate Disclosure Statement, which will see us become increasingly ambitious and accountable for the expectations we place on ourselves, and which underlines our commitment to helping build a more sustainable and resilient future for all of us.

Our commitments

- ▶ As long-standing members of New Zealand's Climate Leaders Coalition, we are committed to not only meeting the 2022 [Statement of Ambition](#) but going above and beyond to accelerate our transition towards a zero-carbon and climate resilient future.
- ▶ We have aligned with KPMG International by committing to achieve net-zero carbon by 2030, based on a 1.5°C Science-Based Target.
- ▶ We have aligned with KPMG International to source 100% renewable electricity by 2030.
- ▶ We have aligned with KPMG International to offset any remaining emissions we cannot remove from our operations, by investing in externally accredited carbon removal projects.
- ▶ Although not bound by the External Reporting Board's [climate disclosure standards](#), we have committed to releasing a Disclosure Statement that aligns with these standards within the next year.
- ▶ We will reduce our domestic / international short-haul air travel and international long-haul air travel by 30% per FTE and 50% per FTE respectively by 2025.



Our progress

This year we have progressed three key areas of our internal climate action:

- ▶ Conducted a current state climate-related maturity assessment.
- ▶ Conducted climate-related scenario analysis to identify our key climate-related risks and opportunities.
- ▶ Developed an Integrated Climate Action Plan.

Maturity assessment

We began our year by assessing the maturity of our climate-related systems, structures, and processes against best practice guidance from the [Taskforce for Climate-Related Financial Disclosures](#), [World Economic Forum](#), [Global Reporting Initiative](#), [External Reporting Board](#), and other international standards. We chose to begin with this step to establish a baseline against which our progress can be measured and to understand key gaps in our current state.

Some of the key findings were that the firm needed to enhance climate governance settings and assign clearer responsibilities to Executive Leadership team members, that we needed to conduct scenario analysis to better understand our key risks and opportunities, and that we needed to develop data sources to help measure and chart our progress.

Climate-related scenario analysis

To increase our understanding of climate-related risks and opportunities for our business, members of our Board and Executive Leadership team participated in a comprehensive climate-related scenario analysis process to assess KPMG's climate risks and opportunities, (throughout the value chain) across three climate scenarios. The scenarios included a 1.5°C ("Net Zero 2030") scenario, a 1.8°C ("Delayed Transition") scenario and a 3+°C ("Current Policies") scenario, in alignment with guidance from the Network for Greening the

Financial System and the External Reporting Board climate standard. By understanding these risks and opportunities, we have started to develop the key elements of our strategic response.

Integrated Climate Action Plan

Our Integrated Climate Action Plan looks to address key gaps identified, including how to embed leading climate governance, strategy, and risk management systems and processes into the core activities of our firm.

Our priority actions

Our priority actions for our next year include integrating climate risks and opportunities into key governance and management processes e.g. risk management activities and strategic planning, addressing data gaps so that emissions data can be captured and managed, publicly disclosing the results of our risk and opportunity assessment and strategic response in our Climate Disclosure Statement, and disclosing progress made against key elements of our Integrated Climate Action Plan.



Our priority climate actions for 2022-2023

- ▶ Integrating climate risks and opportunities into key governance and management processes and forums.
- ▶ Addressing data gaps so that emissions data can be captured and managed more proactively.
- ▶ Disclosing our climate risks and opportunities and our strategic response to these through a Climate Disclosure Statement. This will meet our commitment to the Climate Leaders Coalition as well as aligning with the External Reporting Board's disclosure requirements.
- ▶ Disclosing our progress against the key elements of our Integrated Climate Action Plan.
- ▶ Working towards establishing an agreed Carbon Budget to manage the reduction in our carbon footprint each year (with the aim of having a formal process in place from 1 January 2024).

Reducing our emissions

Pleasingly our emissions have seen a dramatic reduction from our 2019 (base year) numbers. Of course, these reductions need to be looked at in the context of the Covid-19 pandemic and its impact on our business operations during that period.

Like many organisations, we anticipate that our future emissions (2022-2023) will be higher (predominantly because of the anticipated increase in travel), than those seen over the initial pandemic years. However we believe that the strategies we've implemented in response to the pandemic will have a long-term place in our firm and will be retained as carbon-efficient and effective ways to do business into the future.

View our [Summary of Toitū Carbonreduce Certification for 2019, 2020 and 2021](#).

