2021 ANNUAL REPORT

Inspiring Change:

Diversity, Equity, & Inclusion at KSM

KSM KATZ SAPPER & MILLER

INSPIRE

A Note on Behalf of INSPIRE

It has been quite a year.

Operating through a global pandemic has been difficult. But this situation has also provided us with opportunities to connect in new and innovative ways. I never would have expected to become a Zoom expert while working in public accounting, but I have changed and adapted to our new normal. Similarly, our efforts around diversity and inclusion have changed and adapted over the last year in several ways:

1. **We expanded our historical focus on women's issues** to include topics on implicit/unconscious bias, race, generational differences, and mental health. Instead of trying to be specific in one area, we have broadened our reach and focus to provide learning opportunities and resources in many different areas of diversity and inclusion, with more opportunities to come!

2. **We added a focus on equity.** I know that it was popular in 2020 for companies to shift from diversity and inclusion to diversity, equity, and inclusion. However, when we thought about the word equity, it was really woven into everything that we were already doing. It was just important to explicitly state our commitment to being equitable in all things that we do.

As with all things, change is hard. There will always be people who have a different approach or viewpoint. That's okay. It's important to keep everyone engaged and really listen to those that have differing views. INSPIRE's whole goal is to give KSM's employees access to education and resources from experts. None of us at KSM are trained as DEI professionals. Those of us involved with INSPIRE are the same as you — trying to absorb and learn from people who know more than we do! If you have ideas for speakers or topics and want to get involved so your voice is heard, please reach out to me or anyone on the committee.

Being involved is important, especially as we move to a more hybrid environment where keeping people engaged and motivated is so critical. This is especially true as people try to juggle spouses losing their jobs, childcare, housework, elder care... the list goes on and on. INSPIRE has tried to put on programs that help you connect with your coworkers and hear a different point of view. Some of the conversations can be uncomfortable. However, being uncomfortable shows that we are learning and growing.

Thank you to everyone who has attended an INSPIRE program over the last year. If you have feedback, I would love to hear it. I hope to see you all at programs in the future. Please reach out if you have ideas or speakers that you believe could make a difference to KSM and our communities. We are open to hearing all voices, even ones that don't agree. Your perspective and vision are valuable and needed.

Thanks,

KATHERINE MALARSKY | INSPIRE LEAD

OUR MISSION: INSPIRE's mission is to improve KSM's success in attracting, retaining, and developing talented individuals of all backgrounds, and to ensure that everyone has the opportunity to achieve their full potential.

The Business Case: 10 Reasons To Focus on DEI

Embracing the differences in others to form a well-rounded team isn't just the right thing to do. Study after study show that striving for a diverse workforce and practicing inclusion and equity make good business sense in today's rapidly changing world. Here are 10 reasons DEI deserves focus in today's business world:

1 ADVANCE PERFORMANCE

In a study performed by McKinsey and Company, companies in the top-quartile for ethnic/cultural diversity on executive teams were 33% more likely to have industry-leading profitability.

2 FOSTER INNOVATION & CREATIVITY

Companies that employ a workforce that exhibits two-dimensional diversity (with both inherent traits, like race and gender, and acquired traits, those gained through experience) out-innovate others. Leaders who give diverse voices equal attention unleash value-driving insights, and employees in a "speak up" culture are 3.5 times as likely to contribute their full innovative potential.

3 EVOLVE PRODUCTIVITY

A McKinsey report that covered 366 public companies in a variety of countries and industries found that those that were more ethnically and gender diverse performed significantly better than others.

4 COMPETITIVE ADVANTAGE

Companies with a diverse leadership team are 45% more likely to report a growth in market share over the previous year. Companies with a diverse leadership team are 70% more likely to capture a new market.

5 GROW INTELLECTUALLY

Diverse groups are 58% more accurate in problem solving as compared to homogenous groups. Collective and individual intelligence increases in diverse groups.

6 DEMOGRAPHIC SHIFTS

Generation Z is on track to be the nation's most diverse and best-educated generation yet. Today, nearly half (48%) are non-white. A CNBC article states, "The traditional 9-to-5 office job doesn't adequately support the lives Millennials and Gen Zs want to live. They are flexible-work natives..."

7 SOCIAL RESPONSIBILITY

An increasing number of Millennials believe that organizations have a moral obligation to give back to society in ways that create an inclusive environment for everyone to participate and thrive.

