



cutting through complexity

UN Global Compact

2012 Communication on Progress

kpmg.com/citizenship

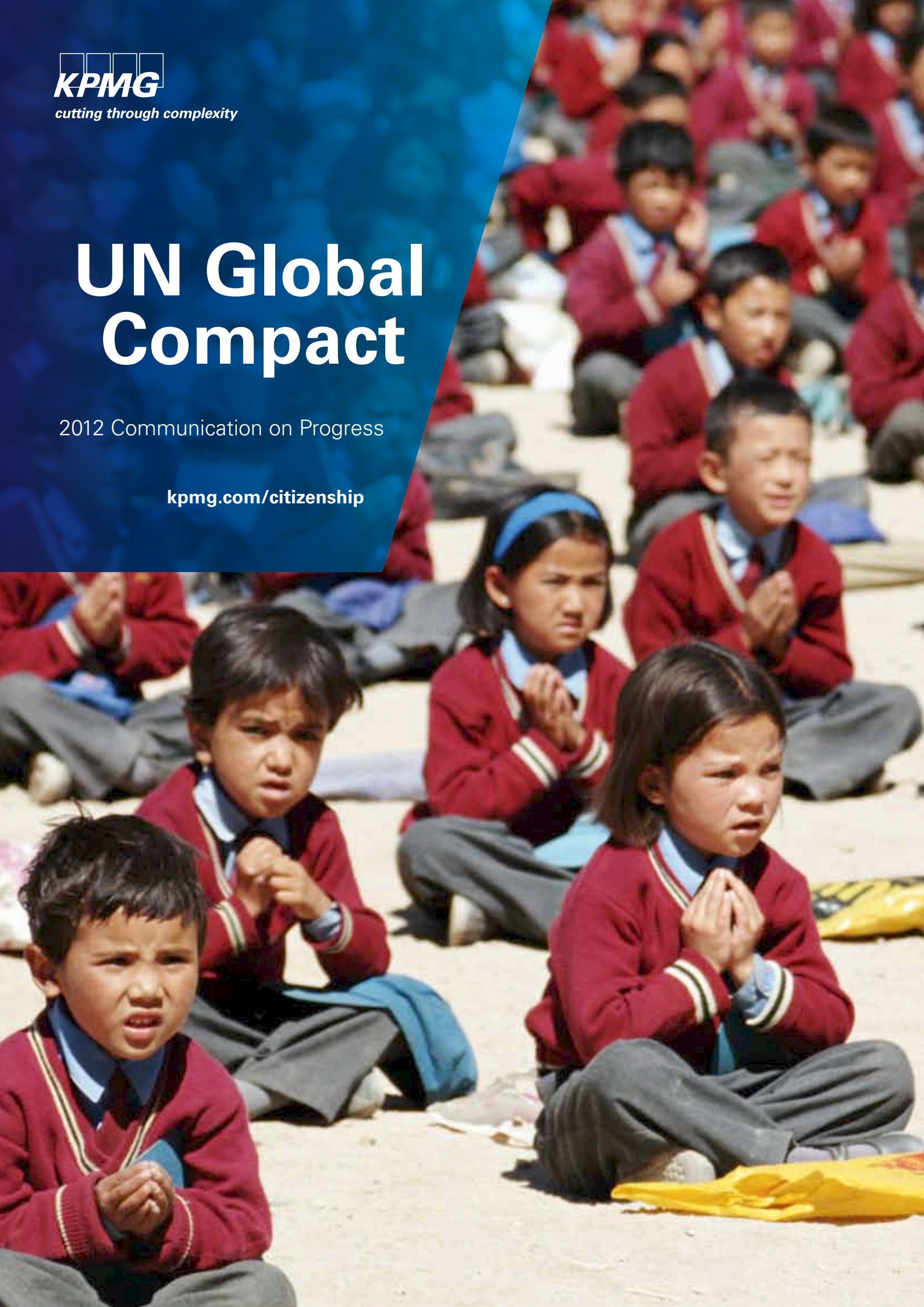


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Letter from the Chairman, KPMG International



Business can play a central role in responding to many of the world's most pressing social, environmental and political challenges. It is business that can fulfill a crucial role in eliminating child labor; in driving the green energy agenda; and in helping bring economic growth to emerging and established markets.

It is encouraging, especially in a difficult economy, to see business taking a greater leadership role in society over the past 12 months. More businesses are changing their view of citizenship programs, with the understanding that the very survival of their organizations depends on the private sector's ability to contribute practical solutions that address the many challenges facing global society.

I was especially proud this year of KPMG's 'Business Perspective on Sustainable Growth: Preparing for Rio+20' conference that was held in New York City in February. It brought leading CEOs together with politicians and diplomats to debate the key issues on sustainability, to jump-start the agenda for business, and to help

galvanize business leaders into action with a series of recommendations to take to the Rio+20 UN Conference on Sustainable Development.

We optimistically saw what amounted to a new front being opened in the fight for sustainability. Indeed, the conference signaled a turning point where businesses put their hands on the reins of the sustainability agenda without having been forced by set targets, taxes or political will.

At KPMG, we believe that this leadership is embodied through the ethical practices and good corporate citizenship which are at the foundation of our business. From our support of the UN-Business partnerships services and the impact



of our Global Development Initiative and Global Green Initiative, through to progress on the Millennium Village and the expansion of Enactus (formerly, Students in Free Enterprise), KPMG's member firms use their skills and insight to encourage positive change.

KPMG member firms are also focused on using their skills to help build trust in the marketplace. Indeed, when we look at the range of public crises that have emerged across the globe, the role that responsible Audit, Tax and Advisory services can play in creating a more transparent and accountable business environment seems more important than ever.

Looking ahead, we will build on our success in helping achieve the principles of the UN Global Compact (UNGC) by developing programs and partnerships that support the UN's mission and objectives. Moreover, we will continue to further the goals of the Global Compact through our firms' vision, strategy and wider citizenship programs.

Within the pages of this report, we have outlined some of the many ways

in which our network of member firms has encouraged positive change in the world. And while we are extremely proud of our accomplishments, we believe that the true measure of our success will be in encouraging other businesses to take a stand alongside us by assuming a more central role in responding to the world's most pressing challenges.

I would like to take this opportunity to express my congratulations and appreciation to the 152,000 people across the KPMG global network who work tirelessly to make a sustainable and valuable difference in the world around us. I look forward to collaborating with you over the coming year to create lasting change in our communities and advance the principles of the UNGC.



Michael Andrew
Chairman,
KPMG International

About this report

KPMG International has been a signatory of the UNGC since 2002. The Compact is a voluntary framework for businesses committed to aligning their operations and strategies with 10 principles covering human rights, labor, the environment and anti-corruption. As a signatory KPMG International is committed to submitting a Communication on Progress (COP) to the UNGC on an annual basis.

The reporting period for this COP is from 1 October 2011 to 30 September 2012 and covers the activities of KPMG in relation to the 10 principles. We also aim to report on our wider sustainability and citizenship activities and how our business operations enhance our commitment to our communities.

Throughout this report, 'we', 'KPMG', 'us', and 'our' refer to the network of independent member firms operating under the KPMG name and affiliated with KPMG International, or to one or more of these firms.

KPMG International provides no client services.





