



cutting through complexity

UN Global Compact

Communication on Progress

kpmg.com

KPMG INTERNATIONAL



A nighttime photograph of a city skyline. In the foreground, a modern building with a grid-like facade is illuminated with bright green lights. In the background, two prominent skyscrapers are lit up with warm yellow lights, standing against a dark blue night sky. The overall scene is a vibrant urban landscape.

About KPMG

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We operate in 150 countries and have 138,000 people working in member firms around the world. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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.

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Contents



3

Letter from the Chairman,
KPMG International

Reader's Guide. KPMG and the
UN Global Compact LEAD

4

UNGC at a glance: How we
implement the Ten Principles 7



8



KPMG International: Leadership for
Quality and Sustainability

16



Engagement
with the
UN Global
Compact

20



Implementing the Ten
Principles into strategies
and operations

Human rights 21

Labor 24

Environment 33

Anti-corruption 51

58

How KPMG takes action
in support of broader
UN goals and issues



76

Looking ahead





Letter from the Chairman, KPMG International

The extraordinary transformation in the economic, regulatory, political and social environment that has been gathering pace in recent years continued to accelerate throughout 2011.

At the World Economic Forum this year, leaders from business, governments and NGOs from around the world came together to debate and discuss the issues that are shaping our world. The Forum saw the launch of the LEAD framework of the UN Global Compact (UNGC) which KPMG International has been proud to join. 2010 celebrated ten years of the UNGC, and notwithstanding the achievements of the past decade, I would argue that the UNGC has never been more important than it is now. It is not just the principles themselves - in the four areas of Human Rights, Labor Standards, Bribery and Corruption and Environmental Management - rather it is that the UNGC is placing increasing emphasis on the need for signatories to think deeply about their sphere of influence and how, through what they do, the spirit of the UNGC can be brought alive.

The role business has to play in finding solutions for many of the challenges cannot be overstated, none more so than in relation to the Millennium Development Goals (MDGs). A vital component of the MDGs was creating partnerships for development. If the World Economic Forum has had one common theme in recent years, it is that business is not separate from civil society, but rather that the two are interdependent.

We live in a world of great and accelerating complexity, where markets and systems are interconnected, and where organizations must learn to navigate uncertainty, innovate and adapt to changing realities and watch and react to new market opportunities so readily available in emerging economies. One of the reasons why the world genuinely did change as a result of the financial and economic crisis of 2008 is because many of the issues we now talk about in fact crept up on us during the preceding decade: globalization, mass migration, and the incredible proliferation of technology - just think of the liberating, once in a generation type technological leap caused by the use of mobile telephones from Northern Africa to Sub-Saharan African states taking huge numbers of people out of poverty and driving a passion for freedom and human rights.

This document seeks to describe some of the key themes and activities of KPMG International of the past twelve months. We have a particular focus on our two themes of environmental management and international development, and show how our initiatives in respect of both issues encompass member firms' work with clients and inspired partners and employees to work as advocates for these issues around the world.

Our greatest contribution to society is through KPMG member firms' work in upholding trust in the capital markets on which we all depend. In this complex economic and regulatory environment, I salute the 7,900 partners and 138,000 people across the KPMG network who, every day, make a real difference by offering informed perspectives and delivering clear solutions to the communities in which we live and work.



Michael Andrew
Chairman,
KPMG International



Reader's Guide

KPMG and the UN Global Compact LEAD

In January 2011, KPMG International accepted an invitation to join LEAD, a new platform for corporate sustainability leadership launched at the World Economic Forum in Davos. Companies were invited to join because of their history of engagement with the UNGC and in doing so have committed to work towards implementing the new Blueprint for Corporate Sustainability Leadership ("the Blueprint").



This report has been structured around the three areas of focus defined in the Blueprint, which shows how KPMG member firms' professional services and global citizenship activities have progressed over the past year. The Blueprint defines the following key areas:

- Engaging with the UN Global Compact
- Implementing the Ten Principles into strategies and operations
- Taking action in support of broader UN goals and issues

Each area is divided into a number of components that contain associated action items. In addition, several cross-cutting components of leadership are identified as a crucial overlay to the three areas.

Each section of this report corresponds to a key area of the Blueprint. Where appropriate, the following areas are addressed:

- KPMG member firm relevant global policies and systems
- KPMG member firm professional services in each area
- How member firms are translating global policies into local action

The **first two years** of **Global Compact LEAD (2011-2012)** are considered a pilot phase so that **LEAD members** can help shape the platform and refine LEAD's services and programs. **KPMG International** is working through the implications of the **LEAD framework**, drawing on the elements of the **three key areas** that are most relevant.



UNGC at a glance:

How we implement the Blueprint

	UNGC Blueprint for Sustainability Leadership	How KPMG is covering each area in this report
Cross Cutting Components	<p>Leadership and governance</p> <ul style="list-style-type: none"> • CEO commitment and leadership • Board adoption and oversight • Stakeholder engagement • Transparency and disclosure 	<p>KPMG International:</p> <p>Leadership for quality and sustainability</p> <ul style="list-style-type: none"> • Letter from the Chairman • KPMG International Governance • Global Citizenship Governance • Policies for conducting business responsibly • Stakeholder engagement initiative • Transparency and disclosure initiatives
Blueprint Areas	<p>Engaging with the UNGC</p> <ul style="list-style-type: none"> • Local network and subsidiary engagement • Global and local working groups • Issue based and sector initiatives • Promotion and support of the UNGC 	<p>Engaging with the UNGC</p> <ul style="list-style-type: none"> • KPMG International support of global UNGC meetings • Member firm participation in local UNGC initiatives
	<p>Implementing the ten principles into strategies and operations</p> <ul style="list-style-type: none"> • Full coverage and integration across principles • Robust management policies and procedures • Mainstreaming into corporate functions and business units • Value chain implementation 	<p>Implementing the ten principles into strategies and operations</p> <p>For the four key areas of Human Rights, Labor, Environment, Anti-corruption we have addressed the following where possible:</p> <ul style="list-style-type: none"> • KPMG International's global policies and system • Examples of what member firms are doing • Services which promote the UNGC principles • Supplier codes of conduct
	<p>Taking action in support of broader UN goals and issues</p> <ul style="list-style-type: none"> • Core business contributions to UN goals and issues • Strategic social investments and philanthropy • Advocacy and public policy engagement • Partnerships and collective action 	<p>Taking action in support of broader UN goals and issues</p> <ul style="list-style-type: none"> • Global Development Initiative • Advocacy at International and UN events • Initiatives supporting the UN MDGs • International Development Services • Partnership with NGOs • Community action initiatives

How KPMG member firms implement the Ten Principles

Principle	Commitment	Systems	Member firms' professional services
Human Rights			
<p>1. Businesses should support and respect the protection of internationally proclaimed human rights;</p> <p>2. and make sure that they are not complicit in human rights abuses.</p>	<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.</p> <p>KPMG International is developing a Human Rights Statement, in line with international standards.</p>	<ul style="list-style-type: none"> • Human Rights policy in development • Corporate Values • Code of Conduct • Member firm Supplier Code of Conduct 	<ul style="list-style-type: none"> • Helping companies define their policies on human rights issues. • Helping companies define their wider commitments to ethics, integrity and responsibility.
Labor Standards			
<p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>4. the elimination of all forms of forced and compulsory labor;</p> <p>5. the effective abolition of child labor;</p> <p>6. and the elimination of discrimination in respect of employment and occupation.</p>	<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 core 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>	<ul style="list-style-type: none"> • Code of Conduct • Global People Performance and Culture team • Global Diversity Team 	<ul style="list-style-type: none"> • Working with clients to set up their approaches to responsible supply chain and helping them to monitor labor conditions throughout their supply chain.
Environment			
<p>7. Businesses should support a precautionary approach to environment challenges;</p> <p>8. undertake initiatives to promote greater environmental responsibility;</p> <p>9. and encourage the development and diffusion of environment.</p>	<p>KPMG International and KPMG member firms are dedicated to managing our environmental impacts pro-actively and we are committed to working together across borders to make an even bigger difference. KPMG International is an active and engaged member of the World Business Council for Sustainable Development on climate change issues.</p>	<ul style="list-style-type: none"> • Global Green Initiative 	<p>KPMG Global Climate Change & Sustainability Services Practice offers a range of services including:</p> <ul style="list-style-type: none"> • Helping clients integrate sustainability objectives into business strategy • Helping clients evaluate sustainability performance of possible investments • Helping clients strengthen knowledge of sustainability issues
Anti-corruption			
<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<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 Global Values.</p>	<ul style="list-style-type: none"> • Code of Conduct • Anti-bribery Policy • Ethics and Compliance • Acceptance and Continuance of Clients and Engagements 	<ul style="list-style-type: none"> • Financial Audit • Forensic/Anti-bribery and Corruption Services



1

KPMG International: Leadership for quality and sustainability

How we **conduct** business **responsibly**

KPMG is a global network of professional services firms

KPMG is a global network of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations.

KPMG International carries out business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients which

are exclusively provided by member firms. One of the main purposes of KPMG International is to facilitate the implementation and maintenance of uniform policies and standards of work and conduct by member firms in over 150 countries. Another important function is to protect and enhance the use of the KPMG name and brand.

Governance structure and leadership

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

The Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms.

The Global Board

The Global Board comprises the Chairman, the Deputy Chairman, the Chairmen of each of the three regions (the Americas, Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and an additional 20 Board members who are Senior Partners of some of the largest KPMG member firms.

The key responsibilities of the Board include approving strategy, protecting and enhancing the KPMG brand and overseeing management of KPMG International. KPMG's Global Board also maintains overall responsibility for KPMG International's sustainability strategy and leadership.

The Global Executive Team

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. It is led by the Chairman and includes global practice heads, regional leaders, and a number of senior partners of member firms.

The GET is supported by Global Steering Groups responsible for executing the approved strategy and business plan in their respective areas. Worth highlighting are the Global People, Performance and Culture Group (PPC) and the Global Quality and Risk Management Steering Group.



Global Citizenship

KPMG International citizenship strategy

Our global citizenship strategy is focused on three pillars:

1. Tackling climate change by cutting our emissions and supporting environmental innovation;
2. Ending extreme poverty through skills-based partnerships with global NGOs;
3. Encouraging a culture of leadership that sees every societal problem through the lens of opportunity and solutions.

In addition, member firms within the KPMG network outline and address sustainability priorities in their countries.

For our communities, we actively contribute to building a vibrant, thriving and sustainable society in each country. Globally, we work together to tackle the complex challenges of climate change and entrenched poverty.

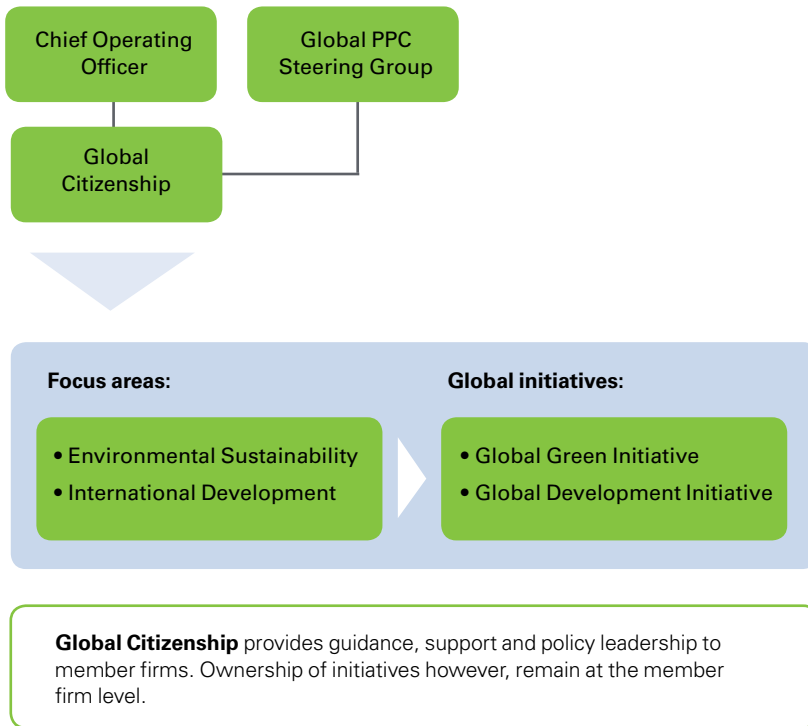
Disaster relief

KPMG International also leads on behalf of the whole KPMG network the global response to disasters and emergencies. This year we have been focussed on the impact of the Japanese earthquake and tsunami but in previous years on reconstruction in Haiti after the earthquake and in Pakistan following the floods. KPMG has a proud record of both significant cash support for leading NGOs in disaster zones but also careful strategic follow through of long term reconstruction work.

Global Citizenship governance

Global Citizenship is a function of the International Chairman's office facilitated through the Global PPC team. The PPC works as a steering committee representing more than 20 countries to define and drive delivery of KPMG's global people strategy which focuses on implementing a high performance culture that is true to KPMG's values and vision. It does this through support for all member firms around the world by sharing global best practice and thought leadership on key people initiatives. The Global Head of PPC is also a member of the GET. Although Global Citizenship is a key part of the PPC team, its work

Global Citizenship governance



reaches across KPMG reflecting its reporting line to the Global Chairman’s Office through the Chief Operating Officer.

Implementation and day-to-day management of global citizenship is the responsibility of Lord Hastings, Global Head of Citizenship and Diversity. Lord Hastings is supported by a global citizenship team and works closely with other globally-supported functions within KPMG. In addition, he coordinates the global approach to sustainability with Corporate Responsibility (CR) leaders in KPMG member firms. Global Citizenship provides guidance, support and policy leadership to members firms. Ownership of initiatives however remains at the member firm level.

At an international level, the Global Citizenship team works closely with the International Office of the General Counsel, Global Quality and Risk Management, Marketing and Communications and Public and Regulatory Affairs. It works particularly with Global Markets – with respect to the client agenda, and with the Global PPC team – with respect to partners and employees.

Global Citizenship group

The Global Head of Citizenship and Diversity chairs the Global Citizenship group, comprising those charged with leading on the corporate responsibility agenda in the member firms represented on the Global Board. Meetings are held by telephone calls bi-monthly, and face-to-face every 18 months. In between, there is much interaction between KPMG International and individual member firms.

“KPMG International’s vision states boldly and clearly that in order to build and sustain our reputation as the best organization to work with, we must continue to support our people, clients and our communities in achieving their full potential. These words have the deepest significance. This commitment unites KPMG’s leaders and our people in a common goal to build strong sustainable communities both where we have operational businesses but also in the toughest corners of the world where we chose a path of responsibility and engagement to make a defining difference in ordinary people’s lives. We must choose to lead change in our world and this report testifies to that reality.”



Lord Hastings of Scarisbrick
CBE

Global Head of Citizenship and Diversity
KPMG International

The EMA Corporate Responsibility Network

The EMA region has a long established Corporate Responsibility Network (“Network”) comprising more than 50 member firms.

Set-up in 2006, it connects and supports more than 60,000 partners and employees in EMA and the Caribbean in developing and implementing effective and consistent Corporate Responsibility (CR) strategies. It enables these countries to work together by using a wide and diversified range of resources, professional skills and creative talents to reduce member firms’ environmental impacts, help communities thrive in the areas where they are based and create stronger relationships with partners and employees. The Network’s mission is to translate CR global priorities into local schemes and programs and to provide a CR framework that is

integrated to member firms’ needs and business plans.

The activities are structured along common shared principles that seek compliance with both business priorities and key stakeholders needs. They are developed according to five main areas of intervention: Environment, Community, Workplace, Marketplace and Communication.

For each area, tools and resources are provided to all member firms in order to support them in identifying CR projects, solutions and produce measurable outcomes.

Among the main accomplishments of the Network for 2010:

- Regional promotion of the Global Green Initiative (GGI) and support provided to member firms, which have contributed to an overall reduction in net CO₂ emissions;

- Sixth edition of Make a Difference Day, EMA wide volunteering program with more than 8,000 volunteers engaged for over 64,000 hours in 27 countries;
- Involvement of 214 managers on 9 volunteering initiatives organized during the New Managers’ Milestone events in Dublin and Berlin;
- 33 member firms are registered to KPMG’s Self Assessment tool, created by the EMA CR team to enable member firms to benchmark their CR strategies, share best practices and address common challenges;
- Creation of an online database with more than 70 corporate responsibility best practices from the EMA region.