8 MARKET DEMAND

A study of more than 1,300 full-time employees found that an inclusive culture is key to both hiring and retaining talent. 80% of respondents said that inclusion is an important factor in choosing an employer. Nearly a quarter of all respondents left jobs due to lack of diversity and inclusion. An inclusion strategy is key to retaining a diverse workforce.

9 TALENT ACQUISITION

While 74% of executives view DEI as crucial to the success of their organization, most companies do not take advantage of DEI to attract top talent. By failing to embed DEI into talent strategies, companies not only miss out on exceptional talent, but also on the benefits realized by diverse talent and an inclusive culture.

10 CULTIVATE ENGAGEMENT

40% of people say that they feel isolated at work, and the result has been lower commitment and engagement. Belonging is linked to a 56% increase in job performance, a 50% drop in turnover risk, and a 75% reduction in sick days.

Source: aicpa.org/career/diversityinitiatives/dibusinesscase.html

Trends for People of Color in Accounting

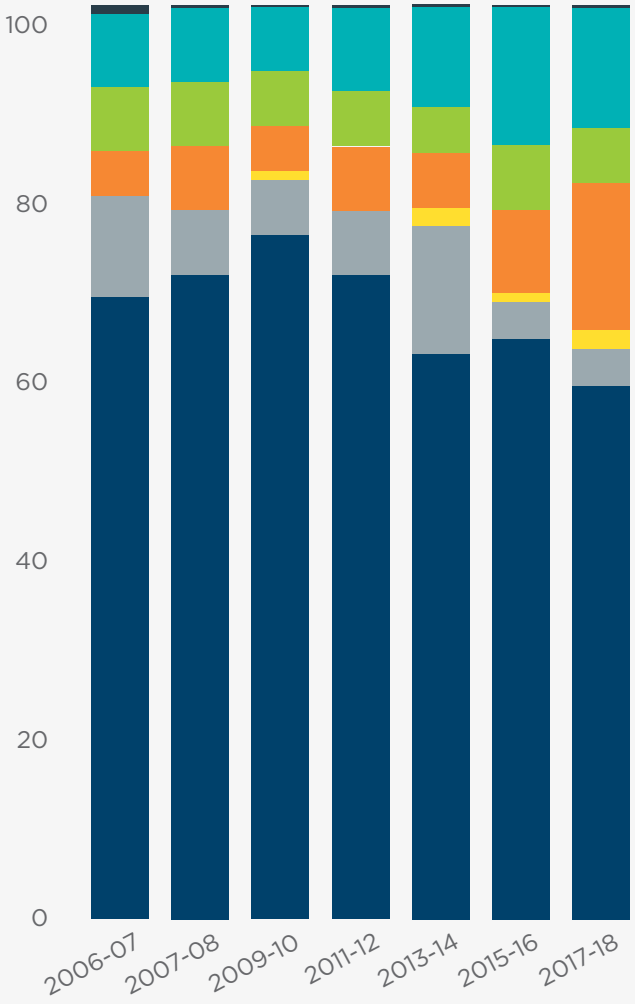
Diversity initiatives within accounting programs at the university level are having an impact—racial/ethnic diversity has increased with the highest percentage of non-white graduates to date.

However, hiring people of color into accounting or finance functions of U.S. CPA firms has remained stagnant for several years, as the following graph shows.