HOW KPMG IMPLEMENTS THE TEN GLOBAL COMPACT PRINCIPLES

	PRINCIPLE	COMMITMENT
HUMAN RIGHTS	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; 2. and make sure that they are not complicit in human rights abuses. 	<p>KPMG International and KPMG member firms recognize that human rights are an integral part of corporate citizenship and we respect and support the Universal Declaration of Human Rights and the 'Guiding Principles on Business and Human Rights: Implementing the United Nations Protect, Respect and Remedy Framework'.</p> <p>KPMG International has developed a Human Rights Statement, in line with international best practice.</p>
LABOR STANDARDS	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; 6. and the elimination of discrimination in respect of employment and occupation. 	<p>KPMG International and KPMG member firms do not use forced, compulsory or child labor.</p> <p>KPMG International and KPMG member firms support freedom of association and, where applicable, recognize the right to collective bargaining.</p> <p>Our people want to work for an organization that encourages and respects individuals, and this is one of our values across the KPMG network. Our drive to create a global culture of diversity and inclusion is fundamental to who we are, and critical to retaining our best people.</p>
ENVIRONMENT	<ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; 9. and encourage the development and diffusion of environmentally friendly technologies. 	<p>KPMG International and KPMG member firms are dedicated to managing our environmental impacts proactively and we are committed to working together across borders to make an even bigger difference.</p> <p>KPMG International is an active and engaged member of the World Business Council for Sustainable Development on climate change issues.</p>
ANTI-CORRUPTION	<ol style="list-style-type: none"> 10. Businesses should work against corruption in all its forms, including extortion and bribery. 	<p>KPMG International and KPMG member firms are committed to achieving a high standard of ethical behavior in everything that we do.</p> <p>'We act with integrity' is one of our values and is reflected in the Global Code of Conduct.</p>

SYSTEMS, PROCEDURES AND VALUES

- Global Human Rights Statement
- KPMG values
- Global Code of Conduct
- Global Quality & Risk Management manual
- People, Performance and Culture manual

- Global Code of Conduct
- Global People, Performance and Culture team
- Global Diversity Network

- Global Green Initiative

- Global Code of Conduct
- Anti-bribery Policy
- KPMG values
- Ethics and Compliance
- Acceptance and Continuance of Clients and Engagements
- KPMG International Hotline
- Global Quality & Risk Management manual

MEMBER FIRMS PROFESSIONAL SERVICES

- International Development Advisory Services
- Climate Change & Sustainability
- Risk Consulting

- Climate Change & Sustainability
- Risk Consulting
- People and Change
- Supply Chain and Operations

- Climate Change & Sustainability

- Financial and non-financial Audit and Assurance
- Forensics
- Risk Consulting

01

Leading change in society

About KPMG

Our business

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 156 countries and have 152,000 people working in member firms around the world. We work closely with our clients, helping them to mitigate risks and grasp opportunities.

In the last fiscal year (to 30 September 2012), the combined revenues of our member firms totaled USD23.03 billion.

Our structure

Our structure is designed to support consistency of service and a high level of ethical conduct from all our people around the world. Our Global Code of Conduct and values reinforce our commitment to the UNGC and the importance of our communities.

Our governance

KPMG International's key governance and management bodies are the Global Council, the Global Board, and the Global Executive Team.

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. It performs functions equivalent to a shareholders' meeting.

The Global Board is the principal governance and oversight body of KPMG International. Responsibilities of the Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations.

The Global Executive Team (GET) is the principal management body of KPMG International. The GET drives the execution of the strategy approved by the Global Board and establishes processes to monitor and enforce policy compliance.

Global Steering Groups support the GET and are responsible for executing the approved strategy and business plan in their respective areas including the Global People, Performance and Culture Steering Group (PPC) and the Global Quality and Risk Management Steering Group.

The KPMG strategy

We understand that we live in a changing world with an increasingly complex business landscape. Our firms' clients are demanding more from us and also recognize the important role that we play in helping shape business and societal agendas. Over the past few years, we have seen:

OUR VISION:

"We will build and sustain our reputation as the best firm to work with by ensuring that our people, our clients and our communities achieve their full potential."

- shifts in power, wealth and population from the West to the East
- food and energy crises impacting communities around the world
- the impacts of global warming and climate change
- the rapid rise of China as a global economic force
- a shift of political balance in the Middle East & North Africa
- the emergence of new competitors
- a huge government debt burden in the West.

At KPMG, we need to adapt to meet the challenges of this changing landscape. This will allow us to both maintain our reputation and achieve our vision and strategy. However, central to this is corporate citizenship. And, as such, we are committed to investing in our people, their skills and expertise, not

only to stay ahead of the market, but to also meet the rigors of responsible capitalism and to make a difference in our communities.

To help achieve our vision, we have adopted a growth strategy which prioritizes eight areas of greatest opportunity for our global network. Around the world, we will focus on continuing to build upon our knowledge and strengthening our capabilities in these areas, while simultaneously working with clients in our national markets to address their business needs and support their strategic objectives. We also recognize that the success of our growth priorities and our ability to surpass our firms' client expectations requires us to act responsibly, demonstrating leadership based on strong citizenship principles founded, in part, upon the objectives of the UN and its Global Compact.



Stakeholder engagement

Stakeholder engagement plays a critical role at KPMG. For example, stakeholder engagement helps us to drive our business, evolve our strategy, focus our citizenship initiatives and develop our people. It also informs our reporting practices as it helps determine the materiality of our sustainability issues, including what needs to be communicated and disclosed.

Stakeholder engagement occurs throughout the year through a variety of channels, such as client satisfaction reviews, KPMG people surveys, consultations with regulators, community dialogues, and supplier workshops. In keeping with our commitment to stakeholder engagement, KPMG International carried out a specific project which concluded in 2011, designed to help our member firms better understand

stakeholder perceptions related to areas of responsible business practice and corporate citizenship. The outcomes of this project are outlined below and demonstrate that, in many instances, the expectations of our stakeholders are aligned to the 10 principles of the UNGC. Moreover, the results reinforce the importance of the role that we play in the marketplace.

Over the past 12 months, we have looked to the outcomes of this project to help our global network shape our citizenship programs and drive our work with the World Economic Forum's Professional Services community and its responsible capitalism principles. This stakeholder engagement project has also provided us with confidence to build upon existing programs such as our people agenda, our high-performing culture, our community engagement

initiatives and our focus on minimizing our environmental footprint.

Our stakeholder engagement approach is also helping shape the future of reporting for KPMG International. In 2011, KPMG International joined the pilot program of the International Integrated Reporting Council (IIRC). As part of the pilot we are exploring opportunities to integrate and improve our reporting both internally and externally. Part of this work includes a broad evaluation of our stakeholders and the various ways in which we engage with them.

For more information on our efforts to establish Integrated Reporting within our network of member firms, please refer to the section titled *KPMG reporting: transparency and assurance*.

What our stakeholders most commonly cited as key citizenship concerns for KPMG:



Citizenship

At the heart of KPMG's values is a commitment to the communities in which we operate, and the issues that affect them. That commitment is one of the enduring qualities of our people and our brand. It's a core part of our Employer of Choice strategy. And the way we express this commitment defines what it means to be part of KPMG.

Global Citizenship gives this commitment focus and is a function of the International Chairman's office and facilitated through our Global People, Performance and Culture (PPC) team.