Global quality and risk management: Ensuring the highest standards in ethics and integrity

KPMG International policies and procedures promoting quality are strengthened by the involvement of experienced leaders within each member firm, up to and including the senior partners. These leaders emphasize the importance of quality control, risk management, and compliance, and act as role models in delivering quality services to clients with complete integrity. KPMG International supports member firm quality through a number of leadership groups.

Global Quality & Risk Management Steering Group

Responsibility for the establishment and monitoring of KPMG’s system of quality control and risk management has been delegated to the Global Quality & Risk Management Steering Group by the Global Board.

Under the chairmanship of the Global Vice Chair – Quality & Risk Management, the Global Quality & Risk Management Steering Group has responsibility for

approving quality and risk management policies and processes that member firms are required to adopt. This steering group includes representatives of Audit, Advisory, and Tax and the Area Quality & Risk Management leaders, as well as the chair of the Global Regulatory Working Group. The steering group reports to the Quality & Risk Management Committee of the Global Board.

Global Quality & Risk Management operational groups

Global Quality & Risk Management has operational groups that support Global Quality & Risk Management leadership. These consist of partners and other professionals who are responsible for coordinating the development of KPMG International policy, processes, and guidance in relation to quality, risk management, and compliance, including ethics and independence. These groups also monitor compliance with KPMG International quality and risk management policies and procedures through coordination of the three integrated review programs: Quality Performance, Risk Compliance, and the Global Compliance Review.

Member firm Quality & Risk Management

Member firms commit themselves to a common set of KPMG values. Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively.

Member firms maintain compliance with legal, ethical, and professional requirements through a number of mechanisms, including adopting clear policies and procedures and promulgating a Code of Conduct.

Our key frameworks for ethical conduct

KPMG International policies

KPMG International has specific policies that require KPMG people to:

- Comply with all applicable laws, regulations, and KPMG policies
- Report any illegal acts whether committed by KPMG people, clients, or other third parties
- Report breaches of risk management policies by KPMG member firms or people
- Not offer, promise, make, solicit, or accept bribes (whether directly or through an intermediary)
- Ensure ethical conduct, including integrity and independence

KPMG International's Global Code of Conduct

Each member firm is required to have a Code of Conduct adopting, or based upon, the KPMG International Global Code of Conduct (Code), which defines the standards of ethical conduct that KPMG International requires from member firms and their people. The Code sets out KPMG's ethical principles and helps partners and employees to understand and uphold those principles. Member firm codes address in more detail standards to ensure compliance with local laws, policies, and professional standards, as well as resources available for consultation and assistance.

KPMG International is currently updating its Code of Conduct to fully reflect developments in this area and these enhanced commitments will be cascaded to member firms' Codes of Conduct.

KPMG's Global Values

Our values create a sense of shared identity within the KPMG organization, which is a network of member firms in over 150 countries. They define what we stand for and how we do things.

Our values help us to work together in the most effective and fulfilling way. They bring us closer as a global organization.

We lead by example

At all levels we act in a way that exemplifies what we expect of each other and our member firms' clients.

We work together

We bring out the best in each other and create strong and successful working relationships.

We respect the individual

We respect people for who they are and for their knowledge, skills and experience as individuals and team members.

We seek the facts and provide insight

By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.

We are open and honest in our communication

We share information, insight and advice frequently and constructively and manage tough situations with courage and candor.

We are committed to our communities

We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment.

Above all, we act with integrity

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

Leading the way as a **responsible** business

Through ongoing global stakeholder engagement initiative, development of our environment, social, governance (ESG) reporting framework and transparency reports, among other initiatives, KPMG is demonstrating its commitment to be a leader in corporate responsibility and sharing our achievements and challenges in a transparent way.

Stakeholder Engagement

In 2010, KPMG International asked an independent consultancy company, Good Business, to carry out a stakeholder engagement exercise to lay the foundations for the future of responsible business within KPMG member firms.

People who are influenced by our work around the world were asked what they thought about the professional services sector and its responsibilities. Understanding which issues they think are most important will help to focus our efforts effectively on the areas which matter the most.

The research involved in-depth, structured interviews with a broad range of stakeholders in several key markets, namely Brazil, China, France, Germany, India, the UK, and the US. Clients, employees, regulators, academics, think tanks, NGOs and others were asked which issues a responsible professional services organization should address, why they think those issues are important, and what kind of action they expect to see.

The stakeholder engagement is the start of a wider process of evolving our approach to responsible business. We are now encouraging all member firms to conduct similar stakeholder research, so that we can build a picture of what stakeholders prioritize across all key markets, understand the important variations at the national level, and act on this knowledge.

Ethics, transparency, integrity and good governance

The strongest message to come from this research was that stakeholders want professional services organizations to reassure them about the ethics, quality, independence and impartiality of their work. They called for a renewed focus on business responsibility; one where a commitment to transparency, integrity and ethical values are woven more tightly through core activities and governance, and where the sector takes more responsibility for its influence on economic stability and development at the national and global level.

We also heard concerns about those who work in the sector: employees' work-life balance, workload and professional development. Stakeholders expect businesses to give more support to their people, and become more proactive in ensuring equality, diversity and opportunity in recruitment and career progression. Our own senior management was one group that was particularly vocal about the importance of treating partners and employees well, reflecting our own internal commitment to this issue.

Beyond these responsibilities in core business activities and towards employees, stakeholders identified important responsibilities regarding the world around us, specifically, to support local communities and reduce environmental impacts.

Many of those we spoke to felt that charitable support for communities was an important activity. There were differing views on the most valuable kind of support that an organization could offer. Pro-bono work and support for education were seen by some to have the greatest impact, while others, particularly employees and representatives from NGOs, emphasized the value of philanthropy and volunteering. We also heard positive comments about the broader societal role of professional services organizations in developing the economy, in providing jobs and opportunities, and in supporting businesses – global and local.

With respect to environmental issues, although stakeholders recognize that as a sector we have a relatively small environmental footprint, they also know that we have a responsibility to ensure that those impacts are minimized – whether that's cutting back on unnecessary paper use, or reducing the carbon footprint of travel. But we know, and they told us, that we also have an even greater opportunity to use our expertise and experience to help member firms' clients to reduce their environmental impacts and report this accurately to the external market.

Acting on stakeholders' concerns

The research asked stakeholders about the professional services sector in general, but we also used it as an

opportunity to listen to suggestions for how KPMG member firms could improve. Discussions included thoughts on KPMG playing a greater role in leading the sector on issues of corporate responsibility and how we could grow our Global Green Initiative (GGI). Many stakeholders said that they knew we were a responsible business, but they wanted to hear more about what we were doing, and how we were doing it, which is in line with our plans to report more on our responsible

business activities and share more about our plans. Nonetheless, we were pleased and proud to hear so many positive comments about KPMG. Many stakeholders told us that they felt KPMG firms were earning their reputation as a truly trusted service provider; which prioritizes quality, integrity and professionalism.

We listened to stakeholders, and will act on what they say. Stakeholders want to see KPMG, with responsibility

and ethics at the heart of our business, leading the way in defining a sustainable future for the sector. The findings of the research will be used to help develop a new approach towards corporate responsibility in KPMG. From 2011, we will be unifying our responsible business strategy – in Audit, Tax, Advisory, Global Citizenship, and elsewhere – so that we can demonstrate and talk to our stakeholders more clearly about how we are growing as a sustainable and responsible business.

Transparency and disclosure

Our transparency reports

KPMG International has published an annual transparency report since 2005. The report was the first produced by any of the global accounting networks, and in 2009 it was revised in accordance with the standards set by article 40 of the European Union Statutory Audit Directive.

Our transparency reports give a detailed description of the KPMG network, its governance, structure, approach to quality control, and culture of integrity. They outline the common set of values, Global Code of Conduct, processes and methodologies, and policies and controls that member firms employ to facilitate globally consistent standards of professionalism, integrity, and technical competence. KPMG member firms in the EU are required to publish their own transparency reports and many from

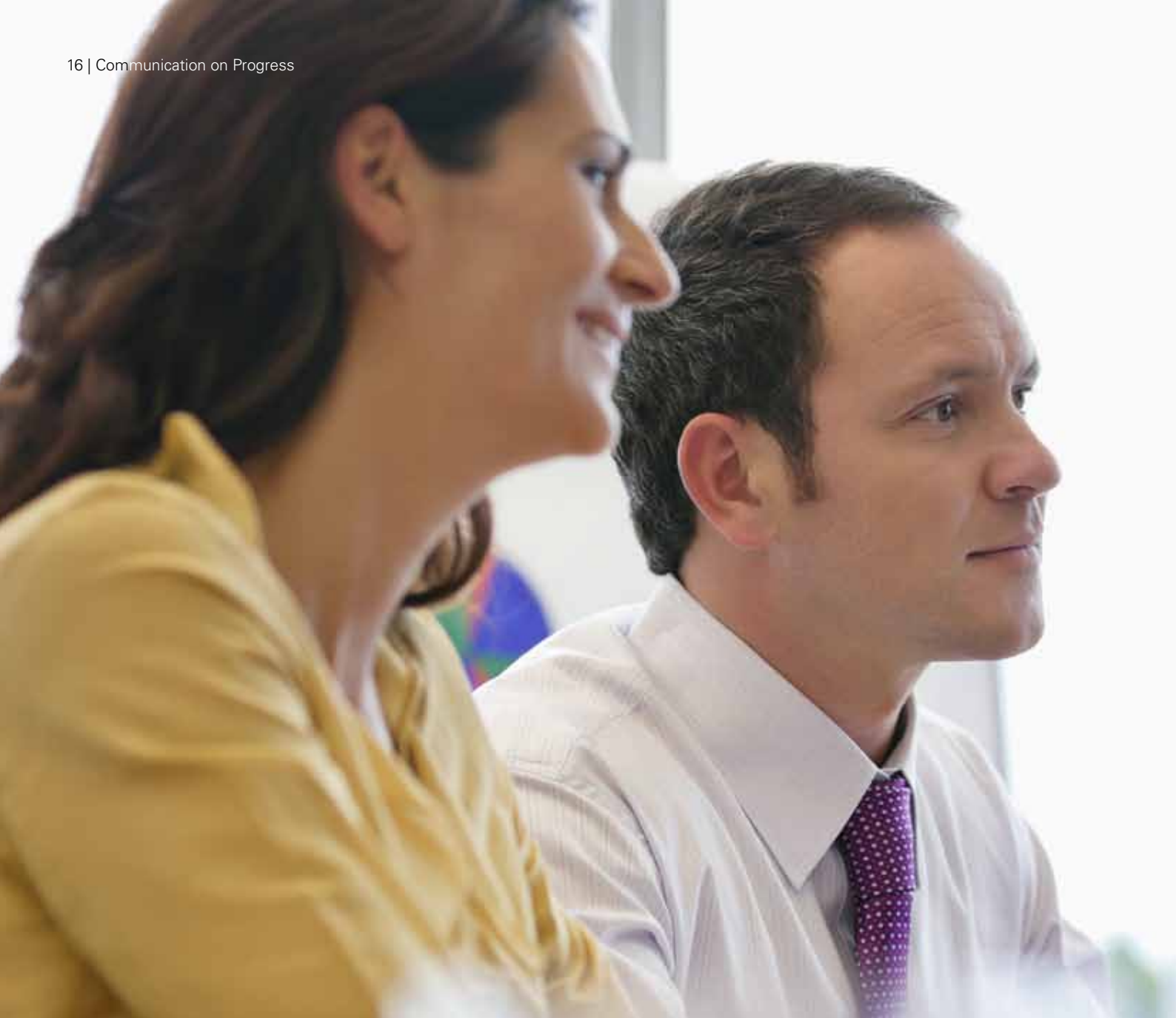
outside the EU also produce equivalent transparency reports.

Environmental, Social and Governance (ESG) Reporting Framework

During the past year, a steering group comprising members from the Global Citizenship team has worked to develop a framework to enable KPMG member firms to address ESG (Environmental, Social and Governance) issues in a coordinated way. The team consulted widely across the KPMG network, including sustainability reporting professionals within KPMG's own Climate Change and Sustainability practice. The importance of such issues to stakeholders is considerable, and, combined with the Stakeholder Engagement, has been an important evolution in how KPMG approaches these issues. A number of KPMG

firms are in the process of producing sustainability reports.

More broadly, KPMG has been closely engaged in the work to advance corporate reporting, specifically in relation to ESG issues. KPMG has actively supported the Prince of Wales's Accounting for Sustainability initiative, through secondments, which has subsequently led to the creation of the International Integrated Reporting Committee (IIRC). Senior partners represent KPMG on the IIRC Steering Committee and KPMG people also participate in various IIRC working groups. In addition, KPMG International works closely with the Global Reporting Initiative (GRI), with Lord Hastings serving on the board.



2

Engagement with the UN Global Compact

KPMG International and the Global Compact

The UNGC is an invaluable tool because through its Ten Principles it sets out a broad but clear statement of intent around what KPMG can do to advance UN goals through our sphere of influence, given the nature of KPMG's member firms' business - working with other organizations by providing Audit, Tax or Advisory services.

Promotion and support of the UN Global Compact

KPMG International at the UN Global Compact Leader's Summit

At the 2010 UN Global Compact Leaders' Summit, Lord Hastings, Global Head of Citizenship and Diversity for KPMG International, opened the event at the UN General Assembly and subsequently acted as

master of ceremonies for the whole event, welcoming UN Secretary General Ban Ki-Moon and Mayor of New York Michael Bloomberg to the event. In recent years, KPMG has seconded a Manager to the

UNGC office in New York to look at the further development of the Communication on Progress process, and the team retains a strong relationship.

Local networks and member firm engagement

KPMG in the Netherlands leads the Annual Dutch UN Global Compact Network Meeting

KPMG in the Netherlands played a lead role at the recent Annual Conference of the UNGC Network Netherlands, clearly showing how strongly KPMG in the Netherlands is connected to development issues. The event was attended by

approximately 300 UNGC network members including multinationals and large companies, NGOs and the UN, politicians and government representatives.

Lord Hastings, Global Head of Citizenship and Diversity at KPMG

International, acted as host and moderator for the Conference, and Yvo de Boer, Special Global Climate Advisor at KPMG International, delivered a keynote speech on climate change.

KPMG in Spain Signed the Women Empowerment Principles

KPMG in Spain has been a signatory to the UNGC since 2003 and since then has actively engaged with the Spanish UNGC Network. The firm has been present in various Network events, leading round tables and discussion panels. KPMG in Spain has also been featured in a publication by the Spanish UNGC Network as an example of best practice in applying the Ten Principles.

In 2010 KPMG in Spain published a “Pocket Guide for Executives. Signing and Complying” that seeks to help executives of signatory companies, or those in the process doing so, in identifying key issues on the path to complying with the Global Compact principles.

As a further demonstration of commitment to the UNGC, in 2011, KPMG in Spain became a signatory to the UNGC Women’s Empowerment Principles. These principles aim to ensure that women are present in all sectors and in all areas of economic activity. KPMG in Spain has developed a Diversity Management Plan to put into action support for initiatives related to gender equality and other projects related to the UNGC. The goal is to implement concrete measures that serve to incorporate diversity at all

levels in the firm. Measures include training activities addressing diverse teams, including online courses to understand the new diversity policy.

KPMG in Mexico maintains a close relationship with the Mexican Global Compact Network

KPMG in Mexico has been a signatory to the UNGC since 2007. Since signing on, in addition to reporting progress and maintaining an active status, a close relationship has been maintained with the local UNGC network. KPMG in Mexico was a sponsor of the first activity report of the UNGC in Mexico, and has also sponsored local UNGC events. KPMG in Mexico is committed to implementing the UNGC within the firm and in 2010 was recognized for the third year in a row for its Corporate Responsibility efforts with an award granted by the Mexican Philanthropy Center.

KPMG in Singapore is a member of the Singapore Compact

KPMG in Singapore has been a corporate member of the Singapore Compact for Social Responsibility since 2007. The Singapore Compact for Corporate Responsibility functions as a national society in furthering

the CR movement in Singapore, through ongoing dialogues, training, collaboration and practical project implementation. It is a participant of the UNGC and takes a multi-stakeholder approach in welcoming and recognizing the important roles and contributions of various stakeholders. Participation in this initiative includes partners from KPMG in Singapore serving as members of the judging panels for the Singapore Compact Corporate Responsibility Awards.