NEW BACHELOR'S AND MASTER'S OF ACCOUNTING GRADUATES

By Race/Ethnicity | 2006-2018

Due to rounding, data may not equal 100%

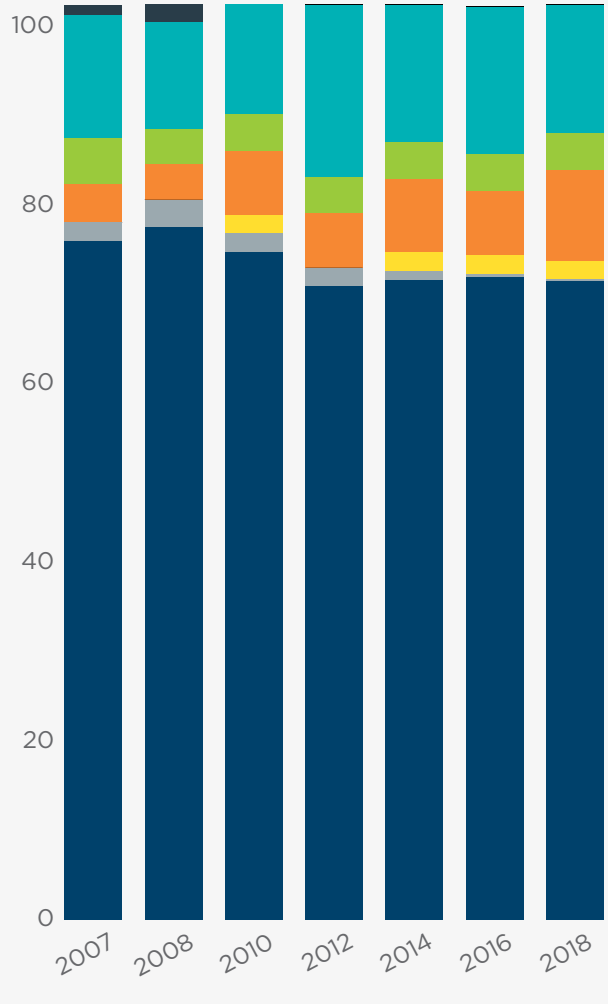


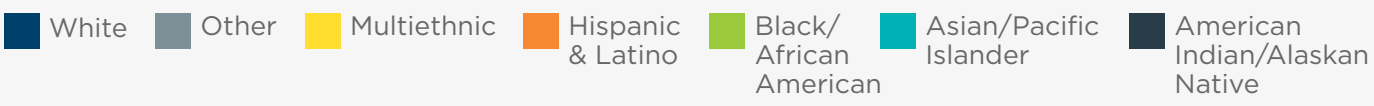
New Bachelor's and Master's of Accounting Graduates

HIRED INTO ACCOUNTING AND FINANCE FUNCTIONS OF U.S. CPA FIRMS

By Race/Ethnicity | 2007-2018

Due to rounding, data may not equal 100%





Source: 2019 AICPA Accounting Graduates and Supply and Demand Report (The 2019 report contains the most recent data available.)

Response to Racial Injustice

INTERNAL EDUCATIONAL SERIES ON RACIAL JUSTICE AND EQUITY

INSPIRE was honored to welcome Marshawn Wolley to KSM to lead a four-part series on racial justice and equity. Marshawn is an Indianapolis entrepreneur who leverages his relationships, one-of-a-kind cross-sector experiences, and advanced training to advance diversity, equity, and inclusion journeys for organizations and initiatives.

4 SESSIONS:

1. What Is Going On in Black Indianapolis? Allyship, Accompliceship, and Actions
2. The Black Agenda — Where We Go From Here
3. Black Non-Profits and Civic Community
4. Client Panel: Experiences as Black and Brown Entrepreneurs

FEEDBACK: (on a scale of 1 to 5)

I would recommend this program to my colleagues. **Average response: 4.76**

I intend to use the knowledge and skills learned in this program in my job. **Average response: 4.56**

On average, **93 participants** attended each webcast. Many employees tuned in for all four sessions.

By the end of the series, the percentage of KSM attendees who had taken steps to become accomplices for people of color **jumped from 4% to 64%**.

"I got connected to my town's diversity coalition to attend upcoming events. I've also increased and broadened the scope of my charitable giving in this area."

"Hearing client stories was so deeply impactful to bringing all the things we learned to life."

"I need to educate myself about the systemic racism in the country because I've been blind to it. I also need to look for opportunities to support Indianapolis' Black community."

"More than anything, it was a reminder that I live in a bubble. It is good to be reminded of that. The session was eye-opening for sure."

"I have already donated to some organizations, and I have added other action items to my list (i.e., contacting congressional and local leaders) over the coming months."

21 DAY RACIAL EQUITY CHALLENGE

The 21 Day Challenge consisted of approximately 20 groups of four to five people, with more than 85 participants total.

Each person committed to completing one action every day to further understanding of power, privilege, supremacy, oppression, and equity.

Actions could be anything from reading an article, listening to a podcast, watching a video, volunteering and forming community connections, researching a new organization to get involved with, etc.

Groups met regularly to discuss what they learned, share resources, and keep each other accountable. Some groups are still going strong!

GIVING

THANKSGIVING

- KSM made a $5,000 donation to the Mozel Sanders Foundation in support of its annual Thanksgiving dinner for the hungry.
- Employees were also invited to give to the Mozel Sanders Foundation or a local food bank. They came through with donations of $3,340, which KSM also matched.
- Total impact: $11,680 to help the food-insecure in our communities.