Our Global Citizenship programs focus on coordinating KPMG International's approach to sustainability with those of our local citizenship leaders working within KPMG member firms.

World Economic Forum's responsible capitalism principles

In 2010, the World Economic Forum's Professional Services community drafted its responsible capitalism principles which were endorsed in 2011 by KPMG's Global Board.

We believe these principles reflect good practice.

Principle 1

Choosing responsible clients

Principle 4

Supporting systemic risk management

Principle 2

Encouraging responsible behavior among clients

Principle 5

Engaging with policy-makers

Principle 3

Fulfilling our professional duties to our firms' clients

Principle 6

Developing a new generation of leaders and professionals

02

Advancing broader UN goals and issues



Over and above our aspirations to meet the 10 Principles of the UNGC, KPMG supports the UN in achieving its broader goals and issues.

The integration of citizenship into our vision and strategy means we have a larger sense of purpose; serving the public trust and playing a critical role in helping to solve some of the world's toughest, most complex problems. Our people are committed to this cause and our activities within our communities have consistently scored highly in our people survey, demonstrating the importance this has in attracting and retaining the most talented people.

This year, KPMG has continued its support for the UNGC and its LEAD pilot. Launched in 2011 for businesses with a history of engagement with the UNGC, LEAD enables our global network of member firms to deepen our commitment to the UNGC through the implementation of the Blueprint for Corporate Sustainability Leadership. The Blueprint is designed to help businesses demonstrate leadership in three areas: (i) integrating the 10 principles into strategies and operations; (ii) taking action in support of broader UN goals and issues; and (iii) engaging with the UN Global Compact.

In 2012, KPMG also supported the UNGC in developing a new platform for strategic, impactful and value-adding partnerships between business and the UN through the UN-Business partnerships services. The objectives of this program are to create shared values between the UN and business; to build partnering capacity to help UN agencies establish effective collaboration models; and to foster stronger coherence and integrity.

Over the next 12 months, we will continue to support the UN in developing its UN-Business partnerships services, as well as numerous other initiatives including our support of the World Economic Forum's Future Role of Civil Society Project. This project will see KPMG working with the World Economic Forum to engage a wide range of civil society actors in dialogue to understand the role and impact civil society will have over the next 20 years.

Member firms have also been furthering our other citizenship strategies. For example:

- over the last 12 months, many of our member firms donated significant

time and resources to support the response to disasters across the globe

- KPMG people from 14 countries have come together to support the Millennium Villages project in Africa
- KPMG in Canada is working with Free the Children to give families in the developing world the skills they need to build sustainable sources of income
- KPMG in Australia is helping to close the 17-year gap in life expectancy between indigenous and non-indigenous Australians
- 'BRIGHT minds helping to create a BRIGHTer world' is KPMG Europe LLP's first cross-border citizenship program. BRIGHT has seen 96 participants from 15 KPMG member firms deliver 7,738 hours of *pro bono* time for three international charities to support the UN Millennium Development Goals (MDGs)
- KPMG firms in the Middle East and South Asia have continued their work with the Pearl Initiative, a private sector-led, not-for-profit organization set-up to improve transparency, accountability and business practices in the Arab world.



KPMG supports Enactus (formerly, Students in Free Enterprise)

Enactus is one of the largest university-based organizations in the world with programs in more than 39 countries involving 57,000 students across 1,600 universities. Through Enactus, students are encouraged to make a difference in their communities while developing their skills to become socially responsible business leaders.

Every country that operates an Enactus program, at a minimum, organizes a national competition, from which one institution will be named national champion and advance to compete at the Enactus World Cup. This process provides teams with the opportunity to present their educational

outreach efforts to a panel of judges who evaluate those efforts and determine which teams had the most impact in improving the quality of life and standard of living for members of their community.

Since 1990, KPMG has actively participated in Enactus and has played a pivotal role in helping the organization expand globally. Today, KPMG firms support Enactus in more than 30 countries and KPMG International is the World Cup Presenting Sponsor through to 2015. In 2012, some 38 of KPMG's global clients will have engaged with Enactus world-wide.

UN-Business partnership services

The objective of UN-Business partnership services is to enhance existing and new partnerships between the UN and business to increase scale and impact.

KPMG, along with a number of other leading businesses, worked with the UN to define the mission, objectives and overall design of UN-Business partnership services and the need for support related to due diligence, partnerships lifecycle management, knowledge management, and capacity building.

The mission of UN-Business partnership services is to build on the UN's unifying role to strengthen, scale, and accelerate impact that the UN and business can create by working together. Supporting this mission, the three high level objectives of UN Business partnership services are to create shared value, build partnering capacity, and strengthen coherence and integrity.

KPMG supports the World Economic Forum: the Future Role of Civil Society Project

The world is changing in ways that create both challenges and opportunities for civil society – and is changing the way communities, businesses and governments work together. Challenges include the rise of social networking; geopolitical shifts and emerging economy growth; the global financial crisis; and the increasing involvement of the private sector in addressing global development challenges.

KPMG is working with the World Economic Forum to define the future role of civil society. Through dialogue across a range of civil society actors including non-governmental organizations (NGOs), faith organizations, labor leaders, business, government and international organizations, the engagement aims to understand emerging trends affecting civil society and their implications at the global and regional level.

The goals of the project are to:

- identify the main drivers and trends shaping the environment for civil society
- understand the implications for roles, responsibilities, and relationships between civil society, business, government and international organizations
- explore new and emerging opportunities for civil society and outline a framework for engagement looking forward to 2030.

The outcome of this project will be a report delivered at Davos in January 2013 which will provide insights into the future of civil society as well as how NGOs, faith and labor leaders interact with government and business to create a resilient and dynamic 2030 economy.

Providing professional services

As trusted advisors to the public, private and non-governmental sectors, KPMG people play a leading role in helping organizations to meet many of the UN's wider goals and objectives. Our people provide a range of valuable services that are central to improving the quality of human life, enhancing organizational

accountability and driving economic development including (but by no means limited to) enhancing transparency and building capability in government through to auditing environmental sustainability and developing anti-bribery policies in the private sector.

While our services address a wide range of critical business needs, our global network has elected to put a particular focus on a number of key service areas where – we believe – we can make an additional impact on the world in which we live and work. These priorities include activities in the following areas.

Climate Change & Sustainability

KPMG's Climate Change & Sustainability (CC&S) professionals help enterprises to develop a better understanding of the complex and evolving policy, regulatory, and business environment related to climate change and sustainability.

We work closely with our clients to develop strategies and implement programs to help them identify and respond to the risks and opportunities of climate change and sustainability, so they can capitalize on the resultant commercial opportunities.

Education

Through our Education practice, KPMG professionals harness the network's extensive capabilities to support the development and delivery of education and training services.

We are proud of our contribution towards helping the world's populations lead more productive lives through greater access to education and the impact that has on creating a more sustainable global community.

International Development Assistance Services

Our International Development Assistance Services (IDAS) practice strengthens capacity and enhances transparency and accountability in all areas of international development. Our network of experienced global professionals work with governments to develop and improve public service delivery, and support the efforts of donors and recipients in attaining the MDGs.

Human and Social Services

KPMG's Human and Social Services practice focuses on those client programs and initiatives that serve the most vulnerable. Our highly-experienced teams help the public and not-for-profit sectors to enhance the efficiency, performance and cost-effectiveness of their human and social services delivery by leveraging technology and applying global leading practices.