KPMG in Ukraine joined the Global Compact Alliance

KPMG in Ukraine signed up to the UNGC in 2011 and is already an active member of the UNGC Network in Ukraine. In March 2011, KPMG in Ukraine signed on to the Global Compact Alliance, an exclusive group of organizations who financially support UNGC. Being part of the Alliance allows the privilege of participating in the UNGC strategy in the Ukraine and organizing joint KPMG and UNGC events to promote UNGC principles, as well as demonstrating KPMG as a leader in this area. Through membership to the Alliance, a broader commitment was made to corporate responsibility promotion at the national level. The Alliance will conduct quarterly meetings to discuss issues related to the strategic development and sustainability of the initiative.



3

Implementing the Ten Principles into strategies and operations

Human Rights

KPMG International recognizes that respecting human rights are an integral part of corporate citizenship and we respect and support the Universal Declaration of Human Rights.

For KPMG member firms, integrating Principles 1 & 2 of the UNGC into strategies and operations means encouraging the respect of human rights within our direct sphere of influence, as well as helping uphold human rights and universal values wherever we operate. Our corporate values, which define our culture and our commitment to the highest principles of personal and professional conduct, also reflect these Principles.

Our Global Policies and Systems

KPMG International Human Rights Statement

KPMG International and a number of member firms are involved in national debates with private and public sector bodies about how businesses can better respect human rights and eradicate complicity in human rights abuses. In particular, KPMG International has also been involved in the consultations with the Special Representative of the Secretary-General, John Ruggie, as he has developed the Guiding Principles for the UN Implementation of the UN 'Protect, Respect and Remedy' Framework.

KPMG International is currently developing a Human Rights Statement which outlines KPMG's approach to protecting and respecting human rights. While our statement is in line with the Special Representative's Guiding Principles, as well as the requirements of the Organization for Economic Co-operation and Development (OECD), we are working with numerous parts of KPMG to ensure the statement is relevant to our business and our sphere of influence and is recognized internally as integral to member firms' high quality business conduct and ethics.

Through this process, we are pleased to recognize a number of existing policies and practices that address the importance of respecting the individual.

Corporate values

KPMG values are integrated into how we conduct business and how we work every day. Respect for human rights is integral to our commitment to the highest principles of personal and professional conduct.

Code of Conduct

KPMG's commitments to partners and employees are set out in the Code of Conduct. This applies to all KPMG partners and employees – regardless of title or position – and serves as a road map to help guide actions and behaviors while working at KPMG. The Code of Conduct includes a statement about member firms' commitment to the communities where they operate and following high standards of ethical conduct around the world. As noted above the Code of Conduct is being updated to enhance our commitments in key areas.

At KPMG we implement the Ten Principles internally through our policies and high ethical standards. We promote them externally throughout our value chain, through the services member firms provide to clients, our collaboration with suppliers and through our initiatives with local communities and organizations.

UN Global Compact Principles

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Supplier Code of Conduct

An increasing number of KPMG member firms now encourage suppliers to adhere to a Supplier Code of Conduct, which is based on the Ten Principles.

What member firms are doing in the arena of human rights

Business and Human Rights in the EMA CR Network

Within the EMA CR network the subject of human rights is followed closely. In 2010, EMA network members were invited to an informative session on 'Human Rights and Business', where an overview of human rights issues was explained and how these have evolved since the publication of the UN Declaration on

Human Rights. Particular emphasis was made on how a concept, initially conceived as a public matter, is now a crucial issue for private organizations; at various levels including relationships with employees, suppliers, clients and the communities affected by their business operations. In order to make sure that human rights

are protected within the sphere of influence of member firms, EMA network participants were introduced to the approach suggested by the UNGC and by John Ruggie, the Special Representative appointed by the UN Secretary General on this matter.

KPMG in Denmark at the forefront of human rights

KPMG in Denmark and the work of the Danish Business Network for Human Rights

When acquiring the consultancy Responsible Business Solutions on 1 January, 2011, KPMG in Denmark also took on the role of leading the Danish Business Network for Human Rights ("Network"); the Network was established in 2010 and has a total of 17 leading Danish companies with a global presence.

The Network has three meetings per year; it works with dilemmas and

links to other international Human Rights Networks and experts. It is moderated by key opinion leader John Morrison, Executive Director of the Institute for Human Rights and Business. KPMG in Denmark manages the Network.

The Business Network for Human Rights is for people in global organizations who work strategically and/or operationally with human

rights issues in their organizations or supply chains and who see the value of getting concrete advice from international experts within human rights. It is a platform for sharing difficult issues, best practices and ideas between peers, for learning the newest knowledge about business and Human Rights, and for participants to expand their international human rights network.

“Businesses need to shift from thinking about Corporate Responsibility as a department of the organization to reflecting on responsible business as an expression of how the company as a whole has corporate responsibility. It should be a firm's board, its leaders and its employees who feel the burden and opportunity to share corporate responsibility collectively. So we need people leading such departments to have a very strong sense both of global connectivity and of responsibility and values. I'm confident and increasingly I do see that.”

Lord Hastings of Scarisbrick CBE

Global Head of Citizenship and Diversity
KPMG International

KPMG in Denmark hosts a seminar on the Implications of the UN Guiding Principles on Business and Human Rights

In 2011 KPMG in Denmark hosted a seminar entitled the implications of the UN Guiding Principles on Business and Human Rights which was attended by more than 60 companies.

The seminar was organized after the UN special representative on

business and human rights, John Ruggie, presented the draft Guiding Principles for the implementation of the UN Protect Respect and Remedy Framework on business and human rights. KPMG in Denmark hosted the event where leading human rights experts, including a member

of Ruggie's team, explored what the Guiding Principles mean in practice.

Our services: Helping our clients promote and protect human rights

KPMG member firms also help clients through services that relate to the respect and the protection of human rights. We do so by:

Helping companies define their policies on human rights issues.

The aim is to help clients define their commitments to human rights, especially in institutionally weak areas. Our work also provides assistance for the implementation and dissemination of those commitments within the company.

Helping companies define their wider commitments to ethics, integrity and responsibility.

Our work assists clients in the definition of actions for the implementation, compliance and dissemination of the commitments within the company.

Labor

In line with UNGC Principles 3, 4, 5 & 6, KPMG International and KPMG member firms do not use forced, compulsory or child labor. KPMG International and KPMG member firms support freedom of association and, where applicable, recognize the right to collective bargaining. Our people want to work for an organization that encourages and respects individuality, and this is one of our core values. Our drive to create a global culture of diversity and inclusion is therefore fundamental to who we are, and critical to retaining our best people.

Our Global Policies and Systems

KPMG International has set relevant policies to help member firms uphold the highest labor standards. KPMG International also has teams dedicated to making KPMG the 'Best place to work' and to promote diversity in the workplace.

Our corporate values: Setting out how we behave with one another

Our corporate values embed KPMG International's commitment to promote fair labor practices among member firms and their suppliers: "We respect the individual – respecting people for who they are and for their knowledge, skills, and experience as individuals and team members." "We are committed to our communities – acting as responsible corporate citizens and broadening our skills, experience, and perspectives through work in our communities." KPMG International's commitment to promote healthy working conditions is embedded in KPMG International's Code of Conduct: "Fostering an environment in which partner and employee work/ life balance can be achieved."

Our Code of Conduct: Upholding our commitment to eliminating discrimination

KPMG International's commitment to eliminate discrimination is embedded in KPMG International's Code of Conduct: "Providing a workplace that is free from discrimination, harassment, misuse of substances, and unsafe conditions."

Global People, Performance and Culture (PPC) team: Supporting member firms in maintaining our position as "Employer of Choice" while building a High Performance Culture

The Global PPC team works closely with a steering committee representing more than 20 countries and functions to define and drive delivery of KPMG's global people



UN Global Compact Principles

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

Principle 5: Business should uphold the effective abolition of child labor.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.



strategy, and to support all member firms around the world by sharing global best practice and thought leadership on key people initiatives.

Global PPC has focused recently on building a high performance culture across KPMG member firms in order to help achieve the new global vision and strategic goals. At KPMG, this means having the best people with the right knowledge, skills and determination to deliver above and beyond. To achieve this goal the team has been working on a number of areas, in particular:

Development and Talent

KPMG is investing in world class learning solutions with the launch of the new KPMG Business School. The aim is to ensure that KPMG people have consistent, best in class development wherever they are in the world. The KPMG Business School was built on the philosophy that we offer our people learning and development that fits in with the way they work, placing a greater emphasis on blended learning. Based on this philosophy, our global

core skills framework brings together technical, leadership and business skills which establish a consistent approach that is effective and sustainable.

Under the technical skills area, each of KPMG's three business areas (Audit, Tax and Advisory) continue to deliver training tailored for client needs and professional requirements within that discipline. KPMG International policies require KPMG professionals to achieve and maintain technical competence and to comply with applicable regulatory and professional accreditation and development requirements, including those of their professional bodies.

To support the Business School, KPMG member firms are in the process of launching a new virtual classroom technology to make learning more accessible and real-time; this technology was successfully rolled out across the ASPAC region in early 2011. Additionally, a number of KPMG member firms have launched the Emerging Leader Program to identify and nurture top talent and facilitate strategic international assignments.

Performance and Reward

KPMG is changing how we manage the performance of our people and help them reach their full potential. We are committed to a more development-focused approach, with emphasis placed on continuous feedback and future career development. To support this change, Global PPC has designed a new performance development approach and behavioral capability framework which is being adopted in member firms around the world. These elements, combined with development initiatives in areas such as coaching and mentoring, will support KPMG professionals in enhancing their skills and maximizing their performance.

This builds on existing policies which state that all professionals, including partners, undergo annual goal-setting and performance evaluations. Each professional is evaluated on his or her attainment of agreed-upon goals, demonstration of the KPMG skills and behaviors for their level, and adherence to the KPMG values.

All member firms are encouraged to have compensation policies that are clear, simple, and linked to the performance evaluation process so that partners and employees know what is expected of them and what they can expect to receive in return in terms of reward. Global PPC is working with KPMG member firms to identify best practice reward principles, and member firms continue to offer locally competitive salaries and benefits packages. Many member firm packages are flexible to allow our partners and employees to design their own reward to suit their circumstances and preferences, through offering choices such as private medical insurance, additional holiday purchase, lifestyle vouchers or car schemes. We also encourage all of our people to get the right balance between personal and professional life. A number of our member firms offer flexible working arrangements such as working from home, sabbaticals, telecommuting or part-time work.

Resourcing and Mobility

As people are our core asset, KPMG continues to place importance on the rigour of our recruitment process. All external candidates for professional positions are required to submit an application and are employed following a variety of selection processes, which may include application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks.

KPMG also recognizes the need to provide its people with a compelling global career path and leadership is committed to creating new opportunities for our people to work across borders to support our interconnected business world. The aim is to develop the very best talent into truly global professionals that can deliver on clients' needs.

The Global Opportunities program (GO) provides KPMG partners and employees the chance to work in member firms all over the world, gaining exposure to new clients, industries, cultures and a new way of life. The assignments range in length from three months to two years. Our global strategy goals for the next few years place increasing focus on the mobility of our people, and as such the PPC is looking at ways to further enhance our mobility policies.

Organizational Engagement

Our high performance culture initiatives are not just about policies. We are just as committed to making sure that KPMG is a great global network to be part of by offering a compelling proposition for our people, focused on personal development and fulfillment through exciting opportunities, great support and working with brilliant people. In return, we ask that our people help us to stand out from the crowd and to differentiate ourselves by being globally-minded, value-adding, forward-thinking and passionate experts, in everything that we do.

In order to achieve this, Global PPC has been working with member firms to help them communicate their local strategy and our new brand proposition in an engaging and globally consistent way. Board country member firms have agreed to lead local engagement campaigns to bring the changes to life for our people, to clarify the opportunity that this presents for all our people.

Underpinning all this, we continue to embrace our KPMG Values - a strong value set that people can relate to around the world. We want our people, through their work with clients and communities, to be able to make a broader contribution to society at large, to feel able to be themselves and be respected for who they are, recognized for their contributions and rewarded for what they do. Our Values are as important as ever and are a constant in a rapidly changing and complex world.

Learning and development for an interconnected world

“The challenges clients face are constantly evolving. So we must make sure our people have the best and most relevant learning and development so they cut through these challenges with confidence. We know people learn in different ways – we can't purely rely on the traditional brick-and-mortar settings of the past. Learning now has to be on-the-job and collaborative, via coaching and using a variety of different techniques, including classroom settings. It's clear that the most effective learning strategies use technology. Winning organizations are creating virtual learning environments, supporting continuous learning, and enabling people to have blended learning experiences.”



Rachel Campbell
Global Head of People,
Performance & Culture

2010 Global People Survey: Integrating feedback into our people management

First implemented in 2006, the Global People Survey has provided valuable feedback to KPMG leadership. The most recent survey was conducted in October of 2010. More than 120 member firms participated and we achieved an overall response rate of 70 percent. The survey content is based

on global strategy, KPMG's values, high performance culture and other key measures of pride and engagement. The results are used at all levels - from global leadership to local functions and offices - shaping both global initiatives and local implementation. Global PPC is currently undertaking a project to

refresh the Global People Survey to help ensure that we receive feedback on the issues that are most important to us and that the information and insights gleaned from the survey stays as relevant and useful as possible.



Global Diversity team: Promotion of a diverse workforce

At KPMG we have the opportunity to take a lead in promoting diversity - and to become famous for it. We all stand to benefit: the business, our people, and clients. More and more member firms address the challenges of balancing the needs of partners and employees against the needs of the business in their respective countries. To lead that change and to assist national efforts, KPMG has created the Global Diversity team as a stand-alone function of PPC.

The primary focus of the Global Diversity team is to drive change within KPMG. To achieve this, the Global Diversity team engages with the Global Executive Team and member firms' leadership around the world to raise the business focus on diversity and challenge thinking and behavior. In addition, the team is involved in a number of activities:

- Research and analysis
- Education and training
- Communications
- Engagement with external organizations
- Engagement with member firms
- Public speaking engagements

Globally, our initial focus is on women (to ensure that women have the same opportunities as their male counterparts) and disability (to ensure that KPMG member firms become 'disability confident' and provide open access and opportunities to people with a wide range of visible and invisible disabilities). Each member firm determines their own diversity strategy that is best suited to their local context.

For example, many member firms have explicit policies on 'diversity, equality and inclusion', 'supplier diversity' and 'equal opportunity'.



Global Diversity Assessment

In 2011, the Global Diversity team is carrying out the first Global Diversity Assessment across more than 40 member firms. This evaluation is being carried out in order to understand how diversity impacts the business as a whole and how it could be embedded more effectively into different areas of the business. Additionally, the assessment will provide KPMG's Global Diversity team with a learning opportunity to see how and what assistance can be given. The Diversity Assessment aims to ensure transparency, encourage best practice thinking and align with business strategy. A final version of the Diversity Assessment will be sent to each member firm with recommendations that are catered to the regional culture and customs. The assessment will be carried out every two years.

Supporting global diversity and inclusion efforts

To further support KPMG's diversity and inclusion efforts, the Global Diversity team launched the 7 Steps to Diversity and Inclusion Guide and its corresponding Executive Summary in January 2011. The purpose of these documents is to provide member firms with a practical guide to develop and implement a local diversity and inclusion strategy, regardless of where a member firm is on their journey. Each of the 7 Steps act as a building block to help establish a solid foundation for cultural change within a member firm.

Helping partners and employees to adopt a global mindset

Given the global nature of the KPMG network, we view cultural competency as a business necessity. We expect partners and employees to adopt a global mindset while respecting the uniqueness of regional, national and local culture. For this, we have purchased the global rights to GlobeSmart, a web based tool that will help equip our people with the knowledge and skill set required to enable them to work more effectively and efficiently within cross-cultural teams and environments. GlobeSmart uses several cultural dimensions on cultural preferences, values, dimensions, etc. It uses these dimensions to map differences between cultural behaviors in a business context. The tool is very useful in many different situations. It can be used for example in preparing proposals and pitches across a cross-cultural audience, setting up cross-border engagement teams or seeking to build successful cross-cultural client relationships, among others.



Member firm actions and recognition

Recognition for diversity

KPMG in South Africa: Transformation

Transformation is a KPMG initiative that is aligned with the Broad-Based Black Economic Empowerment Act and the Codes of good practice in South Africa. This initiative aims to have a workforce that reflects the demographics of the country, and has recruitment strategies, firm policies and employee engagement processes in place that are inclusive of people who have been disadvantaged due to the country's past history, yet beneficial to all.

