



KPMG

cutting through complexity

KPMG IN BRAZIL

Sustainability Report 2011

kpmg.com/BR

Highlights

GRI 2.10



■ In 2011 we achieved **R\$ 708 million** in revenue (growth of 29% compared to that reported in 2010, of R\$ 548 million).



■ We invested in **regional diversification**, adding six offices in different regions throughout Brazil, personalizing client services.



■ We acquired the 5th largest audit firm in Brazil, extending our network of specialized services and teams. In eight months, we integrated **one thousand new professionals** to our staff.

■ We created an **Entrepreneur Market** area dedicated to attend the growing demand from small and medium sized companies.



■ We encouraged an evolution in the Firm's organization chart by implementing the position of **Chief Operating Officer (COO)**, providing greater agility to the daily activities of KPMG in Brazil .

■ We created the **first trainee program** with the recruitment and selection process adapted to individuals with deficiencies and implemented a pilot program for training these professionals.



■ We created the **Climate Change and Sustainability Services**, a vanguard service that assists organizations to understand the global context of sustainability and which operates in **40 countries**, involving **350 specialists** in multidisciplinary teams.



■ We introduced the **Tax Innovation area**, with professionals dedicated to developing technological solutions to reviewing accounting and fiscal information and tax compliance.

■ KPMG International won the award for **"The Sustainable Firm of 2012"**, in April 2012, by the International Accounting Bulletin (IAB), in England.



■ For the second year running KPMG International won recognition as **"The World's Most Attractive Employer 2011"**. KPMG was awarded first place amongst the Big Four and second place in the business segment in the international research presented by Universum.



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Message from the Chairman

GRI 1.1 | 1.2

At KPMG, we view sustainability as a path to take, and as such, we have evolved in the way we manage and communicate. We are proud to present the second edition of our Sustainability Report, in accordance with the guidelines from the Global Reporting Initiative (GRI), reaffirming our commitment to provide high quality services with transparency, valuing individuals and preserving the environment.

Through this report, we are accountable to our clients, partners and professionals, to sector specialists, society and the media. We present below our work, guidelines and main achievements in 2011, aligned with the KPMG International (KPMGI) global model. We have tried to demonstrate how, in all of our activities, we prioritize ethics and independence, and view challenges as opportunities for growth and innovation.

In preparing this publication, we were able to rely on the participation of our professionals, clients, specialists and various stakeholders. We performed real team work, which we attempt to do in all of our activities, uniting efforts to achieve common objectives.

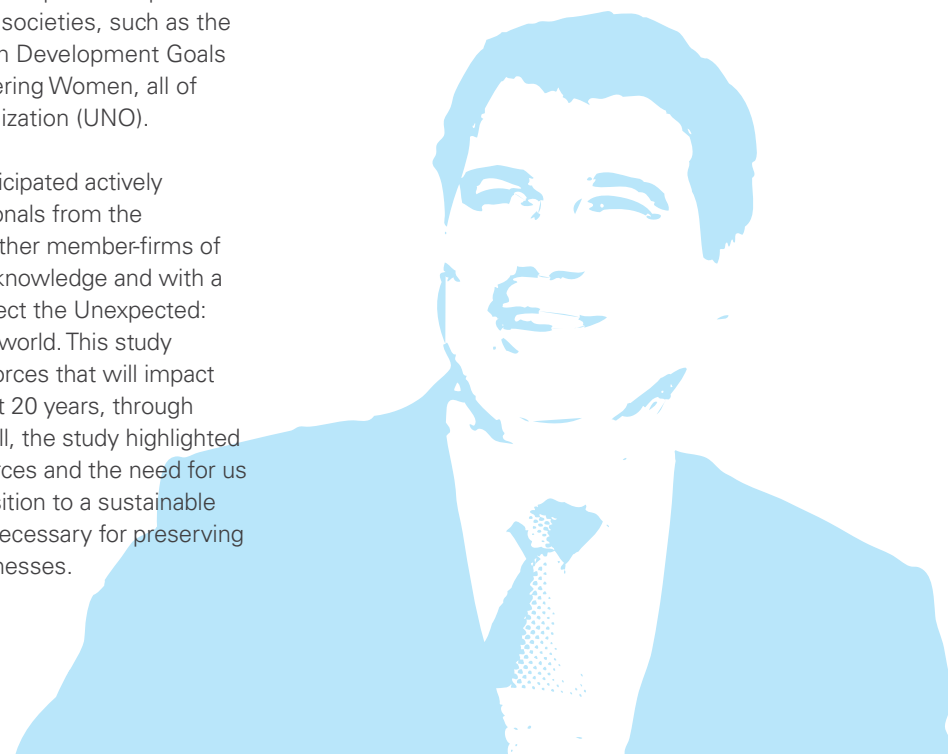
Through this engagement, our main stakeholders expressed their opinions on the most important themes that a responsible company, from our segment, should focus on.

At the heart of their concerns are ethics, governance, quality and independence and the well being of our professionals.

The message is clear and is aligned to KPMG's understanding: these are attributes of sustainability, and our main contribution to society. We believe that responsible practices contribute towards the sustainable development of our country, and that our services can add value to societies and the markets in which we operate.

Our performance is supported by our vision and our values, which strengthen our transparency and integrity, and also our commitment towards our communities. We have adopted a citizen approach and we participate in important global initiatives aimed at developing societies, such as the Global Compact, the Eight Millennium Development Goals and the Seven Principles for Empowering Women, all of these from the United Nations Organization (UNO).

Prior to publishing this report, we participated actively in Rio+20, in June 2012. Our professionals from the sustainability area in Brazil and from other member-firms of KPMG International contributed with knowledge and with a debate on our recent publication: Expect the Unexpected: Building business value in a changing world. This study presents the ten sustainability megaforces that will impact each and every business over the next 20 years, through challenges and opportunities. Above all, the study highlighted the connection between the mega-forces and the need for us to work efficiently to achieve the transition to a sustainable development model, since this is as necessary for preserving the planet as for the longevity of businesses.



Our organization adapts and transforms every day, and we always work to anticipate trends, identify challenges and work together with our clients and other stakeholders

The practical results of Rio+20, include the initiative taken by financial institutions, know as Natural Capital Declaration, which should influence investors' decisions and therefore represents the opportunity to expand our advisory services to integrate Environmental, Social and Governance factors (ESG) to businesses. Other measures, both for governance and the capital markets, related to the publication of sustainable reports, could increase the demand for assurance projects. Therefore, for KPMG, there are opportunities for advisory services for clients, aimed at a management that adequately addresses these challenges and opportunities.

And speaking of development, in 2011, the international scenario was marked by significant macroeconomic instability, particularly in the developing countries. Brazil, despite the external volatility, presented both solid growth and reliable institutions, and achieved the position of the 6th largest economy worldwide. Gross Domestic Product (GDP) increased 2.7% during the year, surpassing Great Britain, and reaching US\$ 2.48 trillion. We believe that this robust national economy should persist, in line with the Government's estimates of more accentuated growth in GDP and a reduction in the Selic rate in the next two years.

At KPMG in Brazil, we also commemorated the performance of our operations during the year. In 2011, the revenue for the network of independent entities that operate under the brand KPMG in Brazil reached a high of R\$ 708 million, an increase of 29% compared to 2010.

We acquired the fifth largest audit firm in Brazil and we successfully integrated approximately 1,000 professionals within our team. As a result of this acquisition, we strengthened our position on the entrepreneur market – improving our services to small and medium sized companies – and divided our offices into sub-regions, increasing the presence of partners and directors in various regions throughout Brazil. Thus, we are able to offer services with the KPMG global quality, without losing our focus on the regional challenges and opportunities of each client.

To correspond to the increased complexity of our business environment, increasing regulations and the opportunities and growth of the market, we reviewed our organizational structure, introducing the position of Chief Operating Officer (COO). This position provides greater dedication to KPMG's operational activities in Brazil, providing improved agility in its daily business activities.

An important achievement in the services we provide to our clients, was the creation of the Tax Innovation group, dedicated to developing technological solutions for reviewing accounting and fiscal information and tax compliance. To support our growth and guarantee transparency and the quality of our services, we continue to rely on our outstanding professionals, who are the main pillars of our strategy. We continually seek to attract talent and train staff to work together with our clients, in order to deal with the growing complexity of our market.

It is with this spirit that we published the second edition of our Sustainability Report, following the guidelines from the Global Reporting Initiative (GRI). We were pioneers in this initiative in 2010, within our segment in Brazil, strengthening our involvement and commitment to the demands of a new market and new society, which is increasingly concerned with transparency and business sustainability. With this clear commitment to looking towards the future, we have taken another step along this path and we are the first from our segment to publish the GRI report with the independent assurance.

The year of 2011 was an important year for Brazil and for KPMG. We are grateful to everyone for sharing these important achievements with us.

Enjoy the read!

Pedro Melo

Chairman KPMG in Brazil



01.
KPMG

Who we are

We are people with multidisciplinary backgrounds and high performance, who help to simplify complexity, offering clear solutions to the benefit of our clients.



- We maintain a **global mindset**. We connect globally, we see the overall scenario and offer a differentiated perspective.
- We are **passionate**. Commitment towards excellence from conception to delivery. Our goal is to simplify and identify clear and correct answers, communicating them in a positive way.
- We are **experts**. We apply our extensive knowledge and experience, discriminating what is important in resolving the most complex questions.
- We are **forward-thinking**. We support the success of our clients, anticipating the unexpected. We are pro-active clarifying implications and opportunities.
- We are **value-adding**. We listen and ask our clients the right questions. Our activities optimize valuable time and create competitive advantages.

Through their work with clients and the communities, we want our professionals to be able to contribute to society in general, feel respected in their individuality, recognized for their contributions and awarded for what they do. Our values remain constant in a complex and transforming world.

Vision

GRI 4.8

We will build and sustain our reputation as the best company to work with, **creating opportunities** so that our people, our clients, and our communities achieve their full potential.



Values

GRI 4.8

1.

We lead by example at all levels, acting in a way that exemplifies what we expect from each other and our clients.

2.

We work together with the best of what we have to offer and the best in others, creating strong and successful working relations.

3.

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

4.

We seek the facts and provide insights. By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisers.

5.

We are open and honest in our communication and therefore we share information, insights and recommendations constructively and frequently, managing difficult situations with courage and confidence.

6.

We are committed to our communities, acting as responsible corporate citizens and amplifying our skills, experiences and perspectives, through our work in our communities.

7.

Above all, we act with integrity, we strive to maintain the highest Professional Standards, offering solid recommendations and always preserving our independence.



02 Organizational Profile

KPMG International

GRI 2.1 | 2.3 | 2.8

KPMG International Cooperative (KPMG International) is a Swiss entity – a corporate firm constituted in accordance with the Law from Switzerland – operating in 151 nations on all continents through a global network of independent firms, which, together, employ approximately 145 thousand professions, providing **Audit, Tax** and **Advisory** services for a wide variety of companies from the private and public sectors. KPMG in Brazil is a member firm of KPMG International.

Each member firm is an independent legal entity, that is separate and describes itself as such, responsible for providing services to clients, and with the right to use the KPMG name and brands. KPMG International's activities are exclusively for the general benefit of the network of independent member firms, such as the protection and strengthening of the KPMG brand, promoting and maintaining the uniformity of our policies and standards and therefore, does not provide client services.

The intention of this structure is to provide a consistent global strategy for KPMG International and adherence to our values throughout the world, and, through the exchange of experience and knowledge, provide the same quality and technical accuracy in the services provided to all clients and markets, winning respect and success.

The combined revenue for the network of independent member firms worldwide reached US\$22.7 billion

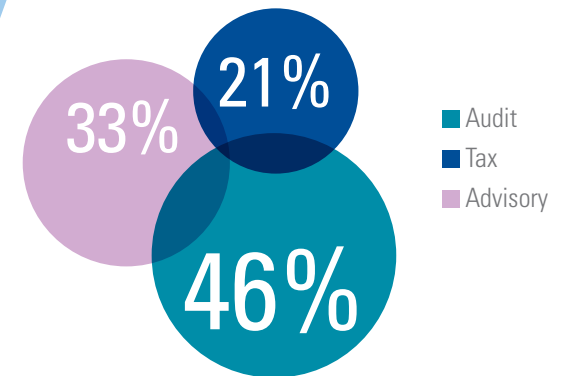
Global presence

GRI 2.5 | 2.2

During 2011, there was a significant growth in the Audit, Tax and Advisory practices for the KPMG International firm members. The growth occurred in all the geographical regions where we operate, with average gains of 16.6% in Asia-Pacific, 10.7% in the Americas and 7.7% in Europe, Middle East, Africa and India. However, the highest growth was registered in the emerging markets, such as India and Brazil, which increased by 29%. Forecast growth for KPMG in Brazil in 2012 is 37%.

Revenue by practice

KPMG International member firms 2011



Europe, Middle East, Africa + India

Algeria
 Angola
 Austria
 Cameroon
 Congo (Democratic Republic Of The)
 Congo (Republic of the)
 Cyprus
 Denmark
 Finland
 France
 French Polynesua
 Greece
 Iceland
 India
 Ireland
 Italy
 Ivory Coast
 Monaco
 Morocco
 New Caledonia
 Portugal
 Senegal
 Sweden
 Togo
 Tunisia

KPMG Europe LLP
 Andorra*
 Armenia*
 Azerbaijan
 Belgium**
 Georgia
 Germany*
 Jordan
 Kazakhstan
 Kuwait
 Kyrgyzstan
 Liechtenstein
 Luxembourg
 Netherlands
 Norway*
 Russia
 Saudi Arabia
 Spain
 Switzerland
 Turkey
 Ukraine
 United Kingdom

Africa Subregion
 Botswana
 Ghana
 Kenya
 Malawi
 Mauritius
 Mozambique
 Namibia
 Nigeria
 Rwanda
 Sierra Leone
 South Africa
 Swaziland
 Tanzania
 Uganda
 Zambia
 Zimbabwe

Central and Eastern Europe Subregion
 Albania
 Belarus
 Bosnia and Herzegovina
 Bulgaria
 Croatia
 Czech Republic
 Estonia
 Hungary
 Latvia
 Lithuania
 Macedonia
 Moldova
 Montenegro
 Poland
 Romania
 Serbia
 Slovakia
 Slovenia

Middle East and South Asia Subregion
 Afghanistan
 Bahrain
 Bangladesh
 Egypt
 Lebanon
 Maldives
 Oman
 Pakistan
 Qatar
 Sri Lanka
 United Arab Emirates
 Yemen

The Offshore Group Subregion
 Anguilla
 Antigua and Barbuda
 Aruba
 Bahamas
 Barbados
 Bermuda
 British Virgin Islands
 Cayman Islands
 Curaçao
 Gibraltar
 Guemsey
 Isle of Man
 Jamaica
 Jersey
 Malta
 St. Lucia
 St. Maarten
 St. Vincent and the Grenadines
 Surinam
 Trinidad and Tobago
 Turks and Caicos Islands

Americas

Argentina
 Brazil
 Canada
 Chile
 Colombia
 Costa Rica
 Dominican Republic
 Ecuador
 El Salvador
 Guatemala
 Honduras
 Israel
 Mexico
 Nicaragua
 Panama
 Peru
 United States of America
 Uruguay
 Venezuela

Asial Pacific

Australia
 Brunei Darussalam
 Cambodia
 China
 Cook Islands
 Fiji Islands
 Indonesia
 Japan
 Korea (Republic of)
 Laos
 Malaysia
 Mongolia
 New Zealand
 Papua New Guinea
 Philippines
 Singapore
 Taiwan
 Thailand
 Vietnam

KPMG in Brazil

GRI 2.1 | 2.3 | 2.4 | 2.5 | 2.6 | 2.7 | 2.8

We rely on a network of international knowledge that enables us to share global methodologies perfected to meet the needs of the communities in which we operate, aimed at business sustainability.

In Brazil we are a network of independent entities, and the organization's main establishments are located in São Paulo. They operate in 21 cities and 12 States and the Federal District. Within our 25 offices we employ about 4,000 people who are committed to the Organization's global values and who, through their work, comply with the regulations and quality Standards determined nationally and internationally.

To maintain this governance, as a network of independent entities under local ownership and management, and member firms of KPMG International, we focus on maintaining a solid structure and a multi-disciplinary high performance team, that helps to simplify the complexity of the daily business of our clients and offer clear and innovative solutions in the most varied of business segments.

KPMG in Brazil stands out for its leadership amongst its peers in Latin America and actively contributes to define strategies and create global knowledge. The Chairman of KPMG in Brazil, Pedro Melo, is one of the 25 members of the Global Board of Directors, one of the three main governance bodies from KPMG International, and is the only representative from South America in this group.

Our team is also recognized for its centers of excellence, international forums to exchange experiences and knowledge and is a pole for disseminating good practices.

International research identifies Brazil as the **3rd most promising market**, behind only the United States and China, amongst the 18 countries listed.



The research included **350 companies** with global income in excess of **US\$500 million**, from the retail, food, drinks and consumer goods areas.



Over **40%** of those interviewed were leaders from the financial area.

At September 30, 2011, we had attended **3,602 clients** throughout Brazil, divided between private companies, government bodies and non for profit organizations.

Market Share
Public Stock Companies

Auditors	Number of clients
KPMG	148
EY	124
PwC	87
DTT	82
BDO RCS	11
Others	125
Not informed	24

Source: Securities Commission, list of companies in operational or pre-operational phase – Auditors December /2011

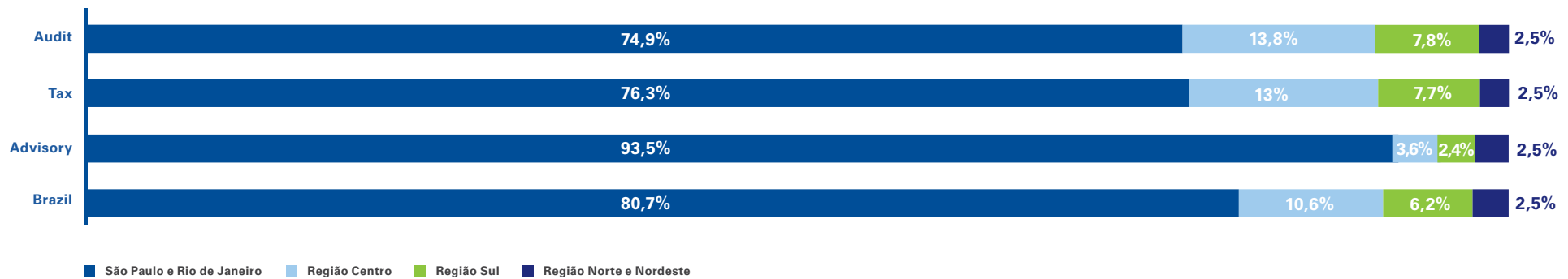
Market Share
50 Largest Exame

Auditors	Number of clients
KPMG	14
PwC	15
EY	10
DTT	9
BDO RCS	1
Others	1

Source: Magazine: Exame Biggest and Bet 2011 – Auditors December/2011

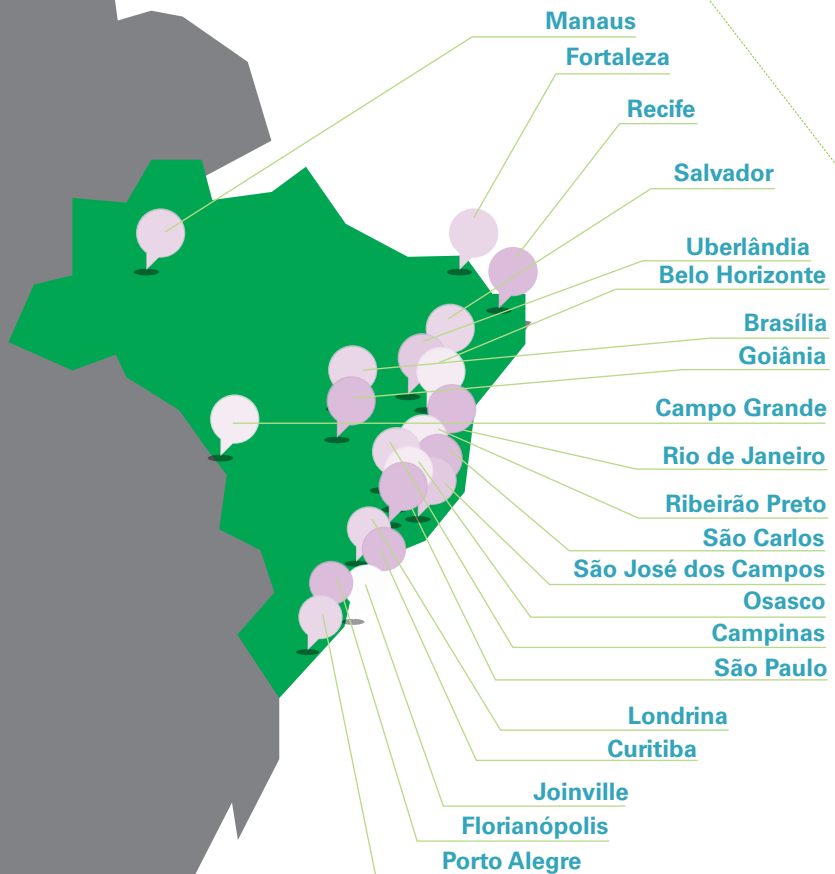
Consolidated Revenue by Region and by Practice

Network of independent entities that operate under the name KPMG in Brazil¹



¹ This information refers to the periods January to December 2011.

Local presence



GRI 2.9

6 new offices between September 2010 and August 2011, in **Uberlândia (MG), Campo Grande (MS), Londrina (PR), Florianópolis (SC), Osasco (SP)** and **São José dos Campos (SP)**.

03.

Presentation of the Report

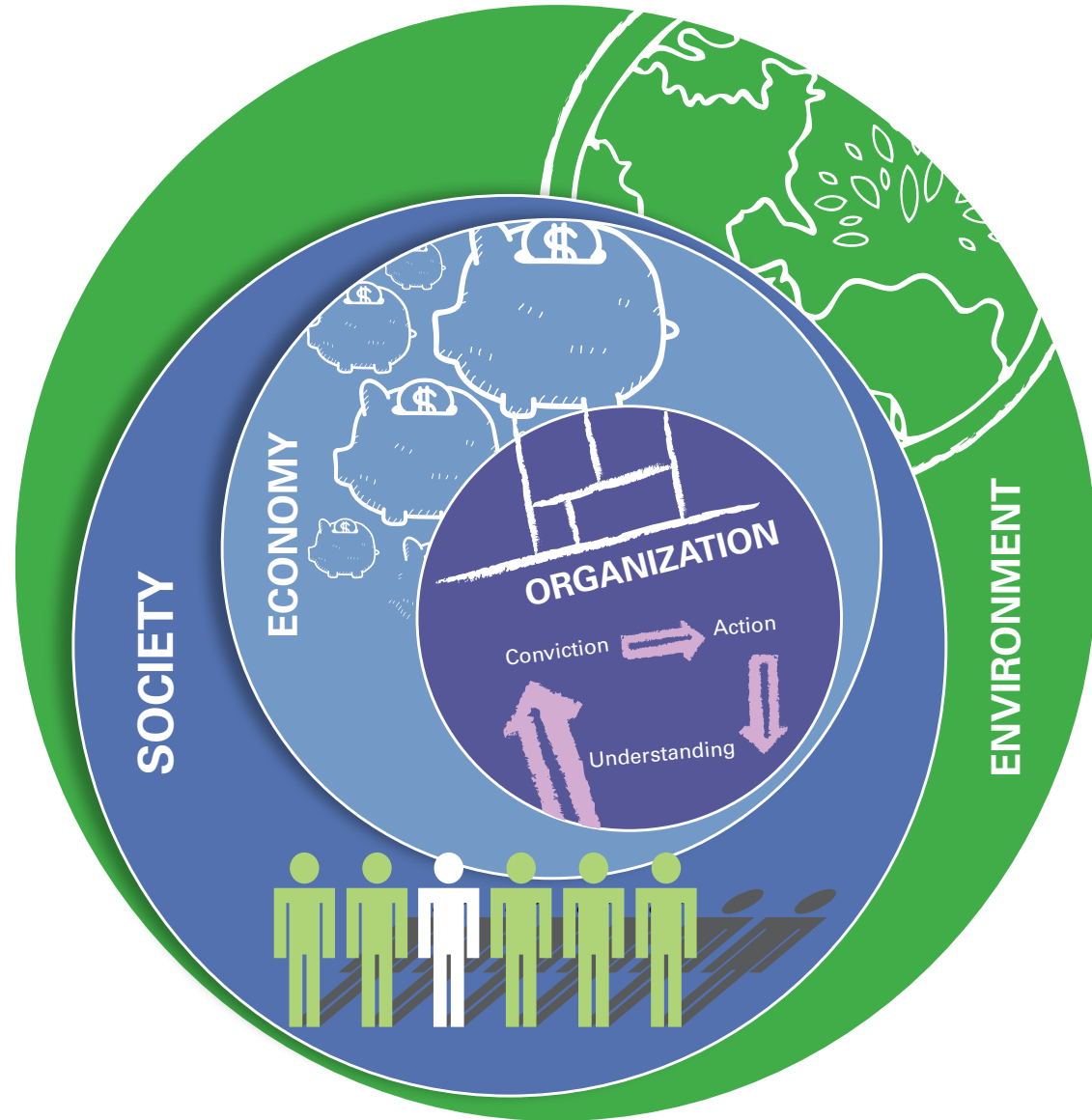


Our Path towards Sustainable Development

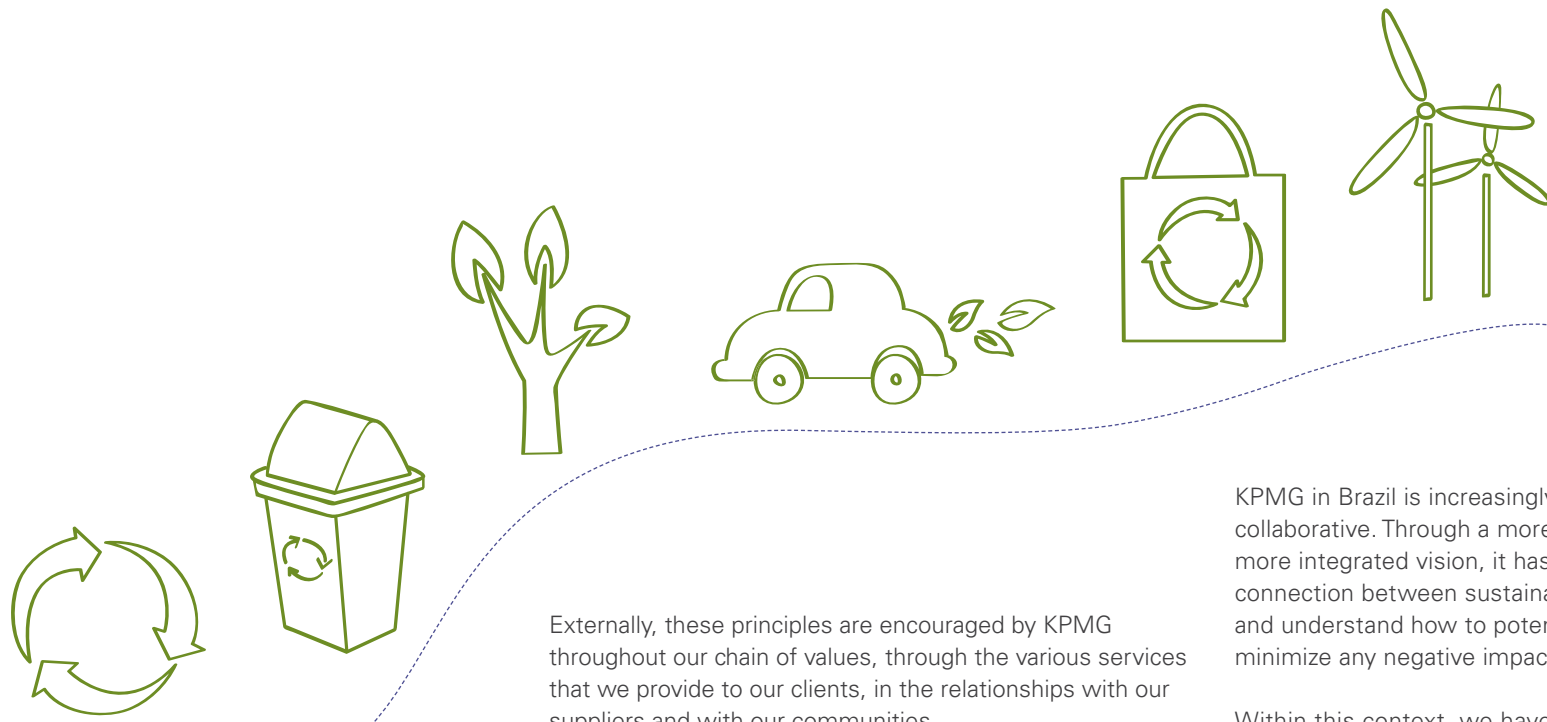
GRI 1.2 | EC9

Extraordinary transformations have been observed in the economic, regulatory, political, social and natural environments. Businesses both contribute towards these transformations and are affected by them. The path chosen by KPMG was to understand these changes and their effects, discover how to manage them in a strategic way, creating conviction and involvement throughout our Organization. We will follow this path based on an ethical and responsible vision and behavior which contribute to the transition to sustainable development and to the generation of collective value.

Within this context, sustainability has become an increasingly important value within our management practices and in our businesses. The engagement we undertook with our stakeholders, reiterated that questions related to ethics, governance, quality and the independence of our services, as well as involvement with our professionals, are the best ways that we can influence and add value, given that all of them are attributes of sustainability: responsible practices contribute to sustainable development.



Source: inspired by the model "Knowledge, Conviction and Action" proposed by Russel Colley (1961) and Natural Step.



Our main vocation, within the context of sustainability, is to perform our work with quality and integrity, developing skills and generating knowledge and value through our services, contributing towards best practices in the markets in which we operate.

Internally, we maintain policies, principles and values that are related to human and labor rights, ethics, governance and anti-corruption, responsible management of natural resources and the impacts our activities.

Externally, these principles are encouraged by KPMG throughout our chain of values, through the various services that we provide to our clients, in the relationships with our suppliers and with our communities.

Our practices have an important role in economic and social relations. We create value for our clients through the solutions that help them develop competitive advantages in an increasingly complex environment and understand and contribute in an appropriate manner to the national tax system and also provide greater transparency and credibility to their financial statements.

Our practices help the capital market face its challenges, and can make public services more efficient, the financial market more stable, and develop governance in various segments, contributing towards building a vibrant and more sustainable society.

KPMG in Brazil is increasingly more committed and collaborative. Through a more reflective attitude and a more integrated vision, it has been able to observe the connection between sustainability and its businesses and understand how to potentialize positive impacts and minimize any negative impacts arising from its activities.

Within this context, we have identified, for example, that given the segment in which we operate, our direct impact on the environmental is not material, which is the reason why our management of this aspect consists of diagnosing, monitoring and making our professionals more aware, with specific goals established for eco-efficient items.

Nevertheless, strategically, we have the opportunity to exercise an important role through our services in sustainability, and to contribute through better management of the numerous opportunities and challenges in our complex world that is constantly changing. These services are presented in detail in the item *Our Practices > Risk Consulting*.