HOLIDAY GIVING

As a firm, KSM made holiday financial contributions to organizations serving underrepresented and marginalized communities:

- Edna Martin Christian Center
- Purpose 4 My Pain Christmas drive
- United Front Initiative
- Black Lives Matter of Greater New York

2020 UNITED WAY CAMPAIGN

Approximately $8,300 of our employees' donations went to the Equity Action Initiative or to not-for-profits that directly serve people of color.

LOCAL AND NATIONAL ORGANIZATIONS ADVOCATING FOR JUSTICE AND EQUITY

In response to employees' desire to financially support organizations that advocate for racial justice and equity, KSM compiled a list of accredited not-for-profit local and national organizations, and matched employee donations of $10 or more (up to $500). This match was in addition to the match provided through KSM's matching gift program. Between June 2020 and June 2021, employees donated $2,750 to these organizations. KSM's match brought total donations to $5,500.

Building Awareness and Inspiring Conversation

NETWORKING

Event: The Road Rules of Confidence
More than 100 KSM women and invited guests attended our third annual women's networking event, held virtually for the first time. Guest speaker Alex Perry, CEO of Practically Speaking, LLC, author, and self-proclaimed "minivan mogul" shared her confidence "road rules," an internal GPS she developed as she struggled with her own confidence. A panel featuring some of KSM's influential women and Zoom breakouts for virtual networking rounded out the event. (July 2020)

Event: Virtual Internal Speed Networking
KSM employees from all departments had the opportunity to meet and connect with nine different colleagues over the course of 60 minutes. (Jan. 2021)

DEVELOPING LEADERS

2020 Integrating Women's Leadership Conference
Attendees: Kristen Bush, Stephanie Dunn, Erin Eberly, Jamie Ellis, John Estridge, Andie Friedman, Laura Gualdoni, Julie Kimbley, Kiki Malarsky, April Meade, Jim Nestor, Andrea Peterson, and Angela Stephenson

2020 Ignite for Women Presented by Pass the Torch for Women
Attendees: Allison Allen, Lacey Armstrong, Ashley Attar, Ashley Christie, Stephanie Dunn, Erin Eberly, Amy Haworth, Karen Hill, Megan Hudson, Julie Kimbley, Kiki Malarsky, Andrea Peterson, Stephania Pfeiffer, Ben Phillips, and Asmire Sabriu

2021 PrimeGlobal Diversity, Equity, and Inclusion Conference
Attendees: Kristen Bush, Jamie Ellis, Laura Gualdoni, Karen Hill, Amanda Horvath, and Kiki Malarsky

SHARING EXPERIENCES

INSPIRED Conversations
In keeping with the goal of inspiring open and honest dialog, INSPIRE continued its popular INSPIRED Conversations series with group discussions on the 21 Day Challenge on Racial Equity (Aug. 2020), unconscious bias (Sept. 2020), voter suppression (Dec. 2020), and inclusive leadership and belonging (June 2021).

OUTWARD SUPPORT

- **Advertiser**
  "Black History Matters," Indianapolis Recorder
- **Advertiser**
  "Business Cares – Diversity & Inclusion," Indianapolis Business Journal
- **Community Partner**
  Leadership Indianapolis
- **Partner Employer**
  Indy Modern Apprenticeship Program
- **Event Sponsor**
  Fort Wayne Pride
- **Sponsor**
  Dress for Success Indianapolis
- **Sponsor**
  Girls Inc. (national organization)
- **Sponsor**
  Executive Women in Finance
- **Sponsor**
  Indy Pride Scholarship
- **Sponsor**
  Integrating Women Leaders
- **Sponsor**
  JCC Indianapolis
- **Sponsor**
  National Association for Black Accountants (NABA)
- **Sponsor**
  Pass the Torch for Women
- **Sponsor**
  The Helene G. Simon Hillel Center at Indiana University
- **Sponsor**
  Women & Hi Tech

THOUGHT LEADERSHIP

PrimeGlobal Panel Discussion
Our own Director of Talent Acquisition Karen Hill participated as a panelist in PrimeGlobal's "Advancing the DEI Initiative: Creating a Diverse Talent Pool" webinar. She and other guests discussed actionable steps towards creating a more diverse talent pool across the accounting industry. (Feb. 2021)

PrimeGlobal DEI Conference Session
Karen Hill, director of Talent Acquisition, and Heidi Roizen, partner at Threshold Ventures, held a discussion around mentoring during PrimeGlobal's Diversity, Equity, and Inclusion Conference. (June 2021)

Indianapolis Business Journal Column
"How Those in Charge Can Spark Change" by Tim Cook, KSM CEO and president. In this column, Tim challenges other company leaders to act decisively and offers five steps they can take to make genuine progress on the DEI front. (July 2021)