Transformation goes a step further than complying with the law. Ambitious targets are set periodically to achieve diversity in gender, disability and race. Additionally, diversity awareness workshops are held which advise staff on creating a culture of inclusion and focus on cultural, personality and generational

differences and how these can be used to the benefit of the individual, the team and the clients.

Transformation has a detailed strategy and a plan that allocates responsibilities and timelines for its implementation. Transformation Committees are in place throughout the firm to assist the Business Unit managing partners in monitoring and implementing the transformation strategy and the achievement of objectives. This initiative is represented at the highest level by the Transformation Advisory Board (TAB), of which the CEO is a member. The TAB is an internal body consisting of directors from across various business units and functions in KPMG. The role of the TAB includes ensuring the transformation strategy is in line with the Broad-Based Black Economic Empowerment Act and all other relevant legislation; reviewing and challenging the appropriateness

of the transformation targets; monitoring the progress of individual business units or offices against set targets; monitoring the firm's progress against set targets and making recommendations for improvement.

KPMG in the UK: Building a disability friendly work place

KPMG in the UK has a Disability Steering Group (DSG) which meets quarterly to identify and suggest appropriate courses of action to address any barriers and challenges experienced by KPMG recruits, partners, employees, and clients with disabilities. The DSG also monitors implementation and reports back any non-compliance and problems encountered by staff. Matters addressed include IT needs, telephones, hotel and travel arrangements, accessibility to training, examinations and appraisals.

Recognition for our commitment to our people

Canada's Top 100 Employers

Canada's Top 100 Employers project is a national competition to determine which employers lead their industries in offering exceptional workplaces for their

partners and employees. Employers are compared to other organizations in their field to determine which offers the most progressive and forward-thinking programs. In 2010, KPMG in Canada won the Top 100 Employer award for the seventh time.



In addition, Peter Thorne, a senior facilities manager, undertook an accessibility audit of all UK offices to satisfy the firm's commitment to accessibility. This expertise and experience was put to good use during the design of the new London office at 15 Canada Square. The DSG was actively engaged in the process to ensure that the new building is accessible to everyone.



KPMG in the US Honored for Diversity Leadership

Diversity Best Practices (DBP) recognizes the diversity commitment of some of the country's most progressive companies and their leaders with the CEO Diversity Leadership Award. This year, the recipients of the prestigious award included the US firm's Chairman and CEO, John Veihmeyer "for creating opportunity and advancement for all as an integral strategy for increasing profit and competitive advantage in today's workforce and marketplace," as well as demonstrating a deep personal commitment to diversity and inclusion through their words and actions. Also honored was Kathy Hannan, national managing partner, Diversity and Corporate Responsibility, who received the Diversity Officers Leadership Award for extraordinary support to the chairman to implement outstanding diversity and inclusion programs.

Canada's Best Diversity Employer 2011 winner

KPMG in Canada was once again named one of Canada's Best Diversity Employers for 2011. Now entering its fifth year, the national competition recognizes employers with exceptional workplace diversity and inclusiveness programs. The competition examines initiatives covering five major employee groups including: women, members of visible minorities, persons with disabilities, aboriginal peoples and lesbian, gay, bisexual and transgendered/transsexual (LGBT) peoples.



Recognized as a top employer for women

KPMG in the UK listed as one of the Top 50 Employers for Women

In 2011 KPMG in the UK was listed as one of the Top 50 Employers for Women by The Times. KPMG in the UK was also shortlisted by Opportunity Now (a gender diversity campaign run by national charity Business in the Community) for an Inclusive Culture Award in recognition of the work to raise awareness of unconscious bias and its potential impact on decision-making and day-to-day behavior.

KPMG in Brazil features gender diversity programs

Inspired by KPMG firms in the US and Europe, KPMG in Brazil launched a committee composed of 23 female

partners and directors. The purpose of the committee is to create a forum to speak openly about the evolution of female professionals' lives, from their initial career aspirations, education and development of skills, and eventually, progression into an executive role.

KPMG in the US: Best Companies for Multicultural Women

For the third consecutive year, KPMG in the US has been named as one of *Working Mother* magazine's Best Companies for Multicultural Women. This prestigious honor recognizes companies that are "proactively cultivating a workforce that takes advantage of our country's diverse cultural make-up." *Working Mother* compiles the Best Companies list

using data submitted by participating organizations covering four key areas: company culture; workforce profile; hiring, attrition, and promotions; and recruitment, retention and advancement programs. While KPMG in the US scores were strong across all areas, the firm received exceptionally high marks this year in the area of company culture.





Our services: **Helping member firms' clients** incorporate **responsible labor practices** into their own activities

Climate Change & Sustainability Services

KPMG's Climate Change & Sustainability Services professionals assist organizations in understanding the complex and evolving risks and opportunities related to sustainability in order to build measurable programs that can strategically support their businesses.

KPMG helps monitor the labor conditions of a client's suppliers

Professionals from KPMG member firms helped a large non-food retailer to monitor and assess its suppliers' corporate social responsibility performance – including labor conditions – as compared to the company's own Code of Conduct. The results were used as the basis for making further improvements in supplier behavior.



Environment

At KPMG, we are dedicated to managing our environmental impacts and we are committed to working together across borders to make an even bigger difference.

For KPMG, integrating principles 7, 8 & 9 into our strategies and operations means understanding and managing our own impact on the environment, while also working with stakeholders to respond to the environmental challenges facing the world. Member firms do this by promoting sustainable workplace policies and implementing environmentally responsible initiatives, while encouraging their stakeholders to do the same.

Our Global Policies and Systems

The GGI – demonstrating an early commitment to addressing global challenges

In 2008, KPMG International announced the GGI, making it the first of the Big Four accounting organizations to make public a global strategy responding to climate change and other environmental challenges. This initiative aims to help KPMG firms become more sustainable and energy efficient and aims to support environmental projects within our communities.

UN Global Compact Principles

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Undertake initiatives to promote greater environmental responsibility.

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

The GGI is focused on the following three commitments:

GGI ambitions	How KPMG member firms are getting there
<p>To measure, reduce and report on KPMG’s carbon footprint.</p>	<ul style="list-style-type: none"> • Aiding participating members firms to measure and track their greenhouse gas emissions. • Helping member firms’ implement emission reduction schemes, use renewable energy and purchase third-party verified high-quality carbon offsets. • Assisting member firms to report annually on their progress on emissions reductions.
<p>To support environmental projects to help address the challenges of climate change within our wider commitment to our communities.</p>	<ul style="list-style-type: none"> • Raising awareness of the challenges of climate change by sponsoring Racing Green Endurance and Cycle for Water. • Collaborating with the World Business Council for Sustainable Development (WBCSD), the Global Reporting Initiative, the Carbon Disclosure Project, International Emissions Trading Association and standard setting bodies. • Implementing the Global Green Expedition program, sending KPMG people on participatory environmental conservation programs.
<p>To work with partners, employees, suppliers and clients to help them improve their climate change impacts.</p>	<ul style="list-style-type: none"> • Helping member firms’ clients achieve their own global emissions reductions objectives through KPMG’s Climate Change & Sustainability Services. • Encouraging member firms’ suppliers to reduce their environmental impact through the Suppliers Code of Conduct. • Providing member firms’ partners and employees with information and tools such as KPMG’s Emissions Reduction Handbook and the KPMG Building Efficiency Handbook to encourage improvement of their own climate impacts both in the workplace and at home.

Reporting on progress: The GGI’s achievements so far

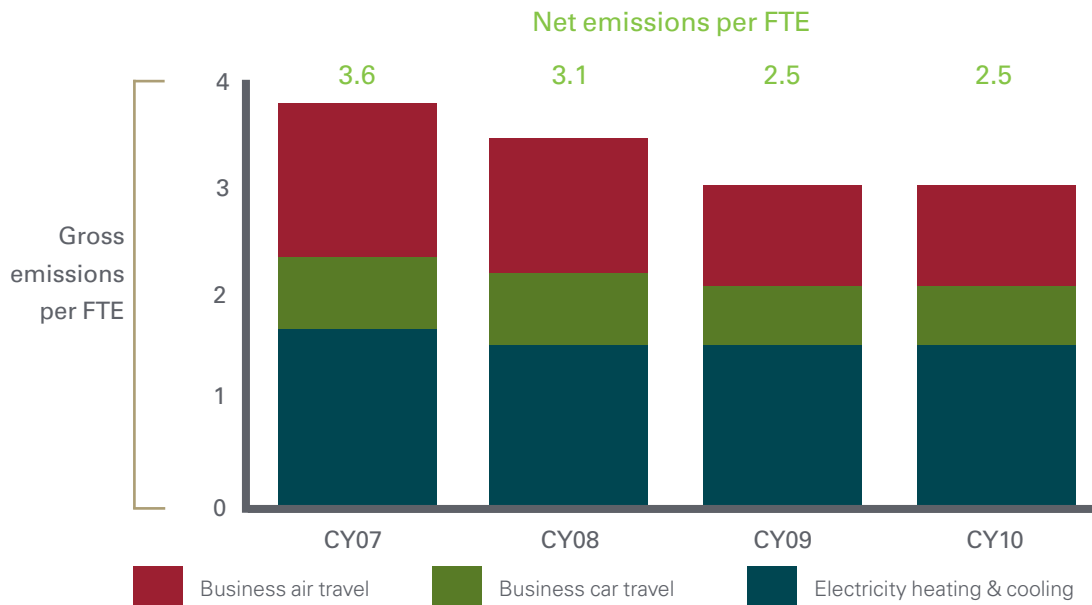
The first phase of this initiative aimed to reduce member firms’ combined carbon footprint by 25 percent by the year 2010 from a 2007 baseline. We are proud to report that the initiatives implemented by

42 KPMG member firms, representing 85 percent of KPMG people, resulted in gross emissions reductions of 7 percent and net emissions reductions of 29 percent per full-time equivalent employee by the end of 2010. This global achievement was made possible

thanks to a wide variety of initiatives implemented across member firms, from emission reduction schemes and the use of renewable energy to the purchase of carbon offsets.

Summary Results
<p>29% Decrease in Net Emissions per Full Time Employee (FTE)</p>
<p>20% Decrease in Net Emissions</p>
<p>7% Decrease in Gross Emissions</p>

Emissions reduction per FTE



KPMG receives a top score from the Carbon Disclosure Project

At the request of several member firms' global clients, KPMG International provided a response to the Carbon Disclosure Project (CDP) in 2010. With more than 3,000 organizations reporting, the CDP is

the largest repository of corporate emissions data. KPMG's 2010 CDP response highlights our climate change strategy and reports our progress in reducing KPMG's member firms greenhouse gas emissions.

KPMG International achieved a score of 80 percent as compared to the average CDP score of 48 percent. The KPMG CDP response is publicly available on the CDP website.

The next phase of the GGI

In March 2011, KPMG's Global Board approved a new emissions reduction as part of a continuance of the GGI. This new target includes an ambition of a further 15 percent reduction in net

emissions per full-time equivalent by 2015, using an updated 2010 baseline (applying the most recent emissions measurement guidance). This ambition would be achieved by implementing measures related to three strategic

focus areas: building efficiency, sustainable IT and responsible travel; as well as expanded procurement of renewable energy and carbon offsets.

Advocacy and support for environmental projects and initiatives within our wider communities

Memberships and associations

We are active participants in leading sustainability organizations:

- World Business Council for Sustainable Development (WBCSD)
- Global Reporting Initiative (GRI)
- Carbon Disclosure Project (CDP)
- Carbon Markets & Investors Association (CMIA)

- International Emissions Trading Association (IETA)

Moreover, KPMG is an International Auditing and Assurance Standards Board (IAASB) task force member which is currently drafting its Greenhouse Gas (GHG) assurance standard.

In 2010, Global Citizenship facilitated KPMG's involvement with the WBCSD

Future Leaders Team, organized KPMG input on the WBCSD's development of new greenhouse gas emissions reporting standards, and coordinated closely with the Climate Change & Sustainability (CC&S) Services team on WBCSD activities during the UN Framework Convention on Climate Change meetings in Cancun in December 2010.

COP16

KPMG International was actively engaged at the UN Framework Convention on Climate Change meetings (known as COP 16) in Cancun in December 2010, participating in events organized by the World Business Council for Sustainable Development (WBCSD), the Carbon Markets & Investors Association (CMIA) and the International Emissions Trading Association (IETA). Throughout the event, KPMG firms' CC&S professionals kept the public updated on the progress of the conference through KPMG blogs and Twitter.

Cycle for Water

KPMG's sponsorship of the Cycle for Water (www.cycleforwater.com) initiative highlights our commitment to helping drive the education and awareness of water and sustainability issues around the world. The sponsorship originates

from the Dutch firm with other local member firms participating along the route. The KPMG-sponsored Cycle for Water team, Michiel Roodenburg and Joost Notenboom, continues on their 18 month journey from Deadhorse, Alaska to Ushuaia, Argentina. They have been featured in multiple CNN interviews, highlighted in the KPMG International Annual Review and also featured in a KPMG Climate Change and Sustainability publication on water.

Racing Green Endurance

Racing Green Endurance (RGE), with the support of KPMG International and KPMG member firms, became the first electric car to travel the full 26,000 km of the Pan American Highway. The RGE sportscar visited several KPMG offices and clients along the way in Canada, US, Costa Rica, Panama, Colombia, Mexico, Peru, Chile and Argentina. The BBC World News aired the eight-part documentary beginning in January 2011.

KPMG's GOLD-LEVEL sponsorship of the RGE initiative demonstrates the organization's commitment to help drive the advancement of green technologies, support innovation in the automotive sector and encourage the entrepreneurial spirit.

With this initiative, the RGE team hopes to add a sense of excitement and ultimately get people interested in electric vehicles.



Supporting member firms to work with partners, employees, suppliers and clients to help them improve their climate change impacts

Implementing green building initiatives

Energy consumption in KPMG buildings accounts for nearly 50 percent of KPMG's carbon footprint. Given that reducing energy use in KPMG offices represents one of the biggest areas of opportunity a core focus area of the GGI will be building efficiency – aimed at lowering costs, and reducing greenhouse gas emissions.

To help member firms identify opportunities to improve building efficiency, KPMG's Building Efficiency Handbook is available on KPMG International's Global Citizenship intranet.

Leveraging the power of IT to reduce greenhouse gas emissions

At KPMG we are employing the newest technologies to reduce emissions and help us be more environmentally friendly.

e-Audit: This electronic audit management tool allows high quality audits to be carried out while helping facilitate significant reductions in KPMG's use of paper, transport, physical storage and travel.

e-Audit is an electronic audit tool that enables KPMG member firms to deliver high-quality audits consistently in an efficient manner. It is a highly technologically enabled tool that can be customized to suit all types of audit engagements, from major international groups to small or medium enterprises. The tool integrates audit methodology, auditing standards and industry knowledge so that engagement teams have ready access to relevant information at the right time throughout the audit, thereby enhancing efficiency and delivering value to audit clients.

Sustainable IT: Member firms' initiatives to increase energy efficiency, lower energy costs and reduce greenhouse gas emissions include the following: incorporating energy efficiency standards in the IT procurement process, server virtualization, setting PCs to automatically turn off after inactivity and controlling data center climates to lower cooling costs.

Halo: KPMG's member firms have developed a live, virtual meeting room where participants can see each other in life-sized images and can communicate with no perceived delays, regardless of how far apart the teams are.

There are currently 18 HP Halo telepresence studios. These meeting rooms have significantly reduced the need for travel and related greenhouse gas emissions.

e-learning courses: KPMG offers a broad array of educational programs online which, compared to learning programs that require travel, provide greater productivity and reduced costs and emissions.

The GGI promotes sustainable IT assessment

In 2010, as part of our focus on sustainable IT initiatives, the GGI team collaborated with ITS Global to develop a Sustainable IT Assessment.

Completed by 16 member firms, the assessment will be used to help develop future strategies related to sustainable IT, promote best practices

that reduce emissions, and lower costs.

Empowering partners and employees to act on the environment

KPMG International has developed a set of tools, guidebooks, newsletters and training courses to inform member firms on actions they can take. Available materials include the following:

KPMG Emissions Reductions

Handbook: KPMG International produced KPMG's Emission Reduction Handbook in 2010. The handbook highlights initiatives that reduce emissions arising from the scope of the KPMG organization's global carbon

footprint, as well as other programs that support our broader efforts to minimize our impact on the environment. This handbook will assist further innovation and collaboration by KPMG member firms in promoting environmental sustainability.

Global Green Updates: This quarterly update is sent to partners and employees with updates on our initiatives.