Understanding the report Scope

GRI 2.9 | 3.1 | 3.6 | 3.7 | 3.8 | 3.9 | 3.11 | 3.13

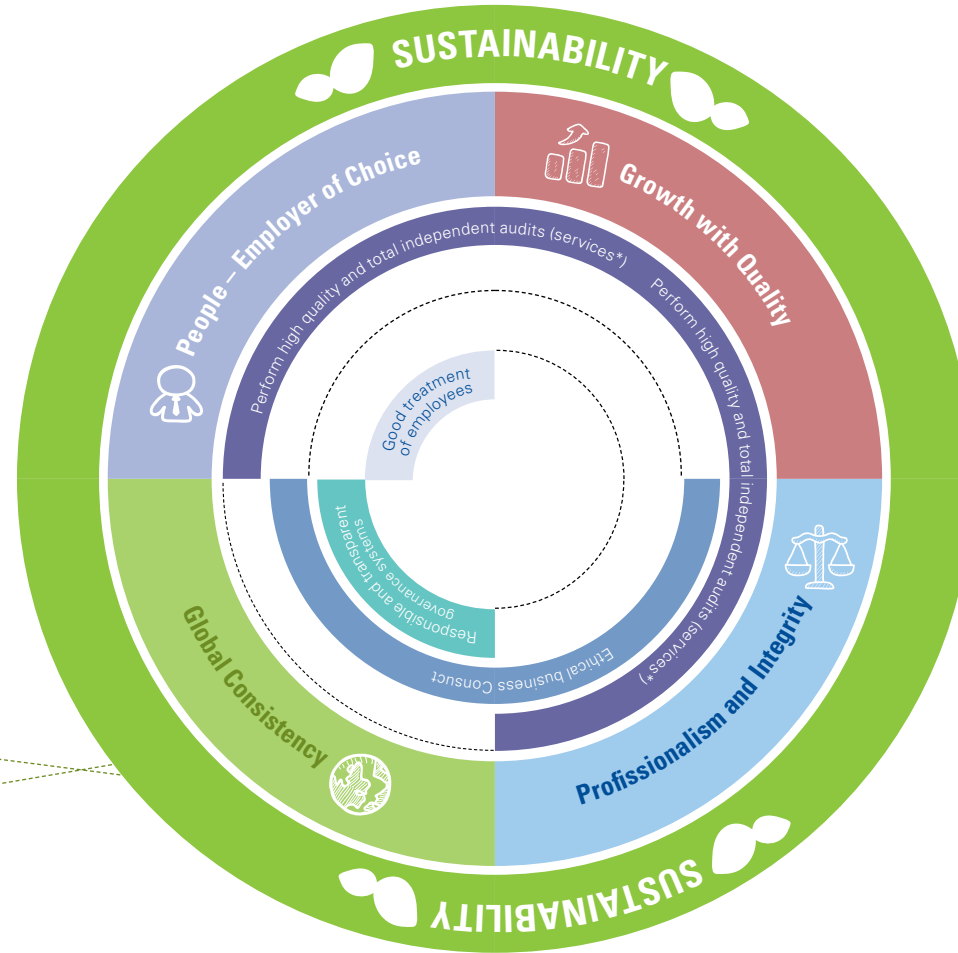
We have published, for the second year running, KPMG in Brazil Sustainability Report, aligned with the third version of the international guidelines from the Global Reporting Initiative (GRI) with the self-declared application level of B+.

This document reports the performance of the group of individual entities that operate under the KPMG name, in Brazil (referred to throughout this report as KPMG or KPMG in Brazil) and their operations at the 25 offices during the year from October 01, 2010 to September 30, 2011 (reported as 2011).

Sustainability permeates and connects these fundamental pillars and strategic objectives by means of an integrated vision. The **connection between these pillars and material issues**, according to the research performed with our stakeholders, is also illustrated throughout this report, **reflected in the management and performance presented, and in the challenges and opportunities that we will face along the path towards sustainable development.**

During this period, we acquired the fifth largest audit firm in Brazil and therefore, there was a significant increase in the number of employees, which had an impact on the results for the performance indicators compared to previous years. For a better understanding and to put into context, in certain cases, information is presented for KPMG International, and also the methodologies, the bases used and the specific periods for certain data. **GRI 2.9**

The information presented in this document was assured by BSD Consulting.



Structure

As in the previous publication, this report is structured based on the global strategy of KPMG International, which is reviewed every five years. The latest strategic review occurred in 2010, and for the cycle 2011-2015, the four fundamental pillars of global strategy, presented in the diagram above, continue to act as a framework. Based on these pillars, goals and strategic objectives were established and prioritized, aimed at integrating and potentializing the actions of the member firms throughout the world.

The strategic objectives to which the KPMG International member firms are worldwide committed include the following:

- Investment in emerging markets
- Focus on key sectors such as financial services, health, government, infrastructure and energy
- Strategic acquisitions and investments to extend our skills in highly complex services, including management and tax consulting

And, in order to succeed with this strategy, we need to ensure that KPMG maintains an important source of professionals that are specialized in these segments.

Frequency and format

GRI 3.2 | 3.3 | 3.4 | 3.9 | 3.10 | 3.11

As from this edition, the KPMG in Brazil Sustainability Report will be published annually. The first report, published in 2011, referred to the two years 2009-2010. As in the previous edition of our report, the accounting data complies with the practices adopted in Brazil. The scope, limit and measurement methods have not altered, therefore, there are no reformulations of the information provided in the previous year.

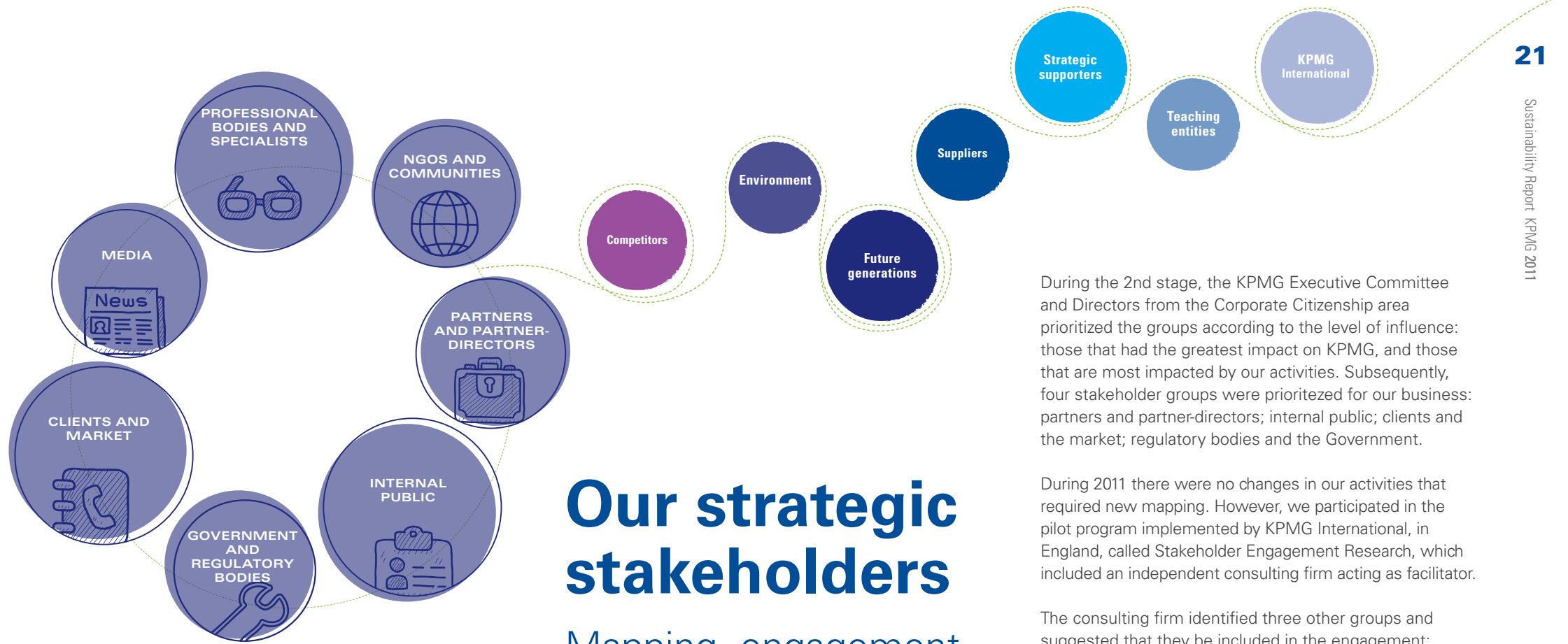
We rely on your participation to enable us to improve our report every year. Please send us your doubts, comments and suggestions.

Maria Cristina Bonini

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→ The 2011
KPMG Brazil
Sustainability
Report is
available at www.kpmg.com, to
access the version
online, and also
for download of the
full and summarized
versions (English
and Portuguese)



Our strategic stakeholders

Mapping, engagement and consultation

GRI 3.5 | 4.14 | 4.15 | 4.16

In 2009, KPMG in Brazil prepared its first mapping, prioritization and engagement of stakeholders. Representatives from all of the areas and all of the offices were invited to participate in the initiative, which we called Workshop – Sustainability Committee. This Workshop provided the opportunity to align knowledge of sustainability and, during the debates (1st. stage), the participants mapped 14 groups of stakeholders.

During the 2nd stage, the KPMG Executive Committee and Directors from the Corporate Citizenship area prioritized the groups according to the level of influence: those that had the greatest impact on KPMG, and those that are most impacted by our activities. Subsequently, four stakeholder groups were prioritized for our business: partners and partner-directors; internal public; clients and the market; regulatory bodies and the Government.

During 2011 there were no changes in our activities that required new mapping. However, we participated in the pilot program implemented by KPMG International, in England, called Stakeholder Engagement Research, which included an independent consulting firm acting as facilitator.

The consulting firm identified three other groups and suggested that they be included in the engagement: Media, NGOs and communities, Professional Bodies and Specialists. The prioritized groups were then consulted (3rd stage), and the main themes that they would like to see published in our report were identified. This process is presented in the next heading.

Our relationship with all of the different stakeholders mapped occurs naturally and in different ways whilst undertaking our business. However, the prioritization of stakeholders that most influence or are influenced by our business is fundamental for an increasingly efficient management.

Definition of material themes

GRI 3.5 | 4.17

The 2011 definition of material themes was prepared in a different way to the work performed in the previous cycle. We based the work on the pilot program prepared by KPMG International called Stakeholder Engagement Research which involved seven member firms and an independent consultant - Good Business, in England - as the facilitator. Based on the understanding of the context in which our business is inserted and its role in society and the capital market, the consulting firm mapped our main stakeholders, and the main themes of interest.

The engaged member firms, which included KPMG in Brazil, consulted locally the following stakeholders – **clients; partners and partner directors; employees; regulatory bodies and sector specialists; society and media** – based on individual interviews (personally or by telephone) in order to understand what these stakeholders believed to be the main responsibilities of a professional service company and based on this information, identify the themes that we needed to focus on in a more strategic way.

We begin with the general understanding that our professional services sector offers three main services to clients: Audit, Tax and Advisory. The Audit services involve auditing the financial statements of companies, to determine whether the results have been calculated in accordance with accounting principles in force in the country, in order to provide credibility to the shareholders and other stakeholders. The Tax services involve consulting for taxes due on the activities undertaken by companies and individuals, and on compliance with accessory obligations required by tax regulations.

The Advisory services involve providing assistance to clients so that their business is undertaken efficiently and effectively, within regulatory environments that are constantly changing.

The **nine themes** identified by Good Business aim to explore a wide range of impacts from the sector that provides these professional services, depending on the functions and responsibilities of the sector in relation to the business world and the public in general. In addition to these themes, the stakeholders were also encouraged to include themes that they considered relevant to our business, but were not included in the initial list. The results of the consultation did not produce additional themes to those suggested, which were considered sufficient to cover the relevant issues for KPMG.

- 1 Ensuring good treatment of employees (for example, equality, diversity, development, career, well being).
- 2 Ensuring responsible and transparent governance systems are in place.
- 3 Managing and reducing the company's direct impacts on the environment.
- 4 Managing the supply chain in terms of social, ethical and environmental impacts.

- 5 Making positively contributions to society and the local community (for example, philanthropy, identify resources, voluntary work and pro bono work).
- 6 Ensuring business is conducted ethically (for example, guidelines for the work that the company undertakes and impartiality towards clients).
- 7 Providing responsible tax advice.
- 8 Providing services to help clients to be more environmentally and socially responsible.
- 9 Conducting high quality audits with total independence.

GRI 3.5 | 4.17

KPMG in Brazil interviewed **37 representatives** from these groups, which included 7 clients, 18 professionals from all practices of the Organization (partners, partner-directors and employees in general), 3 representatives from regulatory bodies, sector specialists and/or regional councils, 5 representatives from society and 4 from the media.

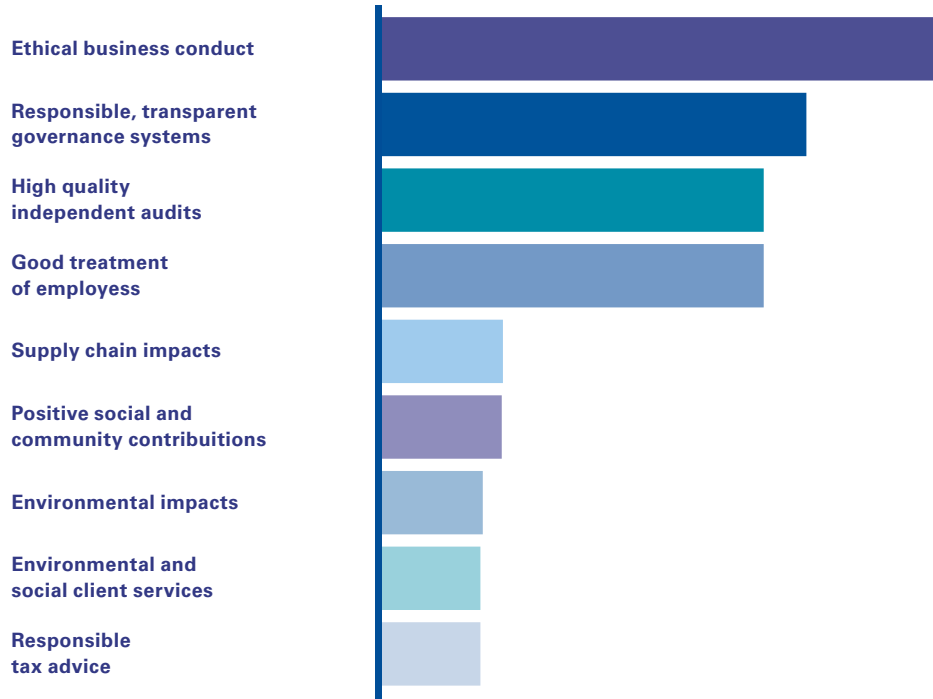
The stakeholders were invited to list these nine themes by order of importance. From our analysis of the assessments received from the internal and external public, **four themes were considered of greater relevance and will be examined throughout this report.** They will also act to support corporate policies and determine action plans for our Organization.

It is important to highlight that the themes prioritized in 2011 are strongly related to the basis of our global strategy presented in the previous report, which confirms the path chosen by KPMG and justifies adopting the same structure for the report in this new cycle.

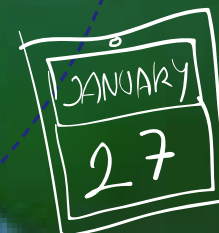
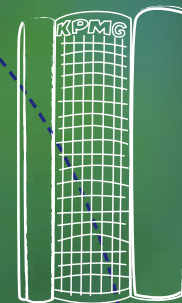
- Ethical business conduct
- Responsible and transparent governance systems
- Conduct high quality and independent audits (services*)
- Good treatment of employees

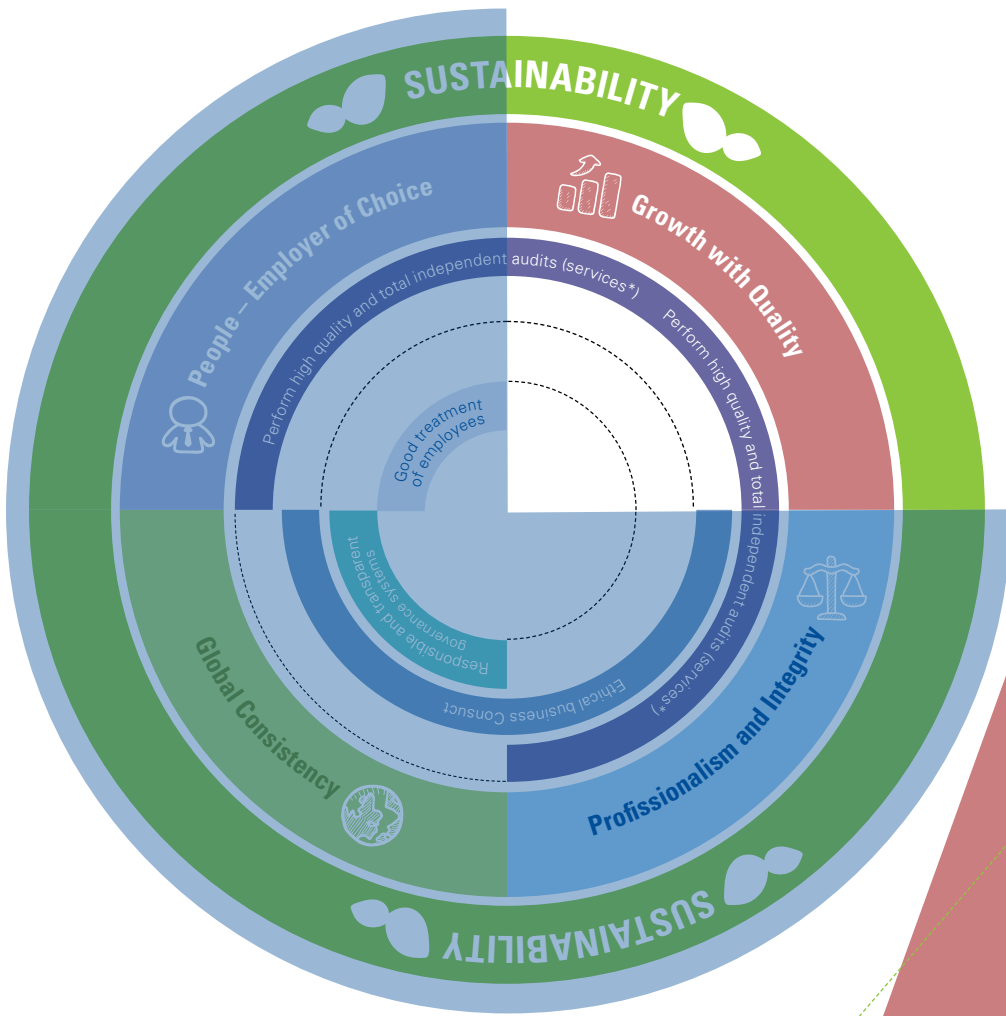
**KPMG in Brazil understands that all of its services have to be provided with high quality and independence, consequently, we extended the scope of this material theme.*

Material themes



04.
The
Sustainability
Path in Our Practice





Growth with Quality



As reported in the previous chapter, four pillars form the strategic basis of our Organization, and based on these four pillars, strategic objectives and goals were established and prioritized, aimed at integrating and potentializing the actions of the KPMG International member firms around the world.

Sustainability is a value that permeates our strategy, and just like the connection between the strategic pillars and the material themes, it is illustrated throughout this report, reflected in the management and performance presented, and in the challenges and opportunities that we will face along the path towards sustainable development.



The four material themes prioritized by our stakeholders, included providing quality and independent services, in third place. KPMG also understands that sustainable growth can only be reached when grounded on the quality of its services, and consequently Growth with Quality is one of the fundamental pillars of our strategy.

Performing with quality, ethics and independence, supported by respect for the needs of our clients and the capital markets and the ability to continue in the direction of our mission, creating value and opportunities to enable our different public achieve their full potential is our way of addressing this material theme.

At KPMG, the quality of our services is made viable by an ethical culture and high performing professionals, within a global model of providing services that is supported by a network of shared knowledge. This network includes our global **Centers of Excellence** in the Audit, Tax and Advisory practices, and in several operating segments within each of these, for example the segment for climate changes and sustainability and Government and the public sector.

Differentiated Approach

Within the global ambit, KPMG offers professional Audit, Tax and Advisory Services. We aim to provide services that are adapted and personalized to the segment in which each client operates, through our Industry Program. In order to attend our clients in a customized manner, we rely on top performing professionals who have differentiated skills – accounting, finance and management – and an operational process aligned worldwide, and supported by constant market research.

Government and the Public Sector

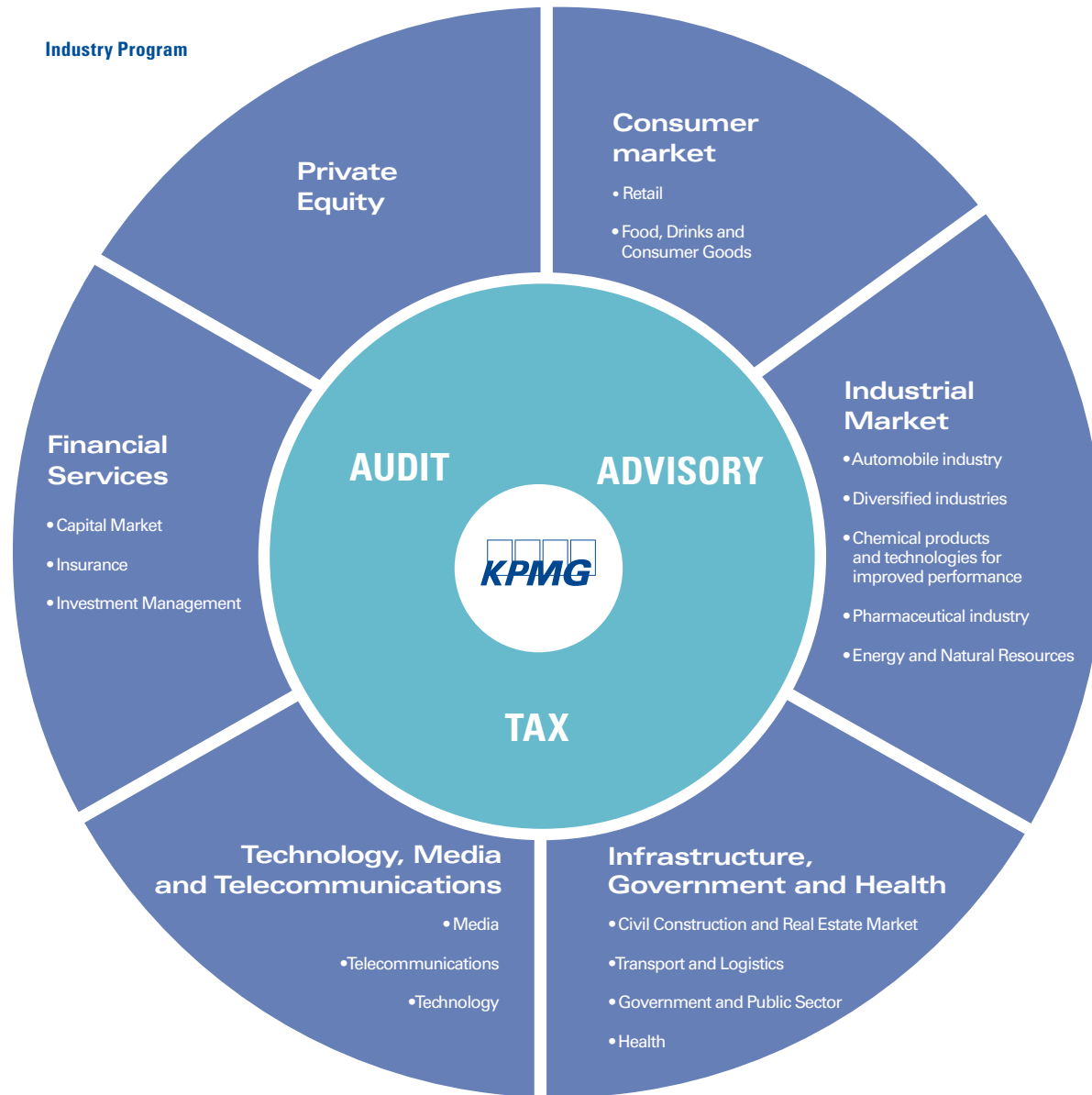
The Centers of Excellence that focus on Government include specialist teams that offer leadership thinking, knowledge and experience in seven fundamental sub-sectors for the strategy of new world governance:

- Justice and Security
- International Development
- Education
- Defense
- Human and Social Services
- Cities
- Treasury and Finance

Our business model is complemented by the activities of the Markets area that permeate the three service areas – **Audit, Tax and Advisory** – to maximize the relations between the three, and by the Business Development Managers (BDMs), who are responsible for developing business and attending clients from different market sectors.

In addition, we have structured the Brazilian Multinational segments focused on assisting Brazilian companies whose operations are expanding throughout the world, and also the German, China and Japanese Desks, which attend German, Chinese or Japanese companies or joint ventures, irrespective of the operational sector or location of their business.

We always aim at the quality of our services, and as such, we seek to align this differentiated approach to the training and development of our professionals as well as to the risk, quality and integrity reliable control systems, which underpin our organizational structure globally. These points are shown in the current strategic pillars, detailed throughout this report.



Our practices

GRI 2.2

Audit

Committed to quality, ethics, transparency and independence, the objective of our audit services is to strengthen the reliability of the information prepared by clients for use by their investors, creditors and other stakeholders. We are qualified to attend our clients in the audit of financial statements according to *International Financial Reporting Standards (IFRS)*.

IFRS

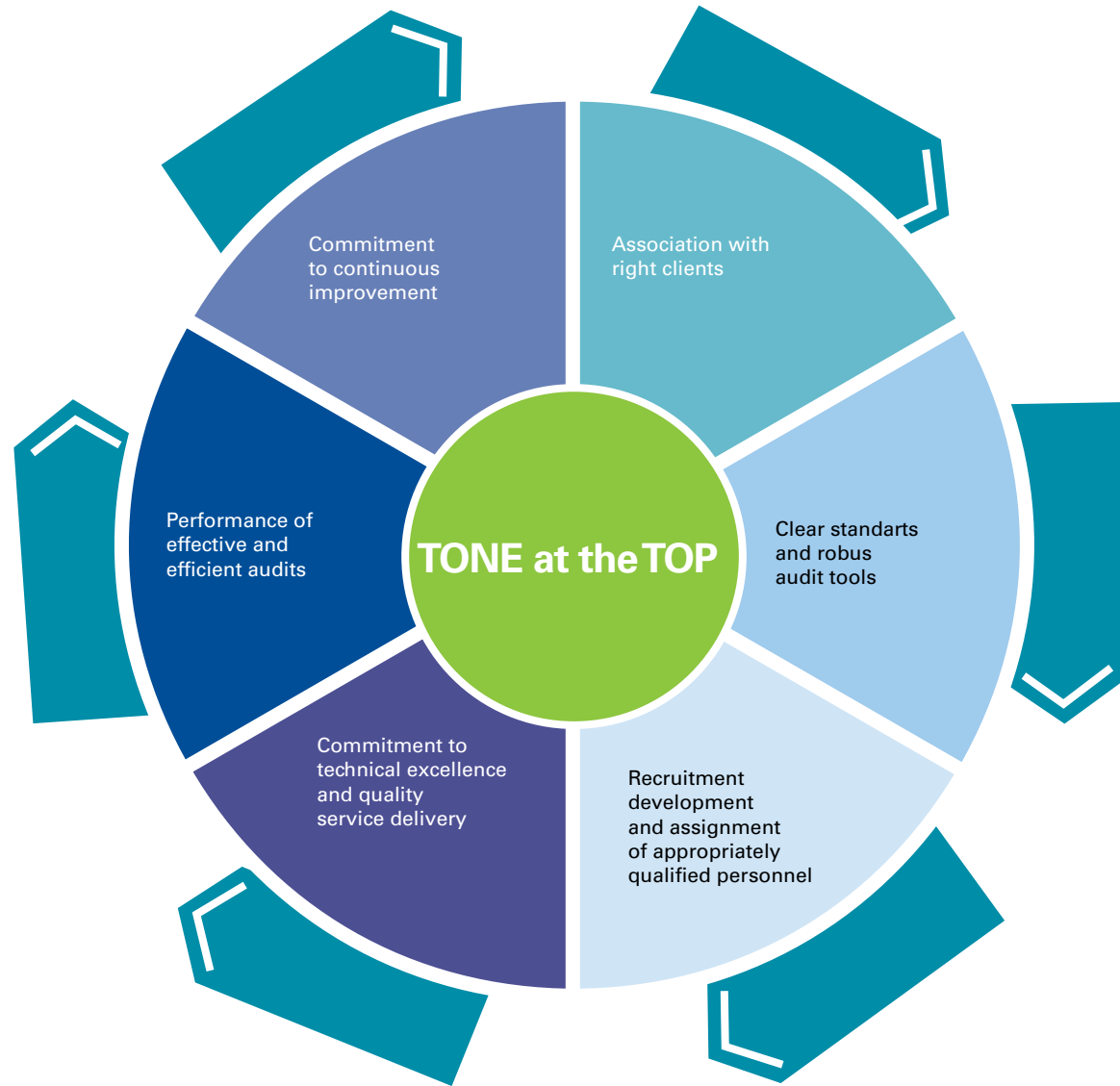
international accounting standards published and revised by the International Accounting Standards Board (IASB). These international standards were developed for the purpose of standardizing consolidated financial statements published by public stock corporations.



Our methodology for auditing financial statements was developed to attend local and international audit standards and offers exclusive computerized techniques from KPMG International and tools that help teams to access knowledge to exercise their functions effectively and efficiently.

We have IFRS in Brief, which provides a summary of the standards, comments from the IASB meetings and the International Financial Reporting Interpretations Committee (IFRIC). We also have the IFRS Briefing Sheet, which deals with specific requirements and questions in more detail.

The Audit segment refers to the audit of financial statements and audit related services (IFRS, GAAP Accounting). Our services in this segment increased by 18% compared to the previous year and we forecast growth of 30% for the next year.



GRI S05

Compulsory rotation of auditors – Panorama: for the Securities Commission (CVM), one of the advantages of this compulsory rotation of auditors is to avoid bias and favoritism during the audit of financial statements of companies. This rule has been extensively discussed in Brazil and abroad, and has been criticized by entities that represent public stock corporations.

Perspective of KPMG in Brazil: we support the extension to the rotation period included in the new rule, but we believe it would be more appropriate to rotate the professionals responsible for undertaking the work and not the audit companies. This would strengthen the credibility of the service and any audit bias would be minimized by the rotation of the professionals responsible. The longer the relationship with the client, the greater the understanding of its business, its control systems and culture, which is then translated into an efficient audit.

Creation of the rotation, by the Securities Commission (CVM), Instruction nr. 308, which demanded that independent audit companies contracted by organizations be replaced every five years.

Announcement of temporary **suspension of compulsory rotation until 2011**, in order to minimize the impacts from companies adapting to the IFRS, adopted in Brazil in 2010.

Alteration of part of the norm, establishing that companies that have a Statutory Audit Committee (SAC) in accordance with the terms required by Instruction 509 can contract audit firms for up to ten consecutive years.

1999:

2008:

2011:

Evolution

Tax

The Brazilian tax system has unique characteristics that increase the challenges and opportunities to work in this sector. Our service portfolio, consolidated from experience working internationally, assists our clients to anticipate and respond to tax changes and governance requirements. The Tax services include advisory for developing tax policies and processes aimed at making feasible compliance with tax obligations, assisting in structuring operations, managing tax risks and reducing operational costs.

We offer solutions for corporate taxes, indirect taxes, tax planning, transfer prices, advisory for international executives, international taxation, advisory for acquisitions and mergers, financial services, out sourcing.

Our Tax services increased 27% compared to the previous year, and we anticipate growth of 20% for the next year.

Advisory

The Advisory practices support the strategic decisions and development of projects at companies adopting a multidisciplinary approach, which includes skills in strategic planning, mergers and acquisitions, corporate governance, outsourcing of services, innovation and strategic use of technology.