Global Citizenship

Global Citizenship is a key area which demonstrates our commitment to the wider UN goals and issues.

Our Global Citizenship strategy is founded on three pillars: ending extreme poverty through skills-based partnerships with global NGOs; tackling climate change by cutting our emissions and supporting environmental innovation; and helping create a culture of leadership that sees societal problems through the lens of opportunity and solution.

Our approach is to apply our professional skills to responding to issues in each of these areas. Contributing to our communities is, after all, a central tenet of our values.

For example, at a global level, we contribute our knowledge and global experience to developing countries to help them tackle global issues, while simultaneously developing supportive governance and policy. At the local level, member firms work with a wide range

of NGOs, companies, governments and local groups to address some of the most important and pressing issues facing their communities.

For more information on Global Citizenship, please visit our website, [Leading Change in our Society](#).



Global Development Initiative

Overview

KPMG's Global Development Initiative (GDI) works to apply our skills to the achievement of the UN MDGs. Working alongside governments, civil society groups, international agencies and other private sector organizations, we strive to become involved in finding effective and sustainable solutions to global and local poverty issues. Our commitment to the MDGs was first endorsed by our Global Board in 2007. In 2011, the Global Board committed to "enrich the GDI as a global employee engagement program that underpins and embeds the KPMG brand attributes (Expert, Global Mindset, Forward Thinking, Value Adding and Passionate)".

In line with that commitment, KPMG has now extended and deepened its contribution to the MDGs. Since our last Communication on Progress, our global member firm network has:

1. Expanded its IDAS business which provides assurance, tax and advisory services to governments, NGOs,

the UN family, and large charitable foundations. For example, our IDAS supports the recently formed Independent Commission for Aid Impact within the UK, working with donors and recipients to evaluate the effectiveness and value for money of UK spending on overseas aid.

2. Developed enabling thought leadership such as the Change Readiness Index, which – in collaboration with researchers from the Overseas Development Institute – gauges how a country's change readiness influences their ability to achieve sustained growth. We are also widely recognized for our insightful thought leadership on topics such as food security and potable water challenges.
3. Convened and led a number of multi-stakeholder debates on topical development issues including value for money, good governance,

accountability, and NGO-private sector partnerships.

4. Combined our industry expertise in areas such as financial services and healthcare with our functional expertise in key areas such as risk modeling, supply chain management and taxation to deliver valuable support to NGOs through the Global Development Initiative.

Impact

We strongly believe that the greatest contribution of our GDI toward achieving the MDGs is realized through our efforts to help increase the operational efficiency and effectiveness of our NGO and UN partner organizations. By providing professional skills-based services to NGOs, we know we are indirectly helping all of the beneficiaries who receive support from those NGOs and UN partner organization programs.

Here are just a few examples of how our member firms' 'work' has had a positive indirect global impact and a direct national impact on six of the MDGs:

MDG	Indirect global impact on social issues	Direct national impact on targeted communities and countries
MDG 1: Eradicate extreme poverty and hunger	Working with VisionFund International, we facilitated the introduction of more cost effective hedging and risk management strategies by modelling the organization's foreign exchange and credit risk exposures, while also building their in-house capacity for future analysis.	Our member firms across Europe helped improve the profitability of Fairtrade farmers by developing business management toolkits and providing direct training to farmers in Ghana, Kenya, Malawi and South Africa.
MDG 2: Achieve universal primary education	Our teams increased the efficiency of three international child-focused organizations by delivering operational effectiveness projects that facilitated the harmonization of core processes, knowledge management and cash transfer systems.	By funding classroom construction and solar energy installation, and by providing reading support, KPMG in India has improved the literacy of children from underprivileged backgrounds in partnership with Literacy India and the Hope Foundation.
MDG 3: Promote gender equality and empower women	KPMG's Women Networks are providing leadership training and mentoring to help female leaders of microfinance institutions improve their operations through a global partnership with Women's World Banking and VisionFund International.	KPMG in Kenya sponsors and provides one-on-one mentoring support to empower female orphans as part of the Global Give Back Circle.
MDG 4: Reduce child mortality	Working with a leading child-focused organization, KPMG people helped increase revenues by helping transform the organization's retail value chain.	The people at KPMG in Kenya enhance children's health knowledge, attitudes and practices through the provision of management support to Alive & Kicking. The social enterprise, which manufactures 60,000 sports balls per year painted with health messages, provides physical recreation opportunities for children, creates jobs for adults, and promotes health education through sport.
MDG 5: Improve maternal health	By working with NGOs to develop an accountability framework for maternal, neonatal and child health, KPMG has supported NGO commitments and facilitated the global strategy on this critical issue.	KPMG people from 14 countries came together in partnership with Millennium Promise and The Public Health Laboratory Ivo de Carneri (PHL-IdC) to reduce maternal mortality in Pemba, Tanzania, in support of the Millennium Villages Project.
MDG 8: Develop a global partnership for development	<p>KPMG led by example by taking leadership roles in multi-stakeholder initiatives and forums including:</p> <ul style="list-style-type: none"> • participating in the UNGC as a LEAD member • acting as a Strategic Partner to the World Economic Forum in order to help shape initiatives, projects and task forces and to give intellectual guidance • actively participating in the UNGC Global Corporate Citizenship National Committee • providing representation on the Global Reporting Initiative Board • collaborating with the World Bank, the International Finance Corporation (IFC) and the Inter-American Development Bank (IDB) as a Steering Committee member for the development of a report on opportunities for investment, job creation and growth in post-crisis Haiti. 	 <p>By creating six city reports and three industry reports focused on investment opportunities in sub-Saharan Africa, our professionals enhanced the local economies of 11 countries by, for example, shining a spotlight on the need for secure investments in order to start the manufacture of bamboo bicycles in Kumasi which, in turn, provides local employment.</p>



Linking development and diversity agendas

Developing women leaders

KPMG, VisionFund International, and Women in World Banking are harnessing and developing the expertise of senior women in an effort to develop a sustainable microfinance industry, ensure that diversity agendas are progressed and – as a result – tackle poverty.

KPMG's motivation for co-creating this program was simple: we knew that by providing financial support, knowledge and skills to the microfinance industry, we could put one of our values (commitment to communities) into action. Moreover, the program offers KPMG's senior women an unprecedented opportunity to learn from women in the microfinance industry and, in turn, bring some of that inspiration back to their own communities. We are confident that – through our firms' commitment to advancing female leadership – we will facilitate the creation of more diverse teams that will enhance the overall quality of work and innovative capacity.

The program aims to develop leadership skills (which, in this time of rapidly changing economic, social and political conditions, are particularly critical) and helps microfinance leaders to develop both the mindset and capability to pursue robust financial performance while simultaneously meeting the financial needs of the entrepreneurial poor.



Caroline Tsilikounas, CEO of AgroInvest Serbia and Montenegro with her mentor Evelyn Vinke-Smits, a financial services partner with KPMG in the Netherlands

Participant reflections

The mentees involved in the program reported that they gained new knowledge, abilities and/or personal insights which they felt would positively impact their microfinance institutions. What is more, many participants said that they now look to their KPMG mentor as a "partner, advisor and support system".