BUILDING AWARENESS

21-Day Racial Equity Habit-Building Challenge
The 21-Day Racial Equity Habit-Building Challenge, developed by the consulting firm America & More, is based on the idea that we can all intentionally focus on learning more about racial inequity and developing the mindset of dedicating time to that learning. For 21 days, KSM participants committed to performing one daily action to further their understanding of power, privilege, supremacy, oppression, and equity. Small groups then met throughout the 21 days to share what they learned. *See page 11 for more information.* (Summer 2020)

Racial Justice Series With Marshawn Wolley
In response to the killing of George Floyd and the resulting outcry for social justice and equity, INSPIRE worked with Indianapolis leader Marshawn Wolley to conceive, develop, and execute a four-part series that helped KSM employees understand the roots of inequities in the Indianapolis community, hear the perspectives of Black and Brown not-for-profit leaders and KSM clients, and better understand how to be an accomplice for those in marginalized groups. *See page 10 for more information.* (Summer and Fall 2020)

Deb Elbaum, MD, "Coping More Effectively: What's in Your Control" Webinar
Attendees left this session with concrete and specific strategies about how to think more effectively and feel calmer and more in control when under stress. Understanding what happens in your brain and in your colleagues' brains when in stressful situations helps to normalize the stress reaction so we judge ourselves and others less harshly when we have a hard time coping. (Feb. 2021)

Presentation by the Women's Fund of Central Indiana on Women's Philanthropy
INSPIRE, in conjunction with our KSM Cares initiative, invited Leslie Bowles, senior director of Philanthropy & Community Engagement at the Women's Fund of Central Indiana, to share about the Women's Fund, the importance of philanthropy, women's history, and the work that the Women's Fund of Central Indiana is doing in the racial equity space. (March 2021)

Karen Catlin, "Better Allies" Webinar
Respected DEI author and speaker Karen Catlin discussed how to be a better ally by cultivating an inclusive workplace. Karen has worked with a wide array of businesses, including Fortune 500 companies, and has written two bestselling books around this topic, making her a tremendous resource and expert in her field. (May 2021)

Lisa Ong, "Inclusion Leadership and Belonging" Webinar
Lisa Ong, a CPA and one of the most sought-after speakers on diversity, equity, inclusion, and belonging today, led us through a thoughtful presentation on inclusion leadership and promoting belonging in the workplace. (June 2021)

Lindsay Boccardo, "Multigenerational Teams in the Workplace" Webinar
Lindsay Boccardo, an expert on generations in the workplace, led a discussion on generational differences spanning the four generations of employees in today's workforce. Attendees examined experiences they had growing up and how those directly affect their relationships at work. (June 2021)

Resources

Diversity, equity, and inclusion is a big topic. Here's a sampling of resources to check out to learn more.

BOOKS

"Women, Minorities, and Other Extraordinary People: The New Path for Workforce Diversity"
by Barbara B. Adams PsyD

"Better Allies: Everyday Actions To Create Inclusive, Engaging Workplaces"
by Karen Catlin

"Money on the Table"
by Melissa Greenwell

"How To Be an Antiracist"
by Ibram X. Kendi

"One: How Male Allies Support Women for Gender Equality"
by Julie Kratz

"So You Want To Talk About Race"
by Ijeoma Oluo

"Belonging at Work: Everyday Actions You Can Take To Cultivate an Inclusive Organization"
by Rhodes Perry, MPA

"One Size Never Fits All"
by Dr. Arin N. Reeves

"Me and White Supremacy"
by Layla F. Saad

"Whistling Vivaldi: And Other Clues to How Stereotypes Affect Us"
by Claude Steele

"The Diversity Advantage: Fixing Gender Inequality in the Workplace"
by Ruchika Tulshyan

REPORTS

2020 Accounting MOVE Project Report

AICPA's 2019 CPA Firm Gender Survey

AICPA's 2019 Trends in the Supply of Accounting Graduates and Demand for Public Accounting Recruits Report

Delivering Through Diversity – McKinsey & Company

WEBSITES & NEWSLETTERS

AICPA Diversity and Inclusion Initiatives

AICPA – Women in the Profession

CEO Action for Diversity & Inclusion

Integrating Women Leaders

Project Implicit

AICPA's Inclusion Solutions newsletter

Integrating Women Leaders newsletter

PODCASTS

1619 Project

Code Switch

Seeing White

The Diversity Gap

The Mix

Women at Work

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