The services are distributed between the **Risk Consulting, Management Consulting, Transactions & Restructuring and Business Process Outsourcing Areas**. Growth compared to the previous period was 22%, and we anticipated growth of 31% for the coming year.

Risk Consulting: assists clients to deal with the risks inherent to their business, and includes its governance structure, management and its operational processes. This coverage enables risks to be avoided, not only at strategic and management levels, but also at regulatory and activity levels.

In Risk Consulting, we assess the risks related to accounting aspects and the preparation of financial statements, information technology (IT Advisory Services), the operational processes (internal audit and compliance), financial (Basel, Solvency), corporate governance (going public, family companies, corporate aspects), frauds (Forensic) and sustainability (environmental, social and regulatory).

GRI EC2

Social and environmental questions are increasingly becoming part of our daily routine. The climate changes and their consequences have demonstrated the **need for a general change** in the way business is performed. **Companies** are increasingly required to **operate** in their markets **considering questions of sustainability**, focusing on maintaining natural resources and changes in patterns of consumption. We see in this movement not only as a responsibility assumed with our clients



and different related public, but also as an **opportunity in** a market where these questions are increasingly relevant. The **result** is the perception of **new demands** from our **clients**, whereby **corporate leaders seek** to implement sustainable practices and strategies within their companies. To attend these clients, we treat **sustainability** as **jointly and comprehensively**, offering differentiated services such as Climate Change and Sustainability Services (CC&SS).



Climate Change and Sustainability Services (CC&SS)

Objective: assist organizations of different sizes and from different sectors to understand the context of sustainability, position themselves within this context and identify the best strategy for operating and reporting information, including risk management.

Team: multidisciplinary, consisting of more than 350 specialists, in 40 countries, that adopt the same work methodology, guaranteeing the KPMG global quality standard.

Services:

- Diagnosis of risks and opportunities related to climate changes.
- Support in consolidating information and filling out questionnaires for references proposed by the Business Sustainability Index (ISE), Dow Jones Sustainability Index (DJSI), Carbon Disclosure Project (CDP), amongst others.
- Assessment of the green house effect gases on the chain of suppliers and/or by product.
- Define the socio-environmental Key Performance Indicators (KPI's).
- Verify the Socio-environmental suppliers chain.
- Environmental assessment and Due Diligence.
- Define the strategy for management of solid residues.
- Evaluate the impact and volume of hydro resources consumed by product (water footprint).
- Preparation and independent verification of inventories and issue of green house effect gases.
- Independent verification of sustainability reports, social balance sheets, amongst others.



Management Consulting, aimed at improving performance, the strategic use of technology and innovative processes, supporting clients in the strategic execution of their objectives and identifying and implementing improvements and innovations with an integrated vision of processes, information technology and personnel.

The services offered by the Management Consulting area include: Financial Management; Business Process Redesign and Improvement; Business Effectiveness; Project Management; Business Process Sourcing & Shared Services; Change Management; Talent Development & Management; TI Governance; and Information Security.

Transactions & Restructuring (T&R) assist clients to obtain results from different types of financial transactions, and its performance is based on the combination of business, technical and sector knowledge.

The T&R services include: Corporate Finance (including evaluations, acquisitions and merger advisory, financial advisory for infrastructure projects/PPPs and Debt Advisory); Transaction Services (including Financial Due Diligence, Vendor Due Diligence and Strategic and Commercial Intelligence); and Restructuring Services/Non Performing Loans Advisory.

Business Process Outsourcing (BPO): is an important service that implements and operationalizes the strategic vision and system for middle activity processes (back and front office), in order to provide the necessary support for decisions and end activities for clients, from management level to directors, through continual and agile optimization; transforming data into accurate and up to date management information.

Through this service, KPMG operates in the front and the back office and provides an integrated system to enable the client to focus on its business and, at the same time, have access to a general vision and accompany each step in the processes performed. As such, the client is able to take assertive decisions based on complete timely information.

KPMG in the life cycle of companies

GRI EC9

Our services have a strategic role and can generate value and positive direct and indirect impacts for our clients, by offering solutions to the challenges and opportunities in different stages of their life cycle, and help them define a long term competitive business strategy.

Through our activities we generate significant indirect economic impacts. Besides helping our clients during their journey of growth, creating income and employment in the communities in which they operate, we actively participate in debates on the regulatory environment for our activities. Our services also provide confidence to the capital market in general and its agents, such as analysts, investors and regulatory bodies. With our intensive investment in training and professional development, we contribute through the placing of specialized individuals on the market, which generates value for our company, clients and society. Some of these professionals do not continue their career with KPMG, and take the expertise acquired in our organization when then join other important national and international companies.

KPMG value proposition on client's life cycle



Audit
Tax
Advisory

Financial Statements Audit has an important role in capital markets, providing transparency and reliability of financial information essential at all times in the company (e.g.: obtaining financing, acquisitions, IPO, capital increase, providing accountability to shareholders, among others).

FINANCIAL STATEMENTS AUDIT

CLIENT ISSUES

KPMG VALUE PROPOSITIONS

I need to avoid insolvency

I need to refinance

I want a transformational growth strategy

I want to make a series of acquisitions

I need to professionalize and structure my process for preparing the financial statements (FS)

I need more capital

I want to sell non-core assets

- Insolvency advice

- Due Dilligence
- Cash management challenges
- Financial Statements Audit for specific periods

- Transformational growth strategy
- Sustainability
- Technological innovation
- Technological innovation
- Tax compliance
- Tax governance

- Tax Incentives
- Tax compliance
- Due Dilligence
- M&A
- Due Dilligence
- M&A
- Buy-side
- Valuations
- Carve out
- Funding alternatives
- Accounting reports preparation

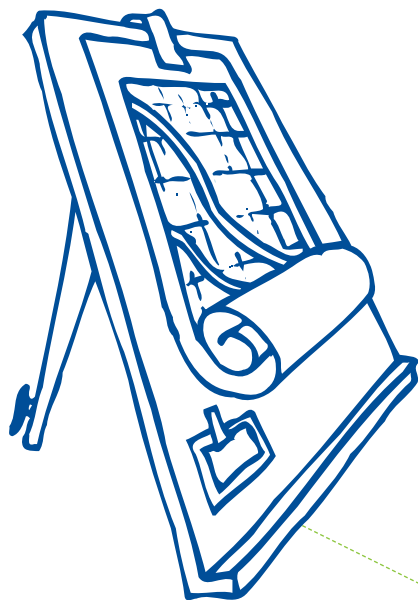
- Conversion of FS (IFRS/GAAP)
- Adoption of new CPCs
- Training
- Quality close
- Preparation of financial reports

- Debt financing
- Due Dilligence
- Funding alternatives
- IPO advice
- Financial Statements audit

- Sell-side
- Valuation
- Due Dilligence

FINANCIAL STATEMENTS AUDIT

Note: To maintain independence, some services may not be offered simultaneously by KPMG.



Investments and innovation

To expand our activities and promote the growth of our organization in a solid way, we constantly invest in the regional diversification of our operations. We believe that our presence in the five regions in Brazil is as important as the global and integrated activities of the network of KPMG International member firms, since it enriches the exchange of experiences and knowledge and enables us to apply international knowledge to the specific realities of each region.

Aligned with the strategic objectives established for the period 2011-2015, the acquisition of the fifth largest audit firm in Brazil, and the successful integration of a group of around 1,000 professionals to KPMG in Brazil's activities, strengthened our regional diversification. With this acquisition, we also created an exclusive area to attend the growing market of small and medium sized companies, referred to in our organization as Entrepreneur Market. **GRI 2.9**

4.6 million micro, small and medium sized companies operate in Brazil, according to Brazilian Institute of Geography and Statistics (IBGE)

We believe that this market offers opportunities despite the international macroeconomic instability, given the strong growth on the domestic market. These companies should also increase their participation in the Brazilian capital market and consequently, will need to adapt to another level of professionalism, market visibility, management and corporate governance.

We are qualified to attend these clients during a period of change, assisting in the expansion and consolidation of these companies on the domestic and international markets, ensuring that they are recognized for their innovative management practices and the transparency of their operations and accountability to the market.

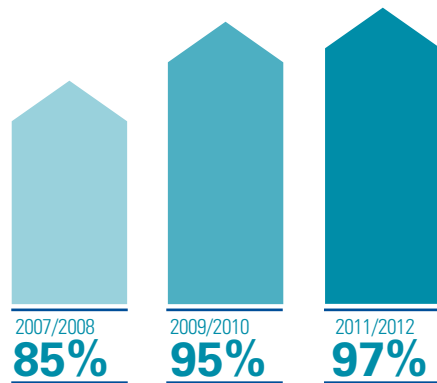
In 2011 an important achievement was the creation of our Tax Innovation area as an example of investment in technology and new methodologies that generate value for clients within this environment of frequent changes. The professionals from this area are dedicated to developing technological solutions to the review of accounting and tax information and tax compliance.

The system developed by KPMG is available now and consists of a complete solution for assurance on electronic tax information, and it is operating at several of our clients, providing consistency in reporting to municipal, state and federal government.

The creation of an exclusive area to meet small and medium sized companies and the development of the Tax Innovation area are highlights of KPMG in this year.

95% of organizations worldwide are small or medium sized companies, according to data from the Organization for Economic Cooperation and Development (OCDE)

Executives that replied they would recommend the services of KPMG to other companies



Client and Market Relations

GRI 4.16

Client satisfaction

GRI PR5

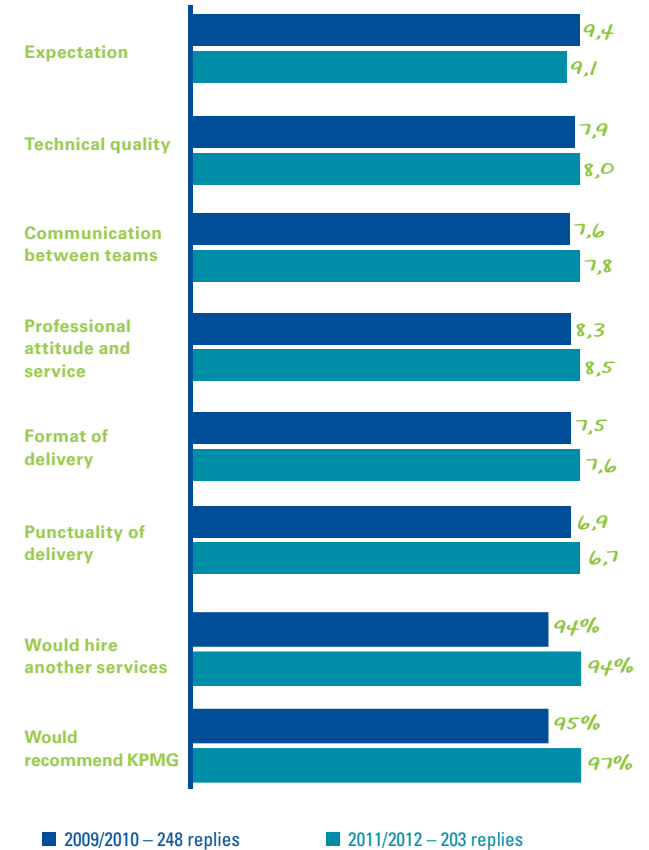
We have a constant dialogue with our clients through our teams working in the field. Thus, we receive feedback and we can identify our strong points and those that could be improved.

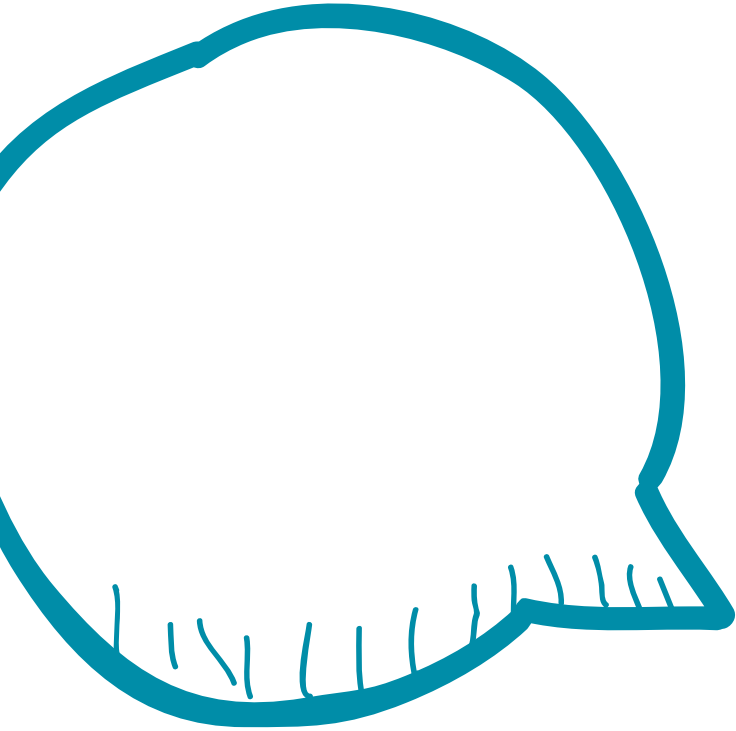
The Satisfaction Research is a tool that complements the feedback and helps us to adapt our services to clients' expectations, encouraging our development and strengthening our relationships. Within the same context, the process for engaging stakeholders in 2011 was an important instrument to understanding questions relevant to undertaking our business, according to the perspectives of our main public.

Until 2007/2008 the **Satisfaction Research** was performed by an external consulting firm (Gis Market), which interviewed various clients. As from 2009/2010, the format and indicators for the research were revised, and it is now sent to clients in electronic forms.

Client Satisfaction Research

maximum grade: 10.0





Dialogue, promotion and exchange of knowledge

GRI 4.16

We aim to develop close relationships with our clients to improve the efficiency of our services. Thus, not only do we meet specific demands, we help develop companies and the market through dialogue and the exchange of knowledge.

The **Audit Committee Institute (ACI)** and the **CFO Meeting** are two debating groups organized by KPMG aimed at disseminating and absorbing knowledge and good practice on the main political economic trends, corporations, legal and tax trends, which are all concepts included in their businesses. As from 2011, given the demands from our public, we decided to focus the debates on the ACI, which held six meetings during the year involving a total of approximately 600 participants.

Businesses face numerous challenges and opportunities. Besides the services that we provide and the environment for debates, the network of KPMG International member firms has developed researches and studies and sponsored seminars and events that address a lot of the complex questions and provide clarity and guidance.

This context is propitious for the discussion on sustainability. At KPMG, we believe that sustainability is not just a regulatory question, and that the promotion and generation of knowledge for innovation and strategic development that makes financially viable solutions and programs aimed at sustainability can create greater understanding and engagement from the private sector.

The media is considered one of the most efficient tools for distributing information, through its different communication channels. During the financial year 2010/2011, we were mentioned directly or indirectly in **3,135 newspaper or magazine reports**. The majority of these related to the transmission of knowledge, either through information on one of our studies or researches, which bring together the **expertise of our professionals** together with the most **important assessments of the market and our clients**, or in interviews and clarifications given by our professionals.


→ Amongst the publications of KPMG in Brazil, we highlight the following:

Audit

<p>Launch 01/18/2011</p> 	<p>Launch 02/09/2011</p> 	<p>Launch 02/10/2011</p> 	<p>Launch 09/15/2011</p> 
<p>Accounting and Tax Synopsis 2010</p>	<p>Insurance Regulatory Practice – 2011</p>	<p>Regulatory Practice 2011 – Banks</p>	<p>Il Directory of Accounting Transparency and Corporate Governance Administrative Region of Campinas (SP)</p>

Tax

Launch
01/18/2011



Accounting and Tax Synopsis 2010

Advisory

<p>Launch 01/26/2011</p> 	<p>Launch 05/05/2011</p> 
<p>Research on Mergers and Acquisitions – 4th quarter – 2010</p>	<p>Mining Forum Brazil</p>

The publications prepared by KPMG International member firms during this period, included the following:



The Green Challenge for Telecoms
KPMG China, 2011



Sustainable Insight
October 2010
Accounting for water



Sustainable Insight
January 2011
Articulating the value of sustainability to mainstream investors



Global Anti-Bribery and Corruption Survey 2011



Financing Low-Carbon Investment on Developing Countries
KPMG International, 2010



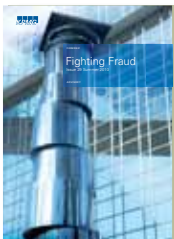
Sustainable Future. Sustained Advantage.



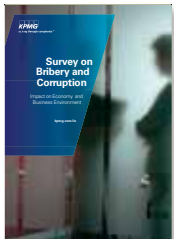
Offshore Wind in Europe



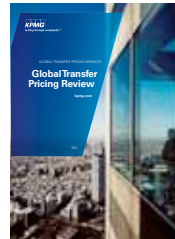
Proactive Uses of Data Analysis in Anti Corruption Compliance



Fighting Fraude, Issue 29



Survey on Bribery and Corruption



Global Transfer Pricing 2011

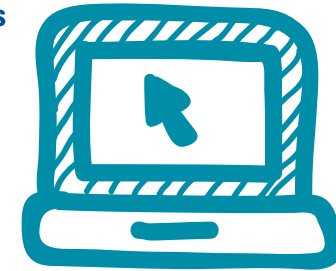


Global Debt Sales



Transforming Finance

Access these and other KPMG publications at
www.kpmg.com.br/pt/estudos_analises/artigosepublicacoes



2010

Some events during the period:

October/2010

- 11th Internal Audit Congress, Compliance and Risk Management
- The Olympics and the City – Rio-London connection
- Seminar Tony Blair + World Forum on Sustainability

November/2010

- Revelation Award in Finance IBEF SP
- 4th China Latin-America Business Summit
- XV Latin American Congress on Internal Audit – CLAI 2010
- VII International Seminar CPC – “Convergence of Accounting Standards” APIMEC
- XXVI ENCONSEL - National Meeting of Accountants from the Electrical Energy Sector
- Congress for Accounting and Tax for Financial Institutions - CONECT 2010
- TMA Brazil Congress for Restructuring Companies

December/2010

- Private Equity Brazil LP GP Forum

2011

April/2011

- Road-Show Regional Retail
- ABVCAP 2011 Congress
- Amcham DF CEO Forum

March/2011

- Rio Investment 2011
- 3rd Annual Brazilian Reinsurance Conference
- Hedge Fund Brazil Forum

May/2011

- Brazil Investment Summit 2011
- 12th Internal Audit and Compliance Congress
- 6th ANBIMA Investment Fund Congress

June/2011

- Expo management 2011
- Amcham Campinas - Seminar on Brazil's Competitiveness
- LCCI Brazil Trade Mission

August/2011

- ABRASCA 2010 Directory - Review/Audit of ABRASCA Award for creating value 2011

September/2011

- Pre-Salt Brazil 2011 International Congress & Exhibition
- 2nd annual Brazilian Bankruptcy and Distressed/High Yield Symposium
- 32º Brazilian Internal Audit Congress - Conbrai 2011
- Transparency Trophy ANEFAC – FIPECAFI – Serasa Experian 2011

→ We also **encourage and support the dissemination of knowledge through events, seminars and lectures.**

During 2011, we invested R\$ 2.3 million in these initiatives.

Entities supported by KPMG in Brazil and the type of contribution offered

GRI 4.13

Whilst undertaking our business, another way that we engage with our public and participate in important discussions for the capital market and our communities as a whole, is through associations with different entities, where we also share knowledge and offer our professionals to be members of boards, councils and working groups aimed at specific themes.

Brazilian Association of Wholesales and Distributors (ABAD): association, participation in events.

Brazilian Association of Financial Law (ABDF) Rio de Janeiro: association, participation in events.

Brazilian Association of Human Resources (ABRH) Rio de Janeiro: association, participation in events.

Brazilian Association of Private and Venture Capital (ABVCAP): association, participation in events.

Rio de Janeiro Commerce Association (ACRJ): association, participation in events.

Association of Analysts and Professionals from the Capitals and Investment Market (Apimec) São Paulo: association, participation in events and composition of director table.

Brazilian Association of Public Stock Corporations (Abrasca): association, participation in events.

Campo Grande Commerce Association (ACCG): association, participation in events.

British Chamber of Commerce and Industry in Brazil (Britcham) São Paulo: association, participation in events. David Bunce, Advisory/T&R partner from KPMG, has been a member of the entity's board for the last two years and is now the Chairman of Britcham.

Brazil-Germany Chamber of Commerce (AHK) Rio de Janeiro and São Paulo: association, participation in events, marketing actions and exchange. The AHK São Paulo, includes a KPMG Professional in the Marketing Working Group.

American Chamber of Commerce – Amcham Brazil: Iêda Novais, a KPMG director, is a member of the Administration Board and Chairman of the Sustainability Committee.

American Chamber of Commerce (Amcham) Belo Horizonte, Brasília, Campinas, Curitiba, Goiânia, Porto Alegre, Recife, Ribeirão Preto, Rio de Janeiro, Salvador, São Paulo and Uberlândia: association, participation in events and committees.

In total, 18 professionals from KPMG are members of 49 strategic committees such as: Management of people, Energy, Business Affairs, Economy and Finance.

Japanese from Brazil Chamber of Commerce and Industry: participation in events. Toshiharu Fujii, Audit partner and head of the KPMG Japanese Desk, is a member of the Statutory Audit Council.

Brazilian Dutch Chamber of Commerce (Dutcham): participation in events. Alexandre Fujimoto, Audit director at KPMG, is a member of the Advisory Council.

Portuguese Chamber of Commerce in Brazil (CPCB)

Rio de Janeiro e São Paulo: participation in events. At CPCB Rio de Janeiro, Bernardo Moreira, Audit partner at KPMG, is a member of the Statutory Audit Council.

Brazilian Center for International Relations (Cebri): participation in events.

Regional Administration Council - São Paulo (CRA): association.

Regional Accounting Council (CRC): professional association.

Brazilian Institute of Finance Executives (IBEF) São Paulo, Campinas, Curitiba and Rio de Janeiro: participation in events, lectures, boards and study groups. At IBEF São Paulo, Pedro Melo, the Chairman of KPMG, is a board member and Marianne Coutinho, KPMG TAX INTL partner, is head of the sub-commission of international taxes, member of the tax commission and member of IBEF Women. At IBEF Rio de Janeiro, Manuel Fernandes, a KPMG partner, is a member of the Administration Board.

Brazilian Institute of Corporate Governance (IBGC): participation in events. Sidney Ito, KPMG partner, is a director of IBGC.

Brazilian Institute of Petroleum, Gas and Biofuels (IBP): Participation in events. Bernardo Moreira, KPMG Audit Partner is a board member.

Institute of Independent Auditors in Brazil (IBRACON): contribution of fixed sum.

Ethos Institute for Social Responsibility: association and sponsorship for Annual Conference.

National Quality Foundation (FNQ): association and participation in events. Iêda Novais, a KPMG director, is the Chairman of the Statutory Audit Council.

Business Leaders Group Rio de Janeiro (Lide Rio): participation in events.

Business Leaders Group São Paulo (Lide São Paulo, Rio de Janeiro and the south): participation in events and debates.

Business Leaders Group for Women (Lidem) São Paulo: participation in events.

Competitive Brazil Movement: association and support sponsor.

Movement +Women 360: Patrícia Molino represents KPMG on the Board of Directors and three other professionals participate in the subcommittees.

Junior Achievement Rio de Janeiro: Association, Volunteering in teaching programs, Manuel Fernandes, lead partner from the KPMG Rio Office is a member of the Board.

Integrated report

In response to the transformations and demands brought by a new business context, for the previous five years, professionals from the accounting and sustainability areas have been discussing ways to prepare an **integrated report**, in which information on sustainable practices is incorporated as part of the Financial Statements, including the notes to these statements. This model report would provide a more holistic vision of the organization, in which corporate governance and transparency are even more valued.

In 2010, to support this initiative, the International Integrated Reporting Council – IIRC was created. KPMG believes in the importance of this issue and is also part of this Council. The IIRC is made up of CEOs and Chairmen from independent audit firms, professionals from regulatory bodies, and from socio-environmental bodies and from the academic environment.

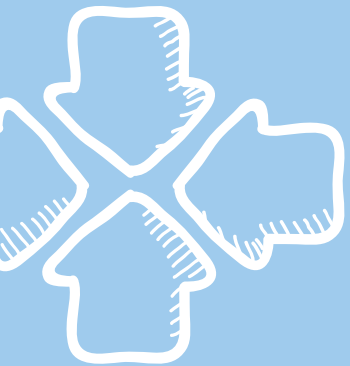
The primary objective of the integrated report is to enable interested parties to assess the ability of the company to create and sustain value in the short, medium and long term. Based on the integrated report, its users should be able to determine whether the governance structure of the company is sufficiently dedicated to identifying social, environmental, financial and governance questions that have an impact on its business and whether these questions, risks and opportunities have been properly addressed in its strategy.

The reporting difference

Three characteristics of the Integrated Report represent a significant change in the current practice:

- A holistic vision of performance will demand communication beyond the traditional financial indices, requiring recognition of other performance measures
- Long term vision and natural prospects will provide a better understanding of how the current and future events affect the business
- The integration of information with the business model will provide greater transparency, connecting performance to the strategic objectives

For more information, access: <http://www.theiirc.org/>



Publications of KPMG International member firms that contribute to that debate:



Reporting Change
KPMG in
Netherlands, 2010



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



**Corporate Sustainability
A Progress Report**
KPMG International, 2010

The IIRC also has a Working Group that has developed various elements and principles as a suggestion, and which should be considered in the integrated reporting. However, it is not a unique platform, since every business should identify the contents that are more relevant to its reality.

The Group launched a **pilot program in which 48 companies participate, including KPMG International, which will prepare its first integrated report** based on these elements and aims to make progress and make new contributions to this process.



Financial results

GRI 2.8 | EC1 | EC4 | EC8

The fundamental pillars of KPMG' strategy are essential elements that align its positioning in its search for growth. Our growth is sustained by high performance people who are passionate about what they create, and who rely on a global network of specialists whose governance ensures that quality and consistent services are delivered, generating knowledge and value for our different public.

Our activities are based on the highest standards of ethics and independence and are attentive to the complexities faced by the business environment and our responsibility in orientating and developing clear solutions that help our public develop their potential.

The value generated to society through our services is at times, intangible. However, we are sure that the economic value generated is distributed, financially, through paying operational costs, salaries and benefits to our employees, and through the taxes that are reverted to society and the voluntary investments in the communities.

Statement of Added Value * (R\$)

	2011	2010	2009
Direct economic value generated	707,690,443	548,297,900	492,321,007
Income	707,690,443	548,297,900	492,321,007
Economic value distributed	602,494,364	413,783,958	367,846,251
Operational costs	152,652,931	105,861,276	94,248,005
Employee salaries and benefits	328,407,119	223,170,973	190,653,085
Payments to the government	119,227,162	83,018,156	82,013,106
Investments in the community	2,207,151	1,733,533	932,055
• Voluntary contributions (including pro Bono) to social, environmental and cultural projects	2,063,274	1,528,396	722,055
• Contributions to social, environmental and cultural projects through Tax Incentive Laws	143,877	205,157	210,000
Accumulated economic value	105,196,080	134,513,942	124,474,756

* This information refers to the periods January to December 2011, 2010 and 2009, and represents the activities of all of the independent entities that operate under the name KPMG in Brazil. According to legislation in force, the independent entities that operate under the brand name KPMG in Brazil are exempt from publishing a balance sheet, except for KPMG Structure Finance and KPMG Transaction Services whose balance sheets are already compulsorily published in major newspapers.



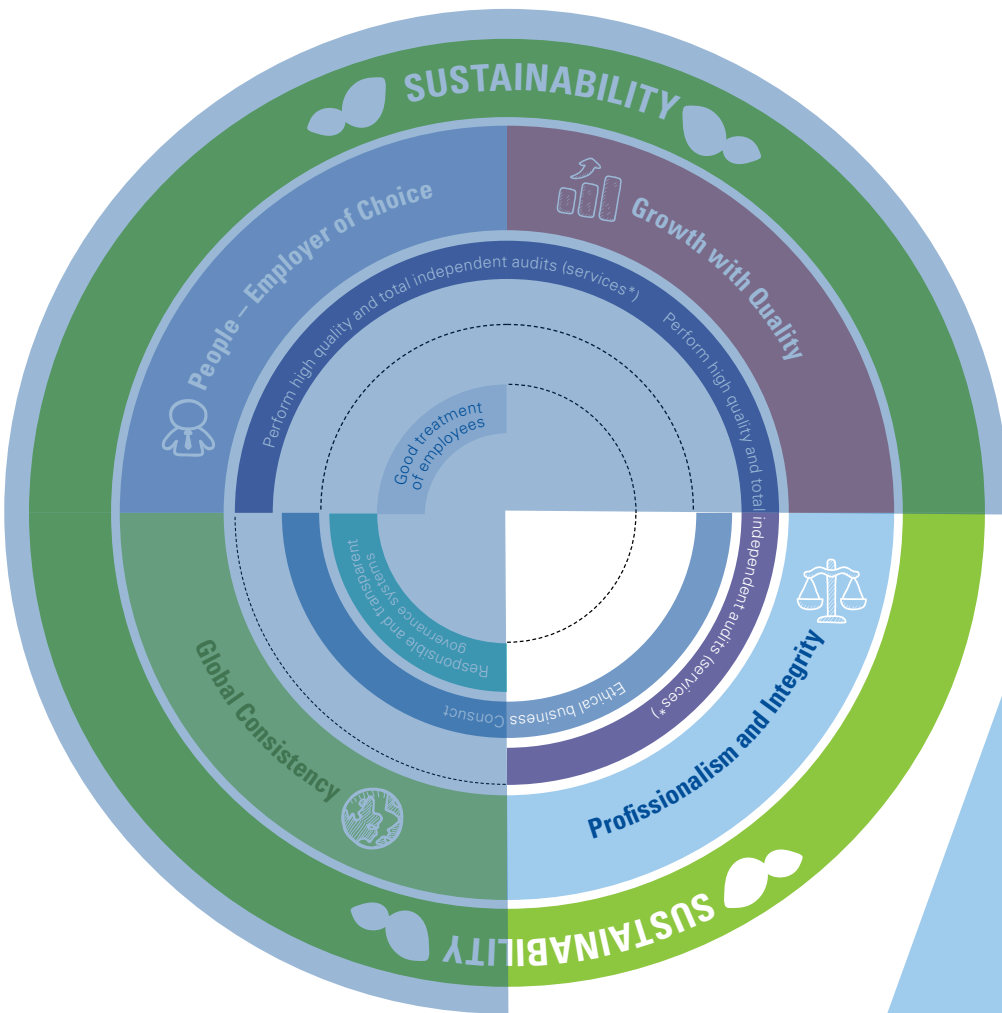
Professionalism and Integrity

This Pillar of our strategy addresses the material theme that was considered by our stakeholders to be the most important: **conduct ethical business**. In addition, it deals with questions that have an impact on the **quality and independence of the services** we provide, which refers to the third theme Identified by our stakeholders.

Ethics, professionalism and integrity of our people enables KPMG to be one of most highly regarded Professional services companies worldwide. As has been demonstrated, **transparency and integrity** are values of our Organization. Consequently, KPMG International relies on policies and procedures that are strengthened by the involvement of experienced leaders from each member firm. These leaders emphasize the importance of quality control, risk management and compliance, and act as examples in providing services that reflect quality and integrity.

In this chapter we deal with these procedures in detail. A lot of the quality control and risk management processes are multi-functional, and also applicable to the Tax and Advisory areas. However, we stress that the emphasis in this chapter is on the Audit practice, and thus, some of the procedures cited may not apply in full to the other two areas.

At KPMG, the quality of an audit goes beyond issuing a correct opinion, and includes how we reached this opinion. This refers to the processes, thinking and integrity on which an audit is based. KPMG sees the result of a quality audit being an appropriate and independent opinion in accordance with legal and professional requirements. This means, above all, being independent, being in compliance with the relevant legal and professional requirements and offering our clients an impartial and informative vision.