For their part, participating KPMG partners reported that they found the program to be a very interesting experience: one participant commented "What I find very inspiring about this program is that it is an exchange of insights and ideas." And while – due to geographical distance – most mentoring relationships are maintained remotely, at least one KPMG mentor has been so inspired by the program that she has already taken the initiative to travel from Europe to Asia to visit her mentee.

KPMG's disaster relief and risk reduction program

Exacerbated by climate change, it is clear that devastating natural disasters are occurring with increasing frequency, and are disproportionately affecting those who are least resilient. In 2011, 332 natural disasters were registered which resulted in 30,773 deaths and 244 million affected people worldwide. The Philippines registered the highest number of disasters in its history with 18 floods and landslides, 12 storms, two volcanic eruptions, one earthquake and a tropical cyclone. The economic costs of disasters in 2011 also mounted: the Great East Japan earthquake and tsunami cost more than USD210 billion, the Thailand floods – USD40 billion, storms in the United States – USD25 billion and the New Zealand earthquake – USD15 billion. By 2015, experts predict that climate related disasters will increase in frequency and scale, eventually affecting an estimated 375 million people every year.¹

KPMG's people, clients and communities are all affected by natural disasters and emergencies. And since both our values and our people demand our involvement in helping communities rebuild and restore their lives and their livelihoods, we aim to leverage our global reach and stature to respond to those most in need effectively and efficiently.

At KPMG, our approach is founded on the belief that business has a distinct and vital role to play in helping solve the world's most complex problems. We are therefore committed to doing more by moving beyond good governance, compliance, ethical behaviors, and philanthropy to increase our work with governments, societies, and NGOs in an effort to tackle global social and environmental issues. And one way we address this is by providing support to those devastated by disasters and those at risk from the affects of climate change.

Disaster relief

KPMG's first disaster relief global appeal was launched in response to the devastation caused by the 2004 Asian Tsunami. Today, we provide guidance to our firms and regions on how best to respond to natural disasters in the community through our Global Citizenship office which, in 2008, implemented the Disaster Emergency Response Process (DERP).

Based on the guidelines set out by the International Business Leaders Forum, the DERP structure has helped the KPMG network to raise millions in support of communities affected by disasters. With a strong focus on sustainable social and economic redevelopment, our partners and staff have used their business skills to support local and international NGOs as they cope with disasters by enhancing their response and quick recovery capability. We also help communities to increase their resilience against future risk.

¹ Annual Disaster Statistical Review 2011, Centre for Research on the Epidemiology of Disasters (CRED) – includes all source data within paragraph.

Great East Japan Earthquake

The Great East Japan Earthquake and Tsunami struck the Tohoku region in the north east of the country on 11 March 2011 with an estimated 20,000 lives lost and countless homes, livelihoods and communities crushed beyond recognition.

The global KPMG network immediately launched an appeal which raised over USD3.3 million for disaster relief. Coordinated by KPMG International and led locally by KPMG in Japan, our people provided critical business and financial aid for both the immediate relief effort and the long-term recovery program. In the immediate aftermath, KPMG implemented a range of programs that spanned everything from clean-up and replanting projects to the development of a free information website on disaster-related accounting and audit for businesses.

One of the longer-term programs sponsored by KPMG donations was conducted in partnership with Oxfam Japan. Over the course of a 6-month period, our program supported one of the most vulnerable sections of Japanese society: single-mother families. Through our combined efforts, the program helped to retrain and educate impacted women to allow them to find steady employment and help their children go back to school.



Disaster risk reduction

KPMG International subscribes to the concept of disaster risk reduction (DRR). By systematically analyzing and managing the causal factors of disasters, DRR helps to reduce exposure to hazards, lessen the vulnerability of both people and property, instill the sustainable management of land and the environment, and improve preparedness for adverse events. The expected outcome of DRR is the substantial reduction of disaster losses, not only in economic terms, but also in the number of lives, societies and environmental assets that are affected by natural disasters.

The UN estimates that every dollar spent on disaster risk reduction saves seven dollars that would otherwise be spent on post-emergency aid.

In 2011, KPMG Global Citizenship reviewed its response to disasters and emergencies. The findings of this review and the suggested next steps for KPMG member firms were documented in the internal report *Disasters Relief and Emergencies: Framework for Enhanced Capacity (FEC)*, which was endorsed by the Global Board.

Three integrated and parallel strategies were approved:

- the creation of a new, centrally held, disaster relief fund dedicated to providing financial support to areas affected by disasters within 5 days
- the continuance of local, regional and global appeals focused on providing immediate relief and support for longer-term sustainable redevelopment programs

- a new business skills based *pro bono* program which leverages business skills, capacity and resources to support NGOs' disaster risk reduction capacity. We have started work on a pilot program supported by member firms in Australia, China, India, Mexico and the US who will work with Oxfam in the Philippines.



03

Human rights



This year, KPMG International issued an updated Code of Conduct, which included a commitment to aspire to the Ten Principles of the UNGC.

Human Rights

KPMG International recognizes the corporate responsibility to respect human rights as defined by the Universal Declaration of Human Rights. These rights apply equally and universally in all countries.

For KPMG member firms, integrating Principles 1 & 2 of the UNGC into strategies and operations means encouraging the respect of human rights in our direct sphere of influence,

as well as helping uphold human rights and universal values wherever we operate.

Our Code of Conduct and KPMG values play a key part in how we live out this commitment. Our KPMG values require our employees to meet the highest principles of personal and professional conduct. This includes respecting the human rights of others.

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2

Make sure that they are not complicit in human rights abuses.



Guiding Principles on Business and Human Rights

KPMG International supports the Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy Framework' (the Guiding Principles).

The Principles are seen by many businesses, NGO's and governments as an authoritative standard for helping businesses manage human rights risk. Our aim is to be an example of how to conduct business while respecting human rights.

Support for the Guiding Principles means that over the past 12 months, KPMG International has reviewed its existing policies and procedures against its requirements. As a result of this review, we are updating our policies and procedures to put into practice our commitment to protect and respect human rights. This includes an undertaking to avoid causing or

contributing to adverse human rights impacts and to address such impacts when they occur, and to seek to prevent or mitigate adverse human rights impacts that are directly related to our operations, services and business relationships.

We have also approved a statement outlining our position to protect and respect human rights through our operations and in our sphere of activity. This statement is aligned to the Guiding Principles as well as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the Organisation for Economic Co-operation and Development's (OECD) Guidelines for International Enterprises.

To view our new Human Rights Statement please visit our Global Citizenship website.

KPMG International – UN Global Compact (UNGC)

As of October 2012

156

the number of countries we operate in

30

the number of member firms that currently participate in Enactus

USD3.3 m

the amount raised for disaster relief by KPMG member firms following the Great East Japan Earthquake and Tsunami

215

the number of women participating in our US firms' Executive Leadership Institute for Women

2002

the year KPMG International signed the UN Global Compact (UNGC)

152,000

the number of tax, audit and advisory people at KPMG

-1.1%

our net emissions reduction per full time employee in 2011

7,738

the number of *pro bono* hours invested in BRIGHT – a program led by KPMG Europe LLP

04

Labor

KPMG International and KPMG member firms fully support the UNGC Principles 3, 4, 5, & 6 and respect our people's rights and freedom of association while recognizing the right to collective bargaining where appropriate. We reject any forced, compulsory or child labor. We promote fair labor practices among our partners, employees, and suppliers, ensuring healthy working conditions and a work/life balance for all KPMG people. And we encourage and respect individuality as one of our values embedded within our Code of Conduct.