Carbon comparisons

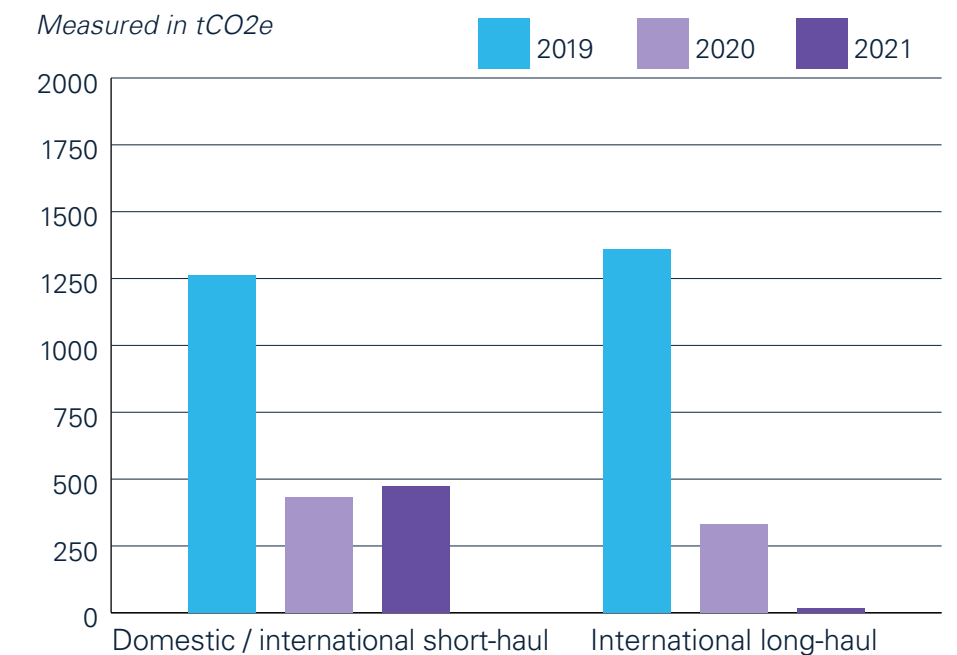
Period	2019 (Base year, pre-Covid)	2020 Audited results	2021 Audited results	2022 Results to 30 June
Jan-Jun	1,713	743	578	496
Jan-Dec	3,407	1,128	869	Not yet available

Measured in tCO2e

Travel

Our biggest emissions reduction challenge is travel, both land and air. We feel confident though that business process changes and our ongoing investments in technology to enable workplace flexibility and online communication, will continue to pay dividends through the reduction in travel (including commuting) for our people. We will be finalising and rolling out a sustainable travel policy during 2023 and we will continue to innovate, adapt and use a data-driven approach to achieve our goals as stated in our Green Team section that follows.

Air travel comparisons



► Our emissions data has been certified by Toitū Envirocare since 2019. In 2021, we moved to Toitū's Net Carbon Zero certification, offsetting our residual emissions through the purchase of gold standard carbon credits. 2021 also saw KPMG New Zealand win a [Toitū Brighter Future Award for Climate Action](#) for Toitū certified businesses that are leading the way in environmental sustainability.

Electricity

KPMG purchases tenancy electricity for over 70% of our national office space (by m2) from a 100% renewable and net carbon zero certified energy provider, [Ecotricity](#).

The move to Ecotricity happened gradually with our two largest offices making the switch from 1 Dec 2019, and two further offices from 1 Sep 2020. Our move to Ecotricity delivers a significant on-going reduction in our Scope 2 emissions (indirect emissions from purchased energy) by eliminating all electricity emissions that we purchase from this supplier. We are committed to working with the remaining offices and landlords to make the change to renewable energy providers, to fulfil KPMG’s global commitment of sourcing 100% renewable electricity by 2030.

Tenancy electricity use 1 Jan-31 Dec 21













Total (excl losses)	1,069,706 kWh	32 tCO2e
Ecotricity portion of above	753,331 kWh	0 tCO2e

Tenancy electricity use 1 Jan-30 Jun 22

Total (excl losses)	557,724 kWh	16.84 tCO2e
Ecotricity portion of above	400,325 kWh	0 tCO2e

Our Green Team

The KPMG New Zealand Green Team, a group of active and passionate volunteers based throughout the motu (country), is committed to driving positive impact in our environment. The team is focused on addressing local environmental challenges and tackling climate change through alignment with the [UN Sustainable Development Goals](#) (SDGs). Through education, engagement and empowerment, the goal is for our people and firm to make better personal and business decisions that reduce our environmental footprint. By partnering with [Toitū Envirocare](#) we are using data-driven processes to guide our journey to achieve positive reductions.