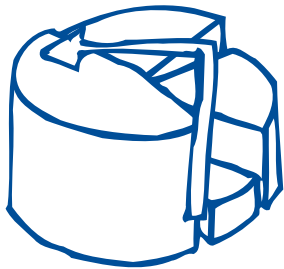
Integrity is a fundamental characteristic that our clients expect and trust we have. Integrity is also one of **KPMG's main values**.



Risk management

GRI 4.6 | 4.11 | SO2

The Risk Management area is essential to KPMG, and is directly related to sustainability



Through the Risk Management area, we manage factors that could have an impact on our business, our professionals and clients, the capital market and the environment in which we operate.

For us, risk management, which includes our operational risks, is accompanied by the **quality control of our services** since, in our business segment, objective, quality work is a determining factor to meet the public interest and retain the confidence of the capital markets and that of regulatory bodies. Thus, we provide quality services, based on independence, integrity, ethics and objective behavior, and our anticorruption and anti-bribery procedures permeate the management of these risks **through all the network of independent entities that operate under the brand KPMG in Brazil.**

In order to make feasible this management, we maintain an **internal structure**, represented in the next page, consisting of partners, directors, managers and technical staff.

The mission of this department, besides risk management, is to spread professional practices and accounting standards, working together with professionals from the Organization, providing technical support and coordinating the implementation of quality programs.

In Brazil, we have a **quality system** for the **audit practice**, aimed at meeting the requirements of Brazilian Law, Professional Standards, the rules of the International Federation of Accountants (IFAC), the rules adopted by the Public Company Accounting Oversight Board (PCAOB) and the regulations from the European Union and the US Security and Exchange Commission (SEC).

Risk Management Structure at KPMG



Department of Professional Practices (DPP) Provide technical guidelines and consultations on professional practices and distribute updates for emerging technical guidelines both local and foreign. Coordinate quality analysis programs.

Risk Compliance Area responsible for issues related to management of regulatory risk, testing adherence to KPMG practices and training by means of electronic tools .



Sentinel KPMG Global on-line system for including all projects. The objective is to verify whether it is possible to undertake the Project, given the requirements of independence and norms applicable.



Client Acceptance (K-Risk) and CEAC Manage a rigorous and systematic policy for accepting and continuing with clients and projects, which includes verifications and consulting public information about the business and administration of potential clients, such as the financial health, the reputation of its management, type of products, technical risk of the Project and questions related to ethics and independence.



National IT Security Officer (NITSO) Responsible for maintaining the policies that protect the confidentiality of information in both electronic form and hard copies. As part of the information security policy, all of the computers have software for encrypting data and access protected by passwords. In addition, all professionals have to maintain confidentiality of client and ex-client information. Knowledge and compliance with this commitment are checked annually by means of a statement via web. For the period covered by this report there were no substantiated complaints of this nature. **GRI PR8**



Ethics and Independence (E&I) Maintain controls and analyses of conformity of our operations and services provided in relation to our policies and the procedures from regulatory bodies, with respect to independence and verification of any conflicts of interest.

Litigation Undertake any judicial claims. During the period covered by this report, we were not subject to any relevant sentence resulting from disputes related to services rendered. **GRI PR4**



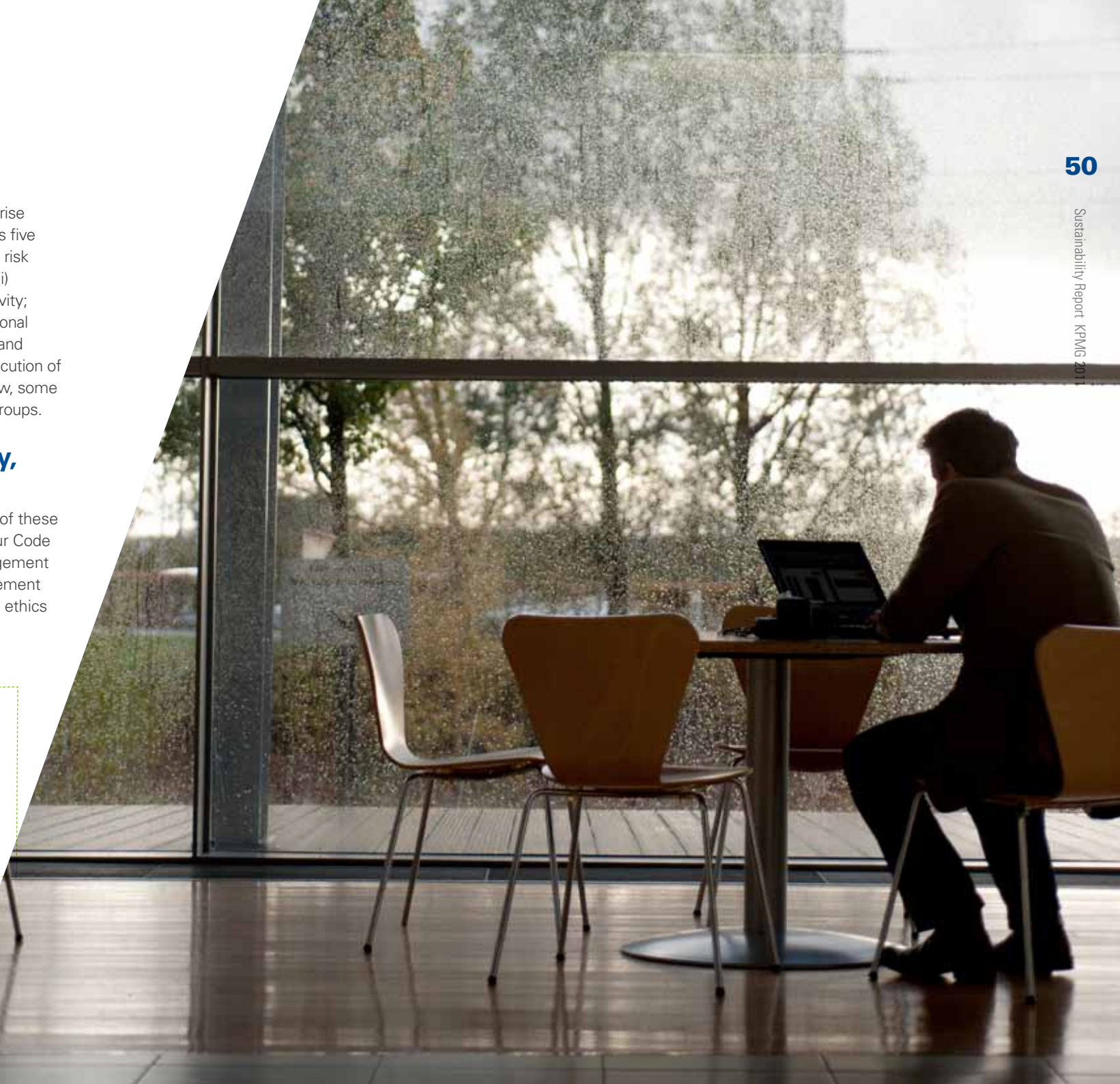
Office of General Counsel (OGC) Assist the Organization with corporate issues, analyzing our commercial relationship with clients, and monitoring the Standards established for the proposals to provide services.

The support teams for this structure comprise an integrated management, which includes five fundamental groups for quality control and risk management throughout KPMG in Brazil: (i) independence, integrity, ethics and objectivity; (ii) people management, including professional training and development; (iii) acceptance and continuance with clients and work; (iv) execution of work; and (v) monitoring. We present below, some of the most relevant aspects from these groups.

Independence, integrity, ethics and objectivity

The procedures that are part of each one of these groups are related, as demonstrated in our Code of Conduct, Global Marketing Risk Management (GMRM), Global Quality and Risk Management Manual (GQ&RM Manual) and training on ethics and independence and anticorruption.

KPMG International is **signatory to the Anticorruption Principles from the World Economic Forum**. www.weforum.org/issues/partnering-against-corruption-initiative



Principles of the Code

Code of conduct

GRI 4.8

In Brazil, we adopted and disseminated the **Code of Conduct: Performance with Integrity**, which expresses the commitments to our public and the behavior to be adopted by our professionals to ensure ethical principles in their relations with the Organization, with other professionals, clients and with the community.

The Code emphasizes the personal responsibility of each Professional to observe legal and ethical Standards which apply to their position, as well as disclosing the resources and channels available to provide assistance on the themes covered.



Global Marketing Risk Management (GMRM) and Global Quality and Risk Management Manual (GQ&RM Manual)

We seek to establish an open and honest communication with all our stakeholders, based on ethics, objectivity and transparency. Therefore, both the GMRM and the GQ&RM Manual provide guidelines to ensure that these principles are present in the relationships with the organization's stakeholders:

Marketing

GRI PR6

All of our communication and marketing material is continually revised by qualified professionals from GB&RC, and consists of a set of principles and rules prepared by KPMG International which have to be adopted by the member firms to ensure global consistency of the brand name, control the risks related to its reputation and manage client expectations with respect to the services provided, with the disclosure of clear and objective information. In 2011, we had a team of 16 professionals qualified in these norms.

Information on products and services

GRI PR3

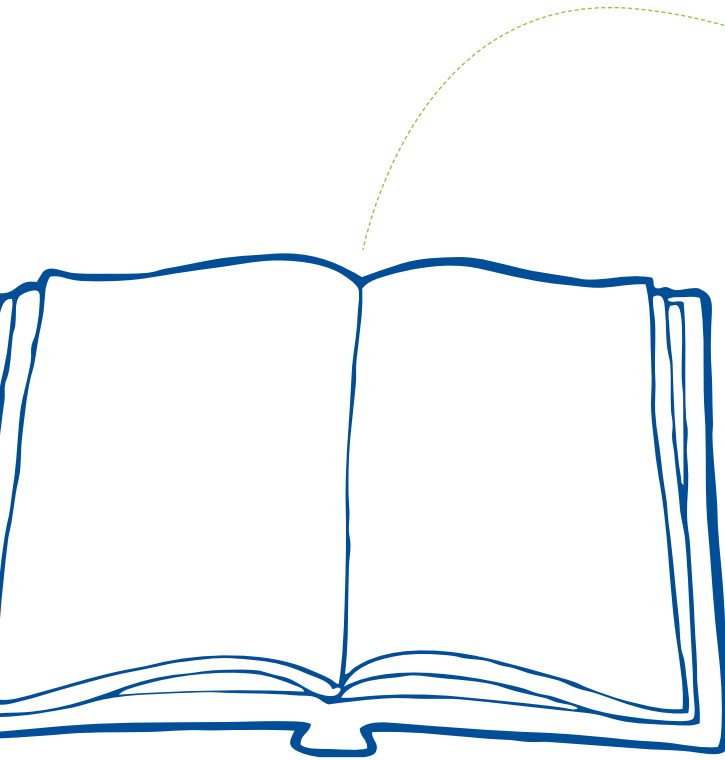
Our contracts are based on the [GQ&RM Manual](#), and seek to achieve transparency in client relations, and are available to all professionals on intranet.



Main information and specifications stated in the contracts agreed between KPMG and its clients

Scope of services	The scope and purpose of the KPMG engagement, with limitations on the work expressly stated.
Description of products	Description of what will be submitted, the nature (report, presentation, etc.) and possible limitations.
Timetable	Whenever agreed with the client, the timetable for undertaking and concluding the work.
Client responsibilities	Client responsibilities for providing information, assistance to KPMG and decision making.
Fees	Determining fees for the services provided, collection methods, payment, interest on accounts overdue and currency in which payment will be made.
Subcontracting	For the services when this is permitted, inform any subcontracting of specialists.
KPMG responsibilities	The limit on responsibilities is subject to legal or regulatory restrictions and is included in each contract.





People, Performance and Culture Global Manual

GRI 4.6

To achieve independence, ethical work and the objectivity of our professionals during the services provided, we have a policy that establishes the norms for relationships with our public, for example, assessing any possible conflict of interests prior to allocating a professional on certain projects.

KPMG in Brazil also monitors compliance of its investment policies, whether of the Organization or its partners, directors and managers, through an automatic integrated tracking system of independence based on the Web. This system contains a list of public stock corporations, their branches and financial institutions and the types of securities they issue.

It also includes a list of investments held by KPMG in Brazil and other financial relationships that have to be analyzed prior to KPMG in Brazil accepting a new client. The independence department continually updates this list and these relationships.

Prior to acquiring securities, the partners, directors and managers have to use the independence tracking system to determine whether the investment is restricted. They also have to inform all of the movements in individual investments within 14 days after purchasing or selling investments.

If a security becomes restricted in a subsequent date, the holders of these amounts will receive automatic notification stating that they have to dispose of the restricted investment.

The Global People, Performance and Culture Manual informs the conduct to be adopted at each of the human resource management areas, as an integral part of the process for analyze quality and risk management, attending to the norms enacted by the local laws and also professional requirements in Brazil, requirements of the Federal Accounting Council (CFC), IBRACON – Institute of Independent Auditors in Brazil, the National Monetary Council (CMN), the Securities Commission (CVM), the Secretary for Complementary Social Security and by international bodies, such as Public Company Accounting Oversight Board (PCAOB) and US Security and Exchange Commission (SEC).

Every year, **Training in Ethics and Independence** is provided, which is mandatory for all partners, partner-directors and other technical professionals that provide services to clients, and also **Anticorruption Training**, mandatory for all professionals. After concluding this training, the professionals sign a term confirming their understanding and compliance with KPMG policies and their independence in performing the services. During the period covered by this report, **100% of the required** professionals - that had to receive the training - were trained in the Ethics & Independence and Anticorruption policies.

Beyond Compliance

KPMG is aware of the importance of disseminating its values throughout the organization, and as such, extends the training in Ethics & Independence to all professionals from the administrative areas, even though this is not required by professional regulations.

GRI S03

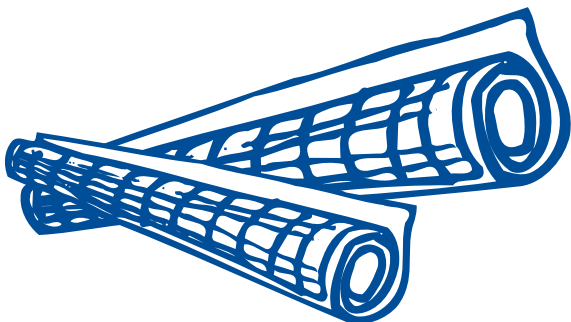
Participation of Professional in Ethics & Independence and Anticorruption training

	Ethics & Independence			Anticorruption		
	2011	2010	2009	2011	2010	2009
Non management	2,128	1,877	1,836	2,214	2,130	1,864
Managers	362	318	300	363	327	300
Partners and partner-directors	224	186	177	213	187	177
Total professionals	2,714	2,381	2,313	2,790	2,644	2,341

Does not include amongst the required professionals: those in mobility or on leave, administrative professions with no access to the network of e-mails or those contracted towards the end of the financial year, who receive training in the subsequent year. In addition, during 2009 and 2010, apprentices were not required to receive this training.

We work diligently to avoid any conflicts of interest arising. In addition to the tools and systems to improve the independence, integrity and objectivity of the work of our professionals, we have a global, exclusive system, called **Sentinel**.

Finally, to offer services with consistency and integrity, we have implemented the rotation of audit partners, in compliance with legislation, which limits the number of years that the leaders can provide this type of service to the same client. This exchange of leaders assists us to develop transition and succession plans, which encourages the continuity of our business.



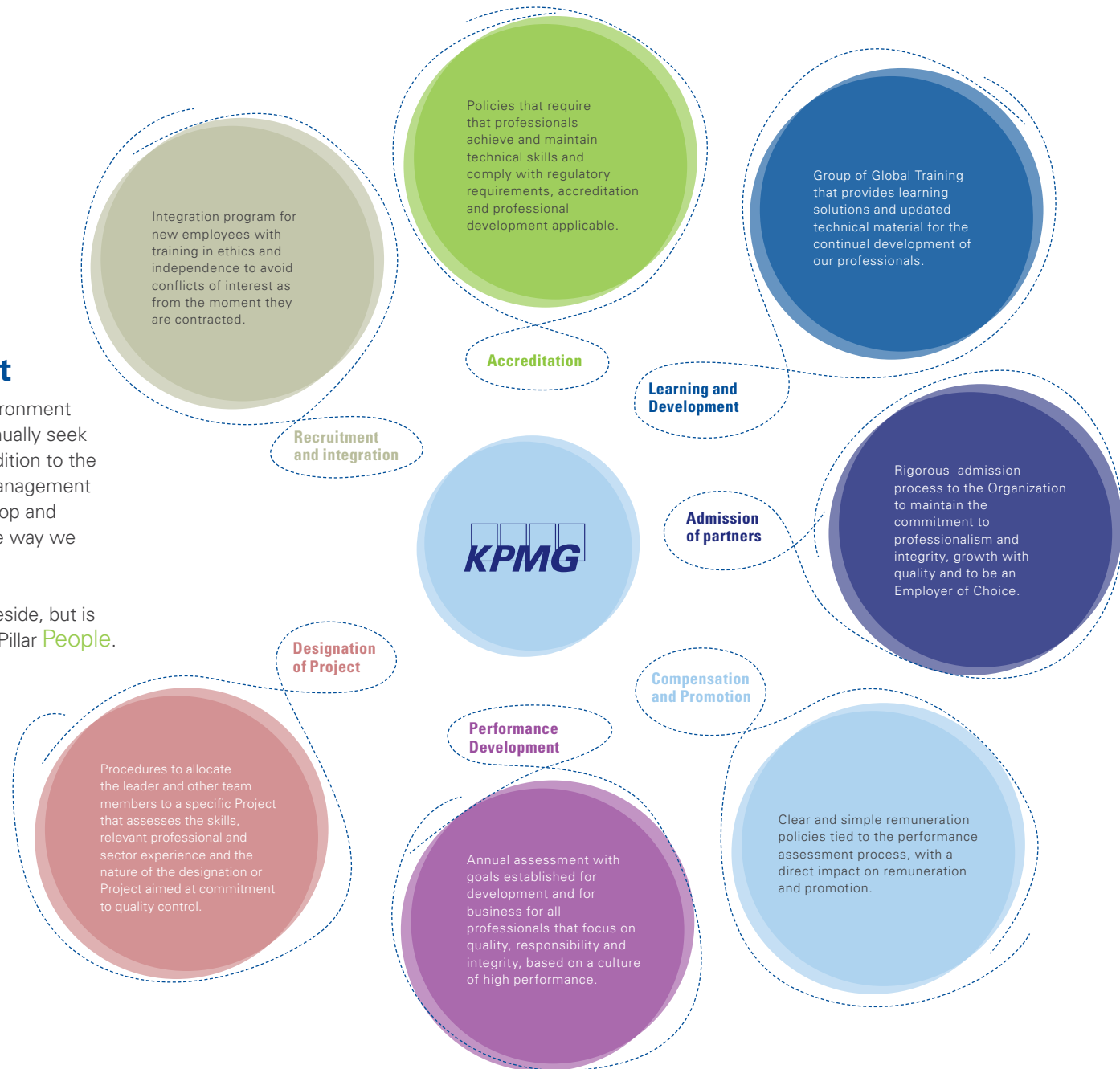
GRI 4.6

Every project agreed by a KPMG member firm is included in **Sentinel**, before it begins, to enable **leaders of audit projects** throughout the work to analyze, approve or refuse any proposal for services to restricted audit clients. **When the system identifies the existence or the potential existence of conflicts of interest**, that cannot be resolved, our **policy determines that we refuse the project.**

People management, training and development

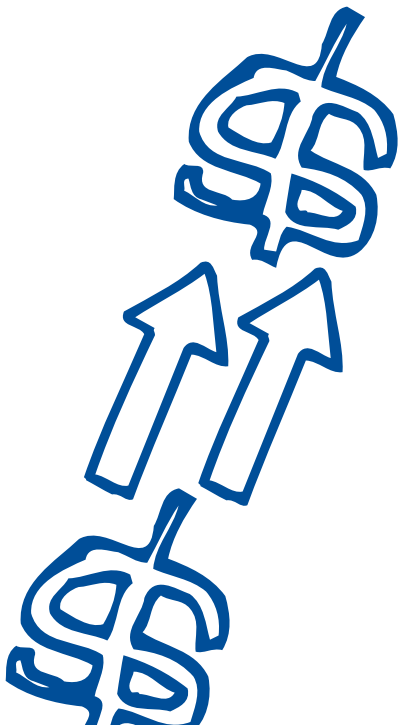
The dynamic nature of our work and the environment in which we operate demands that we continually seek professional excellence. Consequently, in addition to the specific training stated before, our people management includes actions to attract, retain, train, develop and recognize our professionals, which reflect the way we want to grow and be recognized.

This system is presented, in general terms, beside, but is presented in more detail in the next strategic Pillar **People**.



Acceptance and continuance of clients and work

We rely on policies and procedures for assessing risk that support decision making regarding the acceptance of and continuity with clients and projects, for example, the tools referred to previously, CEAC and Sentinel. Rigorous compliance is essential for us to provide professional services with quality and integrity that are necessary for building more ethical and sustainable markets.



Identification of risks from assessment of the company's background, its administration, businesses and other relevant questions, focused on integrity. **Acceptance** or otherwise of a client is determined by a partner who assesses the client, and this has to be approved by the partner responsible for risk management, when necessary.

Assessment of risks and skills of the client's financial management team, and additional safeguards can be introduced to the services, **in order to mitigate any risks identified.**

Assessment of other relationships and services provided by KPMG to the potential client that are not related to the Project, to avoid potential conflicts of independence. **Acceptance of the Project** is approved by its potential leader, and another **senior professional**, when necessary.

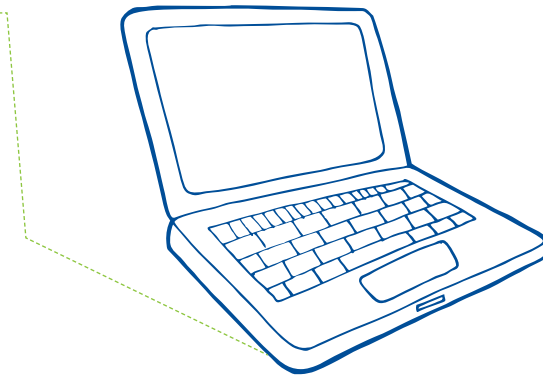
The **continuance of each client** and Project is assessed every 12 months, or less – if specific questions of integrity are identified. The company's **risk factors are revised** and possible changes to determine the continuance of the services provided.

Execution of the work

The execution of our work also follows methodological guidelines and policies that aim to maintain integrity, compliance with local and international regulations and the incorporation of good global practices so that ethical behavior is observed during all of the stages of the services.

Our methodology includes an assessment of the information system, and our professionals from Information Technology Advisory Services (ITAS), are responsible for performing the corresponding tests.

The professional practice, risk management and quality control are the responsibility of each KPMG Professional, who has to adhere to the policies and procedures (including independence policies) and to the extensive range of tools developed to support them in attending these expectations. The policies and procedures we have established for audits include the requirements for accounting, audit, ethics and quality control norms and other relevant laws and regulations.



Audit tools and methodology

We invest significant resources to maintain our standards and tools up to date. Our global audit methodology, developed by the Global Service Centre (GSC), is based on International Standards on Auditing (ISA).

The methodology is included in the KPMG Audit Manual (KAM) and contains requirements that go beyond the ISA, for cases where KPMG understands that this increases the quality of our analyses. The member firms of KPMG International can also include local procedures to comply with professional, legal or regulatory requirements.

Our audit methodology is supported by eAudit, an electronic audit tool from KPMG, which provides the auditors from the member firms worldwide with the methodology, guidelines and knowledge of the sector necessary to render efficient and high quality audits.



Our methodology encourages engagement teams to exercise professional skepticism in all aspects, from the planning to performing the audit

The work flow for eAudIT provides the teams with immediate access to relevant information at the correct time during the audit, thus increasing efficiency and value for our clients. The main activities included in the eAudIT work flow are:

Engagement set up

- Engagement acceptance and scoping
- Team selection and timetable

Risk assessment

- Understand the entity and identify and assess risks
- Plan for the involvement of specialists and others, including experts, internal audit, service organizations and other auditors
- Evaluate design and implementation of the selected controls
- Risk assessment and planning discussion
- Determine the audit strategy and planned audit approach

Tests

- Test operating effectiveness of selected controls
- Plan and perform substantive procedures

Completion

- Update risk assessment
- Perform completion procedures, including overall review of the financial statements
- Perform overall evaluation, including evaluation of significant findings and issues
- Communicate with those charged with governance (for example, the audit committee)
- Form the audit opinion

KAM includes, amongst other things, the procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks. Our methodology encourages engagement teams to exercise professional skepticism in all aspects, from the planning to performing the audit.

KAM includes the implementation of quality control procedures at the engagement level that provides us with a reasonable assurance that our engagements comply with relevant professional, legal, regulatory and KPMG requirements.

The policies and procedures established in KAM are specific to audits and supplement the policies and procedures set out in the Global Quality and Risk Management Manual (GQ&RM) which is applicable to all KPMG International member firms, functions and personnel. The provisions of International Standard of Quality Control I (ISQC-I) are addressed through KAM and through member-firms implementation of the Q&RM Manual.

Monitoring

Monitoring procedures complete the groups from our quality control system and risk management, and include permanent assessments by means of internal and external reviews to check the integrity and independence of our professionals and adherence to our practices, methodologies, training and internal controls.

The verifications, to which we are subject, and for which we have always received adequate classifications, are:

- **Risk Controls Checklist (RCC):** annual verification performed by KPMG International on the internal controls, procedures, practices and global training (80 hours/year).
- **Quality Review Program:** annual reviewed performed of the Audit, Tax and Advisory work to verify conformity with our standards and norms and with Professional standards required (2,120 hours/year).
- **Peer Review:** local review, required by the CFC, which consists of external verification of our work every four years, performed by our peers, i.e. by another audit company of the same size, and supervised by representatives from Brazilian regulatory bodies. (320 hours/year).
- **PCAOB Review:** three yearly review and anticipated for all companies that provide accounting audit services, to assess adherence to the norms and regulations adopted by the PCAOB, the North American regulatory body (480 hours/year).

In the period covered by this report, no sanctions or fines occurred as a result of these reviews. **GRI PR9**

In addition to these reviews, other monitoring is performed in relation to compliance with ethical standards and the integrity of our professionals and assessments of any deviations in our procedures or professional norms to which our services are subject.

One of these monitoring procedures is performed by the **Disciplinary Committee**, which is responsible for analyzing information and documents that suggest possible violations of the rules and policies related to risk management, ethics and integrity and training by any professional, including partners.

If evidence of such is confirmed, the violation is qualified between one of four categories (light, medium, severe or very severe violations) and could result in disciplinary measures that vary from simple notification to additional training or financial penalties to variable remuneration to rescission of the employment contract.

In addition, we provide a **confidential international hotline** for denouncing possible illegal, ethical violations or violations of norms and standards, coordinated by an independent supplier and can be contacted by all our public, 24 hours a day, seven days a week.

All of the contacts received are registered and a confidential investigation process begins, which is also consistent with legislation in force and our norms and procedures.

During the period covered by this report, no case of corruption was registered by any of our monitoring tools. **GRI S04**



Hotline for Denouncing Unlawful Acts

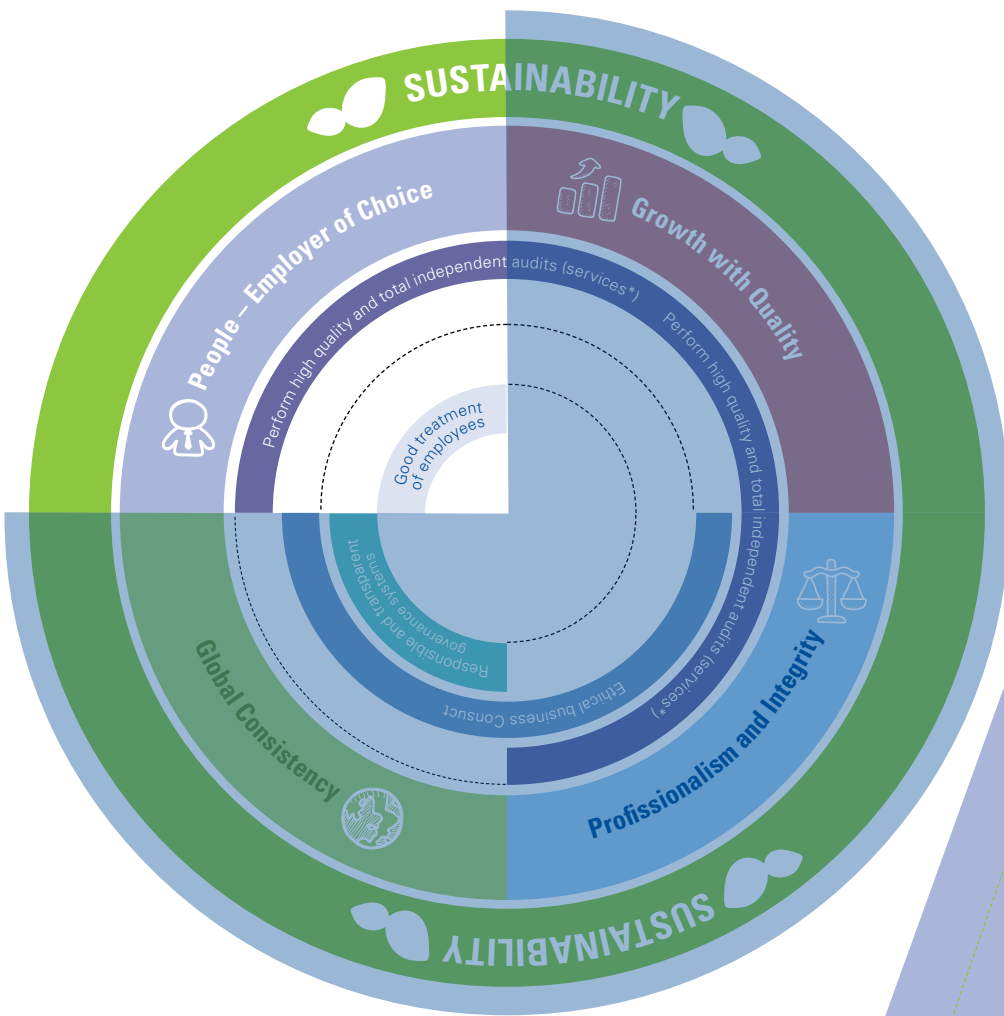
By telephone:

Brazil – 0800 891 7391

Other countries – (www.kpmg.com/Global/en/Pages/International-hotline-numbers.aspx)

On-line: www.clearviewconnects.com/

By post: P.O. Box 11017 – Toronto, Ontario – M1E 1N0 Canada



People – Employer of Choice

Human resource management

In defining the material themes for this report, amongst various issues assessed, our stakeholders stated that our business, given its nature, should always focus on ethical management, with transparent and responsible governance, capable of delivering high quality services based on the fair treatment of its employees.

The four themes prioritized, not by chance, constitute the fundamental strategic pillars of the KPMG International member firms.

Our people constitute one of our pillars and it is through them, that we implement our vision and our strategy. It is our personnel that address the questions prioritized by our stakeholders, which create value for clients through solutions that help them develop competitive advantages, and offer greater transparency and credibility for their financial statements. Our practices assist the capital markets face its challenges, they can make public services more efficient, the financial market more solid, and develop governance in various segments, contributing to building a vibrant and more sustainable society.



We want to develop people and to be the best company to work with, acting with professionalism and integrity and maintaining the global consistency, to grow with quality

On this journey, our personnel will find challenging and innovative employment opportunities, and a solid career plan to develop their full potential. We constantly invest in our professionals so that we can grow together and have a crucial role in the business world.