We encourage our people to make a sustainable difference for our clients, communities and firms, while simultaneously ensuring that everyone has access to the knowledge and skills they need to be the most relevant in the market. KPMG International's People, Performance and Culture Manual aligns

our member firms to the four labor principles of the UNGC and informs our local labor practices.

Development and talent

We are committed to supporting our people to reach their full potential. We ensure they have access to high quality and relevant training through

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

The elimination of all forms of forced and compulsory labor;

Principle 5

The effective abolition of child labor; and

Principle 6

The elimination of discrimination in respect of employment and occupation.



Our KPMG Business School ensures that technical, business and leadership training is available through a combination of virtual, e-enabled and face-to-face learning, and provides supplementary learning tools including getAbstract (which provides compressed business knowledge through access to over 7,000 summaries of best-selling business books) and Harvard Manage Mentor (which is a practical and engaging set of online modules for fostering core business skills).



our KPMG Business School. The training they receive enhances both the development of their career and the impact they have on their communities. Equally, we also firmly believe that the opportunities our people have to volunteer and participate in activities such as *pro bono* work helps them to develop and become more rounded and effective professionals.

Resourcing and mobility

To solve our member firms clients' most complex challenges, we bring together professionals from across the globe through our Global Opportunities program in order to provide the innovative, relevant and expert services our clients need and expect from KPMG. The program, which also enables our people to permanently

relocate to countries across the world, further strengthens our employment offer. We believe that mobility enriches our people and provides them with a greater awareness of the world in which they live and work.

At the same time, we help develop the talent of the future through our KPMG International Case Competition (KICC) in which university students from around the world gain casework experience and compete before a panel of KPMG judges. Global career opportunities and future career development for graduates is also encouraged through our Global Internship Program which allows students to work side-by-side with KPMG professionals to take on real responsibility and sharpen their business skills in their home country and abroad.

KPMG member firms are committed to equitable recruitment practices to ensure career opportunities are made available to everyone.



KICC, a global student recruitment initiative now in its ninth year (2012), drew some 6,000 students from more than 300 universities in 24 countries to compete against each other in Hong Kong by developing solutions to realistic business scenarios. This challenge represents the complexity our people tackle every day, working with some of the world's most notable organizations.

In 2011, we conducted a robust and highly-successful benchmarking assessment that was completed by 42 member firms.

Engagement

At KPMG, we know that our people are our greatest differentiator. Our commitment to fostering a two-way dialogue with our people and to understand what motivates them in their careers has led us to carry out regular 'pulse' and full employee surveys. Results from these surveys help us understand and respond to the issues that matter to our people and enable us to identify how we can provide them with the tools they need to not only develop and reach their full potential, but also to bring their best to our clients and our communities. With the knowledge that the example set by our business leaders is integral to the engagement of all our people, we also use the results of our surveys to enable our partners to be better role models and lead by example.

Diversity and inclusion

For KPMG, creating an inclusive culture where all our people achieve their potential is critical if we are to deliver the solutions clients need. We believe that diverse teams better reflect the diverse nature of our clients' businesses. This enables us to express different viewpoints and create well-rounded perspectives that drive innovative thinking.

Since 2008, we have conducted a number of benchmarking assessments to determine how we can continue to move forward our global diversity and inclusion efforts. Through these assessments, we have learned to understand the challenges faced by member firms



Acting with integrity, supporting the communities in which we work and respecting the individual are at the heart of what it means to be part of KPMG. Our values are integrated into how we conduct business and how we work every day.

and the various approaches that have been developed nationally. This has also enabled us to identify key opportunities and to leverage our member firms diversity practices throughout our network.

We have a well established Global Diversity Network that drives change and inclusive leadership across our global network. This network is committed to collaborating, sharing and learning from others who have a passion for making a difference.

Here are just a few examples of how we are maximizing our potential and driving change across the world.

Read how some KPMG member firms are demonstrating their commitment towards diversity and inclusion:

KPMG in Brazil

Retention of women



The Brazilian firm's 'KPMG Network of Women' (KNOW) connects women leaders from both inside and outside of KPMG, and provides a forum where they can openly discuss topics such as coaching, career planning and gender parity issues.

KPMG in Russia

Recruitment of people living with disabilities



The Russian firm is committed to raising awareness of disability issues. Key initiatives around disability include partnering with a local NGO, Perspektiva, to provide job shadowing opportunities for students with disabilities, and hosting career competitions.

In 2012, the HR Director for the Russian firm gave a televised interview on the TV channel *Rain* about their continued participation in the *Paths to Careers* competition for disabled students and how the job shadowing initiative has resulted in a number of permanent hires.

KPMG in India

Work/life flexibility



KPMG in India has developed a new concept called 'shared leave'. Each KPMG employee is allocated a specific number of annual leave days depending on their seniority within the firm. Shared leave allows an employee to donate any leftover annual leave to any employee within the firm. It is 100% gender neutral. This initiative was showcased in The EconomicTimes, Delhi, in December 2010 and has connected many staff with senior management leaders. This has led to a more harmonious work culture and where the firm can better understand and engage with the needs of their people.

KPMG in Saudi Arabia

Recruitment of women



Founded by the COO of KPMG in Saudi Arabia, Glowork is the first job portal in the Middle East dedicated to the recruitment of local women. In the first 6 months of operation, Glowork created over 2,000 vacancies for women and registered more than 130 companies. In 2012, Glowork was named as the most innovative solution relating to job creation by the UN and the International Labour Organization.

KPMG in the US

Development of female leaders



The US firm's Executive Leadership Institute for Women is a strategic program founded in 2010 by the Philadelphia office's 'KPMG Network of Women' (KNOW) chapter. Created in conjunction with The Leaders Edge/Leaders by Design, the program focuses on leadership training for partners and senior managers and includes women from a number of client organizations. In 2011, some 215 women across three cities (183 from outside companies and 32 KPMG people) participated in the year-long program.

05

Environment

Global Green Initiative



Overview

KPMG is committed to making a positive impact on the environment and addressing local environmental challenges. For example, KPMG member firms are investing in responsible energy use; educating and supporting our people in making sustainable decisions; working on environmental protection projects; and joining forces with leadership groups and other businesses to address environmental impacts.

KPMG's Global Green Initiative is a three pronged approach to tackling the climate change challenge by:

1. measuring, reporting and reducing our greenhouse gas emissions
2. supporting environmental projects within our wider commitment to our communities
3. working with our people, suppliers and clients to help them improve their climate change impacts.

KPMG Greenhouse Gas (GHG) emissions:

KPMG is proud of the success of the first phase of our Global Green Initiative in which member firms achieved a combined 29 percent reduction in net emissions per full-time equivalent between 2007 and 2010. Building on this momentum, the Global Board approved a new emissions target in 2011 calling for a further 15 percent reduction in net emissions (against a 2010 baseline) per full-time equivalent by the end of 2015.