Climate change and sustainability training course: The recently launched e-learning course – 'Introduction to

Sustainability' uses practical examples and provides learners with an overview of the sustainability market, basic sustainability concepts and terminology.

Carbon Pledge Initiative: We have encouraged partners and employees to make a "carbon pledge" and provided them with access to carbon calculators and films on environmental issues. As part of Environment Day in 2010, over 1,000 partners and employees from KPMG's EMA region firms made commitments to reducing their carbon footprints.

Engaging partners and employees: Taking a Global Green Expedition

In October 2010, KPMG worked with A Rocha to develop a 'Global Green Expedition' for KPMG people; bringing together select partners and employees for a one-week program focused on leadership and environmental stewardship, hosted at an A Rocha global field research center. For the pilot program, six professionals from KPMG

firms in Brazil, Denmark, Malaysia and the US traveled to the A Rocha facilities in Kenya to learn about the work being performed to preserve the endangered Spotted Ground Thrush. The group also spent time developing an awareness of the affects of climate change and human activity on the coastal Kenyan ecosystem. The trip was designed to

develop 'Global Green Ambassadors' for KPMG, empowering participants with additional knowledge regarding the challenges of environmental sustainability and establishing them as advocates within their member firms and broader communities.

What KPMG member firms are doing to promote environmental sustainability

KPMG member firms are reducing their own environmental footprint through a wide array of ambitious initiatives. In addition, they support community environmental initiatives and participate in leading sustainability organizations and advocacy at sustainability related events. Efforts are also made to encourage other stakeholders to implement environmentally responsible initiatives themselves.

Tools to help member firms achieve emissions reductions

KPMG in the UK develops a building efficiency program and guide

To better assess energy use in buildings, KPMG in the UK developed a program that will be shared throughout KPMG Europe LLP member firms to help offices measure, monitor, and reduce their

energy costs and carbon emissions. This Energy Efficiency Guide identifies the top ten energy efficiency measures, provides a self-assessment questionnaire to narrow down the most effective opportunities for

offices and shares best practices within their member firms and broader communities.

Reducing the environmental impacts of meetings

In 2010, we undertook several initiatives to reduce the environmental impacts of meetings:

KPMG's first carbon neutral event

KPMG International held its first global carbon neutral event at the International Partner's Meeting in Rome in September 2010. First, we assessed the carbon footprint of the meeting and identified opportunities to reduce the related emissions. In addition, Voluntary Carbon Standard (VCS)-verified carbon offsets were purchased to help mitigate the effects of more than 550 partners air travel to the meeting. This purchase supported renewable energy development in India and reforestation projects in Haiti.

Events get a little cleaner at KPMG in Canada and KPMG in the US

To help improve visibility of the environmental performance of its venues, KPMG in Canada's Event Management and Community Leader teams worked with the National Research group to develop a comprehensive survey that was sent to 120 venues across Canada. A ranking tool was developed that identifies venues by their sustainability practices, allowing the Canadian firm to make more informed choices when selecting event venues.

In the United States, KPMG's National Events and Meetings (E&M) team has adopted Living Green, the firm's national sustainability program, to help incorporate environmental considerations throughout the US firm's meeting and events, and minimize the negative impact on the environment. The inclusion of an environmental questionnaire has been incorporated into E&M's RFP process. Large programs are expected to meet a minimum of 10 Green Meeting Guidelines to be considered a "green" meeting.

Initiatives at the office

“Keep our Planet More Green” team at KPMG in Belgium

In the course of the KPMG Europe LLP’s BRIGHT project, KPMG in Belgium established the “Keep our Planet More Green” team. The team is cooperating with Belgian not-for-profit environmental groups to plant a KPMG forest in order to reduce KPMG’s carbon footprint.

Singapore’s very own Green team

In place since 2008, KPMG in Singapore’s Green team meets regularly to design green initiatives, review and encourage firmwide efforts to reduce carbon emissions, cut wastage of resources and improve efficiency. Additionally, Green Ambassadors are appointed

annually to enhance the work of the Green team.

Green Monday program in KPMG in China

KPMG in China has developed a ‘Green Monday’ program: each Monday a fact or tip is emailed to all partners and employees of the member firm. The entire list of ‘Green Tips’ can be found on their internal Living Green website.

Queen Elizabeth II opened the headquarters building for KPMG in the UK

On 12 November 2010, Her Majesty the Queen officially opened the new headquarters building for KPMG in the UK. The building, located at 15 Canada Square, London is one of the ‘greenest’ buildings in the UK and was

recently honored as Sustainability Project of the Year by the Royal Institution of Chartered Surveyors.

KPMG in Germany: Specific measures for achieving environmental goals

In order to reduce their impact on the environment, KPMG in Germany has set specific environmental goals and put them in writing. The firm also has its environmental management system certified in accordance with the international standard ISO 14001. In addition to numerous measures KPMG in Germany has undertaken to improve its environmental performance, the firm now meets its energy needs in all locations with renewable energy sources and makes all business trips CO2-neutral through an arrangement with Deutsche Bahn.

Involving suppliers

Several member firms have instituted Supplier Codes of Conduct which, in addition to requiring suppliers to adhere to all applicable laws and regulations, also asks suppliers to reduce their environmental impact by developing and using environmentally friendly technologies across their business.

KPMG Europe LLP working closely with suppliers to meet ethical and environmental standards

KPMG Europe LLP firms continue to work closely with suppliers to make sure they meet strict ethical and environmental standards. All

new contracts over €50,000 are now subject to the Suppliers’ Code of Conduct, which is based on the UNGC. KPMG Europe LLP firms together purchase some €700 million of goods and services on terms and conditions which include the Suppliers’ Code of Conduct.

KPMG in Singapore

In 2010 at KPMG in Singapore, team members from Procurement, Business Effectiveness and Sustainability developed a Code of Conduct for suppliers and guidelines for future procurement processes.



Member firm community oriented environmental initiatives

Member firms also collaborate with the communities in which we live and work to extend our environmental commitment beyond our own work.

KPMG in India supports solar power

KPMG in India works with local schools and social organizations to provide renewable energy, ultimately improving the quality of its 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.

Bill Clinton recognizes community work of KPMG in Australia

A team from KPMG worked with Goldman Sachs JB to investigate a potential bond issue to finance climate change adaptation on the Great Barrier Reef, an innovative project that received a commendation by two Presidents of the United States of America, Bill Clinton and Barack Obama. In September, Judith Stewart, Managing Director of the Great Barrier Reef Foundation, briefed the Clinton Global Fund in the presence of President Obama on this world-first, collaborative initiative.

KPMG in Malaysia: Reef Check Malaysia

Founded in 1996, Reef Check Malaysia (RCM) is part of the global Reef Check organization, the world's largest international coral reef monitoring program involving

volunteer recreational divers and marine scientists.

KPMG in Malaysia is involved with RCM on two fronts: the Rainforest to Reef program (R2R) and the Eco Diver program. As part of the R2R program, KPMG in Malaysia adopted a primary school to inspire students to protect the natural environment for themselves and future generations.

KPMG in Malaysia organized its own Eco Diver team in collaboration with RCM and adopted the Soyak reef, off Tioman Island. Each year, KPMG in Malaysia sponsors the certification of up to 10 Eco Divers to monitor the reef.

Volunteers in KPMG in Thailand improve the lives of blind children while helping the environment

KPMG in Thailand worked with the Thai Fund Foundation and the Department of Marine and Coastal Resources at Samutprakarn province in a volunteer mission to improve the lives of blind children and help the environment. KPMG partners and employees, along with two clients, helped 30 visually disadvantaged children grow and care for 150 mangrove trees.

Volunteers from KPMG in Romania plant trees in local schools

A CR initiative to plant trees in local schools was launched at KPMG in Romania. KPMG people attended an event at a school in one of Bucharest's more deprived areas along with the Bucharest Prefect and volunteers from a local NGO. The aim was to educate children to take care of their schools and of the environment

and to make Bucharest's schools more pleasant places for children for learning and for leisure time. The tree planting program is part of a wider campaign to make Bucharest a better place to live, organized by the organization "la atitudine" (show a positive attitude campaign), which involves several businesses and NGOs working together to promote a better community.

KPMG in Russia supporting the World Wildlife Fund (WWF)

In 2010, KPMG in Russia became a member of WWF's Corporate Club. KPMG in Russia's cooperation with the World Wide Fund for Nature is based on a multilateral exchange of experience, the joint creation of a pool of leading practice technologies and equipment, and also the involvement of the fund's specialists and interaction with members from the corporate sector. In addition, a number of awareness-raising communications campaigns are being conducted in a bid to raise understanding of environmental issues and generate an environmental public spirit. For example, as part of working with WWF, KPMG in Russia joined its environmental program "Living Office" where the Fund provides basic assistance in the area of environmental education to KPMG people as well as useful tips, visual aids and posters to help in its efforts.

Awards and recognition

The following are just some examples of the recognition that member firms have received in the past year for carrying out their commitment to the environment.

KPMG in Canada is one of Canada's Greenest Employers

Launched in 2008, Canada's Greenest Employers program recognizes employers that lead the nation in making environmental values part of their organizational culture. 2010 marked the second year KPMG in Canada was chosen for this award.



KPMG Europe LLP goes Platinum Plus

KPMG Europe LLP is one of only ten international businesses to be awarded Business in the Community's prestigious Platinum Plus award. This measures our progress in addressing sustainability issues and our leading knowledge and understanding of the challenges we face.



Profile

Yvo de Boer



Yvo de Boer joined KPMG in July 2010 as Special Global Advisor, Climate Change and Sustainability. Previously, Mr. de Boer served as Executive Secretary to the United Nations Framework Convention on Climate Change (UNFCCC), the body responsible for a multilateral response to the climate change challenge.

He is responsible for KPMG's thought leadership and strategy development in this area, and acts as a global ambassador for KPMG worldwide.

Over the past year, Mr. de Boer has travelled widely, working directly with governments and corporations to help them achieve their sustainability goals.

He is regularly invited to speak on the role business can play in tackling climate change, representing KPMG at intergovernmental meetings, academic conferences and corporate events. He also frequently talks to the media about key sustainability issues around the globe and how KPMG firms are working to help clients operationalize and optimize their sustainability strategies.

Mr. de Boer is a Member of the Board of the Center for Clean Air Policy; a Council Member of the World Business Council on Sustainable Development and co-chair of the Climate and Energy Working Group, a member of the Capital Markets Climate Initiative steering group, as well as a Board Member of the Carbon Markets & Investors Association.

Mr. de Boer understands the challenges of climate change as well as anyone. Here he discusses the challenges that lie ahead, arguing that business can and should be an important agent for change.

Are you convinced business can be an agent for change in this whole process?

Yes – if only because businesses recognize that the environment around them is changing, in the ecological, social and economic sense. Businesses are looking at risks and opportunities in a more comprehensive way. And that is where KPMG member firms have an important role to play. We can help businesses understand how the changing environment impacts their business and what opportunities these impacts represent.

Has the financial crisis pushed sustainability down the political and corporate agenda?

I divide the sustainability challenge into two categories – issues around today's bottom line and those around tomorrow's bottom line. For today's bottom line there are huge opportunities for businesses to save energy and to use materials more prudently, which is ultimately an opportunity for cost optimization. For tomorrow's bottom line you need to understand how climate policies, energy prices and consumer demand are going to change over time and how you need to reposition your products and services. That's where businesses need support.

How are KPMG member firms assisting clients with this challenge?

Services around sustainability and climate change are not new to KPMG – member firms have been working on different aspects of this topic for a long time. The challenge now is to link those areas of expertise with our existing Audit, Tax and Advisory services in the context of the new challenges clients are facing.

Are developing economies better placed to make progress?

Developing countries' overriding concern is economic growth and poverty eradication and they understand that simply following the example of industrialized countries may not be the ideal way to go. It is physically impossible to continue growing China by 8 percent or 9 percent a year using the current energy and industry model.

To put it another way, I'm not so concerned about the 1.5 billion people who have a pretty decent lifestyle that perhaps needs to be a little more sustainable. What concerns me more are the 5.5 billion people currently living on less than US\$10 a day who are keen to have a better lifestyle, preferably closer to yours or mine (the average Westerner). With current constraints that is physically impossible to achieve, so we need to start focusing on green growth.

Our services: **We help member firms' clients re-imagine and re-shape their long-term competitive business strategies**

Climate Change & Sustainability Services

Today, climate change and sustainability issues are rising to the top of corporate agendas. Business is engaged; global trends and stakeholder demands have seen to that. Even companies who are following the global climate change debate from afar understand that their key stakeholders are already focused on these issues and the need to capitalize on them.

Responding to these trends, KPMG firms have been developing their CC&S for many years. CC&S was officially launched in December 2010 at the UN Framework Convention on Climate Change meetings in Cancun. The focus of KPMG's CC&S practice is to assist organizations in better understanding the complex and evolving business and regulatory risks relating to climate change, sustainability and responsible business practices, while helping them to capitalize on the resultant commercial opportunities.

KPMG firms brings three strategic advantages to our work with organizations that help them capitalize on the opportunities resulting from their sustainability strategies and programs:

1. A clear grasp of the issues, risks and opportunities presented by today's climate change and sustainability challenges.
2. Deep climate change and sustainability experience coupled with industry knowledge.
3. A holistic perspective that brings together Tax, Audit, and Advisory professionals to effectively advise clients on the business challenges and opportunities.

With a growing network of 700 subject matter professionals worldwide, and the appointment of Yvo de Boer in July 2010 as Special Global Advisor, we are investing heavily in our ability to best serve our firms' clients, and, as a result, society and the planet.

KPMG professionals can help organizations in the private, public and not-for-profit sectors to:

- Evaluate specific sustainability risks and opportunities to capture new markets and enhance profitability
- Assess and optimize regulatory frameworks, including tax and carbon emission regimes
- Assess and benchmark sustainability programs, including cost reduction targets
- Evaluate and assist with the design of critical business information streams with respect to carbon emissions, corporate social responsibility and the commercial supply chain
- Provide assurance on these business information streams.

“KPMG's Climate Change and Sustainability professionals are engaged in hundreds of client interactions each day. On that basis, we know that more senior executives than ever before are viewing sustainability not as a monolithic challenge that must be avoided, but as a diverse set of opportunities that, properly managed, can deliver significant competitive advantage**”**

Yvo de Boer

Special Global Advisor
Climate Change & Sustainability

We also work with governments in this space, to assist in the design and delivery of future investments in planning and service provision. We are actively contributing intellectual capital to global initiatives such as Sustainable Cities and the Rio+20 Conference in the spring of 2012.

Our work in responsible and sustainable business practices enables the governments and corporations with whom we work to better understand the environmental impact of their programs. With KPMG firms covering 150 countries, we have a unique opportunity to make a substantial contribution to international efforts to reduce emissions.

KPMG forms Global Center of Excellence for Climate Change & Sustainability

In April 2011, KPMG launched a Global Center of Excellence for Climate Change & Sustainability, which is a resource for KPMG firms' professionals

around the world for thought leadership, knowledge management, engagement delivery and business development. The Center of Excellence is based in the Netherlands, staffed by CC&S professionals with deep industry sector and sustainability knowledge.

Organizations are seeking to drive enhanced processes and performance, more confident reporting, cost optimization, and revenue growth through effective sustainability strategies and execution. Here are some examples of how KPMG's CC&S professionals in various member firms have helped:

1. For a global technology and engineering company, KPMG assisted the CFO in enhancing sustainability data integrity and building the infrastructure to obtain enhanced credibility on non-financial sustainability information, covering more than 130 sustainability-related KPIs. KPMG supported the implementation of a standardized reporting system for green revenue on a corporate level and compiled documentation blueprints applicable to all reporting units
2. KPMG assisted a global private equity firm to review and assess portfolio companies' sustainability programs to identify additional operational and environmental improvements, including potential tax incentives. Furthermore,

KPMG conducted a climate change and sustainability enterprise risk assessment across all portfolio companies

3. KPMG assisted a global technology corporation to identify over US\$10 million of credits and over US\$100 million in accelerated deductions for both energy and non energy-related capital expenditures for a total annual tax savings in excess of US\$20 million
4. KPMG assisted one of the world's largest shipping companies to develop a sustainability strategy that will enable it to systematically integrate sustainability into all its business processes within three years with a view to turning previous sustainability successes into a sustained competitive advantage. KPMG assisted the client to develop a sustainability reporting process that would align, and in the long-term integrate, with its existing financial reporting
5. KPMG has provided assurance for a leading global mining company on several of its sustainability indicators in addition to the financial audit services KPMG already provides, and continues to add sustainability indicators each year under this audit program.