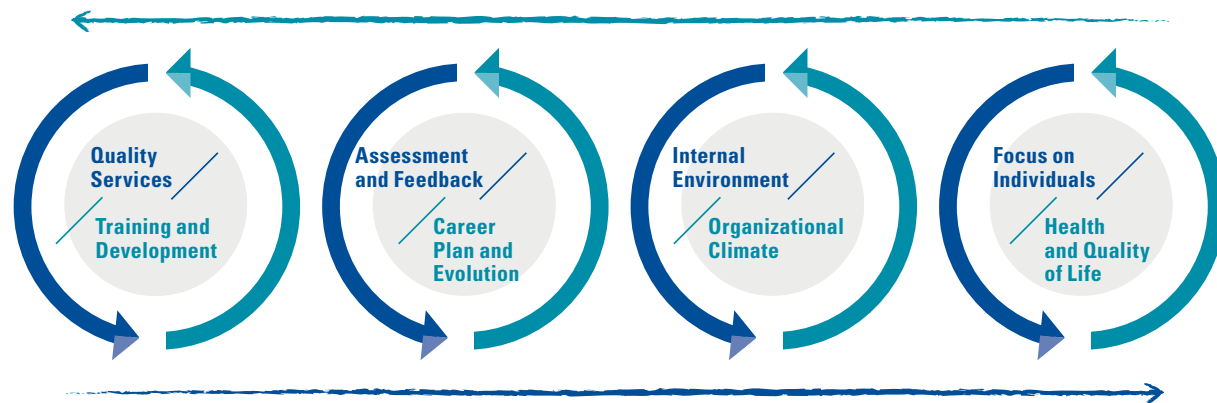
We are committed to a high performance culture, and being an **Organization that attracts** important talents. Our personnel have global mindset and forward-thinking, they are passionate experts dedicated to the work they undertake to generate value for clients.

Attract, contract, develop, support, recognize and retain the best professionals is essential for enduring growth and to promote the succession process in our Organization. Consequently, we offer our team an environment that contributes towards personal and professional development, led by human resource management and by the Learning & Development area.

Recognition

KPMG International was awarded **first place amongst the Big Four** and second place in the Business Segment, in the research undertaken by Universum that identified the **most attractive companies to work for**: The World's Most Attractive Employer 2011. For more information: <http://universumglobal.com/IDEAL-Employer-Rankings/Global-Top-50>

 Fundamentals for human resource management



Our team

GRI LA1

At September 2011, there were 4,073 **people** working for KPMG in Brazil. Of these, 3,830 are KPMG **professionals**, being 3,566 employed by the Organization, contracted based on the Consolidated Employment Law (CLT), 21 apprentices, and 243 partners and partners-directors. That number of people also includes 220 workers from contracted companies (outsourced), who do not have an employment relationship with KPMG – the majority for infrastructure support services – and 23 temporary workers.

People: term used to define all personnel who work at KPMG.

Professionals: specific term that includes partners and partner-directors, employees from KPMG's technical and administrative areas, contracted according to CLT and also apprentices.

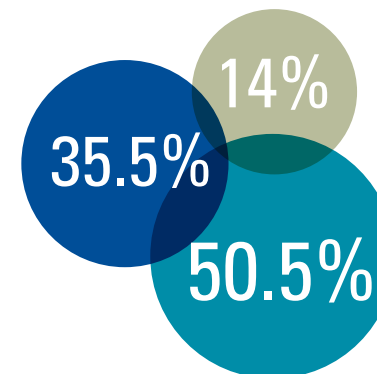
Total KPMG People

Cities/offices (important operational unit)	Permanent contract (CLT)			Temporary contract			Partners and partner-directors			Outsourced			Total		
	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009	2011	2010	2009
São Paulo	1,780	1,404	1,251	8	13	6	153	143	137	187	153	66	2,128	1,713	1,460
Rio de Janeiro	509	400	354	6	5	4	30	24	22	15	10	9	560	439	389
Other locations	1,298	691	571	9	0	3	60	21	21	18	13	13	1,385	725	608
Subtotal	3,587	2,495	2,176	23	18	13	243	188	180	220	176	88	4,073	2,877	2,457
Total KPMG professionals													3,830	2,683	2,356

64.5% of our professionals are concentrated within the São Paulo and Rio de Janeiro offices, consequently, we opted to present the indices divided between three categories: São Paulo Office, Rio de Janeiro Office and other offices. Only 1% of our own employees and temporary staff work for six hours a day. Since this is not significant data, we have removed it and developed a way to facilitate the visualization of this information.



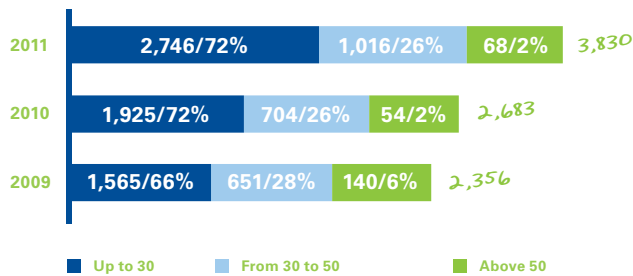
Distribution by office KPMG professionals



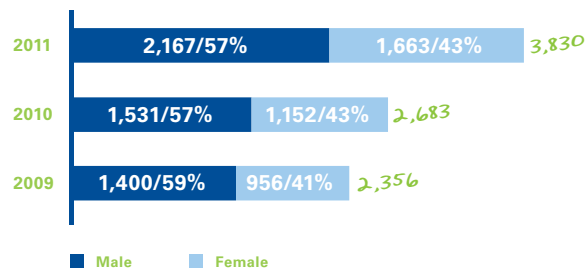
- São Paulo
- Rio de Janeiro
- Others
Belo Horizonte, Brasília,
Campinas, Campo Grande,
Curitiba, Florianópolis, Fortaleza,
Goiânia, Joinville, Londrina,
Manaus, Osasco, Porto Alegre,
Recife, Ribeirão Preto, Salvador,
São Carlos, São José dos
Campos e Uberlândia.

Total KPMG professionals by age

GRI LA1 | LA13



Total KPMG professionals by gender



KPMG values and encourages maintaining an environment of respect for uniqueness, in which rich and innovative solutions can thrive. As a citizen Organization, we are responsible for encouraging **diversity** and inclusion. This commitment is declared in our value **“we respect people for who they are”**, and is reinforced in our Code of Conduct, which promotes an environment free of discrimination.

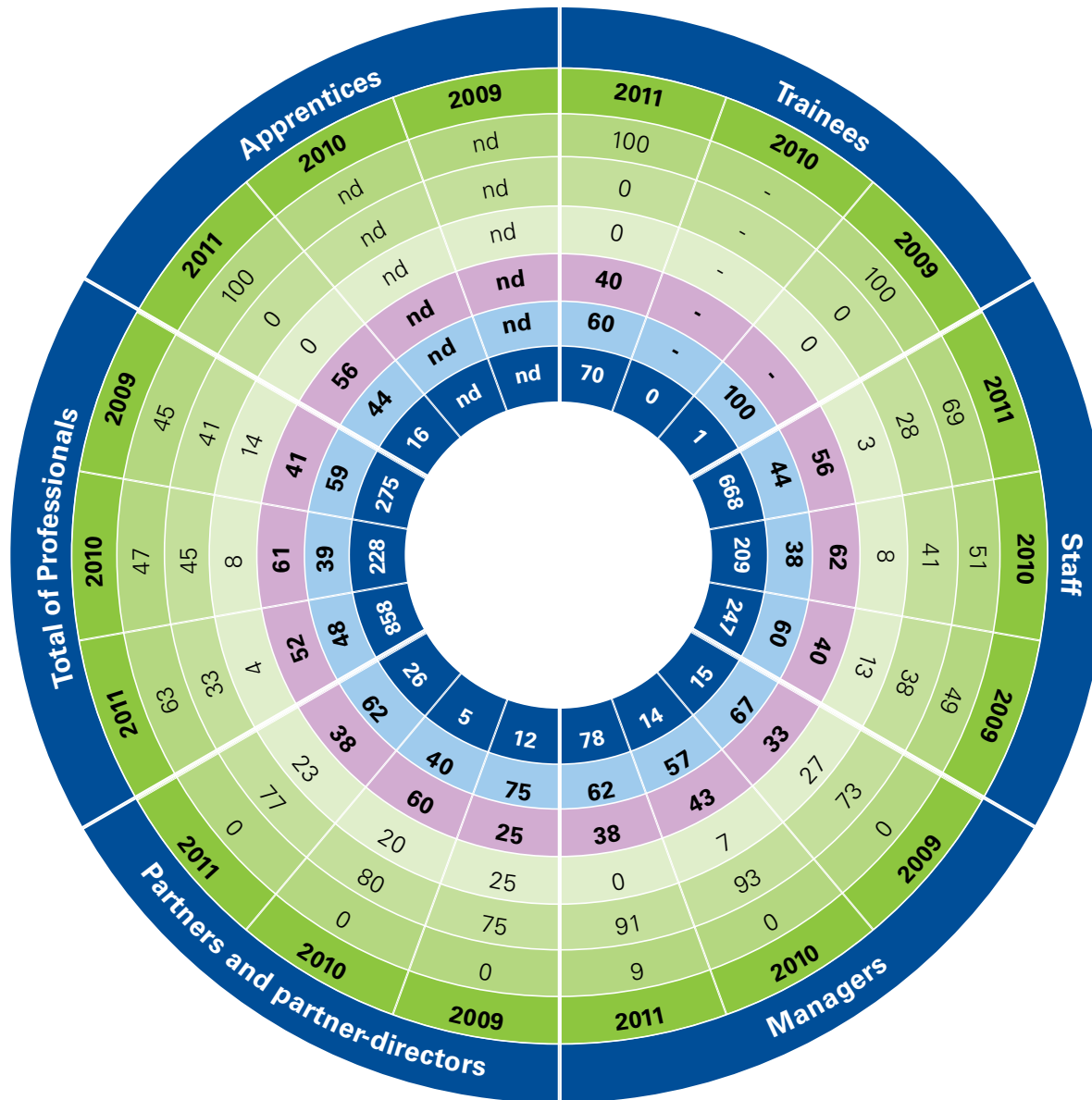
Our promotion and remuneration policy is based exclusively on merit – guaranteed by the performance assessment processes – and in accordance with the relevant laws, irrespective of personal characteristics such as race, color, religion, sex, nationality, disability, sexual orientation or civil status.



GlobeSmart: understanding global cultural diversity

- How and when should I present my visiting card?
- Should I compliment someone with a hand-shake or a kiss on the cheek?
- Do I run the risk of offending someone if I call them by their first name?

This KPMG tool offers simple and interactive replies on how to undertake business in different countries, through cultural profiles and comparisons between habits. For more information, access: www.globesmart.com

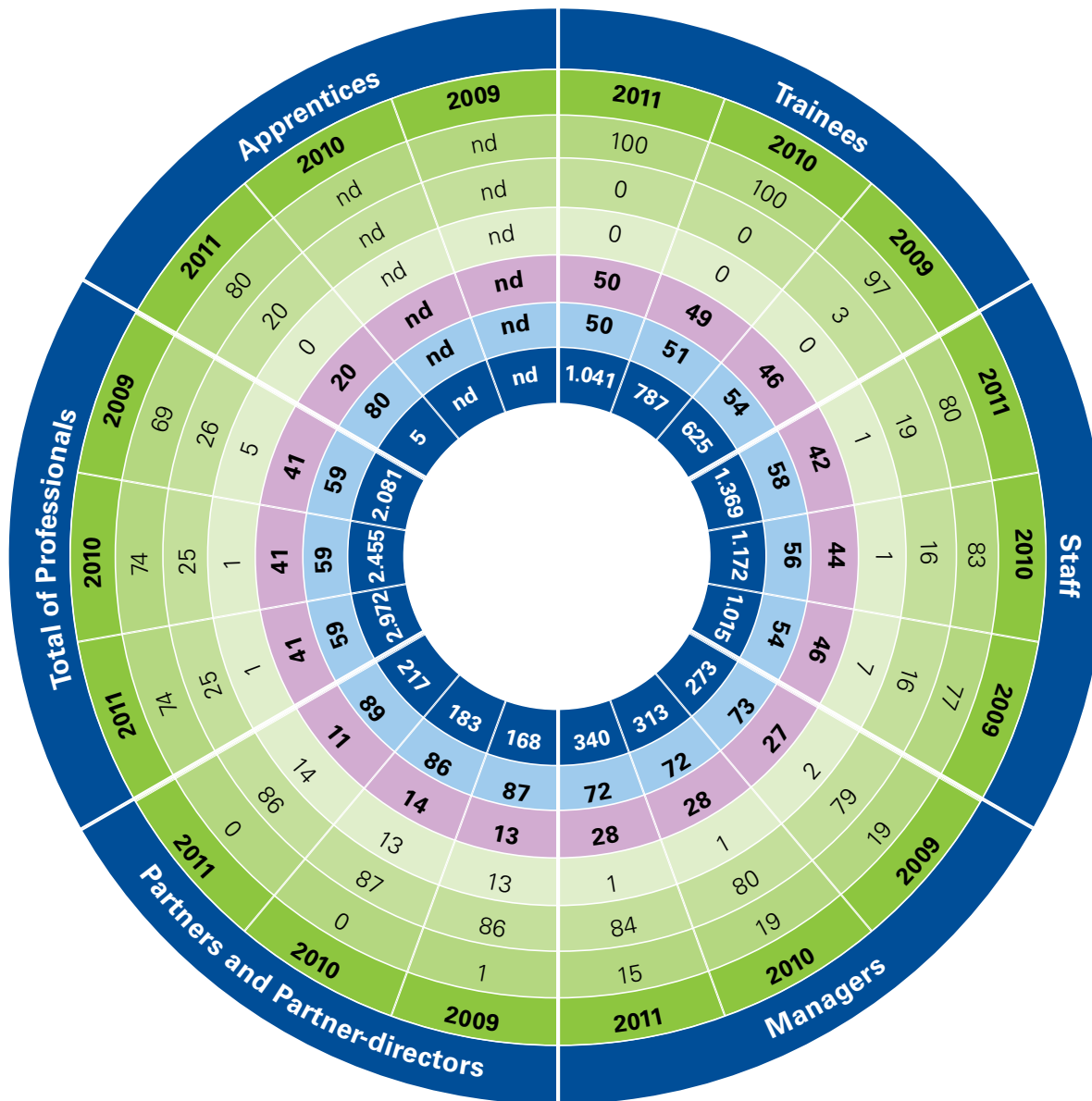


KPMG Professionals – Administrative Team
(by gender and by age)

- Administrative Team
- Year
- Up to 30 (%)
- From 30 to 50 (%)
- Above 50 (%)
- Female (%)
- Male (%)
- Total (number)

We have improved the data collected in 2011, including the category "Apprentice". In previous years, the Apprentices were included to the category staff.

Obs.: The purpose of dividing our professionals between "technical team" and "administrative team" is to provide clear information on the number of professionals directly related to our core business (technical team).



KPMG Professionals – Technical team
(by gender and by age)

- Technical team
- Year
- Up to 30 (%)
- From 30 to 50 (%)
- Above 50 (%)
- Female (%)
- Male (%)
- Total (number)

We have improved the data collected in 2011, including the category "Apprentice". In previous years, the Apprentices were included to the category staff.

Obs.: The purpose of dividing our professionals between "technical team" and "administrative team" is to provide clear information on the number of professionals directly related to our core business (technical team).

In 2011, 46 PCDs were employed by KPMG, being 29 administrative staff (one in a management position and 28 as staff) and 17 as technical staff

Composition of the Inklusão Group

- Marcela Navarro (RH)
- Monique Leme (RH)
- Tatiana Gouveia (RH)
- Adélia Belo (L&D)
- Braulio Fernandes (KC)
- Lucimara Vieira (Programação)
- Keli Castro (Marketing)
- Eliete Ribeiro (Tax)
- Eliane Momesso (Cidadania Corporativa)
- Patrícia Molino (P&T)
- Renata Greb (Audit – RM)
- Roberto Coelho (IT)
- Ronaldo Rodrigues (IE Compras)
- Marilda Soares (RH – RJ)
- Marcos Boscolo (Audit G1)
- João Alouche (Audit G2)
- Glecy Romito (BPO)
- André Bibo (Pool)
- Marcos Aguirre (BDM)
- Luiz Renato Guimarães Pereira (T&R))

The **Inklusão Group**, provides continuity to our program to encourage diversity. One of our challenges has been contracting individuals with disabilities (PCDs). There is a clear difficulty on the Brazilian market in relation to qualified labor, and this is an even more sensitive issue when we talk about PCDs, either because of structure, conjectural or cultural questions in Brazil. Consequently, the majority of the individuals contracted have been in the administrative area.

As part of the process for preparing and offering opportunities to these individuals, we started the first personalized trainee program for individuals with disabilities (PCD). Our selection and recruitment process was adapted to meet the special needs of each candidate and we contracted nine trainees.

In addition, for 2011, we anticipated a pilot program to train these individuals. Difficulties in the design and operating of the program has alerted us to the need for a partnership with the Employee Support Center (CAT –São Paulo Local Authority) to adjust the training program and the availability of vacancies, which resulted in postponing the pilot program to 2012, with the goal to prepare and contract 12 professionals.

To assist in the integration of PCDs, we launched the coexistence manual for the internal public, highlighting appropriate ways to behave. We launched information on intranet, through institutional videos and internal magazines. Our infrastructure area has made all of the adaptations necessary to meet accessibility criteria, working to ensure that professionals who have some form of limitation are not impaired in their work (for example: voice software for visual impairments).

As opinion formers, we have published this subject in social networks and external publications such as the Magazine Sentidos and Reatech. In addition, we support the Technology Fair for Rehabilitating Individuals with Disabilities and the Overcoming Parade, (Passeata Movimento Superação), and the first Festival for Social Projects for the Minstrels Workshops from the Lauro Gomes Theatre in São Paulo, whose cast is made up exclusively of individuals with disabilities, and as a result, these individuals can train and develop other professions of their interest.

Of all of the independent entities that operate under the name KPMG in Brazil, only one does not meet the quota determined by legislation in force, for which we signed a Term of Conduct Adjustment, with the Ministry of Employment establishing an action plan to address this question and increase the hiring of these individuals.

PCDs		
	2011	2010
Administrative	29	30
Technical	17	1
TOTAL	46	31



KPMG supports UNO's eight Millennium Development Goals. Globally, we focus our actions on the first three of these: eradication of extreme poverty and hunger; universal access to primary education; promote gender equality and women empowerment. **GRI 4.12**

With respect to the third objective, we have encouraged conditions that contribute to a more flexible and inclusive working environment, which enables the professional development of women and their promotion to leadership positions within our organization. In Brazil, we currently have 24% of women holding positions of manager, partner-director and partner. KPMG International has a goal to reach 25% of women in leadership positions in the member firms, by 2015.

KNOW – KPMG's Network of Women in Brazil has worked to encourage this evolution. The contributions made by the group, include the monthly meetings with leaders, the coaching program, lactation center, reforming the maternity policy – from pregnancy until the child has completed one year –, external debates and events with female leaders and also the participation of KPMG in the movement +Mulher 360 and also in the Brazilian Network of Women Leaders for Sustainability.

KINIOIW
KPMG'S NETWORK OF WOMEN

The mission of this Group of Women is to **“encourage the structured professional development**, with greater retention of women in the Organization, seeking conditions compatible with **career opportunities**, providing resources to encourage them on their path towards **personal and professional achievement”**.

Local hiring

GRI EC7

Promoting professional and personal development is fundamental for KPMG in Brazil. This is evident when we observe professionals who hold the most senior positions in the Organization and who joined KPMG at the start of their careers, and have gone through a continual growth process until they became partners.

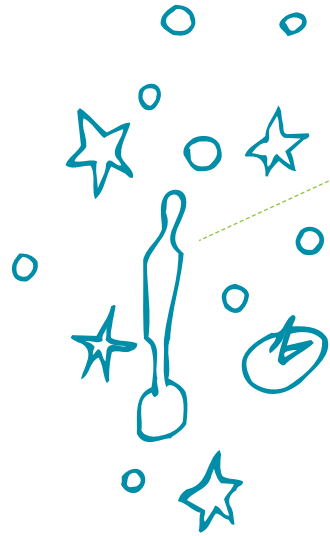
This type of incentive is extremely important for KPMG, since it guarantees a team that is committed to the Organization's objectives and growth. We also encourage local talent, placing regional interests as a focus in our business.

93% of our partners and partner-directors are Brazilians

Local hiring

Local	Total partners and partner-directors			Partners and partner-directors who work in the States where they were born					
	Absolute numbers			Absolute numbers			Percentage		
	2011	2010	2009	2011	2010	2009	2011	2010	2009
State São Paulo*	181	143	137	135	101	92	75%	71%	67%
State Rio de Janeiro*	34	24	22	22	17	16	65%	71%	72%
Other states*	28	21	21	11	8	8	39%	38%	38%
Total in Brazil	243	188	180	226	172	161	93%	91%	89%

*São Paulo and Rio de Janeiro are the states with the highest number of partners and partner-directors in Brazil, which is why we have presented the indices between three categories: State of São Paulo, State of Rio de Janeiro and other States.



Within the Brazilian context, particularly, we play an important role in developing talent

Quality services

Learning and development

The Learning and Development programs are the focus of our investments and go beyond the professional regulations for continued education, encouraging graduate, post graduate and specialized courses, language courses, behavioral training, exchange programs (KPMG Mobility Program) and a variety of technical courses.

Educational level of KPMG professionals in 2011

	Number	Percentual
Higher or university education	3,726	97.3
High school /elementary schooling	95	2.5
Technology	9	0.2
Total professionals	3,830	100.0

KPMG Business School is responsible for the planning and development program. In São Paulo, we have a Training Center where we concentrate the activities of learning and development, facilitating access and reducing costs. However, with the increased number of offices in other regions, we are studying the possibility of having other training centers in Brazil.

Our training is segmented in order to develop different skills and abilities:

Corporate: compulsory for all professionals, develops behavioral skills, teaches corporate norms and policies, such as Risk Management, Ethics & Independence and Data Privacy.

Core training: compulsory for all professionals, and consists of the training necessary to develop the technical knowledge and skills, by activity area, and to develop the standard of excellence in providing services.

Professional training course: teaches the concepts related to the methodology for performing services in each professional area.

Specialization course: develops specific issues, recommended by leaders, according to professional requirements.

Total investment in Learning and Development

	2011	2010	2009
Time (thousand hours)	366	285	305
Financial (R\$ million)	24.9	23.0	21.7
a) Specific investments in technical and behavioral skills	10.5	10.9	8.5
b) Investments in graduate, post-graduate, language courses, exchange programs and other	14.4	12.1	13.2

Policy for continual professional education

According to the Federal Accounting Council (CFC), all technical professionals have to complete the Continued Education Program, where they receive the compulsory 40 hours of training per year – completing a minimum of 120 hours in three years - in order to guarantee the continuity of the learning process, and ensuring our professionals are up to date and aware of the technical procedures essential for the quality of our services.

KPMG is committed to fulfilling the program and creating opportunities to maintain a team of excellence and high performance, and thus goes beyond what is required: **our professionals received an average of 95 hours training in 2011**, besides this, we voluntarily extended the rule for continued education to our professionals from the administrative area.

Virtual class is a new technological teaching platform, which makes learning more accessible and dynamic. It has been implemented in the Asia Pacific region (ASPAC) and since January 2012, it has been used in Brazil for specific training

GRI 4.7 | LA10

Hours invested in Learning and Development – KPMG Professionals

	2011			2010			2009		
	Hours	People	Average	Hours	People	Average	Hours	People	Average
Technical team									
Apprentice	509	5	102	N/D	N/D	N/D	N/D	N/D	N/D
<i>Trainee</i>	106,480	1,041	102	124,876	787	159	111,367	625	177
Staff	135,656	1,369	99	98,676	1,172	84	118,519	1,015	117
Manager	37,116	340	109	30,479	313	97	36,538	273	134
Partner and Partner-director	25,422	217	117	18,218	183	194	18,462	168	219
Subtotal Technical team	305,182	2,972	103	272,198	2,454	111	283,886	2,081	136
Administrative team									
Apprentice	1,019	16	64	N/D	N/D	N/D	N/D	N/D	N/D
<i>Trainee</i>	3,876	70	55	0	0	0	96	1	96
Staff	42,157	668	63	11,111	209	53	19,303	247	78
Manager	8,293	78	106	1,142	14	82	1,275	15	85
Partner and Partner-director	5,117	26	197	426	5	85	930	12	150
Subtotal Administrative team	60,462	858	70	12,730	229	56	21,604	275	79
Total	365,644	3,830	95	284,928	2,683	106	305,490	2,356	130

We have improved the data collected in 2011, including the category "Apprentice". In previous years, the Apprentices were included to the category staff.



KPMG is a global organization, and a lot of our professionals have global experience: approximately 2,200 individuals participate in the exchange program with more than 80 countries, every year

Annual Trainee Program

We want to develop young professionals, consequently, we make a significant investment in our Annual Trainee Program, which aims to attract, contract and train excellent talent on the market. In 2011 approximately **38 thousand** candidates participated in the selection process, and **714** were hired.

All trainees have to complete an intensive training program before starting to work in the business areas, with the program for audit trainees comprising 172 hours. The objective is to develop our main principles and standards of quality, as well as developing our values within the context of corporate citizenship.

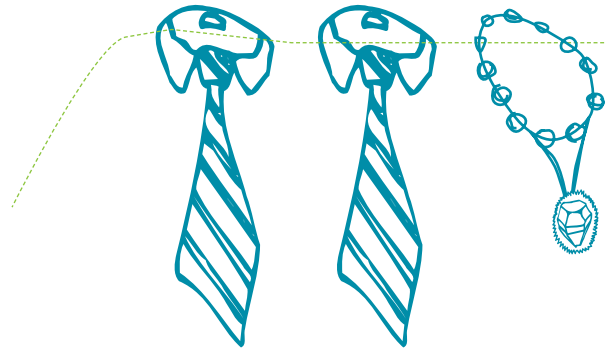
KPMG Annual Trainee Program		
2011	2010	2009
714	437	274

Mobility and Exchange

We want our professionals to have a global mindset and a forward-thinking. We want them to reach their full potential and be able to develop their careers. The exchange of knowledge with professional practices abroad is part of the Learning and Development program. Through the Mobility

Program, it is possible to implement exchanges between the KPMG International member firms, with the opportunity to learn different languages and cultures, and obtain an important understanding of our global structure, our values and our services.

Mobility Program				
Program	Duration	Professional participants		
		2011	2010	2009
Global Opportunities	1 to 3 years	21	6	26
Global Internship Program	1 month	8	7	1
Tax Trek	3 months	4	5	7



Partner Development Program (PDS)

Public: involves 100% of partners in three years (2010 to 2012).

Academic / FDC: supported by a renown university, the pillar consists of six modules that cover themes such as innovation, business management, international business, leadership, people management, sustainability and corporate responsibility.

Individual / LALDP: structured by a consulting company specialized in developing top leadership, includes subjects such as leadership style, KPMG strategy, communication, amongst others.

Developing Leadership

GRI 4.7

As part of the succession process for our main executives, we implement specific learning and development programs for leadership, which prepare our professionals for their future responsibilities. The main programs in this context are the **Chairman 75** and the Partner Development Program (PDS).

Chairman 75 Program

Public: 75 partners from KPMG worldwide with the perspective of assuming leadership positions.

Duration: 18 months.

Dynamic: quarterly meetings, lasting three days, during which the participants interact with external consultants, CEOs from other companies and other leaders from KPMG, debating relevant issues and leadership responsibilities.

Assessment and feedback

GRI 4.10 | LA12

Our global career development policy is based on the principles of merit and equal opportunities. For such, we have counseling and annual performance assessments, to enable our professionals to accompany their performance, identify positive points and improve technical or behavioral aspects. Through the promotions, we recognize our professionals and their contribution to our business and make feasible our career and succession plan.

With respect to access to top leadership, the professionals who report excellent performance are indicated to become members of the company. They are assessed and interviewed by an external consulting firm and then by members of the Executive Committee in Brazil, as well as senior partners from KPMG International.

Number of promotions

	2011	2010	2009
Staff	1,872	1,059	1,080
Staff to manager	106	90	48
Manager to senior manager	78	49	28
Senior manager to partner-director	26	25	8
Partner-director to partner	13	17	8
Total	2,095	1,240	1,172

Assessment and feedback tools

1. Dialogue

- **Participation during the period:** 96% of the professionals, excluding apprentices, temporary staff and outsourced workers. In 2010 and 2009, participation was 73% and 85%, respectively.
- **Three stages:** Goal Setting (establish corporate and individual goals), Interim Review (assessment and re-establish objectives) and Year End review (final assessment of objectives established for the year).
- Validation of performance manager (Professional responsible for accompanying and orientating another professional's career).
- Include corporate and eco-efficient goals, as detailed in the sub-title Corporate Citizenship/Environment.

2. 360° Assessment

- **Participation during the period:** 91% of target public (partners, partners-directors and managers). In 2010 and 2009, participation was 96% and 100%, respectively.
- Involves assessment by superiors, peers, subordinates and internal clients.

Remuneration

GRI EC5

Periodic research into the four largest companies from the sector and mapping of market practices act as our reference for remunerating our professionals.

Promotions and salary evolutions are defined based on the results of performance assessments. Compared to the national minimum salary, the salaries paid by KPMG during this period were at least 29% higher for the administrative team and 38% higher for the technical team.

Another important incentive is the Profit Sharing Program (PPL), which assesses the goals from the Dialogue system and the results of the Organization, business unit and the professional, throughout the year.

In the case of partners, including the Chairman, the same principles are adopted and remuneration is aligned to the profitability of the business and the performance assessments, as well as the strategic and socio-environmental goals, with the latter being educational. **GRI 4.5**

Relation between the lowest salary at KPMG and the minimum national salary

Technical team

Office (important operational unit)	2011	2010	2009
São Paulo	38%	122%	125%
Rio de Janeiro	128%	155%	126%
Other units	132%	116%	137%

Administrative team

Office (important operational unit)	2011	2010	2009
São Paulo	29%	27%	35%
Rio de Janeiro	35%	57%	55%
Other units	69%	18%	35%

The data for 2009 and 2010 was recalculated based on the minimum national salary for greater clarity and consistency.



Our vision acts as a guideline for us to develop and consider our professionals, to ensure they reach their full potential

Focus on the Individual

GRI LA3

By creating the conditions that enable our professionals to develop and obtain professional and personal satisfaction, we provide our services with excellence and create value for our clients. This is a central question to KPMG, because people and business form an inseparable link.

Benefits

Benefit	Public benefited
Gym	All professionals
Medical assistance	All professionals
Dental assistance	All professionals
Crèche assistance	Local collective agreement – mothers with children aged up to 7 and fathers who have custody of children
Sickness assistance	All professionals – according to local collective agreement
Annual medical Check-up	Partners and partners-directors
Parking	In São Paulo, as from analyst and consultant level (technical areas) and analyst and senior consultant level (administrative area)
Incentive for post graduate courses	As from manager level
Language course	All professionals
Financial incentive for professionals fluent in English, Spanish or Japanese	All professionals from the technical area who provide evidence of fluency
Life insurance	All professionals
Payroll loans	All professionals after 12 months employed according to CLT system
Subsidy for fees to professional organizations (registration Fees, transfers and annuity)	All professionals
KPMG Prev (complementary retirement plan)	All professionals employed under CLT system
Profit sharing program (PPL)	All professionals employed under CLT system
Meal subsidies	All professionals – local value
Wedding gift	All professionals – after 12 months employed according to CLT system
Transport tickets	All professionals
Incentive for graduate courses	All professionals

Health and quality of life

Through the MyLife Program, we encourage healthy habits, well being and care of body and mind in our team members, which is then reflected in our business.