Goal	SDG alignment	Description (Against 2019 baseline)	Unit	Our progress	As at 31 Dec 2021 (Against 2019 baseline)
Sustainable air travel		Reduce our domestic/short-haul air travel by 30% per FTE by 2025	tCO2e		▼67.17%
Sustainable air travel		Reduce our international long-haul air travel by 50% per FTE by 2025	tCO2e		▼98.83%
Land transport		Reduce our use of motor vehicles (taxis/ubers, mileage claims, rental cars) by 30% per FTE by 2025	tCO2e		▼48.58%
Minimalism		Cut stationery spending (including paper) by 50% by 2025	\$		▼34.94%
Minimalism		Reduce internal storage (for items such as files, stationery, legislation, work-related materials) to no more than 700mm of linear space per FTE by 2025	mm		Measurement to be confirmed (work in progress)
Green volunteering		Increase Green volunteering participation to 15% by 2025	%		▲10.25%

Our client impact

KPMG New Zealand's service offerings in: [Climate Change and Decarbonisation](#); [Environmental, Social, Governance \(ESG\) and Sustainability](#); [Economic and Social Development \(ESD\)](#); [IMPACT Measurement, Assurance and Reporting](#); and [Sustainable Finance](#), all help our clients to address a range of critical challenges - and their commitments and requirements - around environmental impact and outcomes.

Understanding and being able to report on the flow-on effect and impact of the work we do with our clients in these areas, is one of the measures we would like to hold ourselves accountable against. To this end we are looking to incorporate outcome-focused KPIs in our delivery of client engagements.

Case Study: The Insurance Council of New Zealand

The Insurance Council of New Zealand (ICNZ) engaged KPMG to facilitate the Shared Climate Scenarios Initiative. We've hosted and delivered five workshops since December 2021, with 14 of New Zealand's largest general insurers who are members of ICNZ's Standing Committee on Climate Change. Their focus is on sector-wide collaboration to address climate-related shared issues as effectively as possible.

Our work with ICNZ began with the Task Force on Climate-Related Financial Disclosures (TCFD) requirements and then adapted to emerging NZXRB standards on climate scenarios and risk and opportunity assessments. Through discussions on key drivers and climate transition pathways, we've compiled a range of future scenarios for the sector, preparing them for climate disclosure reporting. The standards are aimed at enabling large publicly listed companies, insurers, banks, non-bank deposit takers and investment managers, to disclose climate-related risks and opportunities affecting their businesses in a comparable way. The new legislative requirements will be mandatory from 2023 for around 200 New Zealand organisations.



02 People

**'Waiho i te toipoto,
kaua i te toiroa'**

Let us be close together, not far apart

People

Creating a caring, inclusive, purpose-led and values-driven culture for our people.

It is our people who drive our Transformation, Trust and Growth strategy, who embody our values, and help our firm achieve its purpose. Our goal is that every single one of these more than 1,450 people, who walk through our physical and virtual doors each day, feel they belong. It is important that each person can bring their authentic selves to work, that we can celebrate and honour our uniqueness, and that everyone has the opportunity to grow and develop.

Also important to us, is understanding how the needs of our people change over time, which is why we participate in the annual KPMG Global People Survey. It helps us understand the lived experience of our people and, as well as celebrating the positives, it shows us where there's more work to do to create a place where our people can thrive and succeed.

Our commitments

Our people will:

- ▶ do work that matters
- ▶ thrive and grow
- ▶ feel they belong

Work that matters

Working at KPMG means playing an important part in us delivering our purpose of fuelling New Zealand's prosperity. The work our people do matters, and it is our intention that it will also have a positive impact on New Zealand, our communities and our people.

84%

of our people agree that they are able to do varied and challenging work*

90%

of our people are proud to work for KPMG*

*KPMG Global People Survey – NZ, October 2022



Our promise to our people

YOU do work that matters here

YOU will thrive and grow here

YOU belong here

Thriving and growing

Developing great talent is central to our purpose. Our aim is to help our people thrive and enable them to have an impactful career that encourages, supports and delivers to their ambitions. We achieve this through goal setting that includes a focus on personal development, and through training and working with the best people, emerging practices and technologies.