Our 2011 results indicate that we are making progress against the new target and, to date, have achieved a 1.1 percent net emissions reduction per full-time equivalent, as well as a 2.5 percent reduction in gross emissions per full-time equivalent. Moreover, by focusing on enhancing our building efficiency in 2011, we facilitated a 1.3 percent reduction in kilowatt hour (KwH) consumption per square meter, and increased our procurement of renewable energy, with 25 percent of our purchased electricity in 2011 coming from renewable sources.

Principle 7

Businesses should support a precautionary approach to environmental challenges;

Principle 8

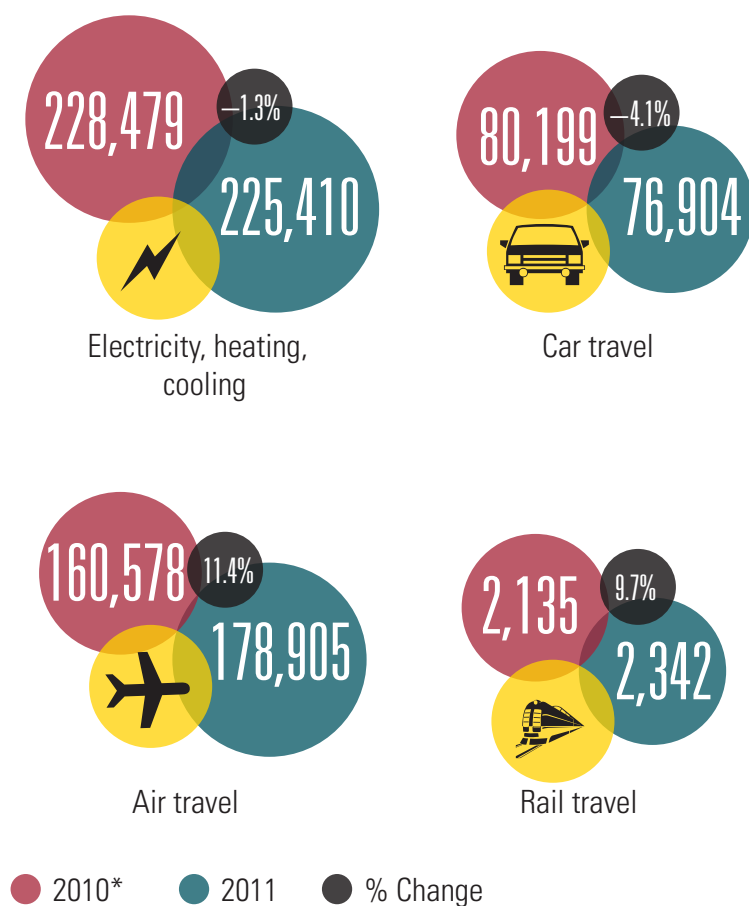
Undertake initiatives to promote greater environmental responsibility; and

Principle 9

Encourage the development and diffusion of environmentally friendly technologies.



2011 GHG emissions



Note: GHG emissions (Tons Metric CO₂e)

GHG emissions (Tons Metric CO ₂ e)	2010*	2011	% Change
TOTAL GROSS EMISSIONS	471,391	483,561	2.6%
Less: renewable energy	(42,406)	(42,210)	—
Less: verified offsets	(42,023)	(38,378)	—
TOTAL NET EMISSIONS	386,962	402,973	4.1%
Average full-time equivalents (FTE)	138,340	145,613	5.3%
GROSS EMISSIONS PER FTE	3.41	3.32	-2.5%
NET EMISSIONS PER FTE	2.80	2.77	-1.1%

*2010 data has been restated to include class of travel consideration for air travel emissions. Additional minor restatements due to increased data availability were also made.

Further information regarding KPMG's GHG emissions is included in the KPMG International Response to the Carbon Disclosure Project (publicly available at www.cdproject.net).



Supporting environmental projects within our wider commitment to our communities

At the local, regional and global level, KPMG people are committed to supporting environmental projects that range from tree-planting at a local level to collaborating with a global

environmental NGO on research initiatives. What follows are just two examples of KPMG's commitment to making a positive impact on our environment.



Global Green Expedition

In October 2011, KPMG International partnered with Reef Check Malaysia for a Global Green Expedition focused on leadership and environmental stewardship.

The 2011 program included KPMG people from Malaysia, Singapore, the US, and Vietnam who went to Tioman Island, Malaysia, to undertake a survey of local reefs. Reef Check provides these surveys to scientists to help evaluate the global health of coral reefs and to better understand the impacts from climate change.

The expedition also raised awareness of the issue of climate change by creating Global Green ambassadors who, upon their return to their home countries, leveraged their experience to educate their colleagues on this global issue.

Cycle for Water

Supported by KPMG and with the goal of raising awareness of water scarcity, two Dutch cyclists recently completed an epic journey covering 26,000 kilometers, from the Arctic to the Antarctic. Named 'Cycle for Water', the journey on bamboo bicycles took nearly 18 months, finishing in February 2012.

Throughout the journey, the cyclists visited KPMG offices and communities to engage and educate people regarding the world's shortage of clean drinking water. The team also received plenty of attention throughout their trip from local and global media outlets.

The cyclists joined KPMG in the Netherlands in June 2012 as Climate Change & Sustainability advisors.



Working with our people, suppliers and clients to help improve their climate change impacts

By engaging our people, suppliers and clients, we believe we can magnify the impact of our environmental actions.

People: KPMG member firms are involved in a wide range of initiatives aimed at engaging our people in our environmental activities. In 2011, for example, more than 20 KPMG member firms participated in Earth Hour with many more encouraged to participate at home. For World Environment Day 2011, more than 700 people within KPMG member firms made pledges to reduce their environmental impacts. Member firms also provide internal training and webinars related to sustainability in business.

Suppliers: Several KPMG member firms have implemented supplier codes of conduct that include expectations on environmental responsibilities for KPMG suppliers. Recognizing that the largest percentage of our emissions

is derived from energy use, many member firms have also engaged their landlords in efforts to drive greater building efficiency and worked with our IT suppliers to improve the energy efficiency of our IT infrastructure and IT assets. Leveraging these best practices, KPMG organized a working group on sustainable procurement for KPMG member firms in 2011 to share programs and practices.

Clients: KPMG's Climate Change & Sustainability professionals make a significant impact on the environment by helping organizations to apply a 'sustainability lens' to their business operations. For example, the practice developed a Business Ecosystems Training program in collaboration with the World Business Council in 2011, which is designed to improve our clients' understanding of their company's impact and dependence on ecosystems and ecosystem services.

MEMBER FIRM EXAMPLES

KPMG in India supports solar

Recognizing that solar power is a responsible, clean, and economical source of energy, KPMG in India works with local schools and social organizations to provide renewable energy and – ultimately – to improve the quality of school programs. Not only do the solar panels provide an immediate source of energy for fans and indoor and outdoor lights, but they also help reduce electricity costs and raise awareness about the importance of renewable energy among students. Since 2008, KPMG in India has supported 11 solar

projects at two local colleges, three schools, and six social organizations. The firm also supports solar projects at development partner sites and other educational institutions.

KPMG in the US installs solar panels

KPMG in the US has installed solar panels on four buildings on its Montvale campus. The panels will harness the sun's energy to help heat, cool, light and power the offices, thereby lowering the firm's commercial energy cost by approximately 10 percent.