Culture and Entertainment

we promote various cultural and entertainment events, such as special programs, options and discounts at artistic and cultural events. Besides being entertaining and relaxing, contact with art and music, in its various forms, is an activity that increases perceptions, sensitivity and intelligence.



Health

we promote awareness campaigns, prevention, vaccinations, health tips, and plans with gyms. During the busy season we have developed a campaign with tips available on intranet and communications on how to avoid stress, and we also offer free quick massage sessions at the São Paulo and Rio de Janeiro offices.



Facilities

we offer services that facilitate the daily routine of our professionals, such as partnerships with restaurants, shops, hairdressers and others. We have also created a "classified" section, where they can announce the purchase and sale of goods and services.

Efficiency project

This was created in 2009, for the purpose of **assisting audit professionals** to apply the KPMG methodology in the most efficient way, optimizing the time dedicated to projects without affecting the final quality and encouraging a **greater balance between professional and personal life**. The goal is to make the **Efficiency Project** available to all of the audit team by 2011 was achieved.

Internal environment

Organizational climate

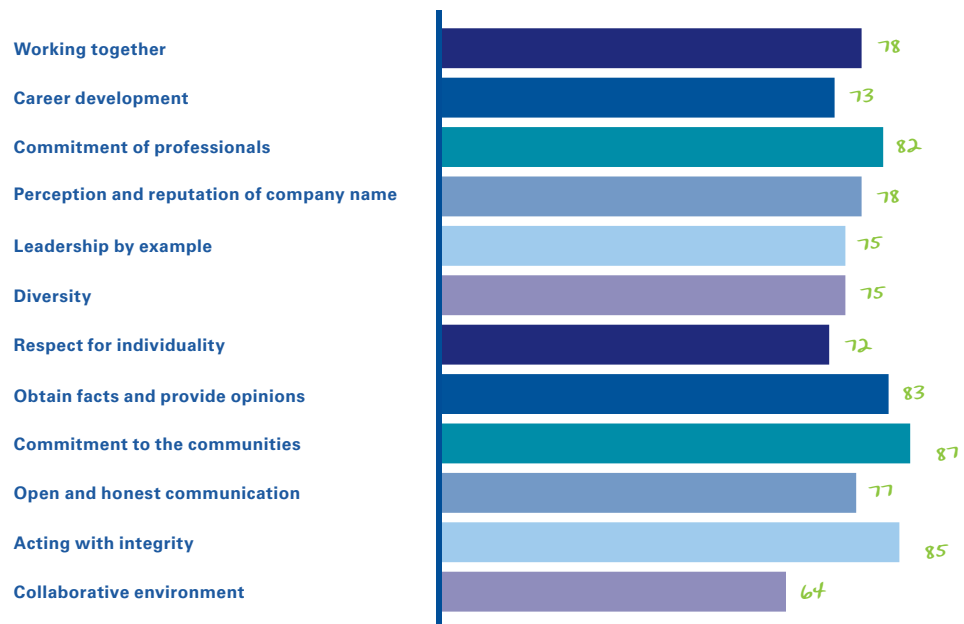
The organizational climate is one of the essential factors that enables us to retain talent and achieve our strategic object to be considered as one of the best companies to work for. The management of the organizational climate at KPMG is a continual improvement process, consequently, every two years we implement the **Global People Survey (GPS)** which measures the motivation and satisfaction of our team.

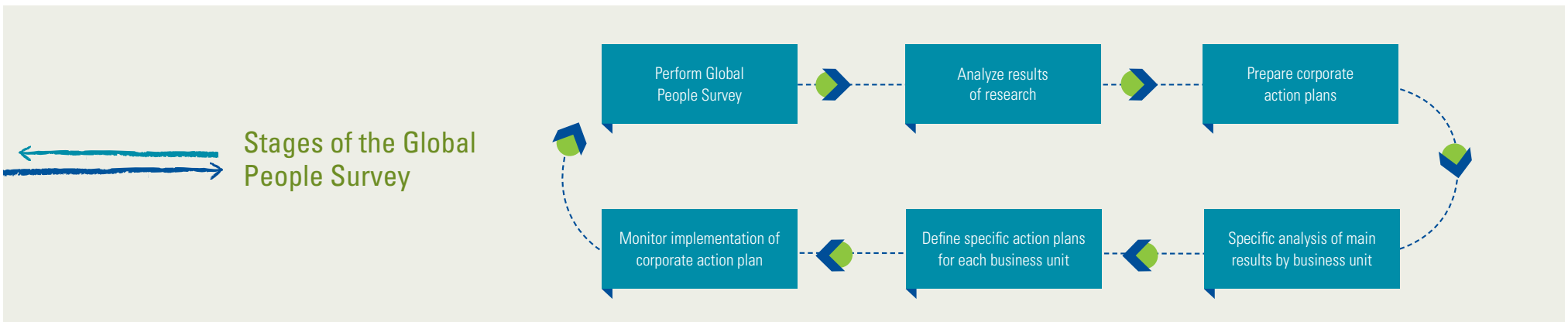
Each area, leaders and respective business partners (Human Resources) design specific action plans for their reality, aimed at improving these indices. The global People, Performance and Culture (PPC) team is redesigning our research, to ensure it continues to be effective and up to date, accompanying and monitoring the most significant questions for our professionals.

The new version of the GPS is programmed to be applied at the beginning of the corporate year 2012-2013. Nevertheless, to enable us to assess how we are progressing compared to our actions plans derived from the previous GPS, in March 2012, KPMG International will implement a sample called **Pulse**, with results from individual member firms, based on the redesigned indicators.

Results of the Global People Survey – Brazil 2010

(Satisfaction percentage – Scale of 0 to 100)





Corporate citizenship

GRI EC8

Corporate Citizenship derives from KPMG's vision and values, and thus influences our strategy, our choices and our relationships with our stakeholders. We believe that business has a unique role and can contribute to resolve complex world problems, and that responsible practices and business help to encourage sustainable development.

Although our stakeholders have prioritized other themes, they are also interested in understanding the positive impacts generated by KPMG at the places where it works, and which go beyond the intrinsic benefits generated from its services. And it is this issue we consider in this topic.

KPMG in Brazil works to construct transparency and trust on the market through the accuracy of our financial reports, and by assisting companies to improve their management systems. We are aware that there is still room to advance in the direction of our vision, leveraging the potential of our communities, KPMG International has assumed certain commitments that help us on this journey.

Our role in society is defined by the services that we provide and the way we get involved in the communities in which we work



"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".

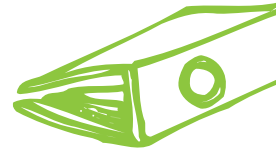
Lord Hastings of Scarisbrick, CBE
Global Head of Citizenship KPMG International

Corporate Citizenship in Brazil – Strategy

Since 2003, KPMG International has been a signatory to the **United Nations Global Compact** and annually presents its Communication on Progress report to this organization. By being a signatory to the Pact it extends to its member firms the commitment to its ten principles that cover four main areas: Human Rights, Labor Rights, Environment and Anticorruption Measures. KPMG International has also adopted the **UNO's eight Millennium Development Goals**.

These two external commitments act as guides for the operational strategy at all of the member firms worldwide, potentializing the positive impacts that are placed in practice through two of **KPMG International's global programs**: the **Global Development Initiative**, which deals with questions related to development and social justice and the **Global Green Initiative**, which addresses questions related to the environment and climate changes.

The International Directory of Corporate Citizenship at KPMG International are responsible for defining, organizing and encouraging the guidelines and accompanying the performance of sustainability practices at the member firms. The decisions regarding actions, however, remain with the member firms which, based on the global guidelines, design their action plan adapted to their local realities.



Education

Develop at schools and universities the ability to determine the progress of skills and the potentials of adolescents and children, as well as helping to build business and community cohesion.

Development

Invest in social justice and build sustainable enterprises at the communities where we operate, based on the Millennium Development Goals.



Environment and climate changes

Invest in the responsible use of energy, act with groups of leaders to deal with questions such as climate changes and scarcity of water and foods and work to make the internal public more conscious of adopting sustainable behavior.



KPMG in Brazil has been increasingly committed and collaborative. Through a reflective process and a more integrated vision, it has observed the connection between sustainability and its business and understood how to potentialize its positive impacts and minimize the negative impacts arising from its actions, both on society and environment.

In Brazil, **R\$ 2.2 million** was invested in the community during this period. Our main initiatives are presented in the following pages and have been divided between three fundamental strategies for Corporate Citizenship in Brazil: **Education, Development** and **Environment**. It is worth noting, however, that the initiatives are transversal, i.e., they can be reported in any of these pillars, but they also have a positive impact on the others.

As a result of its **effective engagement with the Global Compact** and with various **United Nations Organization (UNO)** initiatives aimed at influencing public policies in the search for equality, **in January 2011, KPMG International was invited to be a member of LEAD**, a platform for corporate sustainability leadership, **launched at the World Economic Forum**, in Davos. For more information access: <http://www.unglobalcompact.org/HowToParticipate/Lead/index.html>

Education

Education is an essential factor for our business, and also for the development of Brazil. Leverage of the full potential of the communities involves training and developing the skills of individuals. Consequently, we intend to work together with schools, universities and NGOs to strengthen the skills of children and young adults. In practice, this support is also provided through projects that are detailed below.

Little Citizen Project

What is it: program that offers a cycle of four years supplementary educational activities, medical and nutritional supervision, daily meals and sports activities.

Public: 220 children, aged between 10 and 14, from needy neighborhoods in São Carlos (SP), a city where we have one of our offices.

Objective: encourage self esteem, strengthen family ties and develop the intellect of the students.

Investment: R\$667 thousand by KPMG, besides the support from São Paulo University (USP), which offers the infra-structure for the Project at the São Carlos and FUSP campus, which manages the project's resources.

Involvement of KPMG professionals: participation during the visits from the project to the KPMG offices in São Carlos e São Paulo, and at the project's commemorative events. KPMG also accompanies the development of the Project and acts as advisor together with the pedagogical and coordination teams, in order to improve the programs. The professionals from São Carlos also audit the Project accounts.

Statistics for Little Citizen Project – 1996 to 2011

Children attended	2,300
Individuals attended indirectly (families)	11,500
Art and education activities (hours - class)	22,460
Sports activities (hours - class)	37,507
Library activities and digital inclusion – inauguration of library in 2000 (hours - class)	6,775
Lending of books and issues from the library	24,738
Additional tutoring activities – research groups (hours - class)	11,465
Dental consultations	2,247
Meals served	827,994
Referral of adolescents trained in vocational courses	361



Bessan Award

This consists of a study grant for high school given to the students who obtained the best results during the Little Citizen Project. In 2011, four students received grants and the investment was approximately R\$40 thousand.

Apprentice Nucleus

This is a pilot program to be implanted as from 2012, and was created to complement the support to adolescents graduating from the Little Citizen Project when they reached the age of 14. The Project, in partnership with Sesi and Senac will offer these adolescents the opportunity to continue to be involved with the Project for another year, and will receive complementary courses offered by these institutions, which will provide them with information on the employment market, attitudes during interviews and employment related subjects.

Students in Free Enterprise (SIFE)

What is it: a non for profit, global institution, which encourages undergraduates to use their knowledge and entrepreneur skills to develop social-educational programs that benefit the communities, with sustainability and the empowering of these communities acting as the criteria for these projects.

Investment: R\$50 thousand.

Involvement of KPMG professionals: participation of KPMG professionals in the Board of Directors, audit of the results from the National Championship and advising teams when requested.



In addition, the winning team receives three air tickets so they can represent SIFE Brazil in the SIFE World Cup, held annually in a different country. KPMG International will be the official sponsor of the international event from 2012-2014, and various member firms throughout the world support SIFE locally.

Junior Achievement

What is it: an organization focused on practical education about the economy and business, that aims to encourage an enterprising spirit, stimulate personal development and facilitate access to the employment market.

Investment: R\$127 thousand.

KPMG in Brazil's Involvement: KPMG's involvement with Junior Achievement (JA) began in 2002. This involvement became more intense as from 2009, when KPMG became one of the national sponsors of JA, and started to encourage its professionals to be volunteers in introducing the project in public schools. In the medium term, we hope to engage all of the KPMG offices in this initiative; for 2011 we achieved the goal of engaging five new offices.

We ended the year with ten offices participating and 97 volunteers applying the programs Mini-company, Let's Talk About Ethics, Personal Economy, The Advantages of Remaining at School and an Introduction to the Business World, which benefited 1553 students throughout Brazil. For 2012, the goal is to include three new offices in the volunteer program.





Bio-diversity in your rucksack – WWF Brazil

GRI S05

What is it: a pilot program for environmental education on the Cerrado biome with involvement from public school teachers in Pirenópolis, Goiás and specialists from the WWF. The program will last for three years and has the potential to benefit **5 thousand students** from public schools each year.

Investment of KPMG in Brazil during this period will be approximately R\$380 thousand. In 2011 the investment was R\$98 thousand.

Uniética

KPMG is one of the sponsors of this event that is implemented by the Ethics in Business Brazilian Institute. Uniética encourages ethics, social responsibility, transparency and sustainability by university undergraduates throughout Brazil. The event involves approximately 200 students who actually participate, and approximately twenty thousand students who watch the event virtually.

Investment: R\$18 thousand.

Book – *Earth and the Human Element*

This was the first of four volumes from the series Earth, Air, Water and Fire – Sustainability of the four elements of nature, published in 2011. The book is given as a gift to clients at the year-end, and was selected by the Marketing area for cultural investment.

Investment: R\$185 thousand.

Açúcar de Piracicaba Museum – São Paulo

In addition to the historic and pedagogical aspects, the restoration and architectonic adaptation of Engenho Central (Machine Center), transforming it into the Sugar Museum, will provide the community with access to extraordinary cultural and educational resources. The initiative was taken by the Instituto Brasil Leitor and made feasible through cultural support from KPMG in Brazil.

Investment: R\$100 thousand.

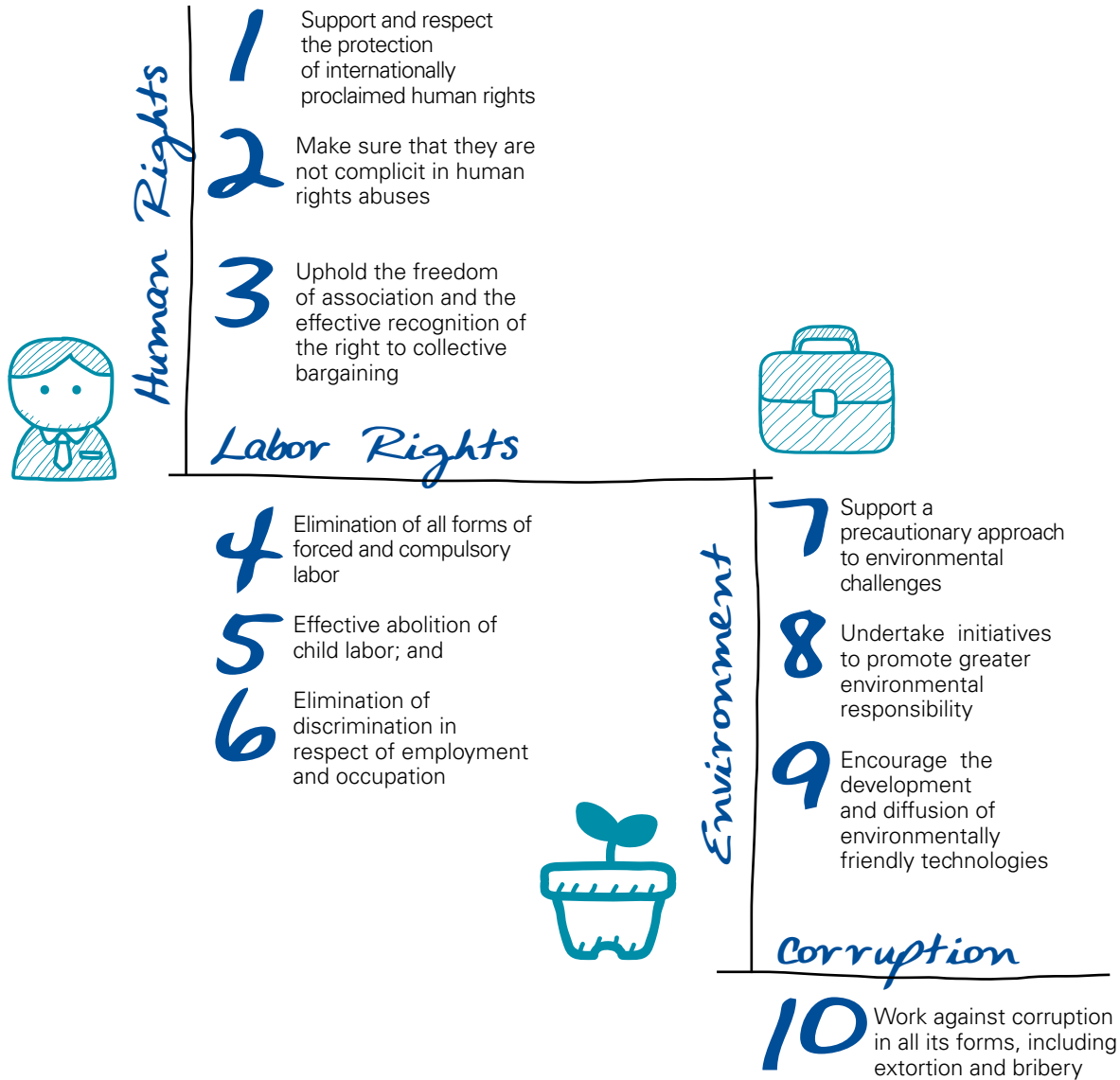
Development

KPMG's **Global Development Initiative (GDI)** is the basis for our activities for this Development Pillar, since it focuses on promoting and making feasible sustainable enterprises. Our global guideline helps us to view big challenges through the lens of opportunity and based on our professional skills placed in practice throughout the world, collaborates to achieve the **Development Objectives for the Millennium**. Our global efforts are directed, above all, towards the first three objectives.

The eight Millennium Development Goals are the initiative of the United Nations, aimed at encouraging people and companies to act in favor of positive changes in their local communities (www.pnud.org.br/odm). KPMG reinforces its commitment to this development by participating in two other initiatives: the **World Economic Forum**, which unites business and political leaders, intellectuals and journalists to discuss and find solutions to the more urgent questions faced worldwide and **The United Nations Global Compact**, a platform with the ten principles to be adopted by organizations committed to sustainability and to responsible business practices in the labor, environment, human rights and anti-corruption areas.



Principles of The United Nations Global Compact



In Brazil, our way of collaborating towards development and improving the conditions of our communities is through the following initiatives:

Providing pro bono services or compensation

GRI EC8

Putting our skills into practice and transforming our knowledge into value in the communities is the way that KPMG can best contribute towards developing solutions and sustainable enterprises.

Our audit and advisory services in the form of pro bono/compensation work¹ fulfills this role in not for profit organizations from the third sector in various Brazilian cities, providing professionalism and the credibility and transparency necessary for the financial statements of these organizations, thus providing them with better conditions to ensure the continuity of their operations and services in the various segments and communities in which they operate.

¹ Services provided to NGO and non profit making institutions. The amount for the services provided is paid by the Corporate Citizenship team to the KPMG area responsible for the rendered service and the organization benefited accepts to undertake an action previously agreed as compensation for the services provided.

Companies from the third sector benefiting from pro Bono/compensation services

- Ação Comunitária – São Paulo (R\$ 42 thousand)
- Portal Dajuda Association – São Paulo (R\$ 12 thousand)
- Saúde Criança Renascer Association – Goiânia (R\$ 34 thousand)
- Gol de Letra Foundation – São Paulo and Rio de Janeiro (R\$ 45 thousand)
- OSESP Foundation – São Paulo (R\$ 200 thousand)
- ABCD Institute – São Paulo (R\$ 21 thousand)
- Ethos Institute – São Paulo (R\$ 80 thousand)
- Ling Institute – Porto Alegre (R\$ 15 thousand)
- 41st Winter Festival in Campos do Jordão – Santa Marcelina (\$ 26 thousand)
- IBEF Ceará – Prêmio Equilibrista (R\$ 14 thousand)

This work is subject to the standard procedures for acceptance of any client, and the same methodology, and therefore assure the same quality and independence.

Since 2007, we have accumulated 7,760 hours from providing services of this nature. In 2011, 1,260 service hours, estimated at R\$490 thousand, were provided to institutions from the third sector.

Private social investment

Unicef: KPMG supported the Monitoring and Assessment area of UNICEF to produce technical and research material, such as: production of information derived from PNAD 2010 and the preliminary results of the Demographic Census; organization of the separate information in software; refined data on HIV/ AIDS; data on indigenous community population.

The on-line system developed will help to understand the context of each Brazilian region, and can be accessed by non government organizations (NGOs) and the public in general via Unicef's webpage.

Investment: R\$50 thousand.

Millennium Villages: the Project consists of various international partnerships, including KPMG International and 14 of its member firms, including Brazil. It consists of finding solutions for developing ten sub-Saharan cities in Africa.

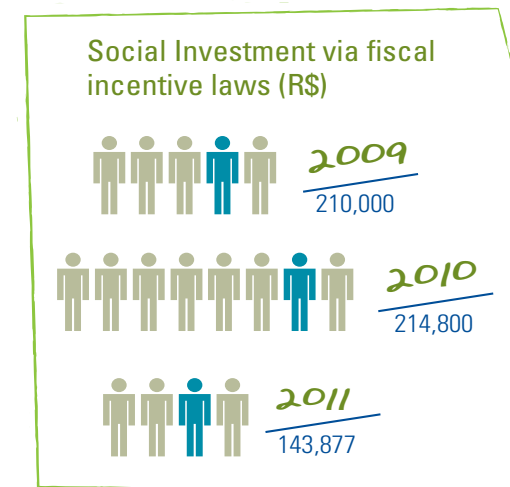
The project will last for five years, during which it will work towards empowering the local community, to enable it to become sustainable, generating solutions that address problems such as hunger, illnesses and illiteracy, amongst others. Investment by KPMG in Brazil: USD 5 thousand/ year, during three years. Initial Investment in 2011 of approximately R\$8 thousand.

Social investment through fiscal incentive laws (IRPJ)

GRI EC4

KPMG is abreast of the opportunities offered by the Government to encourage the allocation of resources to institutions that offer services to the community.

Every year we assess social and cultural projects that are aligned with our Corporate Citizenship and Marketing strategies and which can receive benefits.



Quero-Quero Project

Encourages actions in favor of cultural, social, psychological, cognitive and affective development of 180 children and adolescents from needy neighborhoods in Campinas. The project develops a sense of responsibility and improves the quality of life of these children.

Support: R\$5 thousand via Rouanet Fumcad/FIA Law and R\$8 thousand via private social investment.

Fight for Peace Institute

Encourages sports and educational activities for children and young adults aged between 7 and 25, at the Maré complex (Rio de Janeiro/RJ), encouraging social inclusion, psychological and social support, stimulating leadership and preparing them for the employment market.

Support: R\$21 thousand through the Sports Incentive Law

Ponto a Ponto Project

This project produces a publication in Braille, the Point to Point Bulletin, with transcription of newspaper articles, magazines and other themes for the public with visual impairments.

Support: R\$35 thousand through the Rouanet Law

Evita

Dance Show from the 2011 Season at the Alfa Theater. Supports culture and the possibility of an exclusive show for client relations and prospects.

Support: R\$83 thousand paid via Rouanet law, and an investment from KPMG Marketing area for the amount of R\$167 thousand.

Volunteering

KPMG wishes to lead by example and create a network of multipliers in favor of social-environmental development. We encourage our professionals to become involved and offer volunteer work.

In addition to the voluntary work at the Junior Achievement programs, our professionals can also participate in two other activities that occur annually: **Trainees Challenge** and **KPMG in the Community**.

Trainees Challenge was launched in 2008 and is part of the trainee program for these new professionals. Since then, these professionals have been involved to meet a variety of needs within our communities, such as: donating blood, helping the elderly, adolescents and children, education, revitalizing common areas in public and private institutions, environmental awareness, amongst others.





“As a KPMG trainee, I am proud to participate, as an employee and citizen in this initiative.”
Gustavo Lopes Calil – Audit, DF

“I thought a lot about our bad habits... it was an excellent experience!”
Andressa Gomes Vieira – Audit, SP

KPMG Community Day is an action that involves professionals from all of the KPMG offices in Brazil, in citizenship actions to meet the specific needs identified in their communities.

Results of Trainees Challenge

	2011	2010	2009	2008
Total trainee participants	417	464	247	350
Total hours donated	1,734	3,918	2,438	3,360
Total public affected	indeterminate	1,623	1,605	1,718

Results of KPMG Community Day

	2011	2010
Volunteers engaged	493	409
Social institutions attended	21	22
People potentially benefited	1,200	1,200

Specific programs, emergencies and disasters relief

Devastating natural disasters occur throughout the world, affecting our people, our communities and our business. Our ability to mobilize and take action during these times of crisis can make a difference and offer comfort. Our technical skills can help in the management of the recovery process of the communities affected and bring long term benefits.

This system for planning the most appropriate action to be implemented in each situation, including combining two types of action, is performed by the Global Citizenship Leader from KPMG International.

In 2011, we faced some crisis situations, both internationally and locally. During the year, professionals from various offices also acted in specific situations. Presented beside are examples of our contributions in Brazil.

Results of the KPMG campaigns in Brazil

Approximately R\$19 thousand sent to the **Red Cross in Brazil** to be **sent to victims of the earthquake** following the tsunami in **Japan**. Of the total, R\$3,986.93 was donated by our professionals and R\$15.000,00 by KPMG. The support given by all of the KPMG International member firms amounted to more than US\$3 million.

R\$17 thousand donated by KPMG in Brazil to **UNICEF** to support the Horn of Africa region (Somalia, Djibouti, Ethiopia and Eritrea).

R\$8 thousand donated to **Turma da Sopa** by means of items such as blankets and food. Of this total, our professionals contributed R\$2.468,60. Turma da Sopa attends the homeless in situations of risk and interviews and refers drug addicts for detoxification treatment.

R\$8 thousand to the **Christmas Solidarity**, campaign R\$2,995.00 for the afternoon tea at the homes attended and R\$5,519.80 to purchase geriatric diapers.

R\$7 thousand invested in **KPMG Community Day**, as reimbursement to cover part of the expense of each of the coordinators and their teams for implementing the action at the NGO of their choice.

37 food baskets delivered to **Casa dos Velhinhos de Ondina Lobo** in the Stakeholder Engagement Project, as thanks to each stakeholder who agreed to participate in our consultations for materiality definition to our sustainability report.

Supplier management

GRI HR2

The service contracts and contracts with suppliers to provide essential materials for KPMG’s business, such as notebooks, are considered significant, given their strategic importance.

All of our service contracts include clauses requiring that the professionals employed by our suppliers are registered in accordance with CLT and aligned to the principles and conventions of the International Employment Organization.

Payment of these suppliers is dependent on presentation of monthly documents that provide evidence of the employment relationship. In 2011, no contract was refused due to a negative evaluation arising from violation of human rights.

In the case of purchases of materials, **our goal for 2012, is to include specific contractual clauses on Human Rights in the standard draft documents and in the documents requesting proposals from suppliers.** An international group, called Sustainable Procurement, is developing a Suppliers’ Code with basic guidelines that the KPMG International member firms can adopt.

Whenever possible, contracting and purchasing are made regionally, such as the case of paper and cleaning materials. Only the purchases of office supplies are centralized in São Paulo. As such, we aim to strengthen our commitment to developing local economies. **GRI EC6**

Percentage of budget for purchases from local suppliers

Office (important operational unit)	2011	2010	2009
São Paulo	98	93	89
Rio de Janeiro	95	99	94
Other offices	69	76	67

The data from 2009 and 2010 were recalculated, given the improvement in collecting the information. Calculation base: purchases by the Facility, Marketing and Infrastructure area.



Environment

Commitments and global goals

GRI EN18

Our Commitment to the Global Compact, specifically the principles 7, 8 and 9, reflect KPMG’s attitude in relation to environmental questions.

KPMG has a Global Center of Excellence in Climate Changes and Sustainable Services (CC&SS) to assist our clients, in this complex and changing environment in which we live, to understand not only the challenges, but also the opportunities that, when well managed, could provide competitive advantages in this transition to a more sustainable development model.

At the same time, KPMG has considered this internally, and in response to the challenges imposed by climate changes, in 2008 KPMG International launched the **Global Green Initiative (GGI)**, with one of its objectives being the reduction in the combined carbon footprint *per capita* of the member firms. In 2010, it reported a decrease of 29% compared to 2007, exceeding the goal established. A total of 42 member firms from KPMG International – including Brazil - participated in this report, which represent 85% of our personnel worldwide.

In 2011, **a new global goal was established: by the year 2015, we should achieve a 15% decrease in the combined carbon net emissions per capita of the member firms**, compared to 2010. This ambitious goal will be achieved through sustainable technologies, responsible travel, and the option for renewable energy and neutralization of our emissions, based on the purchase of certified reductions in emissions, particularly those that are available on markets regulated by the Kyoto protocol, as is the case of the European Union.

For KPMG in Brazil, our goal for 2012-2013, is to identify projects that have a carbon component, but which make a tangible contribution to the environment and society. We understand that carbon is an important item, but its contribution to sustainable development, in a clear and calculable form, is indispensable for purposes of assessing any investments to be made in projects.

Carbon footprint KPMG International member firms- 2010

29% reduction in net emissions *per capita*

20% reduction in net emissions

7% reduction in gross emissions

KPMG is the only company from its segment to participate in the Carbon Disclosure Project (CDP), and obtained a grade 80

In 2011, we launched our sustainability e-learning, which is available amongst the optional courses from our web-learning platform at KPMG Business School

The Environmental Policy in Brazil

Gestão EN/EN28

KPMG in Brazil is a company from the Audit, Tax and Advisory services segment, and environmental aspects are not material for its operations, and therefore, we have not incurred any judicial or non monetary sanctions as a result of environmental non compliance during the period covered by this report.

Nevertheless, KPMG is aware of its responsibilities and maintains a citizen approach, since it understands that it also has a role to play for a more balanced and fair development model. Thus, it has an environment policy and goals to reduce some indicators.

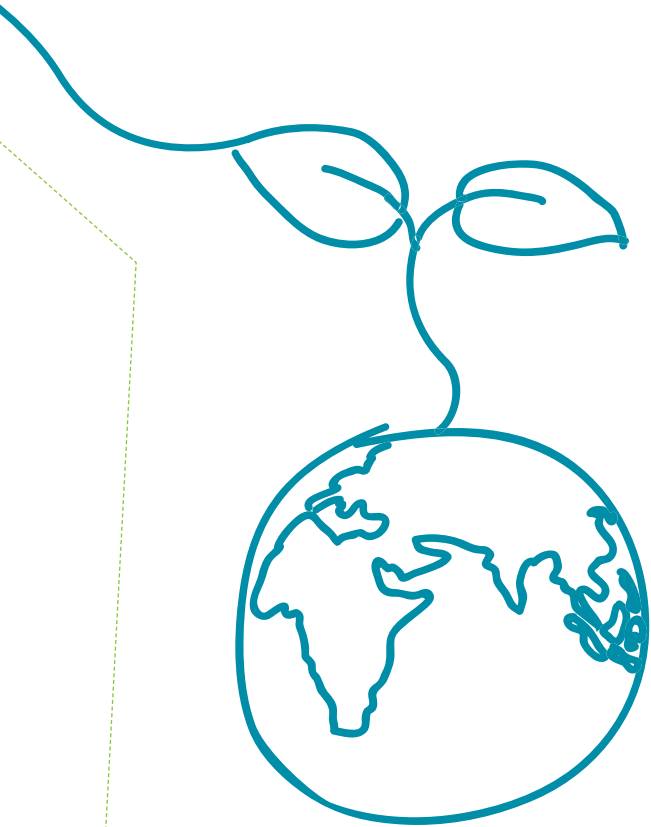
GGI is the basis for our local environmental policy, which defines our commitment to improve the environmental performance of our business through coordinated actions that reduce our carbon footprint emissions *per capita*, and focus on conscious consumption of natural resources and decreasing the generation of residues, as well as the challenge to have a positive influence on clients, professionals and the community. Thus, like our country, KPMG in Brazil is growing and extending its operations with offices in Brazil, which is the reason for the increase in total consumption of the majority of the indicators as it will be noted.