91%

Of our people believe KPMG is a great place to build their career*

Learning at KPMG

We are committed to upskilling and reskilling our people to help them thrive and grow in their careers at KPMG and beyond. By investing in our team's learning and development we ensure support for their career growth, and the delivery of high quality outcomes for our clients. We have selected four categories of skills we are focusing on to build talent for the future: Human Centricity, Growth Mindset, Cognitive Flexibility and Digital & Data. Our people are encouraged to shape their development pathways and goals through regular ongoing conversations with their direct managers and we believe strongly in our culture of lifelong learning to attract and retain our people.

*KPMG Global People Survey – NZ, October 2022

\$2,394,906

Spend on internal training was significantly higher at \$2,394,906 (combined internal and external course costs excluding travel), for the year to 30 June 2022 due to Covid-19 interruptions having caused a substantial backlog, and a subsequent catch-up, in training.

Belonging

Inclusion, Diversity and Equity

We are on a journey to build an inclusive and equitable environment that reflects the diverse communities of Aotearoa New Zealand. To support our people and promote inclusion, diversity and equity, we run a number of employee affinity networks:

- ▶ Ethnicity Network at KPMG (EN@K)
- ▶ Kiwa (our Māori and Pasifika Network)
- ▶ Pride@KPMG
- ▶ The KPMG Accessibility Network (KAN)
- ▶ The KPMG Network of Wāhine (KNOW)



Laura Youdan

National Managing Partner,
Inclusion, Diversity & Equity
KPMG New Zealand

"It's a great honour to have joined the firm's Executive Team in the newly created role of National Managing Partner for Inclusion, Diversity & Equity (IDE) in February of this year.

"It's my role to challenge the Executive Team to set aside any bias or history, and to ensure the decisions we make are equitable and inclusive for our beautifully diverse KPMG whānau.

"During the executive meetings, I also showcase the mahi (work) of our five employee affinity networks. It's always such a joy to do this and, importantly means their programmes continue to be supported by our senior leaders, are well-resourced and that their contribution is recognised."

Whānau@KPMG

Our gender-neutral policy to support parenting for both primary and secondary caregivers

We were proud to launch our Whānau@KPMG policy in September 2021, which aims to support our new parents in balancing their careers with caring responsibilities. The hero of the gender-neutral policy is that all parents, whether primary or secondary caregivers and regardless of gender, will have access to 18 weeks of fully-paid leave – so all of our parents at KPMG can focus on their whānau in those crucial early months.

The announcement of the new policy saw our people expressing their pride for the firm and was one of our most popular social media posts of the year, receiving positive feedback from external parties across the board. One senior commentator said: “This policy sets the standard for other organisations...thanks for being a leader in this very important space.”

In the 12 months post-introduction of this policy, a total of 55 of our people (35 women and 20 men) have taken parental leave. We expect that ratio to further improve in the second year, as leave is allowed to be taken any time within two years' of the child's birth.

Flex@KPMG

We recognise that people have individual circumstances and preferences when it comes to where and how they work, that these can be influenced by life outside work, and that over time circumstances may change. In April 2022, we published our Flex@KPMG policy.

Rather than prescriptive rules, we have a set of guiding principles that allow all of our people to design and propose their preferred way of working. There are different types of flexible working – location, hours, leave, job share, part-time, and transition.



Gender diversity

While our gender diversity figures show a mix of approximately 54% women, 46% men and 0.3% non-binary, we note that at partner level we still have a heavy skew towards men, who make up 73% of our total partners, compared with women who make up 27% of our partners. This is something we have recognised as not good enough.

Over the past two years we have admitted ten men and nine women to our partnership and moved the percentage of women partners from 22% to 27%. We are committed to continuing to close that gap through the attraction and retention of the best talent of all genders and are aiming to have at least 40% women partners by 2026.

Pay gaps

Measuring pay gaps is about ensuring every KPMG person is getting a fair go inside our business. We've been measuring our pay gaps internally for many years and we are actively working to close our gaps – both gender and ethnicity.

There are significant pay gaps for our Māori and Pasifika people, mainly due to the increasing number of Māori and Pasifika graduates joining KPMG. For both Māori and Pasifika, current graduates and second year graduates make up approximately half the total population – this is a significantly greater proportion of junior / entry-level employees than our non-Maori and Pasifika population – which reduces the median salary. As these graduates

progress through the firm over the coming years and as the number of senior lateral Māori and Pasifika hires increases, this pay gap will reduce.