Verdantix, an independent analyst firm focused on sustainable business strategies and market opportunities, in its *Green Quadrant@ Sustainability Assurance (Global), 2011* report has recognized KPMG as a Leader among sustainability assurance providers. As a Leader, we are recognized by Verdantix for our comprehensive and clear vision for the evolution of the sustainability assurance and our contribution to the evolution of sustainability accounting and reporting standards.

Source: Verdantix *Green Quadrant@ Sustainability Assurance (Global), 2011*

Thought leadership

At KPMG we recognize that businesses face countless issues. KPMG International and member firms develop research with the aim of addressing many of the complexities that organizations encounter, offering useful research and insights, with particular focus on ‘What’s hot’.

KPMG believes that stronger private sector engagement and moreover, wider acceptance of sustainability, lies not only in the establishment of clear regulatory frameworks, but in creating strategies and enabling access to finance that can make sustainability programs viable.

The wide array of thought leadership publications recently released in the area of sustainability can be seen below.



Reporting Change
KPMG in Netherlands, 2010



2010 KPMG Global Energy Conference Recap
KPMG International, 2010



The Green Challenge for Telecoms
KPMG in China, 2011



Integrated Reporting – Closing the loop of strategy
KPMG in the Netherlands, 2010



Corporate Sustainability; A Progress Report.
KPMG International, 2010.



Agenda Magazine
KPMG International, 2010



Insight Magazine
KPMG International, 2010



Financing low-carbon investment in developing countries.
KPMG International, 2010.



Sustainable Future. Sustained Advantage
KPMG International, 2010



Offshore Wind in Europe
KPMG in Germany, 2010

Sustainability Insight

On a quarterly basis, KPMG International publishes Sustainability Insight where we introduce topics that are shaping the sustainability debate and that we believe have a direct impact on business and therefore require attention. We suggest concrete steps for a better understanding and management of these concerns.



July 2010
City typology as a
basis for policy



October 2010
Accounting for water



January 2011
Articulating the value
of sustainability to
mainstream investors



Anti-Corruption

The quality and integrity of our people and our work is paramount to everything we do at KPMG. Audit committees, investors, regulators, governments, and clients deserve a clear articulation of the steps that KPMG member firms take to uphold our professional obligations and responsibilities.

For member firms, integrating UN Global Compact Principle 10 into strategies and operations means that, as stated in our Corporate Values, “Above all, we act with integrity” at all times. Our Values and commitment to working against corruption and bribery are communicated to all of our people through member firms and are incorporated into training and compliance processes.

Our global policies and systems

KPMG International has policies and systems in place to support member firms’ commitment to providing high-quality professional services, supporting independence and compliance with the highest ethical standards among its partners and employees and in its dealings with clients and other third parties.

System of quality control

At the center of our system of quality control is the tone at the top of our organization, which promotes quality and strong and unequivocal ethical values.

KPMG International’s policies reflect individual quality control elements to help member firms’ partners and employees act with integrity and objectivity, perform their work with diligence, and comply with applicable laws, regulations, and professional standards.

Code of Conduct

The KPMG Global Code of Conduct articulates expectations of partner and employee responsibilities to act with integrity.

The Global Code of Conduct includes statements that reflect our commitment to acting ethically and lawfully:

“We are committed to acting lawfully and ethically and encouraging this behavior in the marketplace.”

“Maintaining independence and objectivity, and avoiding conflicts of interest or undue influence.”

An ethics checklist is also available in the Code of Conduct to help partners and employees when making a decision or following a directive.

Anti-bribery Policy

KPMG International’s Anti-bribery Policy includes a specific prohibition against involvement (or a perception of involvement) in any type of bribery, even if such conduct is legal or permitted under applicable law or local practice, as well as a prohibition against making facilitation payments on behalf of a client or third party under any circumstances.

Independence and conflicts of interest

To help ensure ethical conduct, including integrity and independence, each member firm, its partners, and the people assigned to each engagement must be free from prohibited financial interests in, and prohibited relationships with, the member firm’s audit clients, their management, directors, and significant owners. KPMG member firms are required to have a disciplinary policy in place that applies to individuals who breach independence rules.

“KPMG is strongly committed to the fight against bribery and corruption. This is consistent with our values, and our commitment to integrity, and lawful and ethical behavior. That’s why KPMG International is a signatory to the World Economic Forum’s Partnering Against Corruption Initiatives Principle for Countering Bribery. KPMG firms around the world also continue to draw on their long experience around the world to help clients with all aspects of anti-bribery and corruption.”



Pete Rodgers

Deputy General Counsel,
KPMG International

Member firms and KPMG professionals are required to comply with all applicable independence requirements and ethical standards that meet or exceed those set out in the IESBA Code of Ethics and those required by other applicable regulatory bodies (which may include those of a foreign jurisdiction where those requirements apply extraterritorially). Each member firm has a designated ethics and independence partner. In addition, there is a core team of specialists led by the Head of Global Independence to help ensure that robust and consistent independence policies, processes, and tools are applied across the network of independent member firms and that these are updated as required. These policies and procedures cover areas such as personal independence, post-employment relationships, partner rotation, and approval of audit and non-audit services. KPMG International rotation policies comply with the IESBA Code of Ethics, but member firms adopt additional procedures to comply with other applicable local regulatory requirements. Member firms monitor the rotation of partners, and the rotation monitoring system is subject to compliance testing. The monitoring system also assists member firms to develop transition plans that help them to deliver a consistent quality of service to clients.

Conflicts of interest

Conflicts of interest may prevent a member firm from accepting an engagement. Our internal reporting system, Sentinel™, is used to identify and manage potential conflicts of interest within and across member firms. Any potential conflict issues identified are resolved in consultation with other parties, and the resolution of all matters is documented. An escalation procedure exists in the case of dispute between member firms. If a potential conflict cannot be resolved, the engagement is declined.

If the engagement is accepted, it may be necessary to apply specific procedures to manage the potential for a conflict of interest to arise or be perceived to arise and to ensure that the confidentiality of all clients' affairs is maintained. Such procedures might, for example, include establishing formal dividers between engagement teams serving different clients and making arrangements to monitor the operation of such dividers.

Personal independence

Professionals are responsible for making appropriate inquiries to ensure that they do not have any personal financial interests that are prohibited. Member firms use a web-based independence tracking system to assist partners and managers providing professional services in their compliance with personal independence investment policies. This system contains an inventory of publicly available investment products. Partners and managers providing professional services are required to use this system prior to entering into a financial transaction to identify whether they are able to do so. They are also required to maintain a record of all of their investments in the system, which automatically notifies them if their investments subsequently become restricted. Member firms monitor compliance with this requirement through performing regular audits of a sample of partners and managers. In addition, in accordance with KPMG International policy, all partners are prohibited from owning securities in an audit client of any member firm worldwide.

Audit engagement evaluation

Prior to accepting any audit engagement, an evaluation is conducted and documented by the prospective engagement leader, in consultation with other senior employees as required. As part of the overall acceptance process, a range of factors is considered including the competence of the client's financial management team. Depending on the overall risk assessment made, additional safeguards may be introduced into the audit to help mitigate any identified risk factors.

Engagement teams proposing to provide audit services to a new client are required to perform a series of procedures including a review of non-audit services provided to the potential client and other relationships. Any potential independence issues or conflicts identified are resolved in consultation with other parties, and the resolution of all matters is documented.

If a potential independence issue or conflict cannot be resolved satisfactorily, in accordance with professional and member firm standards, the prospective client or engagement is declined.

UN Global Compact Principles

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Similar evaluations are conducted for tax and advisory engagements.

Partner rotation

Member firm partners are subject to periodic rotation of assignments on audit clients under applicable laws and regulations and independence rules. These limit the number of years that partners in certain roles may provide audit services to an audit client within the scope of the requirements.

Non-audit services

Many non-audit services provided by audit firms equip the auditor to perform the audit more effectively, and the skills developed within a multidisciplinary practice are an important part of auditing complex global businesses. KPMG member firms have policies and procedures to strictly monitor the scope of services that can be provided to audit clients so that they are consistent with the IESBA Code of Ethics and locally applicable regulations. These require the consideration by the lead audit engagement partner of the threats arising from the provision of non-audit services and the safeguards available to address those threats, thus preventing the provision of non-permitted services to audit clients.

KPMG's proprietary system, Sentinel, facilitates compliance with these policies. Every engagement entered into by a KPMG member firm is required to be included in the system prior to starting work. The system enables lead audit engagement partners to review and approve, or deny, any proposed service for restricted, publicly traded, and certain other audit clients and their affiliates wherever in the world the proposed service is to be provided and wherever the member firm is based.

Each individual member firm has a policy for admitting and compensating the partners in that firm. To maintain auditor independence, audit partners' remuneration must not include any compensation based on the value of non-audit services provided to their audit clients.

Policies for Clients

Acceptance and continuance of clients and engagements

KPMG International has established policies and procedures to support member firms in deciding whether to accept or continue a client relationship and whether to perform specific services for a particular client. There is a specific focus on client integrity within these processes.

Prospective client evaluation process

Prior to accepting a client, a member firm performs an evaluation of the prospective client. This involves an assessment of its background, including its management and ownership, its business, and other matters, as appropriate, to identify risks and determine whether or not to accept the client.

Client continuance process

A client continuance evaluation is undertaken if certain factors are present to identify changing risks and to determine whether to continue to provide professional services to the client. In addition, clients to which audit or assurance services are provided are reevaluated annually.

This reevaluation serves two purposes. Firstly we will decline to act for any client where we are unable to deliver to our expected level of quality or if we would not wish to be associated with the client. Secondly we use the reevaluation to formally consider whether or not any additional risk management or quality control procedures need to be put in place for the next engagement (this would include personnel assignments or the need to involve additional specialists on the audit where appropriate).



Actions we are taking to communicate and implement our policies

Recruitment and on-boarding

Upon joining a member firm, partners and employees are required to participate in a comprehensive on-boarding program which includes training in areas such as ethics and independence. This also includes ensuring that any issues of independence or conflicts of interest are addressed before the individual can commence as a partner or employee with a member firm.

Partners and employees continue to receive training throughout their careers on many aspects of compliance, ethics, including independence and anti-bribery.

Training and confirmations

All member firm partners and client service professionals are required to take annual independence training. In addition, all partners and client service professionals sign an independence confirmation upon commencement of employment at the member firm and every year thereafter. This confirmation is used to evidence the individual's compliance with and understanding of the member firm's independence policies.

Member firms are required to provide anti-bribery and corruption training to all client facing employees as well as certain other member firm people. Training covering compliance with laws, regulations and professional standards is required to be completed by client facing professionals at a minimum of once every two years, with new hires completing such training within three months of joining a KPMG member firm. In addition, certain non-client-facing personnel who work in finance, procurement or sales & marketing departments, and who are at the manager level and above, are required to participate in anti-bribery training.

Monitoring

KPMG International has an integrated monitoring program that covers member firms to assess the relevance, 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 considered at regional and global levels.

Whistle-blowing hotline

We understand that integrity is a critical characteristic that stakeholders expect and rely on. This commitment underlies our values-based compliance culture where individuals are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our values or professional responsibilities.

A KPMG International hotline is available for KPMG member firm partners, employees, clients, and other parties to confidentially or anonymously report concerns they have relating to certain areas of activity by KPMG International itself, people who work with it, or the senior leadership of a KPMG member firm. The hotline deals with reports made in relation to the following: Accounting, Auditing, Banking Crime, Financial Crime and Anti-bribery. Reports to the hotline are reviewed by KPMG International employees who will determine the appropriate initial action. If it is not appropriate for the member firm to investigate the matter itself (for example, if it were to concern a member of the senior leadership of a member firm) then the investigation will be conducted under the auspices of KPMG International.

Concerns can be reported to the Hotline through various channels including:

1. By accessing a Web-based reporting system at www.clearviewconnects.com
2. By reporting via surface mail to the following address:

Clearview Connects1
P.O. Box 11017
Toronto, Ontario
M1E 1N0
Canada

Additionally, member firms may operate hotlines in their own jurisdictions to encourage confidential and anonymous reporting of concerns.

Evaluation, compensation and promotion

Each professional is evaluated on his or her attainment of agreed upon goals, demonstration of the KPMG skills and behaviors for their level, and adherence to the KPMG values. All member firms are encouraged to have compensation policies that are clear, simple, and linked to the performance evaluation process so that partners and employees know what is expected of them and what they can expect to receive in return. The result of their annual performance evaluation directly impacts their compensation, promotion, and in some cases their continued association with KPMG.

Initiatives for Stakeholders

KPMG International Transparency Report 2010

KPMG International publishes a Transparency Report for key stakeholders in which the steps that KPMG member firms take to uphold our professional obligations and responsibilities are clearly articulated. It specifically discusses the KPMG network, governance, structure, approach to quality control and culture of integrity.

Principles for countering bribery

KPMG International has signed up to the World Economic Forum's Partnering against Corruption Principles for Countering Bribery. These principles commit signatories to the adoption of a zero tolerance policy on bribery and development of practical and effective internal programs for implementing that policy.

KPMG's Middle East and South Asia (MESA) region

KPMG in the MESA region has become a founding board member of the the Pearl Initiative (www.pearlinitiative.org).

The Pearl Initiative has been set up to engage businesses in the region to address anti-corruption, transparency, business ethics and accountability. It has been developed in cooperation with the UN Office for Partnerships. The Pearl Initiative will use the Global Compact's ten principles related to human rights, labor, environment and anti-corruption in furtherance of its overall goals to catalyze an increase in economic activity and contribute positively to the UN Millennium Development Goals.

Helping clients take action against bribery and corruption

The increase in enforcement of national and international bribery and corruption legislation means businesses must demonstrate compliance. Due to its complexities, this can be a challenging area for businesses to address.

KPMG's multidisciplinary Forensic professionals from member firms around the world assist companies across sectors and geographies in their efforts to achieve the highest levels of business integrity through the prevention, detection and investigation of allegations of bribery and corruption and other regulatory compliance failures. Misconduct can range from violations of an entity's policies to violations of certain regulatory requirements, including the US Foreign Corrupt Practices Act, the UK Bribery Act, and other anti-corruption and anti-money laundering laws and regulations from across the globe.

KPMG Forensic not only helps clients discover the facts underlying concerns about potential regulatory compliance failures and allegations of fraud but also assists clients in assessing their vulnerabilities to such activities and in developing controls and programs to address these risks.

KPMG Forensic uses computer forensic and data analysis techniques to help clients detect potentially illegal or fraudulent activity and other forms of misconduct.

Professionals in the KPMG Forensic practice draw on extensive experience in forensic accounting, regulatory

enforcement, compliance program design and implementation, asset tracing, computer forensics, and forensic data analysis.

KPMG Forensic can help organizations, officers, and employees maintain compliance with all aspects of bribery and corruption laws and resolve issues of non-compliance if they occur. Our professionals are experienced in assisting clients with sensitive and confidential bribery and corruption matters.

KPMG Forensic has conducted multifaceted investigations across the globe relating to bribery and corruption allegations as well as investigative due diligence and asset tracing.

We are also adept at evaluating the internal controls, books, and records of entities for compliance with relevant domestic and international laws.

KPMG's network of member firms can respond expeditiously to anti-bribery and corruption related needs with accredited forensic practices worldwide, with over 2,300 practitioners, including certified public accountants, chartered accountants, certified fraud examiners, former compliance officers, internal auditors, lawyers, investigators, and former law enforcement officers.

KPMG Forensic can assist companies in the following specific areas:

- Bribery investigations
- Forensic analysis of books and records
- Electronic evidence recovery and review of electronic data
- Pre-transaction bribery due diligence
- Evaluation of internal controls
- Global enterprise bribery and corruption risk assessments, including compliance assessments of field offices
- Anti-bribery policy and procedure development
- Anti-bribery and corruption training

The Ethics Factor training program

In July 2010, KPMG in the US launched a web-based training course called The Ethics Factor for all partners and employees. The course was designed in

a reality game show format where the learner plays a judge providing feedback to contestants who are trying to show they know how to do the right thing,

in the right way, and positively impact KPMG's ethical culture.

KPMG Fraud Barometer

Many member firms, including the UK, New Zealand and Australia maintain a Fraud Barometer, which is a study to capture all serious fraud cases brought before criminal courts in each respective country.