The results of our actions and our dilemmas are presented in this sub-item.

Local eco-efficiency goals

Indicator	Total 2010		Goal for 2012
	KPMG in Brazil	Per capita (FTE*)	as % of FTE
Disposable plastic cups/unit.	1,056,859	445	Maintain
Electricity/GJ	9,684	4	Maintain
Paper/sheets	10,614,400	4,467	reduce 5%
Water/Cubic meters	16,545	7	Maintain
Printed material/sheets	12,834,348	5,402	reduce 5%

*FTE = Full Time Equivalent, measure adopted by KPMG International to indicate the consumption *per capita*. Average employees for the calculation was provided by KPMGI.



Environmental Education

The environmental performance of our business depends on the engagement of our people. Through constant dialogues with our professionals, we provide information, suggest changes in habits, we get them involved in actions and publish the results.

During the environmental week, our professionals answered the **Living Green Quiz** and if they achieved 75% correct answers, they participated in the raffle of various prizes, which, in 2011, included trips to Chapada Diamantina and Bonito, aimed at highlighting the importance of preserving the natural environment, and also gifts such as subscriptions to magazines, books and DVDs on environmental themes.

And for the children of our professionals, we launched the **Living Green Gallery**. Children aged between 4 and 12 were encouraged to paint pictures based on five themes: Earth: our planet, our future; Our Forests; Water: a resource essential for life; What I think is the most beautiful (or strange) thing in our vast bio-diversity; To guarantee the future, one of the things to be preserved in the environment is... The drawings were transformed into a lovely DVD which tells the story of the crab Kakau uncovering various habitats and giving sustainable tips to children. All of the sons and daughters of our professionals, aged between 4 and 12, received the DVDs.

To influence the community in significant questions that involve sustainability, we highlight the partnership with WWF Brazil in the pilot program **Bio-diversity in your rucksack**, detailed in the previous item, Education.

Another internal action, which also collaborated towards external awareness, was our support of the **Limpa Brazil movement: Let's do it**. The movement, focused on conscious consumption, the correction destination of rubbish, and on recycling, organizes a symbolic event in various Brazilian cities, inviting volunteers to collect rubbish for one day. The movement was used as a basis for our **Trainees 2011 Challenge**, when our 321 trainees and 128 volunteers collected approximately three tons of recyclable rubbish in the neighborhood of Brás, in São Paulo. In Rio de Janeiro, 96 trainees visited the cooperative run by the Gramacho rubbish collectors, and spent one day as recyclable rubbish collectors, separating residues.

The book **Earth, Air, Water and Fire – Sustainability in the four elements of Nature** is a series of four volumes and the theme Earth is part of the first publication in 2011. The book is given to clients as a year-end gift, and was selected by the Marketing area for cultural support through the Rouanet Law. This is an example of how questions related to the environment are being discussed and considered in KPMG's other areas, and go beyond our corporate environment.

In 2011, KPMG in Brazil achieved a 14% reduction in emissions of CO2 equivalent tons per capita compared to 2010 results.

Scope 1: 6.7% of emissions

Scope 2: 1.5% of emissions

Scope 3: 91.8% of emissions

Control of missions

GRI EN16 | EN17 | EN18

Due to the services sector in which we operate, our main impact on the environment arises from the emission of greenhouse gases. For this reason, in line with the global commitment to reduce GHG (greenhouse effect gases), since 2007 KPMG in Brazil has drawn up its carbon inventory and monitored its emissions annually. Thus, we identified that our most significant impact is in Scope 3 (on which we have no management, or management is limited), mainly due to the displacement of our professionals by air or ground transportation. **GRI EN29**

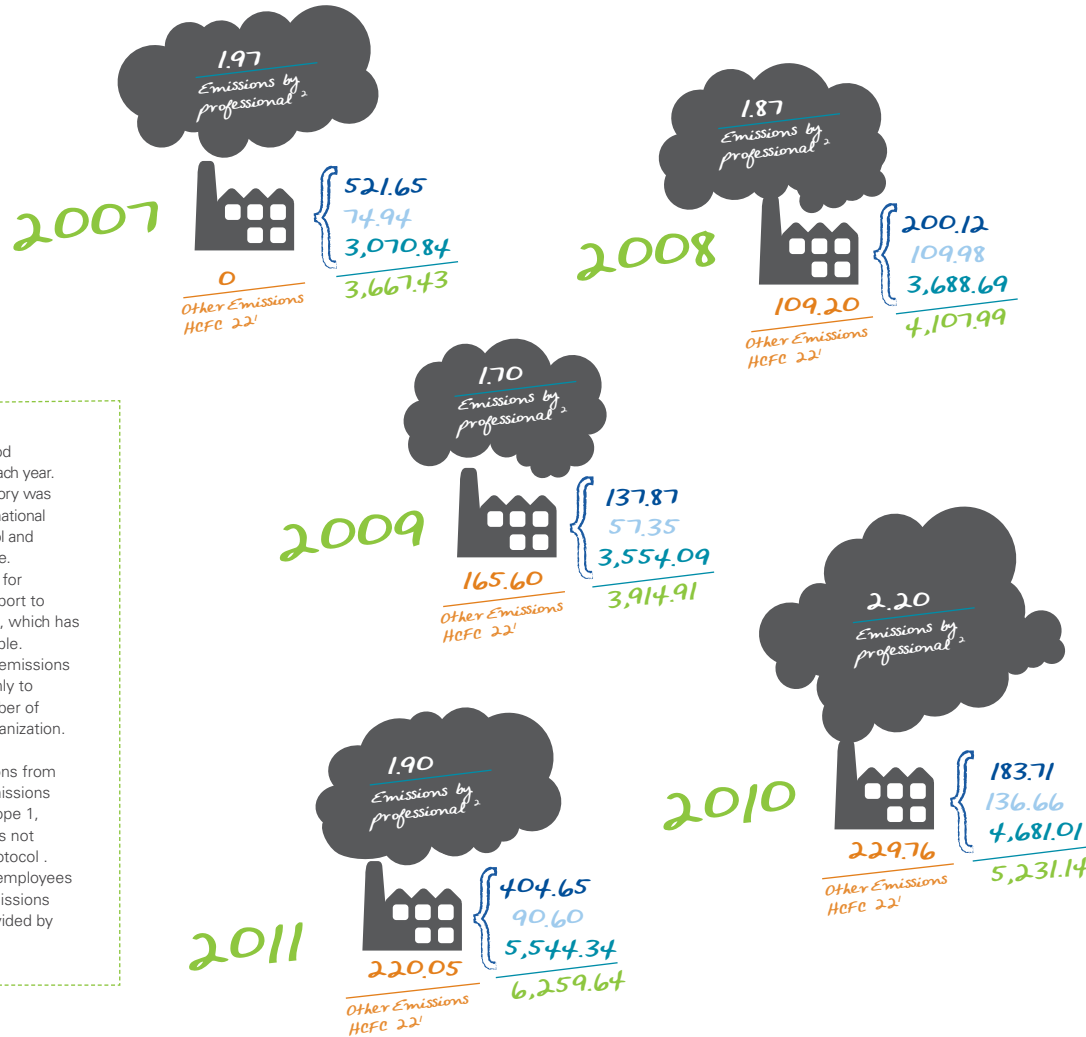
Transporting of our professionals to the clients' premises is intrinsic to the type of services we provide, and represents the main dilemma

faced, since, in the majority of cases, the activities have to be performed at the client's premises. Consequently, our 25 offices attend clients with various local resources in the different regions, which contributes to our emission of GEE not being higher.

Since the size of Brazil requires that long trips be made, we have invested in technologies for virtual attendance, avoiding trips when possible. It is worth noting the increase in training via Web, the availability of audio and video-conference resources for meetings and the improvements in IT tools, which enable professionals to remotely access our network environment.

Total emissions (tons of CO₂e/year)

■ Total Scope 1 (tCO₂e) ■ Total Scope 2 (tCO₂e) ■ Total Scope 3 (tCO₂e)



Composition of inventory of emissions

Scope 1 – Direct emission

- Diesel consumption by generators at the São Paulo offices
- Reimbursement of fuel to partners
- Use of GLP (Liquefied petroleum gas) at the São Carlos office

Scope 2 – Indirect emissions

- Electricity consumption

Scope 3 – Other indirect emissions

- Reimbursement for transporting KPMG professionals to clients
- Transport of materials and documents between offices
- Motoboy – Transport of documents
- Air travel of KPMG employees to clients

Other emissions¹

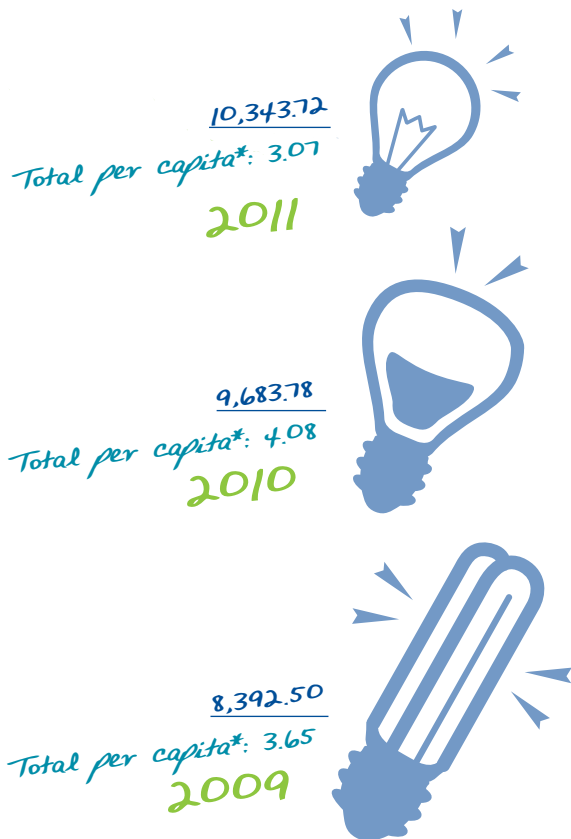
The data refers to the period January to December of each year. The method for this inventory was developed by KPMG International based on the GHG Protocol and DEFRA Reporting Guidance.

- KPMGI revised the data for reimbursement of transport to clients in 2010 (scope 3), which has been up dated in this table.
- In 2011 the decrease in emissions *per capita* was due mainly to the increase in the number of professionals in the Organization.

¹ Following the assumptions from GHG Protocol, these emissions were not included in Scope 1, since the gas HCFC 22 is not included in the Kyoto Protocol.

² The average number of employees used to calculate the emissions by Professional was provided by KPMG International

Consumption of electricity (indirect) Total in gigajoule (GJ)



Energy Consumption

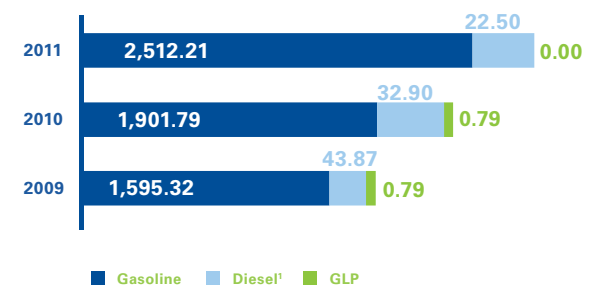
GRI EN3 | EN4

Brazil is a world reference in offering clean sources for electricity production. Nevertheless, conscious consumption of this resource is still necessary. To reduce our consumption of electricity, we make our professionals aware of the need to change habits, we encourage attitudes that avoid wastage, we adapt our premises to avoid unnecessary consumption, such as installing presence sensors and we analyze the energy consumption when acquiring new electronic equipment.

Despite the *per capita* reduction in consumption of electricity, total consumption of this item increased at KPMG as a result of the growth in its business and in the number of offices in Brazil.

Consumption of direct energy Gasoline, diesel and GLP in gigajoule (GJ)

2011	2010	2009
Total: 2,534.71	Total: 1,935.48	Total: 1,639.98
Total per capita*: 0.75	Total per capita*: 0.81	Total per capita*: 0.71



¹ Diesel was recalculated in accordance with consumption considered in scope 1 of the emission inventory.

The electric generation matrix in our country is predominantly renewable, which accounted for 88.8% of 2011 offering

Sources of Energy in Brazil in 2011

Origin	Percentage
Non renewal energy	11.2
Natural gas	4.6
Petroleum derivatives	2.5
Nuclear	2.7
Coal and derivatives ¹	1.4
Renewal energy	88.8
Hydro	75.0
Imports ²	6.7
Biomass ³	6.5
Wind	0.5

¹ Includes coke oven gas

² Hydro

³ Include firewood, sugarcane residue, detergents and other recoverable sources

Source: Preliminary Results National Energy Balance Sheet 2012 (BEN).

Consumption of materials

GRI EN1 | EN2

Paper is a significant item in our consumption and also inherent to the business segment. We have innovated our working methodology, contributing towards reducing our consumption of our main supplies. One example is the tool Caseware, an electronic data bank that minimizes the use of physical files, in hard copies. We obtained a similar result with eAudit, which enables the electronic mapping of audit evidence, such as contracts, proposals and invoices, which has almost eliminated the use of paper.

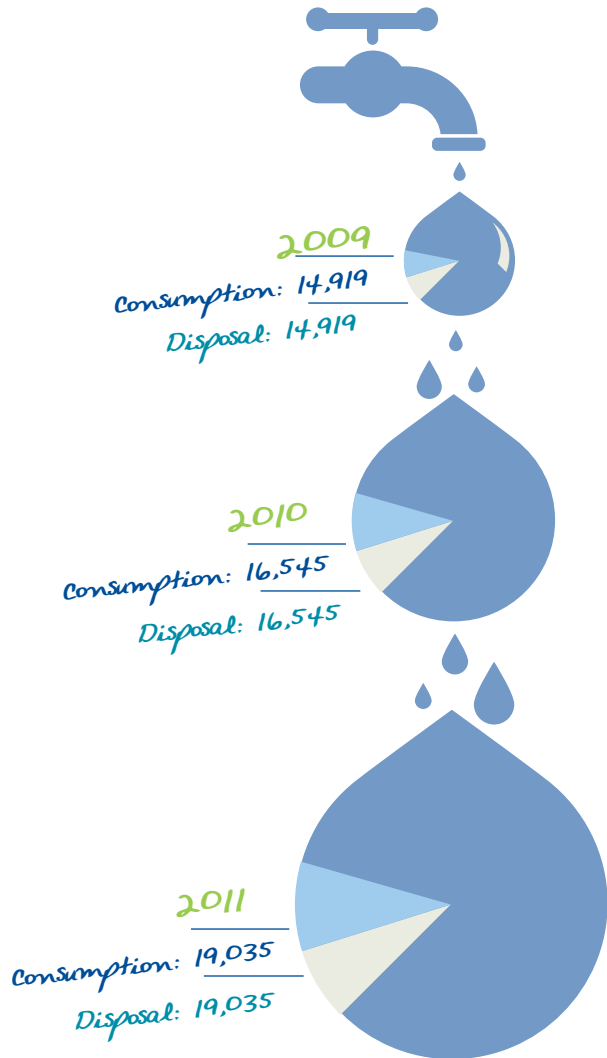
Laptops comprise another significant and essential material for our activities. Annually, KPMG adapts its equipment and specifically in 2011, this procedure had a greater impact given that almost 1,000 employees joined KPMG throughout Brazil, as a result of the acquisition. The laptops that are obsolete for our activities are categorized based on their possible future use: disposal/return to producer, sale of parts for reuse, donation to community or auction to our professionals.

3,82% of purchased sheet paper is recycled.

100% of the sheet paper and pencils used have certificates from the Forest Stewardship Council (FSC).

Materials used	Unit of measurement	Consumption in 2009	Consumption in 2010	Consumption in 2011
Sheet paper	Kilos	63,733	82,005	74,113
Paper towels	Kilos	28,835	19,342	29,409
Plastic cups	Units	1,306,151	1,056,859	1,236,775
Media/CD and DVD	Units	5,970	9,324	9,854
Toners and cartridges	Units	459	757	801
Batteries	Units	2,129	2,057	1,255
Pens and pencils	Units	40,274	17,324	36,382
Laptops	Units	362	884	1,301
PCs	Units	232	59	34

Consumption and disposal of water (cubic meters)



Water consumption

GRI EN8 | EN10 | EN21

In 2011, we consumed 19,035 cubic meters of water, derived from municipal supply networks. The figures demonstrate an increase compared to the consumption in 2010, which was 16,545 cubic meters, mainly due to the increase in the number of employees and the opening of new offices. KPMG does not reuse or recycle water, and still does not have plans to implant reusing of water. Our wastage is captured by the receptor systems from the public network, in accordance with the environmental legislation applicable to our segment.

In addition to encouraging more responsible use of water, since 2009, our infrastructure area has worked to improve the performance of this indicator, installing equipment to reduce tap leakage in bathrooms, and at the São Paulo offices, a routine has been introduced to water the gardens every other day, and wash the stairs every fortnight.

Goals for 2012-2013

- Implement selective collection in at least three offices located within condominiums;
- Implement the collection of electronic rubbish in São Paulo.

² Water consumption at KPMG offices outside of São Paulo is allocated by the condominiums where they are located. To calculation total consumption, we used the average consumption per employee in São Paulo and extrapolated this figure to the Rio de Janeiro office. This same method was used for the other locations based on the number employees at the Goiana office, which is more consistent with the size of the other offices - and always based on the number of employees at each office.

Disposal of residues

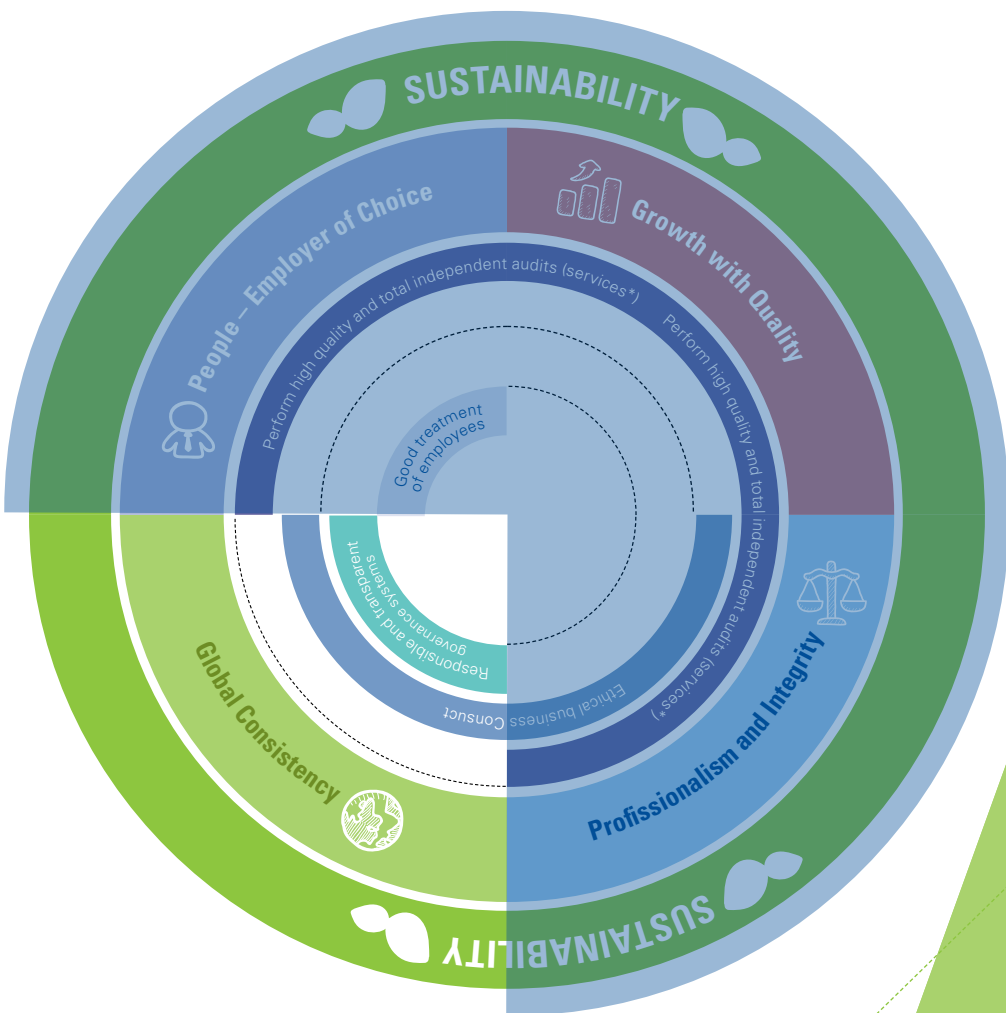
GRI EN22

Today, in 16 of the KPMG offices, including the four buildings in São Paulo, the paper consumed (our main residue) is recycled – complying with the confidentiality rules – thus avoiding the impact from disposal. The São Paulo offices have also implanted the selective collection of cardboard, plastic, aluminum and glass, which is properly allocated, and is recycled, incinerated or deposited in sanitary landfills by a contracted company.

A specialized company has been contracted to dispose of the diesel consumed by the generators at the offices in São Paulo. At the other KPMG offices generator equipment is not used.

We have sought to improve the management of this process and the relationship with these companies, requesting guarantees for the control over the residues generated and the correct final disposal of such.

With respect to amplifying these policies, we observed more efficient results at the São Paulo offices, which has its own administration, whilst in the other regions, we have to face the challenge of involving the condominiums where the offices are located, to ensure that our residues are being appropriately disposed of.



Global Consistency

The global network of KPMG International member firms is fully integrated, which enables us to offer high quality services and solutions and to have access to specialists and centers of excellence that add value to our clients and to the societies in which they operate.

As highlighted in a previous chapter, the KPMG International member firms are united by the same vision and same values. They also have the same global strategy, with common fundamental pillars and strategic objectives, which are put into practice through the local planning and governance structures.





Corporate Governance is the system used to manage and monitor organizations. For further information Access the site of the Brazilian Institute of Corporate Governance (IBGC): www.ibgc.org.br

Corporate governance

GRI 4.1

We are one of the largest organizations in our segment and we adopt high standards of corporate governance, based on transparency and ethics for undertaking our business. Our stakeholders identified this theme as the second most important theme for a service company.

The question of governance is treated as one of the basis of our strategy. KPMG International establishes and coordinates norms and policies for the work and conduct at all of the countries, protecting and enhancing the use of its name and brand. This means ensuring global consistency of its strategy, in order to strengthen its name and promote services of the same quality to all of its clients and markets. All of the activities of KPMG International are financed by its member firms.

At the same time, each member firm is independent and responsible for its own management and the quality of its work and is committed to the values of KPMG International, and required, under contract, to observe its policies and regulations, including the standards of quality that govern the way it operates and provides services to clients, in order to compete efficiently on the market.

KPMG International governance

The **corporate governance structure** at KPMG International is supported by three main bodies:

The Global Council: this body focuses on strategy and governance, and performs functions equivalent to a shareholders' meeting for a public stock corporation. Among other things, the Global Council elects the Chairman of KPMG International for a term of up to four years (renewable once) and approves the appointment of the Global Board members, including representation from 55 member firms of KPMG International, in accordance with Swiss Law (sublicenses are generally indirectly represented by a member firm).

The Global Board: this is the principal governance and oversight body, and is responsible for including and approving strategies, protecting and enhancing the KPMG brand, overseeing management, and approving policies and regulations. It also admits member firms and ratifies the Chairman's appointment of the members of the Global Executive Team.

This Board includes the Chairman of KPMG International, the vice Chairman, and the Chairman of each of the three regions, (the Americas; Asia Pacific – ASPAC; and Europe, the Middle East and Africa– EMA) and 20 senior partners from some of the largest member firms.



The Global Executive Team (GET): this is the principal management body, and is responsible for executing the strategy approved by the Global Board and for establishing 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**, bodies responsible for executing the approved action plans to address the strategies determined for each of the specific business areas, for example, the Global People, Performance and Culture Group, (PPC) and the Global Quality and Risk Management Group.

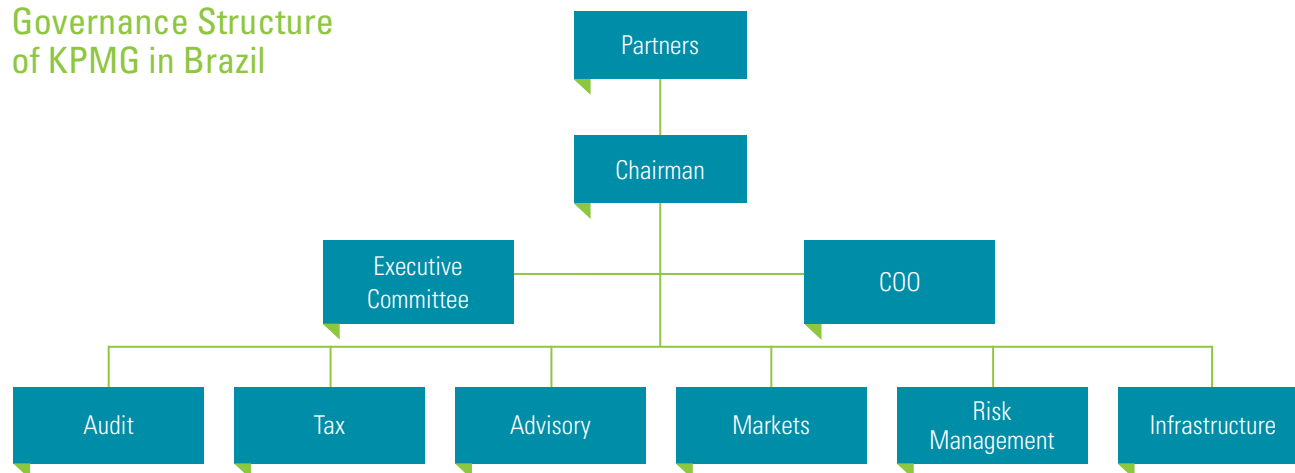
To support the global strategy, each one of the three regions in which KPMG operates – the Americas (North, Central and South America), EMA (Europe, the Middle East and Africa) and Aspac (Asia and Pacific) – is administered by a Regional Board that assists in the implantation of policies and regulations focusing specifically on the needs of the member firms within their regions. David Bunce, a partner from KPMG in Brazil, is a member of the Regional Board for the Americas, as the Chairman for South America.

For further details on the main **corporate governance bodies of KPMG International**, access our [Annual Transparency Report](#).

Composition of Global Directors

Michael Andrew	Chairman, KPMG International
Alan Buckle	Vice- Chairman, KPMG International
John Veihmeyer	Chairman, Americas
Rolf Nonnenmacher	Chairman, EMA
Hideyo Uchiyama	Chairman, ASPAC
Moses Kgosana	Africa
Peter Nash	Australia
Pedro Melo	Brazil
William Thomas	Canada
Frantisek Dostalek	CEE
Stephen Yiu	China
Andrew Cranston	CIS
Jesper Koefoed	Denmark
Jean-Luc Decornoy	France
Russel Parera	India
Terrence O'Rourke	Ireland
Domenico Fumagalli	Italy
Youg Gak (Ken) Yun	Republic of Korea
Guillermo Garcia-Naranjo	Mexico
Herman Dijkhuizen	Holland
Sai Choy Tham	Singapore
John Scott	Spain
Helene Willberg	Sweden
Hubert Achermann	Switzerland
John Griffith-Jones	United Kingdom

Governance Structure of KPMG in Brazil



To ensure this global consistency is maintained, KPMG International performs annual **reviews at all of its member firms**, as reported in the chapter on Professionalism and Integrity.

KPMG in Brazil governance

GRI 4.9

Each KPMG member firm is responsible for its own management and the quality of its services, and is contractually responsible for maintaining global consistency in the presentation and offering of its services. In KPMG in Brazil, Sustainability performance is assessed in two spheres by the Corporate Citizenship area, which answers directly to the Chief Operating Officer (COO):

Strategic Sphere: accompany goals and policies adopted globally and locally.

Operational Sphere: presentation of annual action plan and projects to the COO, the Chairman and Executive Committee, and also reporting in quarterly meetings and presentation of actions in progress to the COO.

In addition, members of the Executive Committee are involved in the initial interviews for preparing our sustainability report, and also in reviewing it, which is when our results are presented in a more systematic manner.

The local structures for corporate governance also adhere to global standards. KPMG in Brazil has its own governance bodies for coordinating and supervising its management, structured in accordance with Brazilian laws and is organized as above.

As part of the career development process, our best professionals become partners within the Organization, and provided they fulfill certain criteria, they can be nominated for Chairman.

The Chairman at KPMG in Brazil is the principal local executive and is elected by the other partners for a term of three years, renewal for a further two mandates of the same period. With this limitation, we promote changes in command and encourage various partners to join top management, maintaining our succession process. **GRI 4.2**

The legal form of KPMG in Brazil complies with the **legal regulations** imposed for each of its different services. Consequently, as required by legislation, **specifically for audit services**, KPMG is registered as a **“Simple” Brazilian Company**.

The Chairman is responsible for nominating the **Executive Committee**, which comprises the Chairman and seven other partners, usually heads of the main business practices, so that all of them are represented. The administrative area, which includes the Corporate Citizenship area, is represented by the COO.

Together, the Chairman and the Executive Committee are responsible for the policy, planning, supervision and general management of activities, including defining goals for local growth and determining the strategic management of the business areas, ensuring consistency with global strategy. **GRI 4.2**

As leaders of their business practices, the members of the Executive Committee continue to exercise their responsibilities in rendering services to clients. Thus, since they are partners and undertake their professional activities, the Executive Committee does not include any independent members. **GRI 4.3**

This organizational structure favors a dialogue between the leaders and the other partners and professionals, ensuring that the needs of the areas are represented at the Committee, which meets monthly. **GRI 4.4**

Furthermore, we hold quarterly meeting with all of the partners who present their results, and strategic alignment and we hold annual statutory meetings with all of the partners to approve the accounts, amongst other issues.

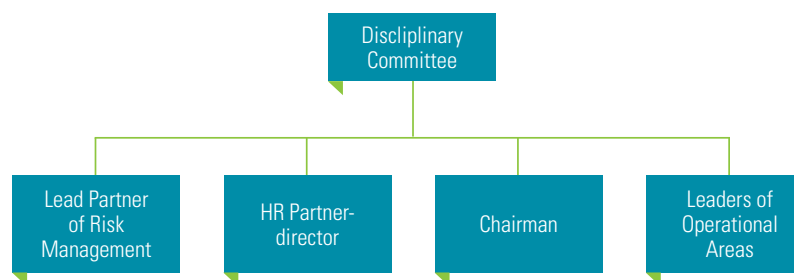
To obtain access to guidance and recommendations from our professionals, we promote dialogues through mechanisms such as periodic meetings by business group, Dialogue, People Survey, PPL Committee, Disciplinary Committee, Hotline and social media like The Chairman's Blog and The KPMG World – and from which initiatives were suggested, such as: the implantation of a Women's

Committee, the eco-efficiency program and review of the policy for language allowances, the competition to create a theme for the trainee program and internal campaigns for recruitment of persons with disabilities (PCDs) and the program to improve internal communication. **GRI 4.4**

Our structure has an **Operational Committee**, consisting of leaders from the operational areas and the leader from the markets area, which determines the undertaking of routine business, considering achieving the goals established in the strategic plan and also a **Finance Committee**, which deals with the rules for remunerating partners and partner-directors.