There is also a significant pay gap at partner level between men and women due to the greater proportion of senior men, compared to predominantly less senior women - an imbalance which, as above, will reduce over time as these partners progress through the firm, and which we are also working on addressing through both promotions and lateral hires.

While we're proud of the progress we're making, we acknowledge that we still have quite a way to go to get this right. We believe that reporting the gaps publicly is a great additional discipline to make sure we're transparent and accountable, which is why we've registered with [Mind the Gap](#). It also provides a demonstration of our commitment to our people - and to people who might want to join us.

You'll find more information about our pay gaps and equal pay on our [website](#) (noting the figures on the website are based on a 1 April 2022 reporting requirement, while the figures opposite are to 30 June 2022.)

Pay Gaps

4.3%

The gender pay gap for all employees (excluding partners)

23.7%

The gender pay gap for partners

20.4%

The ethnicity pay gap for Māori employees

16.2%

The ethnicity pay gap for Pasifika employees



Vinnie Campbell

Pou Ahurea | Māori Cultural Advisor

Cultural competency

Vinnie Campbell (Ngāi Te Rangi, Ngāti Pukenga) was appointed to the newly established Pou Ahurea | Māori Cultural Advisor role in October 2021. The purpose of this role is to grow confidence and capability at KPMG New Zealand in engaging in te ao Māori, (the Māori world view), in both our internal and external environments. Vinnie has since employed a Cultural Coordinator to help with the firm's growing demand for te ao Māori knowledge; and has developed and launched a tailored cultural development programme to support this - Te Kai a te Rangatira.

Approximately 110 of our people will have completed the programme by the end of 2022.

We are currently developing our Māori language strategy and have also launched our Wainuiātea Māori Cultural App. The App is designed to assist our people in building confidence, knowledge, and capability to work effectively with Māori in our roles at KPMG and to grow our personal knowledge of te ao Māori.

Kiwa Mentoring

Bringing Māori and Pasifika tertiary students into KPMG is essential to the firm's aim to have a workforce representative of the communities we serve. We were proud to have this mahi (work) recognised by the KPMG ASPAC Chairman's Awards and externally through the Diversity Works "Diverse Talent Award" for our Kiwa Mentoring Programme. Learn more about this programme via the [Award case study](#).



The numbers

As at 31 August 2022 our firm employed 1,468 people, representing a 13.7% increase year-on-year, and a 51% increase over the last five years. This increase is due to factors including client demand, the introduction of new service lines, and our growth ambition. We also hired a record number of graduates (a 27% increase YOY), and interns (a 36% increase YOY), and anticipate these records being surpassed again in 2023.

When it comes to retention, after a decrease in turnover during 2020-2021 (the initial pandemic years), with borders now open and the competition for talent heating up, voluntary turnover increased 9% in the year to 1 July 2022. We have set ourselves a short-term target of returning to staff retention rates equal to, or better than, our 2021 rate.

Firmwide ethnicity split	
European Pākehā	65.83%
Māori	6.07%
Pasifika	3.00%
Asian	22.38%
Other	5.23%
Prefer not to say not stated	11.16%
Total*	113.67%

*The total reflects the allowance of the selection of up to three ethnicities

Gender Job level split	Gender diverse	Man	Woman
Partner		72.6%	27.4%
Director		55.1%	44.9%
Snr manager		43.7%	56.3%
Manager	1.7%	42.3%	56.0%
Snr team member	0.3%	43.1%	56.6%
Team member	0.2%	42.9%	56.9%
All people	0.35%	46.03%	53.62%

Firmwide gender split	
Men	46.03%
Women	53.62%
Gender diverse	0.35%
Total	100%

Graduate and intern intake					
	2018	2019	2020	2021	2022
Graduates	59	80	126	128	162
Interns	38	56	29	59	80

Headcount ▲14%

Graduate intake ▲27%

Intern intake ▲36%

Voluntary turnover ▲9%

03 Prosperity

**'Mā mua ka kite a muri.
Mā muri ka ora a mua'**

Those who lead give sight to those who follow.
Those who follow give life to those who lead

Prosperity

Driving purposeful business practices and good corporate citizenship.

Doing what matters is at the heart of KPMG's values and culture. It also drives our purpose of fuelling the prosperity of New Zealand, for all New Zealanders. We do this through the work we undertake with our clients and through striving to make a positive impact through good corporate citizenship.

We encourage and support our people to work together to give back to their communities, through volunteering, fundraising and leadership. Our people also undertake a significant amount of pro bono work – bringing their specialist skills to make a positive impact across a range of non-profit organisations and charities.