The Barometer identifies fraud patterns and new trends, including the types of perpetrators and victims involved and the nature of the frauds, thereby helping us and member firm clients to both remain alert to new threats and

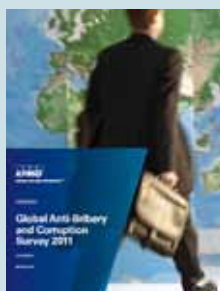
respond appropriately and proactively to fraud risks.

KPMG Fights Fraud

KPMG's Fighting Fraud website (www.kpmgfightingfraud.com) is a resource designed to help clients enhance their awareness

in tackling fraud and anti-corruption, providing thought leadership, articles and case studies.

Thought Leadership



Global Anti-Bribery and Corruption Survey 2011
KPMG International, 2011



Proactive uses of data analysis in anti-corruption compliance
KPMG in Central Eastern Europe, 2011



Fighting Fraud, Issue 29
KPMG in the UK, 2010



Survey on Bribery and Corruption
KPMG in India, 2011

“With the broadening backdrop of continuous disruptive change to world economies, social structures and the environment, governments of developing countries urgently need smart, effective solutions to respond and manage change to be competitive and deliver quality services to the public.”

“At KPMG, we are on the front lines of developing world activity. Member firms work closely with all emerging market stakeholders – government, civil society and private sector – to cut through the complexity of the international development environment in order to create sustainable change and effective, accountable, and transparent service delivery.”

Tim Stiles

Global Head, International Development Services

4

How KPMG takes action in support of broader UN goals and issues

At KPMG we have a role to play in advancing broader UN goals and issues

Broader UN goals and issues refer to the most acute or chronic global challenges. These, naturally, overlap with the UNGC Principles. In addition to the challenges addressed by the Ten Principles, they include peace and security, gender equality, humanitarian assistance, general sustainability, climate change, education, among others.

These issues will continue to challenge the world at large and demand its attention and support. At KPMG we believe that professional organizations have a role to play, and we are committed to rendering relevant support to these global challenges through the following lines of action:

Global Citizenship

Our approach is to apply our professional skills to tackling issues in all these areas, and we encourage everyone at KPMG to get involved. After all, it is part of our values to make a positive contribution to our communities. Globally, we are combining KPMG's knowledge and experience from around the world with international development agencies to tackle global issues, while developing governance and policy to drive our leadership position. At the local level, member firms are working with non-governmental organizations, companies, governments and local groups to address some of the most important and pressing issues facing their communities.

International Development Services practice

KPMG's International Development Services (IDS) practice provides the development community and public sector with the strategic insights and partnership needed to meet the evolving needs of the ever-changing and dynamic developing world. Our long and successful involvement with governments, the private sector, development partners, and civil society has served to demonstrate the importance of professional services in helping to ensure the effective and efficient delivery of national and international development funding.

Millennium Village

KPMG International, together with a number of KPMG member firms (including the US, Japan, Spain, Russia, Africa, Ireland, the UAE, Australia, Brazil, India, and Qatar & Bahrain) are sponsoring the creation of a Millennium Village in Pemba, an island off the coast of Tanzania. The village currently has a resource-poor population suffering from a high disease-burden, limited access to health care, a high number of unenrolled students in a very young population, insufficient educational facilities and economic opportunities, and limited access to safe drinking water or electricity. The region is uniquely suited for the sponsorship of a Millennium Village. The Millennium Villages program has been developed by Millennium Promise, a global leader in developing

innovative and effective ways to target the world's most pressing needs. Lord Hastings, Global Head of Citizenship and Diversity for KPMG International is a Board member. The Millennium Villages model empowers rural communities in sub-Saharan Africa to work toward eliminating extreme poverty and crippling disease through simple and effective solutions to systemic problems. The model is unique in its cross-functional approach and links interventions across an entire community to effect systemic change. UN Secretary-General Ban Ki-moon has praised the Millennium Villages model noting that Millennium Villages "are showcasing the impact of smart, targeted development policy... The model is a case study in what is possible, even in the poorest places in the world. We should support these ambitious strategies for meeting the MDGs. They work."

The 3 Global Development Initiative Millennium Development Goals



GDI Brochure

Global Citizenship

At KPMG International we focus much of our global citizenship activity on local community and education programs. Development is one of the core elements of KPMG International's citizenship strategy, embodied in our Global Development Initiative (GDI). Additionally, we participate in global policy discussions through the World Economic Forum and other key global multi-stakeholder coalitions.

Member firms are also involved in hundreds of inspirational projects around the world, from education programs and mentoring, to supporting charitable foundations in enterprise and community cohesion. We also develop a large disaster relief effort. The common theme is that our people are putting their skills and passions to work to make a positive difference.

GDI

The GDI is a core program in KPMG International global citizenship activity. Established in 2009 but tested in pilot form since 2007, the GDI frames our focus on international development.

KPMG's commitment to the GDI is driven by:

- The realization that businesses cannot thrive in economies that are poorly governed and that there is considerable opportunity to generate improved business results in economies within transparent and efficient public governance structures
- Commitment to our communities is one of our core values and we feel a moral obligation to act in the global fight against poverty
- Our people expect us to be good corporate citizens
- Member firm clients, who increasingly select professional service providers using criteria which include social and environmental performance.

Globally, we are combining KPMG's knowledge and experience from around the world with international development agencies to tackle global issues, while developing governance and policy to drive our leadership position.

How member firms participate in the GDI

The Global Citizenship team has developed a manual to support the GDI, which is available to all KPMG professionals interested in becoming involved in the GDI.

KPMG International Partnerships

- Save the Children
- Oxfam
- UNICEF
- World Vision
- Red Cross
- Millenium Promise

Firms can participate in the GDI in the following (often overlapping) ways:

1. Supporting private sector development

Firms can support the private sector to overcome market constraints in ways that increase investment opportunities, increase employment, and contribute to economic growth.

2. Supporting NGOs and UN agencies Firms can support NGOs and UN agencies to deliver services efficiently and effectively and help maximize the positive impacts of their activities. In order to enhance KPMG's global impact, KPMG's Global Board has resolved to primarily focus on relationships with six key global development organizations: Save the Children, Oxfam, UNICEF, World Vision, Red Cross and the Millennium Promise.

3. Supporting good public governance

Firms can support national governments to provide transparent and accountable governance. Good public governance, including an effective center of government and a thriving public policy space, is essential for development.

“KPMG has a role to play in society that is ambitious. We aim to ensure that our people, clients and communities achieve their full potential. When you join our skills and experience with our sense of purpose and values, I believe we can realize our full potential and accomplish great things.”

Lord Hastings of Scarisbrick

CBE,
Global Head of Citizenship and Diversity

How stakeholders participate in the GDI

The GDI is a flexible initiative that requires input from a range of stakeholders.

Global Citizenship team	The Global Citizenship team is responsible for the global strategy, promotion of GDI activity, continuous organizational learning, global impact measurement and international communications.
Global Lead Partners (GLPs)	A GLP is responsible for each of KPMG’s five key global development relationships. GLPs perform overall management of the relationship, including resource allocation and communication.
National Leadership Partners/ Directors	National Citizenship Partners, Directors and/or Managers are responsible for supporting national leadership to drive forward member firm participation in the GDI.
KPMG International Development Services (IDS)	IDS can assist member firm teams who are planning engagements with KPMG’s five key NGO and UN global development relationships. Additionally, IDS reserves the right to challenge proposals to perform development projects on a pro-bono (no fee) or lo-bono (reduced fee) basis.
KPMG Climate Change and Sustainability Services (CC&S)	Teams planning engagements with KPMG’s five key NGO and UN global development relationships can request technical assistance from CC&S, where appropriate.
GDI Champions	In order to help increase employee engagement and participation, firms should assign GDI Champions to generate awareness and support for the program.



Advocacy

An important demonstration of our commitment to diverse global challenges, KPMG takes part in important international conferences and multi stakeholder initiatives.

The Ethics Factor training program

The theme for this year's World Economic Forum meeting in Davos was "Shared Norms for the New Reality".

Lord Hastings, reflecting from Davos, said "One of the most important roles of the World Economic Forum and the Davos meeting is bringing together business, government and NGO leaders to address the economic investment process that will help to drive prosperity more widely across the developing world.... Partnerships to meet global challenges are at the heart of the Davos agenda."

KPMG leads at UN Millenium Development Goals Private Sector Forum

The UN Summit on the MDGs took place from 20-22 September 2010. It was attended by Heads of State and Government, along with the private sector, foundations, international organizations and civil society. Throughout the UN Summit

there was wide recognition of the vital role which business plays as 'a primary driver of innovation, investment and job creation'. Lord Hastings, KPMG's Global Head of Citizenship and Diversity, was Master of Ceremonies at the UN Private Sector Forum.

KPMG participates in a Forum on the role of business in the health MDGs

This meeting highlighted the substantial contribution business is already making – whether directly or indirectly – through core business practices or social investment. The agenda covered the range of potential avenues for corporate involvement including product innovation, service delivery, networking opportunities for business to business collaboration and other partnerships, as well as what incentives exist to support business in their endeavors to push the boundaries towards the MDGs.

KPMG at World Economic Forum (WEF) on Africa 2011

Timothy P. Flynn, former Chairman of KPMG International was a co-chair of the WEF on Africa held in Cape Town

South Africa from 4 – 6 May 2011. Timothy P. Flynn, reflecting on the WEF on Africa, said "Africa is extremely important for KPMG. KPMG member firms operate throughout the continent. For KPMG people there is great opportunity to benefit from and contribute to the economic growth of Africa. Our people appreciate the challenges and the hardship facing many of the African population. It is critical that business leaders understand these challenges, as well as appreciate the opportunities they can bring. The dialogue and the sharing of ideas throughout the World Economic Forum on Africa can contribute to finding solutions to create an environment of growth and prosperity and improve quality of life throughout the continent."

Disaster relief

People's well-being and their livelihoods can be jeopardized from one day to another due to natural disasters. We believe therefore that a network of our size and with our reputation should respond actively to such events. We have therefore put member firms' skills at work to respond to natural catastrophes.

In the past, raising and distributing money – through organization-wide and individual efforts – has been the focus of KPMG International disaster relief efforts. In recent years we have evolved our disaster relief strategy and we've learned that if we apply our business skills as well as our money, we can make an even greater, more lasting difference. And the most effective way of applying our skills is in collaboration with the field experience of non-governmental organizations (NGOs). NGOs have vast expertise, operations on the ground, and a global reach and outlook to match our own. Working alongside them we can help alleviate suffering, promote economic development and rebuild communities quickly and sustainably.

How KPMG member firms are taking action

Commitment to our communities is at the heart of KPMG's values. Around the world, KPMG member firms are working with other companies, governments and NGOs in order to make a positive difference.

Partnerships with NGOs

World Vision and KPMG in Mexico

KPMG in Mexico recently established a significant strategic partnership with World Vision in Mexico ('Visión Mundial México'), taking its GDI commitment to a new level. The partnership builds on the pro-bono audit relationship which KPMG in Mexico has held with Visión Mundial México since 2008 and is comprised of four key components:

Child sponsorship – every one of KPMG in Mexico's 130 partners is sponsoring a child. Child sponsorship establishes a relationship between the sponsoring partner and a child in a way that personalizes the challenges of poverty and development. Sponsors' contributions help deliver health and educational improvements and support vital development in the communities where the sponsored children live.

Learning & development programs for Visión Mundial México employees – the first of these included a tailored course called 'Client Relationships' run for the Administration Team;

Pro-bono Advisory Services – these are jointly identified by KPMG and 'Visión Mundial México'.

Volunteer programs – KPMG volunteers work within the sponsored community to improve living conditions and opportunities. For example, 15 KPMG volunteers recently constructed four rainwater harvesting tanks which will improve health, reduce the burden of water collection, and conserve resources.

Visión Mundial México is part of the World Vision Partnership which is one of the development organizations that KPMG firms collaborate with internationally through the GDI.

“KPMG firms have a long history of responding to global needs and global crises. But we also know that we are doing the right thing. That ties with the Millennium Development Goals that KPMG is pursuing – gender equality, access to primary education and alleviation of poverty. So it's a response that makes complete sense with what we are doing. There's also a benefit as well, which is that KPMG people can get involved either financially or by utilizing their skills and abilities to help bring relief efforts to the benefit of the people that were affected.”

Timothy A. Stiles

Global Head, International Development Services practice

At KPMG, our approach to citizenship starts with leadership.

“Our people are encouraged to use their leadership skills in helping solve some of the world's most complex problems... What are the great dilemmas and how can we put our skills and knowledge to work to do something about them?”

Partnerships with NGOs

GDI strategy day with Oxfam forges exciting plan for strategic collaboration

In 2010, a full day workshop took place to forge a plan between KPMG International and Oxfam to increase strategic collaboration in pursuit of the MDG. The workshop was structured according to Oxfam's strategic priorities, with Oxfam's expert program staff leading sessions on finance for the 'missing middle', sustainable

agriculture, humanitarian response and organizational effectiveness and efficiency. These ideas were wide ranging varying from organization of a workshop for KPMG Financial Services banking experts to enhance Oxfam's understanding of how the financial markets work (to better inform their programming and advocacy); to

exploring the potential of joint research and thought leadership; and KPMG's human resources employees sharing ideas with Oxfam on how to become an 'Employer of Choice'.

KPMG in Australia addresses Indigenous disadvantage

KPMG in Australia considers the empowerment of Indigenous people, businesses and communities as being at the forefront of its corporate citizenship work. KPMG has outlined its achievements and strategy through their Reconciliation Action Plan (RAP) Report and Refresh for 2011. These two documents set out the Australian firm's commitments and actions to addressing Indigenous disadvantage around three key themes: Relationships; Respect and Employment.

KPMG in Australia has formed a number of relationships with Indigenous organizations to fulfill their commitments under the RAP. Some of the key successes and relationships are detailed below.

Jawun

We work closely with Jawun, a not-for-profit organization that builds capacity in Indigenous businesses

through professional secondments which support the developments of solutions resulting in greater financial self-sufficiency for Indigenous people and communities and to bring about health and social reform. Since aligning with Jawun in 2007, KPMG in Australia has sent over 80 secondees who have completed nearly 14,000 hours of assistance in 4 different locations across Australia.

Australian Indigenous Minority Supplier Council

We are a founding member of the Australian Indigenous Minority Supplier Council (AIMSC), a not-for-profit company that provides a direct business-to-business purchasing link between corporate Australia, government agencies and Indigenous-owned business. Through AIMSC, KPMG in Australia has engaged a range of Indigenous businesses as suppliers, and in late 2010 signed a multi-year

service agreement with Indigenous communications supplier Message Stick Group for the provision of audio and video conferencing for the next three years, worth almost AUS\$1 m.

Education

KPMG in Australia supports opportunities for Indigenous people to gain a quality education through providing scholarships and mentoring. KPMG in Australia assists the Australian Indigenous Education Foundation by funding two scholarships for secondary students annually and provide four tertiary scholarships for Indigenous people studying economics at the University of Melbourne and the University of Technology, Sydney. The recipients of these scholarships have the opportunity to be mentored by people within the Australian firm's partnership.

Partnerships with NGOs

Millennium Cities Initiative (MCI): Update from Kumasi, Ghana

Over the last year KPMG has built on the success of its series of reports for investors which are developed to lift local economies. Investment opportunities have been explored in three additional African cities and there has been significant progress in using these reports to secure investment and thus to reduce poverty (MDG 1).

In Kumasi, Ghana the progress being made to secure investment as a result of KPMG's investor report includes:

- A viable supplier of palm fruits for a palm oil project has been identified in cooperation with the Millennium Villages Project and while investment pledges have been secured;
- An American developer has been identified who is willing to invest \$400,000 to build and run a hostel at Kwame Nkrumah University of Science and Technology;
- Following a KPMG International feasibility study, positive talks (culminating in a site visit) have been held with potential investors/sponsors for the reconstruction of a children's park in Kumasi and the construction of an adjacent shopping mall;

- In 2009, the Ghana Investment Promotion Center opened a regional office in Kumasi to promote the Ashanti region and the city of Kumasi to investors;
- Preparations are under way for an investment promotion training workshop for city officials;
- The Kumasi Metropolitan Authority has committed \$100,000 towards the Kumasi Investment Initiative and further fundraising activities are underway.

KPMG Europe LLP rises to the BRIGHT challenge

KPMG member firms recently launched BRIGHT which is a corporate citizenship program encouraging our people to: 'Act Local; Act Global.' More than 1,000 people across KPMG Europe LLP firms contributed to innovative BRIGHT ideas about how to use their skills to help address local social and environmental issues.