Awards

KPMG named 'Sustainable Firm of the Year'

At its inaugural awards ceremony in April 2012, the International Accounting Bulletin (IAB) named KPMG as the 'Sustainable Firm of the Year.' According to IAB Editor Avind Hickman, KPMG demonstrated with hard data the impact of corporate responsibility initiatives across its network. "The firm also demonstrated thought leadership by hosting the high-profile global business sustainability summit, Business Perspectives on Sustainable Growth, which underscored KPMG's already very strong reputation in sustainability services," added Mr. Hickman.

Montvale data center first to win energy star CHP Award

The EPA Combined Heat and Power (CHP) Partnership is a voluntary program seeking to reduce the environmental impact of power generation by promoting the use of CHP. Each year, the CHP Partnership recognizes organizations and facilities that demonstrate considerable fuel and emissions savings over comparable, state-of-the-art separate heat and power generation. In October 2011, the Montvale data center, owned and operated by KPMG in the US, was the first data center in the world to win this prestigious award.

06

Anti-bribery and corruption

The quality and integrity of our people and our work is central to everything we do at KPMG. Audit committees, investors, regulators, governments, and clients all deserve to clearly understand the steps that KPMG member firms take to uphold our professional obligations and responsibilities in the areas of anti-bribery and corruption. We accomplish this objective in a number of different ways:

Our values

Our values define how KPMG member firms go about their work. The key value, which underpins all others, is that member firms and their people act with integrity, constantly striving to uphold the highest professional standards, provide sound advice, and rigorously maintain their independence.

Our Global Code of Conduct

The KPMG values are at the heart of the Global Code of Conduct, which defines the standards of ethical conduct that we expect from every partner and employee within KPMG's global network.

Specifically in relation to anti-bribery and corruption, the Code commits us to:

- act lawfully, ethically and in the public interest

- prohibit bribery and corruption by our people
- not tolerate illegal or unethical behavior by our clients, suppliers or by public officials
- follow high standards of ethical conduct around the world, including aspiring to the 10 principles of the UNGC (including anti-bribery).

Our international commitments

KPMG International has been a signatory to the UNGC since 2002. The principle on anti-corruption calls on all signatories to "work against corruption in all its forms, including extortion and bribery".

In early 2007, KPMG International signed the World Economic Forum's Partnering Against Corruption – Principles for Countering Bribery. These principles commit signatories to the adoption

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.





of a zero tolerance policy on bribery, and the development of practical and effective internal programs for implementing that policy.

Our policies

KPMG has global policies mandating compliance with: laws, regulations and professional standards; requirements to report, and consult in relation to suspected wrongdoing by KPMG firms or personnel, clients or third parties; anti-bribery regulations; gifts and entertainment policies and supplier arrangements. All KPMG partners and staff are required, at a minimum, to adhere to these policies.

At the heart of the anti-bribery policy is a specific prohibition against involvement (or an impression of involvement) in any type of bribery, even if such conduct is legal or permitted under applicable law or local practice. This prohibition extends to both public and private sectors.

Our training

KPMG member firms are required by policy to provide anti-bribery and corruption training to all client-facing partners and employees as well as certain other member firm personnel. Training covering compliance with laws, regulations and professional

standards must be completed by client facing professionals at least once every 2 years, with new hires completing such training within 3 months of joining a KPMG member firm. In addition, certain non-client facing personnel who work in finance, procurement, or sales and marketing departments, and who are at the manager level and above, are also required to participate in anti-bribery training which is tailored to these groups.

Our compliance programs

KPMG International has an integrated monitoring program that covers all member firms to assess the adequacy and effective operation of key quality control policies and procedures. This monitoring addresses both engagement delivery and certain KPMG International policies and procedures. The results and lessons from the programs are communicated within each member firm and the overall results and lessons from the programs are reviewed at regional and global levels.

Two cross-functional programs, the Risk Compliance Program (RCP) and the Global Compliance Review program

(GCR), monitor compliance with certain KPMG International policies at the member firm level.

The RCP is a member firm's annual self-assessment program which, on a regional basis, monitors compliance with applicable policies and procedures. GCRs are performed over a 3-year cycle and are conducted by reviewers external to the member firm led by the Global Compliance Group. These reviews assess member firm compliance with key KPMG International policies and procedures. In the event that a GCR review identifies significant issues which require immediate or near-term attention, a follow-up review will be performed as appropriate.

Our whistle blowing program

To facilitate the reporting of potential or suspected violations of KPMG policy or applicable laws, regulations, and/or professional standards, many member firms have set up whistle-blowing hotlines. In addition, a KPMG International hotline is available for KPMG personnel, clients, and other parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, those who work for KPMG International, or the senior leadership of a KPMG member firm.

07

KPMG reporting: transparency and assurance



KPMG International currently produces the following reports, supplemented by communications on our global website that are relevant to our organization:



Communication on Progress: This report describes the way KPMG International and member firms are implementing the 10 principles of the UN's Global Compact.



International Annual Review: This report provides stakeholders and clients with an overview of KPMG's strategic vision, key priorities, business objectives, value propositions and combined member firm results.



Transparency Report: KPMG's Transparency Report reflects the network's unwavering commitment to audit quality and aligns to both our own Audit Quality Framework and the requirements of Article 40 of the EU Eighth Directive on Statutory Audits.

Our path towards Integrated Reporting

KPMG is active in the development of Integrated Reporting. It enables an organization to tell its value creation story by providing financial and non-financial information on its strategy, performance and governance in its business and social context, in a way that highlights the interdependencies of the information. Integrated Reporting is intended to reflect the broad and longer-term consequences of the decisions organizations make, based on a wide range of factors, to create and sustain value. It also enables an organization to communicate, in a clear way, how it is drawing on all the

resources it utilizes to generate value in the short, medium and long-term, helping investors to manage risks and allocate resources most efficiently.

KPMG International is participating in the pilot program of the International Integrated Reporting Committee and is exploring opportunities to integrate our reporting, both internally and externally. As part of this process, we have formed a cross-functional Steering Committee, chaired by our Global CFO with support from executive leadership and leveraging the insights of KPMG client service professionals that assist clients with Integrated Reporting and assessing opportunities for our own reporting.

Data quality and approach to assurance

KPMG has instituted internal controls for key environmental indicators to help ensure data quality for information contained within this report. As part of our consideration for Integrated Reporting by KPMG International, we are evaluating assurance options for the non-financial data provided in our reporting.

Regarding the data provided in this report, several member firms have instituted internal assurance procedures for selected indicators. In addition, a few member firms have initiated external assurance and/or verification services for their sustainability data.



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Contact us

Let us know what you think

As a valued stakeholder and report reader, your thoughts and concerns are important to us. We are interested in knowing what you think about our Communication on Progress and our performance overall as a responsible business.

If you would like to send us any feedback on these issues, please write to us at citizenship@kpmg.com. Alternatively you may contact one of the representatives from KPMG International listed below.

Michael Hastings

Lord Hastings of Scarisbrick CBE

Global Head of Citizenship

T: +44 (0) 20 7694 8050

E: michael.hastings@kpmg.co.uk

Brad Sparks

Director, Global Green Initiative

T: +1 213 955 8653

E: bradsparks@kpmg.com

Simon Appleby

Global Citizenship and Policy

T: +44 (0) 20 7694 2401

E: simon.appleby@kpmg.co.uk

kpmg.com/socialmedia



kpmg.com/citizenship

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