We have a particular focus on supporting young people in education, as we believe this is the gateway to a more equitable and inclusive future, and we are passionate about supporting the rich diversity of cultures in Aotearoa New Zealand, in particular, helping to fuel the prosperity of our Māori and Pasifika communities.

Our commitments

- ▶ Investing in talent and introducing and expanding services to contribute to purposeful business practices, which will positively impact New Zealand and New Zealanders.
- ▶ Investing in our communities through achieving a minimum of 50% of KPMG people taking part in volunteering.



Purposeful business

To better support our clients, our firm keeps an eye to the future and invests time, knowledge and money in key opportunity and growth areas where we can make a positive impact. This can result in requirements to develop new service lines and introduce new skills, such as these practice areas which we've either launched or grown significantly over the past year:

- ▶ Our **Digital and Analytics** team has doubled in size to meet client demand over the past year and is running digital transformations for some of New Zealand's largest retailers - and delivering data insights that will have lasting impact on the lives of New Zealanders.
- ▶ We are investing in **culturally competent service design**, to help our clients deliver more products and services that enrich the lives of all New Zealanders.
- ▶ Our **Climate Change and Decarbonisation** team is expanding in numbers and increasingly working with businesses to coach and lead them through their ESG journeys, helping them transition to a low carbon and resilient future that is better for all.
- ▶ Our **Economic and Social Development** team is partnering with Māori, public, and private sector organisations and communities to support major social reforms and investments that reduce inequities, increase inclusion and improve lives.

- ▶ Our **IMPACT Measurement and Reporting** team is helping clients navigate the new climate legislation and other reporting requirements while also helping them sustain a growth trajectory that aligns with their purpose.
- ▶ Recognising the increase in client demand to measure and manage uncertainty, risk, and social outcomes, we have introduced an **Actuarial and Insurance Risk** service line to assist our clients with modelling and planning for the future.
- ▶ Our Tax division is home to our **R&D grants** business unit, which helps clients navigate the application process to access government grants for their R&D – which so far has generated tax credits to support \$80M of R&D that is driving innovation across those businesses.



We've also been able to help improve outcomes for our clients by driving and delivering purposeful business practices in areas including the public sector, where a team of 170 people work on initiatives intended to positively impact the lives of New Zealanders; and the agribusiness sector where KPMG Global Head of Agribusiness, Ian Proudfoot, and his team have worked with The Aotearoa Circle, spending two years bringing together scientists, business leaders, officials, food poverty groups, food waste groups and iwi, to develop a food strategy for our country that brings the interests of all New Zealanders into a coherent vision - Mana Kai.

Audit Quality

Confidence in our business communities is essential to New Zealand's prosperity – and a high-quality independent audit is the cornerstone of that confidence.

Earlier this year we launched our inaugural [KPMG New Zealand Audit Quality Report](#). For this report, we spoke with directors, investors and regulators to understand their views on audit quality.

KPMG New Zealand is committed to being a leader across all aspects of audit quality, as well as contributing to the discussion in the market around audit quality and how this is evolving over time.

To ensure our work continues to meet the needs of the capital markets, we use a broad range of mechanisms to monitor our performance, respond to feedback and seek opportunities for improvement.

Case study: Te Puni Kōkiri

Digital transformation of social procurement creating better outcomes

Since 2020 the New Zealand Government has required greater diversity in their suppliers. As the Government's principal policy advisor on Māori wellbeing and development, this presented Te Puni Kōkiri with a transformational opportunity to support the overall capabilities of Māori businesses, and to help them become procurement-ready.

Te Puni Kōkiri engaged KPMG because of our proven ability to work closely with our clients to understand their needs and opportunities, our expertise in both government and te ao Māori (the Māori world view), and our digital services and Microsoft capability.

[Watch the video story](#)



Māori leadership

“He ao ka tui, he ao, ka whatu, ka renarena”

A world is weaved, a world is sowed, and both are fastened as one.

An important focus area for our firm is the development of our Māori leadership capability. Riria (Missy) Te Kanawa (Ngāti Maniapoto, Ngāti Rārua Tainui-o-Tainui, Ngāti Porou, Ngāti Koata) is our firm’s National Industry Lead for Māori, and has been critical in supporting KPMG to grow its

internal knowledge, capability, and relationships. Riria and a steadily growing team of specialists, build engagement with Māori organisations and businesses – including the delivery of digital capability - with the aim of helping deliver outcomes that will improve Māori prosperity.