BRIGHT is KPMG's first cross-border international pro-bono CR program. This year there will be more than 54 Enterprise and NGO capacity building placements in multi-disciplinary teams in 8 developing countries contributing more than 3,430 pro-bono hours.

Examples of the missions include: supporting Fair Trade business to better manage their operations; supporting young entrepreneurs start a business; NGO capacity building including improving financial systems, IT advisory; HR advisory; internal audits; cost reduction; governance reviews.

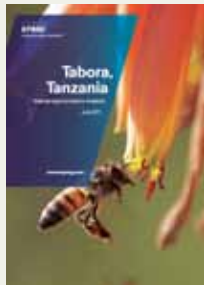
These missions aim to contribute to the MDG in line with KPMG's GDI.

Center of Excellence in Palliative Care at Hospice Uganda

In 2010, the new Center of Excellence in Palliative Care at Hospice Uganda, in Kampala was opened. The Center was funded by the Irish member firm and Irish Aid. KPMG in Ireland made an initial three-year commitment to Hospice Africa Ireland to help fund a new clinical building at the Hospice in Uganda that will be a center-of-excellence in palliative care education. Its benefits will stretch beyond Uganda where medical staff from other countries can come and share learning and best practice and bring that knowledge back to their own countries.



Related reports



**Report: Tabora, Tanzania:
potential opportunities
for investors**
KPMG International, 2011



**Mekelle, Ethiopia:
Potential opportunities
for investors**
KPMG International, 2010



**Blantyre, Malawi:
Potential opportunities
for investors**
KPMG International, 2009



**Kisumu, Kenya:
Potential opportunities
for investors**
KPMG International, 2008



**Ondo State, Nigeria:
Market feasibility study
for sustainable
development**
KPMG International, 2008



**Report: Kumasi, Ghana:
potential opportunities
for investors**
KPMG International, 2008

Disaster relief

Global Appeal For Japan

KPMG people raised over US\$3 million through the KPMG Global Appeal for Japan. Most of the donations have already gone directly to the Red Cross and the rest will go towards a KPMG sponsored program to be determined by the KPMG Disaster Committee and the Japanese firm. Several proposals are under discussion but the focus will be on the

long term redevelopment of communities. People still have to cope with severe conditions, however, relief supplies from across the country and overseas are gradually reaching them and business is slowly returning to some normality in Tokyo.

Continued support for Haiti

In early 2010, a 7.0 magnitude earthquake hit Haiti leaving 3 million people in need of emergency aid.

KPMG member firms from around the world raised over US\$2.7 million through staff and partner donations, firms' matching programs, and direct contributions by member firms.

Of the money raised, over US\$1.4 million was contributed directly to support the immediate effort of our GDI partners including: UNICEF, Red Cross, Save the Children, World Vision, Oxfam and Millennium Promise. In each of these partners, the monies donated by KPMG member firms has gone to support their tireless relief efforts to bring safety shelter, water, food, education, medical and health care to the people of Haiti.

The remaining US\$1.3 million has gone towards efforts to bring long term relief to the people of Haiti. Working with Episcopal Relief & Development, Save the Children, United Nations World Food Program and World Vision, KPMG International has sponsored four programs that align with its core values and address the key factors necessary to break the cycle of poverty.



Rebuilding two schools in Cheng County, Gansu China

Following the 2008 Sichuan earthquake, KPMG in China provided RMB 4 million to the China Foundation for Poverty Alleviation (CFPA) for immediate relief efforts. A long term commitment was also made, and KPMG China entered into an agreement with Sowers Action (SA) to rebuild two schools in Cheng county, Gansu province. The construction started in July 2009 and completed in spring 2010. Approximately 500 students started to study in these two newly built schools in May 2010.



Disaster relief support in Leh, India

In early August 2010, Leh was hit by flash floods that left more than 900 families homeless.

The severity of the floods led to the loss of hundreds of lives and massive damage to property and livelihood in the region.

KPMG in India's immediate response was to sponsor a medical relief package through HelpAge India.

Subsequently a group of five volunteers contributed to the on-going relief efforts in the region. Although the initial impact of the floods had subsided there was still much to be done. Lack of proper sanitation facilities was a major cause of concern, as it led to the outbreak of waterborne diseases.

Volunteers from KPMG in India helped:

- Construct sanitation facilities at a local school through Oxfam India
- Carry out needs assessments and analysis at relief camps and villages
- Prepare emergency relief kits and distribute them at certain camps.

Community action

Make a Difference Day (MADD) EMA region

Make a Difference Day is the first EMA wide volunteering program, encouraging people to give their time to make a positive difference in their communities. MADD is a hands-on volunteering experience whereby KPMG employees' teams undertake one-day challenges demonstrating a positive social impact as well as providing a team building opportunity.

The historical trend of this initiative shows how volunteering has been increasingly successful in time: we saw only five member firms and 800 employees involved in Make a Difference Day (MADD) in 2005 while for 2010 we have registered 27 member firms (+9% compared to 2009) and more than 8,000 employees (+7% compared to 2009).

KPMG in Belgium and Lithuania – Make a Difference!

The 2010 edition of MADD was an outstanding success. Therefore, KPMG in Belgium decided to increase the number of activities for this year's MADD from 12 to 15 in order to satisfy the expected growth in the number of participants. Our employees were very happy to be a part of this exciting experience again this year.

The 15 MADD projects focused on four domains of CR activity: environment, social exclusion, health, and education. The projects covered three types of activity:

- Renovation, painting and decoration
- Social support
- Protection of the environment

In 2010 KPMG employees in Lithuania spent the whole day renovating playgrounds of the kindergarten 'Kurpait' and 'Mother and Child Care Home'. These two organizations work closely with children and their mothers who have suffered moral and physical abuse. During the day, a group of about 40 employees were planting flowers, constructing and painting new sandboxes, benches, basketball boards and other playing installations. The outcome of this hard working day was a more joyful and colorful daily environment for children.

Social entrepreneurship

KPMG in Ireland Supports Young Social Innovators Showcase 2010

In 2010, KPMG in Ireland once again supported the Young Social Innovators (YSI) Showcase where 6,000 transition year students from throughout Ireland presented projects they have worked on that tackle social issues.

KPMG volunteers assisted with registration and the information desk, and supervised the different workshop/events that took place during the day. One of the main

roles for all volunteers was to ensure that the young people participating in the YSI Showcase enjoyed themselves and got to see and do as much as possible.

The students had to make a pitch to a panel of judges about their project and ask for support in the form of mentoring, business advice or funding – over €15,500 was awarded to successful students.

KPMG in Switzerland: 'Our Inspirational Grant'

KPMG in Switzerland's program called 'Our Inspirational Grant' supports scientific breakthroughs with an emphasis on entrepreneurial schemes that have a community or

environmental focus. Working with two key technology institutes to assess the projects, the program has now donated a total of CHF400,000 in grant funding.

Recognition for corporate citizenship efforts

KPMG in the Czech Republic wins 'most generous firm' in TOP Corporate Philanthropist 2010

For the second time, KPMG's Czech Republic firm has been awarded first place in the "Most generous firm" category, based on its donations-to-gross profit ratio. The community activities rated in the competition covered KPMG's matching fund donations, general volunteering, skills-based volunteering, in kind donations and pro-bono work.

The chart is created and announced by the organization Donors Forum/Business for Society, together with the Czech Top 100. Its goal is to honor the biggest corporate donors who consider philanthropy and corporate responsibility as an important part of their business activities.

International Development Services practice

In today's economic climate, the developing world faces a number of critical challenges: strengthening capacity in all areas, enhancing accountability of states towards their citizens and developing systems to deliver public services. With local expertise in many countries, KPMG firms are some of the most experienced providers of professional services to the public and development sectors in countries and regions where economies and finances are emerging.

KPMG's IDS practice was established in 2007 to identify, coordinate and connect practice expertise to these needs of the Development Sector. With eight regional hubs and access to KPMG's global network, the practice is set up to meet individual countries' needs. The principals of accountability, transparency and capacity guide the IDS team's efforts and services in the development space. These services include: public sector reform and performance improvement, private sector development, audit and assurance, and program and project management.

International Development Services Regional hubs

1. North America
2. Central America
3. East Asia & Pacific Islands
4. Western Europe
5. Francophone Africa
6. Northern Europe
7. South Asia
8. Sub-Saharan Africa

KPMG member firms' Professional Services for international development cover four major areas:

Area	Services offered
<p>1. Public Sector Reform and Performance Improvement</p> <p>We help governments understand the implications of policy options and offer practical methodologies to deliver planned results within available budgets. We also have experience designing training programs that fit current and future human resource requirements.</p>	<ul style="list-style-type: none"> • Institutional Assessments • Governance, Policy Advice, and Strategic Planning • Human resource management and Training • Public and Non-profit Financial Management • Monitoring and Evaluation
<p>2. Audit and Assurance</p> <p>Our audit and assurance services cover the three main elements of a reputable international audit:</p> <ul style="list-style-type: none"> • Reviews of accounts and financial Statements • Compliance with donor regulations and accounting principles • Checks of internal controls 	<ul style="list-style-type: none"> • External Audit Services • Internal Audit Services* • Pre-grant Evaluations • Commodity Tracking and Audits
<p>3. Program and Project Services</p> <p>Our program and project services are designed to offer development partners superior, effective services at every major stage in the program management cycle, and to help ensure that these programs deliver the greatest possible benefit to whom they are targeted.</p>	<ul style="list-style-type: none"> • Fund Management • Program Research and Design • Program and Project Management Services • Monitoring and Evaluation
<p>4. Private Sector Development</p> <p>We have assisted governments at various levels to design as well as implement reforms locally, regionally, and nationally that strengthen the private sector and improve its competitiveness.</p>	<ul style="list-style-type: none"> • Business Performance Services • Financial Sector Development • Local and Regional Economic Development • Infrastructure, Energy, and natural Resources Service



*KPMG member firms do not offer Internal Audit Outsourcing services to their publicly registered financial statement Audit clients.

The IDS practice also hosts and organizes events for the development sector

2011 IDS International Conference

Nairobi, Kenya

In March 2011, the IDS practice brought together business leaders, policy makers, academics, and KPMG firms' partners and senior managers for a three-day conference on "Governance, Growth and Impact" in Nairobi, Kenya.

The Conference kicked off with a joint strategy meeting of the IDS, Infrastructure and CC&S practices where Nick Chism (Head of Global Infrastructure), Yvo de Boer (Head of Global Climate Change & Sustainability) and Timothy Stiles (Global Head, International Development Services) discussing future opportunities for collaboration between these three fast growing sectors.

From Complexity to Opportunity conference

Managua, Nicaragua

KPMG in Nicaragua hosted a conference in April 2011, "From Complexity to Opportunity" to discuss how accountability, transparency, and corporate social responsibility affect the competitiveness of a country.

The conference was the first IDS event in Latin America targeted specifically at foundations, not-for-profit organizations, and private sector entities working on development initiatives. The agenda allowed the 150 attendees to not only gain expert insights, but also to get a first-hand look at how specific local efforts are addressing social needs.

KPMG's International Development Conference 2011

Washington, DC, United States of America

At the 2011 World Economic Forum in Davos, KPMG launched a report entitled, *Managing Change and Cultivating Opportunity: The Case for a Capability Index*. Our one-day International Development Conference in Washington, DC aimed to tackle the underlying themes of this publication as well as other emerging trends in development. Through a variety of plenary, panel and breakout sessions, the topics of governance, sustainable infrastructure and achieving impact by working in global partnership were addressed. Sessions were facilitated by prominent industry leaders in the field of development and KPMG member firm professionals.

A closer look at IDS regional hubs

IDS Sub-Saharan Africa Development Advisory Services practice

KPMG's Development Advisory Services (DAS) in East Africa is a highly developed practice within KPMG's global International Development Services network due to its strategic location.

DAS has adopted a pan-African approach to development work, employing full-time experienced development experts within the African team at the Kenyan firm's offices in Nairobi, together with a network of champions across twenty countries in sub-Saharan Africa.

The DAS practice manages multi-million dollar funds such as the Global Fund, the African Enterprise Challenge Fund and new special-purpose-vehicles such as TradeMark East Africa. Increasingly we operate in fragile states and post-conflict situations, supporting institutional strengthening and grant management. Our teams are typically made up of development professionals with mixed areas of specialism including anthropology, governance and economics as well as public financial management, fund management and accounting typically associated with the KPMG brand.

Additionally, the DAS practice is working towards making Africa a better place to do business by providing advice to many private sector clients on how to comply with local regulation and tax laws, and develop strategies to make businesses more profitable. By offering these services to our clients, DAS has a clear perspective on many of the bottlenecks to economic growth in Africa.

Examples of engagements from DAS in East Africa

Institutional Capacity Building (ICB) for Results Based Management in the Kenyan public service

DAS was contracted to undertake Institutional Capacity Building for the Public Service in Kenya, with a view to embedding Results Based Management in eight pilot Government ministries. The objective of the program was to ensure that Government/public institutions are well-equipped to meet citizen needs and service delivery expectations by enhancing their institutional capacity.

We undertook detailed assessments of the current institutional capacities of the eight pilot ministries with a

view to identifying existing capacity gaps hindering quality service delivery and interventions to bridge the identified gaps. We then developed a capacity building plan and an action plan for the implementation of the interventions identified.

Functional analysis and restructuring – Nigeria

DAS conducted a review of the mandate, structure and staffing levels of a key Ministry in Nigeria. We developed and recommended an appropriate organizational structure and manning levels to enable the Ministry to discharge its mandate and function in a professional and efficient manner.



DAS Brochure

Examples from other regions

Engagements from KPMG in Eastern Europe

Monitoring and evaluation

KPMG was selected by the European Bank for Reconstruction and Development (EBRD) to perform independent reviews of the Bulgarian Fund for Local Authorities and Governments (FLAG) monitoring and oversight procedures and to conduct procurement reviews of the municipalities benefiting from FLAG sub-loans. KPMG was tasked with verifying whether the procurement, contracting and implementation processes, followed by FLAG and the sub-loan holders are consistent with the applicable local and EU Public Procurement Directives and whether the EBRD principles of economy and efficiency, transparency and accountability were satisfied. KPMG in Bulgaria is also assessing FLAG’s capacity to handle procurement process efficiently and in compliance with the provisions of the Loan agreement between EBRD and FLAG.

Private sector development

In the process of transition towards free market economy the government of Macedonia has identified the transformation of ownership as one of the central success factors. The government of Macedonia appointed KPMG as financial advisor to the Public Enterprise for Managing Housing and Business Premises of Republic of Macedonia for the privatization of the Public Enterprise. It is owned by the Government of the Republic of Macedonia and its principal activity is the management of Macedonia’s housing and business premises. The project entailed a valuation of the Public Enterprise and the development of a study with a model and methodology for its transformation with privatization, including financial and legal analyses, with recommendations which business units should be privatized and which should remain state owned.

Thought Leadership



Managing change and cultivating opportunity
KPMG International, 2010



A Closer Look: Attaining Accountability in the Development Sector
KPMG International, 2010



Delivering water infrastructure using private finance
KPMG International, 2010



Having developed an overarching framework for engagement with leading global NGO's, KPMG is now extending its commitment to the MDGs in the next year by building country by country relationships with development organizations such that KPMG's skills and capacity wherever they are, can support the highest level of involvement in MDGs 1, 2 and 3.



5

Looking ahead

KPMG International is committed to continuing the KPMG organization's progress in advancing **the Ten Principles and broader UN goals**

KPMG International's vision as a responsible business takes a long term approach and strives year after year to improve its performance.

KPMG member firms will be taking the following steps in the upcoming years to continue advancing the Ten Principles and broader UN goals:

- Publish KPMG International's human rights policy.
- Publish and disseminate KPMG International's revised Global Code of Conduct.
- Incorporate the feedback received through the Stakeholder Engagement initiative into KPMG International's renewed focus on responsible business.
- Extend the Stakeholder Engagement research to more countries to further understand the concerns of stakeholders.
- Evolve the KPMG member firm ESG reporting framework to incorporate, where relevant, considerations for integrated reporting.
- As part of the Global Green Initiative, work towards an ambition of a further 15 percent reduction in net emissions per full-time equivalent by 2015, using an updated 2010 baseline (applying the most recent emissions measurement guidance).
- Send out results of the Diversity Assessment to member firms with recommendations that are catered to the regional culture and customs.
- Continue rolling out KPMG Business School through the different regions.

We are committed to reporting on our progress on these measures in the following years.

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 the following address: citizenship@kpmg.com

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