Another essential body for our governance structure is the **Disciplinary Committee**, presented in the chapter on Professionalism and Integrity, which analyzes possible violations of rules and policies by any of our professionals, including partners. This committee comprises leaders from the operational areas, the Directors of Human Resources, the partner responsible for Risk Management and the Chairman. **GRI 4.6**

All of the governance practices, based on standards adopted globally, strengthen our brand and reputation and assist in maintaining the standards of quality for which we want to be recognized in all of the markets where we provide our services.





05. Global Compact



GRI 4.12

Since 2002, KPMG International has been a signatory to the **Global Compact** — a structure created by the United Nations Organization (UNO) aimed at companies committed to aligning their operations and strategies with the ten principles that cover human rights, labor rights, the environment and combating corruption.

Within a context of remarkable economic, regulatory, political, social and environmental changes, companies are required to understand and increasingly, contribute in the sphere of influence of their businesses.

KPMG's approach to Corporate Citizenship reflects the objectives of the Global Compact. Furthermore, through our services, we help to simplify complexity, offering clear solutions and thus transforming knowledge into value to the benefit of our clients, the capital markets, our people and our communities. By acting ethically and responsibly, by working to increase confidence in the capital markets on which we all depend and by offering solutions and specialized knowledge, we can create a different type of value – trust and social capital –contributing towards the development and creation of sustainable markets.

Visit the Report **Communication on Progress (COP)** prepared by KPMG International which reflects the actions coordinated by the network of member firms that aim to address these principles.

For further information, access: www.pactoglobal.com.br.

The **Global Compact** recognizes that **companies, commerce and investments are important** pillars for a prosperous and peaceful world. It is headed by the General Secretary for the UNO, and is the **largest global initiative for Corporate Citizenship**. Its aim is to **develop and demonstrate the social** legitimacy of companies and markets.



Índice Pacto Global

Principles of the Global Compact	GRI Indicators	Commitments	Systems	Actions and Services provided
Human Rights				
Principle 1: respect and protect human rights	HR2 and LA13	KPMG International and the member firms recognize that human rights are a fundamental part of corporate citizenship and therefore, we respect and support the Universal Declaration of Human Rights	Code of Conduct Corporate Values Human Rights policy being developed (part of our contracts with suppliers include clauses of this nature)	Global and Local Team for Citizenship and Diversity Global policy for dealing with disasters Assist in defining human rights policies at clients Help clients define general commitments for ethics, governance, integrity and responsibility
Principle 2: prevent human rights violations	HR2			
Labor rights				
Principle 3: support the freedom of association at work		KPMG International and the member firms do not use forced, compulsory or child labor. KPMG International and the member firms support the freedom of association, and when applicable, recognize the right to collective bargaining. Our personnel want to work for an organization that encourages respect for individuality and this is one of the main corporate values at KPMG International and the member firms. The development of a global culture of diversity and inclusion is fundamental for KPMG and critical for retaining the best professionals.	Code of Conduct Global Diversity Group Global People, Performance and Culture Group	Recognition and benefits Learning and Development; Global Opportunities KNOW – KPMG’s Network of Women Work at clients to establish an approach for chain value, helping them to create monitoring mechanisms
Principle 4: Eliminate forced labor	HR2 andHR6			
Principle 5: Abolish child labor	HR2 andHR7			
Principle 6: Eliminate discrimination at work	EC5, EC7, LA13 and HR2			
Environmental protection				
Principle 7: Support a precautionary approach to environmental challenges		KPMG International and the member firms are dedicated to managing their environmental impact in a proactive manner, and are committed to extending their activities and making a difference. KPMG International is an active member of the World Business Council for Sustainable Development.	Global Green Initiative	Internal Campaigns for environmental awareness Diagnosis of carbon footprint with goals to reduce it Goals to reduce water, electricity and items of consumption included in annual assessment of all professionals Training via Web Technology Solutions for remote access and video-conferences e-Audit The Climate Change & Sustainability Services (CC&SS) area can help clients with a vast range of services, including: help in integrating sustainability in their business strategy; help in assessing sustainability performance in a possible investment; help in strengthening knowledge about sustainability
Principle 8: promote environmental responsibility	EN1, EN2, EN3, EN4, EN8, EN16, EN18 and EN22			
Principle 9: Encourage environmentally-friendly technologies	EN2 and EN18			
Against corruption				
Principle 10: work against corruption in all its forms, including extortion and bribery	SO3	KPMG International and the member firms are committed to achieving the highest ethical standards and behavior in all that they do. “Act with integrity” is one of our global values.	Code of Conduct Anticorruption and Anti-bribery policies and training Policies and training in ethics and Compliance Procedures for accepting and renewing clients	Hotline Assessment, Compensation and Promotion; International Transparency Report to clients, our Financial Audit, Forensic, Anti-bribery and Anticorruption services

BSD Consulting Assurance Statement

GRI 3.13

BSD Consulting performed an independent assurance process for KPMG Sustainability Report 2011, which was developed according to Global Reporting Initiative (GRI) guidelines.

Independence

We work independently and ensure that none of the BSD staff members maintains business ties with KPMG. BSD Consulting is licensed by AccountAbility as an assurance provider (AA1000 Licensed Assurance Provider), registered under No. 000-33.

Our Qualification

BSD is a consulting firm specialized in sustainability. The verification process was conducted by a qualified team of professionals with long-standing experience in external assurance.

Responsibilities and limits

KPMG has prepared the Sustainability Report and is responsible for all its content. The objective of the assurance statement is to inform interested parties of the conclusions of BSD on the adherence to three principles of AA1000 Assurance Standard (2008) and the quality of the management processes for sustainability. Our work did not include the verification of historical financial data. This assurance statement includes the confirmation of the self-declared GRI-G3 Application Level.

Purposes and Scope

The assurance process aims to provide KPMG's stakeholders with an independent opinion on the quality of the report, the management processes for sustainability, the adherence to three principles of AA1000 Assurance Standard (2008) and the continuity of the established processes. The scope of our works covers all information included in KPMG 2011 Sustainability Report, full version, referring to the period from October 1, 2010 through September 30, 2011 (presented as 2011), and the total Emission (CO₂e tons/year) and value added statement data cover the period from January 1, 2011 through December 31, 2011.

Main Conclusions on Adherence to AA1000AS 2008 Principles

Methodology

The assurance process was conducted according to the AA1000AS (2008) (AA1000 Assurance Standard 2008), type 1, moderate level of assurance. The process covers the assessment of adherence to three principles of AA1000: completeness, materiality and responsiveness.

The established procedures during the work include:

- Sustainability Report content review:
- Understanding the process of generating information for the Sustainability Report. It was not under BSD scope to validate quantitative data.
- Analysis in Media, website and legal basis information;
- Interviews with managers from key areas regarding the relevance of information for reporting and sustainability management
- Interviews with the company's partners;
- When relevant, confronting the sustainability performance information with the company's management;
- Assessment of the evidences of external stakeholders consultations;
- Assessment of the relevance of the Sustainability Report information considering external publics.

1. Inclusion – addresses the stakeholders' participation in the process of developing and implementing a transparent and strategic sustainability management process.

- The engagement process was carried out by individual interviews, in order to classify and priority nine topics presented by a consulting company contracted by KPMG International. There was a process to prioritize the stakeholders' groups' selection. The publics consulted in Brazil were: clients, partners and managing partners, employees, regulating agencies, sector experts, civil society and the press. For the next cycle, it is recommended to include stakeholders groups that represent overall KPMG activities throughout Brazil.
- The corporate citizenship area is expanding its transversal performance within KPMG areas, including the Executive Board, composed of several partners. It is important to expand the internal knowledge of sustainability at all hierarchical levels, including both the technical and administrative staffs, in order to broaden the integration of the sustainability actions into the daily activities.
- The Executive Board is composed by seven partners and by the KPMG Brazil's president, who leads the process of including sustainability into the leadership's agenda. The company created the new position of COO (Chief Operating Officer), who is responsible for the corporate citizenship area and seeks to implement sustainability actions in the administrative operations, focused on eco-efficiency. The Executive Board is also involved in the sustainability report process and review.

2. Materiality (or Relevance) – subjects required for the stakeholders to make decisions on the organization's economic, social and environmental performance.

- KPMG's Brasil corporate citizenship area, along with KPMG International, defined the material issues for the report, based on the study developed by an independent consulting company. According to the evaluation of the involved participants in the process, the subjects classified as being of major importance are aligned with KPMG strategy:
- To conduct the businesses on ethical basis: KPMG has a risk management area, including policies, procedures, processes and trainings on the subject, which performs throughout the company's administrative and technical areas.
- Accountable and transparent governance systems: the sustainability report is an evolvement of transparency in the sector, including the Assurance process. KPMG is periodically submitted to compliance audits, both by KPMG International and by Brazilian regulating agencies.
- To conduct top quality services with total independence: the company has a code of conduct focused on the business integrity. There are annual trainings on ethics and independence that are mandatory for the professionals and partners. It is important to have new employees, temporary employees and third parties involved in these education processes.
- Fair treatment of employees: the company focuses on the development and training of personnel, with a broad range of trainings for all hierarchical levels. The organization may evolve with respect to occupational health and safety, including transportation and travel issues.

- The report presents an overview of highly material topics identified in the consultation to the stakeholders, also including a description of the actions developed with the communities and the provision of Climate Change and Sustainability services. However, there are opportunities to address, in greater depth, topics covering internal environmental awareness and monitoring, and the supplier's chain management.
- It should be noted that the materiality process should be reviewed periodically, in order to achieve updated and consistent results, considering the company's current sustainability context. In 2011, KPMG Brasil bought the fifth largest Brazilian audit company, an operational expansion that should be considered in the stakeholder identification and in the definition of materiality for the next cycle.

3. Capacity of Response – addresses the actions taken by the organization as a result of specific stakeholders' demands.

- KPMG in Brazil establishes commitments related to socio-environmental issues according to the company's global directives, such as the reduction in the water and energy consumption, and the global goal of Greenhouse Gas reduction. It is important to define local goals and commitments, within the context and scope of the country's activities

- Socio-environmental indicators are consolidated by the Climate Change and Sustainability area, which gathers information from the responsible areas in different formats, and without an unique standard. It is important to review and improve the reliability of the internal controls for consolidation of the sustainability report information. As well as to align the concepts and ways of measurement of the sustainability indicators between the administrative and technical areas and among the Brazilian offices.
- The company includes human rights clauses in the new contracts with suppliers and service providers. However, there are no formal risk management procedures in the suppliers' chain with respect to sustainability. For the next cycle, we recommend implementing processes for supplier risk assessment in order to identify critical sustainability aspects.
- In order to improve the sustainability management, we recommend defining an integrated governance, creating, for example, a Sustainability Committee, led by the corporate citizenship area, along with a Sustainability and Climate Change Services area, with the involvement of the administrative and risk areas, as well as other pertinent areas, and the regional offices.

Level of GRI-G3 Application

Following GRI-G3 guidelines, BSD declares that KPMG 2011 Sustainability Report is classified as Application Level B+.

The report comprises items related to the company's profile and offers disclosure of the management processes as well as sustainability approaches. The report provides information on all the performance indicator categories: economic, environment, human rights, labor, society and product. However, the disclosure on the Strategy and Analysis (1.1 and 1.2) can be improved.

Final Comments

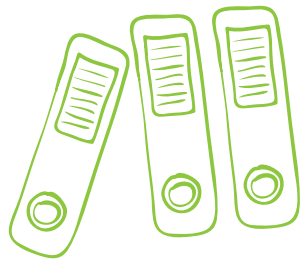
We highlight KPMG's efforts to improve the sustainability report by incorporating the assurance process. In our view, KPMG has several procedures and practices related to material topics related to ethics, independence, quality, transparency and internal public, and is seeking to consolidate the socio-environmental management by implementing actions aligned with the other material topics, such as suppliers' chain. It is important to stress the need to integrate sustainability practices into the administrative and technical areas, also seeking to expand engagement with external stakeholders.

São Paulo, August 8, 2012.

BSD Consulting – Brasil



GRI Index



CONTENT OF THE REPORT

		C	C+	B	B+	A	A+
G3 profile	Result	Respond to items: 1.1 2.1 to 2.10 3.1 to 3.8, 3.10 to 3.12 4.1 to 4.4; 4.14 to 4.15					
Information on G3 Management form	Result	Not required					
G3 performance indicators & performance indicators of sectorial supplement	Result	Report fully on a minimum of any ten Performance Indicators, including at least one from each of: social, economic and environment					
			WITH EXTERNAL VERIFICATION		WITH EXTERNAL VERIFICATION		WITH EXTERNAL VERIFICATION
				Respond to all criteria covered by Level C, plus: 1.2 3.9, 3.13 4.5 to 4.13, 4.16 to 4.17			
				Information on type of management by category of indicator			
				Respond to a minimum of 20 performance indicators including one in each of the following performance areas: economy, environmental, human rights, labour practices, society and product responsibility			
						The same as that required for Level B	
						Type of management published for each category of indicator	
						Respond to each essential G3 indicator in the sectorial supplement, with due consideration of the Principles of Materiality, in one of the following forms responding to the indicator, or explaining the reason for omission	

* Sectorial supplement in its final version

Statement GRI Application Level Check



Statement GRI Application Level Check

GRI hereby states that **KPMG in Brazil** has presented its report "Sustainability Report 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 9 August 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because KPMG in Brazil has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.










The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org




Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 28 July 2012. GRI explicitly excludes the statement being applied to any later changes to such material.










GRI 3.12




GRI Indices		Page	Observations	Status
1. Strategy and Analysis				
1.1	Statement from the Chairman	4 and 5	Message from the Chairman (KPMG in Brazil is still working on a long-term strategy that considers sustainability more clearly)	
1.2	Main impacts, risks and opportunities	4, 5, 17 and 18	Message from the Chairman Presentation of the Report > Our Path towards Sustainable Development (KPMG is working on identifying the main risks and opportunities related to sustainability within the context of their activities)	
2. Organizational profile				
2.1	Name of the organization	11 and 13	Organizational Profile > KPMG International Organizational Profile > KPMG in Brazil	
2.2	Main brands, products and services	28 to 35	The Path towards Sustainability in our Practice > Growth with Quality > Our Practices	
2.3	Operational structure	11 to 13	Organizational Profile > KPMG International Organizational Profile > KPMG in Brazil	
2.4	Location of organization's head office	13	Organizational Profile > KPMG in Brazil	
2.5	Geographic activities	11 to 15	Organizational Profile > KPMG International > Global Presence Organizational Profile > KPMG in Brazil > Local Presence	
2.6	Legal nature	13	Organizational Profile > KPMG in Brazil	
2.7	Markets served	13 to 15	Organizational Profile > KPMG in Brazil	
2.8	Size of organization	11 to 13	Organizational Profile > KPMG International Organizational Profile > KPMG in Brazil	
2.9	Main changes during the year	15, 19 and 36	Organizational Profile > KPMG in Brazil > Local Presence Presentation of the Report > Our Path to Sustainable Development > Understanding the Report > Scope The Path towards Sustainability in our Practice > Growth with Quality > Investments and Innovation	
2.10	Awards	2	Highlights	

Not answered
 Partial
 Total

GRI Indices		Page	Observations	Status
3. Parameters for the Report				
Profile of the Report				
3.1	Period covered by the report	19	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope	
3.2	Previous report	20	Our first Sustainability Report was published in September 2011, communicating our performance for the periods 2009 and 2010. Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Frequency and Format	
3.3	Frequency	20	In the first publication, biennial. From this Report on, the frequency shall be annual. Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Frequency and Format	
3.4	Contact data	20	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Frequency and Format	
Scope and Limit of the Report				
3.5	Definition of contents	21 to 23	Presentation of the Report > Our Path towards Sustainable Development > Our Strategic Stakeholders > Mapping, Engagement and Consultation (p. 21 identification of the public, p. 22-23, consultation and engagement for defining material themes)	
3.6	Limit of the report	19	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope	
3.7	Scope and limit of the report	19	Despite the acquisition made in 2011, there were no restrictions on the scope and limit of our report. Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope	
3.8	Basis for preparing the report	19	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope	
3.9	Measurement technique for calculation basis	19 and 20	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Frequency and Format	







 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
3.10	Consequences of changes to previous reports	20	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Frequency and Format	
3.11	Significant changes in relation to previous years	19 and 20	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Frequency and Format	
Summary of the GRI Contents				
3.12	Location of information in the report	117	GRI Index	
Verification				
3.13	External verification	19 and 111	Presentation of the Report > Our Path towards Sustainable Development > Understanding the Report > Scope BSD Consulting Assurance Statement	
4. Governance, Commitments and Engagement				
4.1	Governance Structure	103 to 107	The Path towards Sustainability in our Practice > Global Consistency > Corporate Governance	
4.2	Identification of main executives	106 and 107	The Path towards Sustainability in our Practice > Global Consistency > Corporate Governance > KPMG in Brazil Governance	
4.3	Independent advisors	107	The Path towards Sustainability in our Practice > Global Consistency > Corporate Governance > KPMG in Brazil Governance	
4.4	Communication channels with the highest governance body	107	The Path towards Sustainability in our Practice > Global Consistency > Corporate Governance > KPMG in Brazil Governance	
4.5	Variable remuneration (considering economic, social and environmental)	76	The performance of our professionals is assessed annually, with business goals tied to variable remuneration. However, the existing social and environmental goals did not influence variable remuneration, since, during this initial moment, our objective is to make them more aware. The Path of Sustainability in Our Practice > People–Employer of Choice > Our Team> Assessment and Feedback	









 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
4.6	Conflicts of interest	53, 54 and 107	<p>The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Independence, Integrity, Ethics and Objectivity > Global Marketing Risk Management (GMRM) and Global Quality and Risk Management Manual (GQ&RM Manual) > People, Performance and Culture Global Manual</p> <p>The Path towards Sustainability in our Practice > Global Consistency > Corporate Governance > KPMG in Brazil Governance</p>	●
4.7	Qualification of members from highest governance body	72 and 74	<p>Qualification is determined by our core business and the contents prepared by the Learning and Development Team for each business area. The partners have a specific module on sustainability. E-learning on sustainability is available for all professionals within the training options.</p> <p>The Path of Sustainability in Our Practice > People – Employer of Choice > Our Team> Quality services > Learning and development > Policy for continual professional education</p> <p>The Path of Sustainability in Our Practice > People – Employer of Choice > Our Team> Quality services > Learning and development > Developing Leadership</p>	●
4.8	Values, codes and internal principles	8, 9 and 51	<p>KPMG > Vision</p> <p>KPMG > Values</p> <p>The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Independence, Integrity, Ethics and Objectivity > Code of Conduct</p>	●
4.9	Involvement of highest governance body in assessing the economic, social and environmental performance	106	<p>The Path towards Sustainability in our Practice > Global Consistency > Corporate Governance > KPMG in Brazil Governance</p>	●
4.10	Process for self assessment of highest governance body with respect to economic, social and environmental performance	75	<p>All leaders go through a self-assessment process in relation to our core business, not specifically for social-environmental questions.</p> <p>The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Assessment and Feedback</p>	●







○ Not answered
 ● Partial
 ● Total




GRI Indices		Page	Observations	Status
Commitments to External Initiatives				
4.11	Principle of Precaution	48 to 59	The principle of precaution, given its relevance, is adopted with focus on our core business, but not specifically on social-environmental aspect. All of its management can be viewed throughout the chapter on Risk Management. The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management	
4.12	Letters, principles and initiatives	68 and 109	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team Global Compact	
Engagement of Interested Parties				
4.13	Participation in associations	42 and 43	The Path towards Sustainability in our Practice > Growth with Quality > Relationships with Clients and the Market > Dialogue, Promotion and Exchange of Knowledge > Entities supported by KPMG in Brazil and the type of contribution offered	
4.14	List of engaged stakeholders	21	Presentation of the Report > Our Path towards Sustainable Development > Our Strategic Stakeholders > Mapping, Engagement and Consultation	
4.15	Identification and selection of stakeholders	21	Presentation of the Report > Our Path towards Sustainable Development > Our Strategic Stakeholders > Mapping, Engagement and Consultation	
4.16	Engagement of stakeholders	21 and 36 to 44	Presentation of the Report > Our Path towards Sustainable Development > Our Strategic Stakeholders > Mapping, Engagement and Consultation (forms of engagement to GRI on page 21: stakeholders consultation made in 2009 and 2011) The Path towards Sustainability in our Practice > Growth with Quality > Relationships with Clientes and the Market (other types of engagement occur in everyday life of our business, as mentioned on pages 36-44 - Annual satisfaction survey, the ACI bimonthly discussions, events, courses and participation in councils and associations. With our workforce, the types of engagement are mentioned on page 105. Some specific items are detailed in the report - for example, Dialogue, 360o Assessment, Global People Survey - and others also occur in everyday life - department meetings. PPL meetings, President's Blog, World KPMG / Facebook and LinkedIn)	















 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
4.17	Demands of stakeholders	22 and 23	Presentation of the Report > Our Path towards Sustainable Development > Our Strategic Stakeholders > Definition of Material Themes	
5. Economic Performance				
Approach and Management		33 and 46	The Path towards Sustainability in our Practice > Growth with Quality > Our practices > Advisory The Path towards Sustainability in our Practice > Growth with Quality > Financial Results (for reasons of confidentiality, KPMG does not report pension plans and financial implications of operational risk)	
Economic Performance (aspect)				
EC1	DVA	46	The Path towards Sustainability in our Practice > Growth with Quality > Financial Results	
EC2	Financial implications, risks and opportunities, derived from climate changes	31	Our reply is partial since we understand that our risks are, essentially, regulatory. However, we did not perform systematized assessment of the direct financial implications on our core business derived from climate changes, although we have identified business opportunities arising from such: The Path of Sustainability in Our Practice > Growth with Quality > Our Practices > Advisory	
EC3	Pension plan offered			
EC4	Subsidies/ support via Tax Incentive Law	46 and 89	The Path towards Sustainability in our Practice > Growth with Quality > Financial Results The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Social Investment through Fiscal Incentive Laws	
Market Presence				
EC5	Ratio between local and internal minimum salary	76	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Assessment and Feedback > Remuneration	
EC6	Costs of local suppliers	93	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Development > Supplier Management	












 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
EC7	Local hiring	69	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Local Hiring	
Indirect Economic Impacts				
EC8	Investments in infrastructure and communities	46, 81 to 92	The Path towards Sustainability in our Practice > Growth with Quality > Financial Results The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Development > Providing <i>Pro Bono</i> Services or Compensation	
EC9	Indirect economic impacts	17, 18 and 33	KPMG does not perform this assessment systematically, because it understands it is not material for reporting, therefore our reply is partial: Presentation of the Report > Our Path towards Sustainable Development The Path towards Sustainability in our Practices > Growth with Quality > Our Practices > KPMG in the Life Cycle of Companies	
6. Environmental Performance				
Approach and Management				
EN1	Materials used	95	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > The Environmental Policy in Brazil (in general, this is not a material aspect to the segment where KPMG operates. Nevertheless, it has sought to identify the most important impacts and manage them)	
EN2	Materials used derived from recycling	101	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Consumption of Materials	
Electricity				
EN3	Direct energy	99	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Energy Consumption	

 Not answered
 Partial
 Total

GRI Indices		Page	Observations	Status
EN4	Indirect energy	99	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Energy Consumption	
EN5	Energy saved			
EN6	Low consumption products and services			
EN7	Initiatives and reduction in consumption			
Water				
EN8	Water consumption by source	102	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Water Consumption	
EN9	Water sources affected			
EN10	Recycled and reused water	102	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Water Consumption	
Biodiversity				
EN11	Location and size of area held within the protected areas and with high biodiversity index outside the protected areas			
EN12	Description of significant impacts on biodiversity within and outside the protected areas			
EN13	Habitats protected and restored			
EN14	Strategies for managing the impacts on biodiversity			
EN15	Number of species in the IUCN Red List and national lists of conservation of habitats in areas affected by operations			
Emissions, Effluents and Residues				
EN16	Direct and indirect emissions of greenhouse gas effect	97 and 98	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Control of Emissions	
EN17	Other indirect emissions of greenhouse gas effect	97 and 98	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Control of Emissions	













 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
EN18	Initiatives to reduce emissions	94, 97 and 98	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Commitments and global goals The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Control of Emissions	
EN19	Emission of substances that destroy the ozone layer, by weight			
EN20	NO _x , SO _x and other significant atmospheric emissions by type and weight			
EN21	Total disposal of water, by quality and destination	102	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Water Consumption	
EN22	Disposal of residues	102	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Disposal of Residues (the existence of offices into condominiums hinders management of this item; KPMG will improve the management from the next cycle on)	
EN23	Total number and volume of significant spills			
EN24	Weight of residues transported, imported, exported or treated considered dangerous under the terms of the Basel Convention – Annexes I, II, III and VIII, and percentage of residues transported internationally			
EN25	Identification, size, status of protection and biodiversity index of water and related habitats affected by water disposal and drainage made by the organization			
Produtos e Serviços				
EN26	Mitigation of environmental impacts from products and services			
EN27	Percentage of products and packaging repaired in relation to total products sold, by product category			
Conformidade				
EN28	Fines and non monetary sanctions for environmental non compliance	95	KPMG in Brazil did not have any legal actions nor non monetary sanctions of this nature during the period covered by this report. The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > The Environmental Policy in Brazil	












 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
Transporte				
EN29	Significant environmental impacts on the transport of products and other goods and materials used, as well as on transport of employees	97	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Environment > Control of Emissions	
Geral				
EN30	Total investments to protect the environment, by type			
7. Social Performance – Human Rights				
Approach and Management		93, 126 and 127	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate citizenship > Supplier management GRI Index (For 2012, KPMG aims at including specific contractual clauses addressing human rights in the standard draft of our requests for supplier proposal)	
HR1	Investments that include human rights clauses			
HR2	Assessment of contracted companies and critical suppliers with respect to human rights	93	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship > Development > Supplier Management	
HR3	Training for employees on human rights			
Não Discriminação				
HR4	Total number of acts of discrimination and measures totaled			
Liberdade de Associação e Negociação Coletiva				
HR5	Identification of business units with risk of liberty of association and collective agreements		KPMG provides liberty of collective association to 100% of its professionals. In addition, it reimburses annuity fees paid to professional bodies.	
Trabalho Infantil				
HR6	Identification of business units with risk of child labor and measures taken		No risks of this nature were identified in our operation. KPMG has commitments that prohibit child labor at any of its operational units (Global Compact, Code of Conduct at KPMG and their values). We started to adopt these commitments and principles through our significant contracts with suppliers.	











Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
Trabalho Forçado ou Análogo ao Escravo				
HR7	Identification of business units with risk of forced labor or similar and measures taken		No risks of this nature were identified in our operation. KPMG has commitments that prohibit forced or slave labor at any of its operational units (Global Compact, Code of Conduct at KPMG and their values). We started to adopt these commitments and principles through our significant contracts with suppliers.	
Práticas de Segurança				
HR8	Training of security personnel on human rights			
Direitos Indígenas				
HR9	Cases of human rights violations of indigenous people and measures taken			
8 - Práticas Trabalhistas e Trabalho Decente				
Abordagem e Gestão		60, 61, 64 to 73	The Path towards Sustainability in our Practice > People – Employer of Choice > Human Resource Management The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team	
Employment				
LA1	Employee profile	64 to 66	The Path towards Sustainability in our Practice > People – Employer of Choice > Out Team	
LA2	Turnover rates			
LA3	Benefits offered to employees	77	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Focus on the Individual	
Relação entre Trabalhadores e a Governança				
LA4	Percentage of employees covered by collective agreements		100% of KPMG employees are covered by collective agreements.	
LA5	Minimum period for notification with advance notice of operational changes			
Employment Health and Safety				
LA6	Percentage of employees represented by Committees			
LA7	Rates of injury, occupational illnesses, lost days, absenteeism and work-related deaths			
LA8	Education and preventative programs for grave illnesses			

 Not answered
 Partial
 Total




GRI Indices		Page	Observations	Status
LA9	Health and safety terms provided in collective agreements	78 and 128	The themes/benefits related to health and safety go beyond the collective agreements in the various regions, as described in the chapter The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Focus on the Individual	
Training and Education				
LA10	Average hours of training	72	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Quality Services > Learning and Development > Policy for continual professional education	
LA11	Continual learning management and end of career management			
LA12	Performance assessment and career development	75	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team > Assessment and Feedback	
Diversity and Equal Opportunities				
LA13	Employee profile by diversity indices	64 to 66	The Path towards Sustainability in our Practice > People – Employer of Choice > Our Team	
LA14	Ratio of salaries between men/women			
9. Social Performance – Society				
Approach and Management				
		81 and 82	The Path towards Sustainability in our Practice > People – Employer of Choice > Corporate Citizenship	
Comunidade				
SO1	Management of input, operation and output impacts			
Corrupção				
SO2	Business units subjected to risk assessments related to corruption	48	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management	
SO3	Anticorruption training	54	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Independence, Integrity, Ethics and Objectivity > Global Marketing Risk Management (GMRM) and Global Quality and Risk Management Manual (GQ&RM Manual) > People, Performance and Culture Global Manual	
SO4	Measures taken in the case of corruption	59	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Monitoring	

 Not answered
 Partial
 Total

GRI Indices		Page	Observations	Status
Public Policies				
SO5	Position and participation in developing public policies	30	The Path towards Sustainability in our Practice > Growth with Quality > Our Practices > Audit	
SO6	Financial contributions to political parties, politicians or related institutions		KPMG in Brazil does not make any contributions of this nature.	
Unfair Competition				
SO7	Legal actions from unfair competition, trustee practices and monopolies		KPMG in Brazil did not have any legal actions of this nature during the period covered by this report.	
Conformidade				
SO8	Significant fines and non monetary sanctions for non compliance with laws and regulations			
10. Social Performance – Responsibility for the Product/Service				
Approach and Management		49 to 59	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management	
Saúde e Segurança do Cliente				
PR1	Impacts of product and service on health and safety			
PR2	Cases of non compliance related to health and safety			
Labeling of Products and Services				
PR3	Information on services demanded from labeling procedures	52	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Independence, Integrity, Ethics and Objectivity > Global Marketing Risk Management (GMRM) and Global Quality and Risk Management Manual (GQ&RM Manual) > Information on Products and Services	
PR4	Cases of non compliance with regulations and labeling considered relevant	49	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management	
PR5	Client satisfaction, including results of research	37	The Path towards Sustainability in our Practice > Growth with Quality > Relationships with Clients and the Market > Client Satisfaction	

 Not answered
 Partial
 Total

GRI Indices		Page	Observations	Status
Marketing Communication				
PR6	Adhesion to laws, norms and voluntary marketing codes	52	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Independence, Integrity, Ethics and Objectivity > Global Marketing Risk Management (GMRM) and Global Quality and Risk Management Manual (GQ&RM Manual) > Marketing	
PR7	Cases of non compliance related to marketing, publicity or sponsors			
Client Privacy				
PR8	Evidence of complaints related to violation of privacy or loss of client data	49	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management	
Compliance				
PR9	Cost of fines for non compliance with laws and regulations	59	The Path towards Sustainability in our Practice > Professionalism and Integrity > Risk Management > Monitoring	

 Not answered
 Partial
 Total

Credits

Coordination, Writing and Editing

Corporate Citizenship Department

Advisory in the GRI Guidelines, Calculation and Consolidation of indicators

Climate Change & Sustainability Services – KPMG in Brazil

Independent Assurance

BSD Consulting

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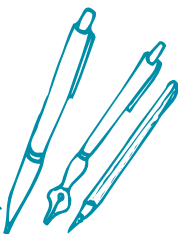
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