Strong Māori leadership also ensures our firm is better equipped to guide KPMG rangatahi (young leaders) that have joined our team and who will in turn be looking to create meaningful, positive outcomes for future generations.



Māui Rau

The latest report in the [Māui Rau](#) thought leadership series was released in October 2022. The insights in the report draw on the experiences of individuals who have been deeply involved with iwi entities, along with KPMG’s perspectives, in examining what the evolution of the current generation of Post Settlement Governance Entities (PSGEs) might involve. The aim of Māui Rau has always been to prompt (and sometimes even provoke) thought, disagreement and discussion that leads to questioning the status quo. The gold is always in the ensuing debate, where ideas are born, perspectives shared, and options built upon. We hope this edition leads to discussion among the people, governors, leaders and teams interested in the role of PSGEs in a world where the calls for mana motuhake and tino rangatiratanga get stronger and stronger.



Corporate citizenship

Our people are encouraged to come together, collaborate and connect with their communities to make a difference. This helps with providing a greater sense of purpose and meaning, and contributing to their personal and professional development through broadening skills, experience and perspectives.

Our investment in [corporate citizenship](#) is a key component of our firm's strategy and we encourage our people to get involved with community organisations. While our focus area is UN Sustainable Development Goal 4 - Quality Education and Lifelong Learning, we appreciate that we each have particular areas of interest and that volunteering is about personal choice, so our policy is to support our people in supporting their communities, in a way that matters to them.

The KPMG partnership has committed to a paid day's leave each year for each of our people, to be used either individually or as part of a team effort. Our National Communities Team, made up of volunteers from our seven New Zealand offices, drives our strategic community priorities, and provides support for finding volunteering and community leadership opportunities in the local offices.

The Covid-19 lockdowns and traffic light system had a significant negative impact on hours spent on community involvement. Pre-pandemic our volunteering uptake had been

growing year-on-year. In 2019 we had 47.6% volunteering participation, and 50 leaders dedicated over 1,400 hours to governance roles, versus 28% and 1,005 hours in the year to June 2022. One of our Citizenship strategic goals is that by 2023 we will achieve **50% of both KPMG people volunteering and of our partners and directors holding community leadership positions**, so that we can improve our contribution to fuelling community prosperity.



Volunteer participation



People volunteering



Pro bono hours (professional work provided at no cost)



Volunteer hours (community work conducted)



Governance hours (external board roles for community organisations)



Total hours

Springboard Trust: our flagship community partnership

Springboard Trust is a charitable trust providing school principals with access to expertise to enhance their strategic leadership capability.

KPMG partners with Springboard in two ways. Firstly, around 20 senior people from across the firm are partnered with principals and schools around New Zealand:

- ▶ acting as a coach and sounding board as the principal completes the 10-month Strategic Leadership Programme for Principals (SLPP); or
- ▶ delivering coaching to principals and their leadership teams on creating a High Performing Leadership Teams (HPLT) and Coaching for Leadership (CFL).

The firm also provides pro bono support to the Springboard Trust itself, as it continues to grow, with services in audit, tax, and consulting.

Darby Healey has been volunteering with Springboard since 2016. Darby helps to deliver the High Performing Leadership Teams (HPLT) course to various schools around Auckland. She raves about the work Springboard does and says “Volunteering with Springboard is one of the most rewarding things I do. I feel I gain as much from delivering the course as others do in attending. I feel privileged to share in this learning exercise with such fantastic school leaders.”

According to David King, who has been volunteering with Springboard for seven years, “The work we do with Springboard has been an immensely satisfying experience both for KPMG and for me personally. Their focus on growing leadership to improve student outcomes across Aotearoa really resonates as a mission that we are proud to support.”



Darby Healey

Audit Partner,
Head of Audit Quality and Risk,
Board member



David King

Deal Advisory Partner,
Head of Citizenship
Board member



Our partner schools

In keeping with our Lifelong Learning focus, KPMG offices across Aotearoa New Zealand have developed nine partnerships with local schools which can benefit from additional support – aimed at enriching and supporting the schooling experience. Our involvement varies from school to school including literacy programmes, scholarships, book drives, field trips, whānau fun days, Christmas gift-giving, breakfast club volunteering, mentoring, upgrading projects, and donating bikes, sports gear and safety equipment.

04 Governance

'Tē tōia, tē haumatia'

Nothing can be achieved without a plan,
workforce and a way of doing things

Governance

**Demonstrating that our purpose and values lie at the heart of the way we do things.
To do the right thing, the right way, always.**

Everything we do is underpinned by a shared set of values that define how we work together, with our clients and communities. Our values are the tūāpapa (foundations) of the KPMG wharenuī (the internal focal point for our firm), that anchor everything we do and every action we take. They are at the heart of our Code of Conduct and are designed to work interdependently.

Our values:

- ▶ Guide us to do the right thing, especially when under pressure.
- ▶ Bind us together, across our different backgrounds and cultures, and are common to each of us.
- ▶ Represent the foundation of our culture and how we show up for each other and the organisations we work with.

We hold ourselves accountable to these values and measure ourselves against them through internal and external surveys. We also have a comprehensive local and global “Speak up, safely” approach to monitoring and reporting any illegal or unethical acts.

Governance composition

Our CEO, Godfrey Boyce, leads our Executive Leadership Team, responsible for the development and execution of our strategy, and the management of our business in line with our purpose and values. Our Executive Chair, Matt Prichard, chairs our Board, which provides governance oversight on behalf of our New Zealand partner owners.

Our governance structure has evolved over time to enable us to meet the challenges of the changing world and our commitments. Over the last three years, our executive team has expanded with the addition of three new roles, being National Managing Partner – Brand & Growth, National Managing Partner – Strategy & Investments, and National Managing Partner – Inclusion, Diversity & Equity. The addition of these three roles is in direct response to our three key strategic pillars: Transformation, Growth, Trust, to ensure that we continue to deliver on our promises to our people, our clients and our communities.

Our Values

 **Integrity | Ngākau Tōtika**

We do what is right

 **Excellence | Whai Hiringa**

We never stop learning and improving

 **Courage | Kia Maia**

We think and act boldly

 **Together | Kotahitanga**

We respect each other & draw strength from our differences

 **For better | Kaitiakitanga**

We do what matters

Governance in our work

Our commitments

- ▶ To do the right thing, the right way, always.
- ▶ Complete implementation of an upgraded system of quality management.
- ▶ Eliminate modern slavery from our supply chains.

As part of our commitment to doing “the right thing, the right way, always”, it is important that we can measurably demonstrate our integrity so that our people, clients and communities can have trust in our people and in our work.

As well as being one of our five core values, integrity is embedded in our culture and our behaviours through ongoing risk training (Integrity at KPMG) and via our internal communications. We measure this through the completion of training modules, surveying our people, conducting

client experience reviews to obtain first-hand feedback, and through regulatory and industry body reviews.

In 2021 we also engaged a third-party to conduct research on our behalf and enable us to establish baselines in understanding how clients and non-clients perceive us across key areas including integrity, professional excellence, and societal impact – all of which contribute to trust.

The research told us we stood out amongst our peers on the trust/integrity pillar for both clients and non-clients, and that clients also rated us highly for our professional excellence. We have the most room for improvement on the societal impact pillar, where it appears our initiatives were either not making a strong impact or were not known about. Meanwhile, internally, our latest Global People Survey results (October 2022) revealed that our people have a trust (in our firm) level of 86% favourable – which was a 1% decline year on year. We acknowledge we have further investigating and work to do in both of these spaces.

83%

of our clients think we are ethical / have integrity

88%

of our clients think we deliver professional excellence

42%

of our clients think we care about societal impact

Source: Brand Health Research, Kantar, 2021

System of quality management

We have substantially implemented the New Zealand equivalent to International Standard on Quality Management (ISQM) 1 which requires firms to establish a robust System of Quality Management (SoQM) across eight specified components. We are refining our processes and controls to meet the new requirements, to be in compliance with the requirements of the standard by the effective date of 15 December 2022. The SoQM activities are overseen by a subcommittee of our board and are central to our ongoing effort to enhance audit quality and consistency in New Zealand.

Modern slavery

Improving working conditions for everyone – both in New Zealand and throughout the global supply chain – is strongly aligned with the firm’s values and of our intent to do the right thing, the right way, always. In 2021 KPMG New Zealand, along with 84 other New Zealand businesses, signed an Open Letter calling on the Government to commence an inquiry into a Modern Slavery Act for New Zealand business and public sector supply chains.

In April 2022, we commissioned our first Modern Slavery Diagnostic Assessment across our operations and supply chain. This work sets the foundation for the firm’s approach to managing modern slavery risk via a set of actions we will take. It also provides a platform for us to respond to increasing client requests for evidence of due diligence on our own operations and supply chains.



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