



cutting through complexity

KPMG in Brazil

Sustainability Report 2012

kpmg.com/BR



2012 Headlines

GRI / 2.10

OUR REVENUE

WAS
R\$ **805** MILLION
IN 2012

↑ UP BY
13.7%
OVER 2011

Corporate INTL Magazine Global Prize

KPMG International elected Consultancy Firm of 2012 in the category Transfer Pricing.

Finances Executive of the Year Award: the trophy "Equilibrista"

was awarded by IBEF Porto Alegre to our partner Wladimir Omiechuk.

The World's most attractive employer 2012

KPMG International remained in first place amongst the Big Four and second place in the business segment in the ranking compiled by UNIVERSUM, a global talent consultant.

840 HOURS OF
PRO BONO
WORK FOR NON-PROFIT
ORGANIZATIONS

INVESTED
R\$ **29.9** MILLION
IN
EDUCATION, LEARNING
AND DEVELOPMENT

INVESTED
R\$ **2.78** MILLION
IN
SOCIAL, ENVIRONMENTAL AND
CULTURAL PROJECTS

The Sustainable firm of 2012/2013

KPMG International elected Sustainable firm of the year in its segment by the International Accounting Bulletin (IAB)

*Diversification of
our portfolio into
supply chain*

The Most Admired Companies in Brazil 2012

KPMG in Brazil came second in the awards organized by magazine Carta Capital in its segment.

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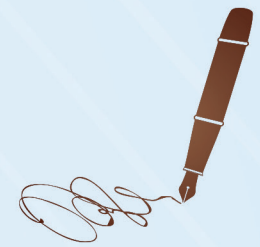
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Message from the Chairman

GRI 1.1 / 1.2



For the third year running we are proud to present the KPMG in Brazil Sustainability Report, produced in accordance with the international guidelines issued by the Global Reporting Initiative (GRI) and independent assurance by BSD Consulting. By submitting it for independent assurance, we are demonstrating our commitment to transparency and to the evolution of our practices.

This report sets out the strategies and initiatives we have put in place to preserve core aspects of our business, such as ethics, transparency, governance, quality, independence and the fair treatment of our professionals, all of which are key attributes of sustainability and validated by our stakeholder consultation.

As in previous years, the preparation of this document mobilized staff at KPMG in Brazil in multiple, productive efforts involving both looking back and looking ahead.

LOOKING BACK

Challenges: Brazil's economy and regulatory restrictions are impacting our revenue

In hindsight, 2012 was an extremely challenging year. In Brazil we are experiencing the effects of the country's economic slowdown, which led to low GDP growth of 0,9%. The situation is affecting all of the segments our clients operate in, directly affecting our business.

Our sector also experienced volatility. In the quest for a response to the economic and confidence crisis that originated in the global financial market, regulations and restrictions were heightened on auditing, which impacted our activities worldwide.

Specifically in Brazil, the Brazilian Securities Commission determined that the auditing of companies listed on the stock exchange must be carried out by alternate firms, which has had a major impact on our revenue. In view of this, we decided that rather than shrinking our operations, it was time to invest heavily in our growth strategy and in restructuring our portfolio.

In addition to our internal drive to growth and innovation, in 2012 we worked actively with governments, regulatory authorities, investors and professional boards around the world to ensure that opportunities to move forward are not wasted and confidence in the markets is restored.

Opportunities: the entrepreneur market and foreign investment sustain our growth

Our projections showed that, despite the recession, foreign investment would continue to flow consistently into Brazil – encouraged by incentive policies, by the robustness of our domestic market and by the major events we will be hosting over the next few years – and the enterprise market, in which we began investing in 2011, would continue to grow.

Based on that analysis, we invested in the acquisition of two expertises that have expanded our portfolio of solutions on offer to help our domestic and foreign clients navigate their way more safely through current tax, social, economic and market complexities. By the end of 2011, in the area of tax

compliance, we hired a team of experienced professionals and put together the best solution on the market for current dynamic demand. In November of 2012, another acquisition brought to our professional staff a team of domestic and international supply chain specialists, which helps big clients structure and manage their supply chain in Brazil and around the world, in what is also an important opportunity for the tax area, which helps evaluating the tax impacts on transit of goods.

Bolstered by these strategies, in 2012 the revenue of the network of independent firms that operate under the KPMG brand in Brazil reached R\$ 805 million, 13.7% up on 2011.

To support that growth, we increased the size of our team by absorbing the staff of the newly acquisitions and together with the staff of the auditing firm whose Brazilian operations we took over in 2011, we reached approximately a thousand new employees incorporated in 18 months, an increase of 25%. To consolidate these new operations and integrate these staff into our culture and methodology required a huge effort throughout 2012, but enabled us to take our activities to a new level.

LOOKING AHEAD

The outlook for 2013 is an environment favorable to the development of a range of services which we provide. A series of changes in tax law, involving electronic monitoring, a requirement for companies to declare on their tax receipts the estimated tax on products and services, a single rate for ICMS on interstate transactions involving imported goods and a change in the accounting criteria in line with the international rules and principles of the IFRS, mean companies must revise their tax processes and procedures, which is likely to mean they will seek expert guidance.

Another favorable aspect is the entrepreneur market, which continues to boom and is in the sights of foreign investors, stimulating demand for diagnostics, compliance and governance.

Regionalization is another important strategy for consolidation and growth to be intensified in 2013. Since 2011, we have expanded our regional and sub-regional offices, increasing the presence of partners and directors in various regions of Brazil. By this means, we offer services with KPMG's global quality, without losing sight of the challenges and opportunities specific to each region.

Government measures in favor of transparency and initiatives like the Natural Capital Declaration – whereby financial institutions make a commitment to incorporate environmental, social and corporate-governance factors into business – promise to build up a head of steam and cause clients to seek our assistance to adapt their businesses in line with new standards.

In view of these aspects, we are forecasting significant growth of 25% for 2013.

The contribution of sustainability to our strategy

We believe that the greatest contribution we can make to sustainable development is by applying our abilities, values, knowledge and experience to the wide-ranging challenges facing our clients and communities.

Globally, KPMG has gained a recognition for its services to sustainability and for its efforts to promote debate and produce knowledge on the subject. Two initiatives carried out in 2012 to raise awareness about sustainability are particularly worth a mention.

In February 2012, we held the KPMG Sustainability Summit: Preparing for Rio+20, in New York, in partnership with the United Nations Environment Program (UNEP), the United Nations Global Compact and the World Business Council for Sustainable Development. With the participation of experts and leaders such as Ban Ki-moon, Michael Bromberg, Bill Clinton and Yvo de Boer, approximately 600 executives from 40 countries discussed a preparatory agenda for Rio+20, which sought convergence between business development and resource scarcity. The final document, with 15 recommendations ratified by participants, was presented at Rio+20.

At the event, KPMG launched the publication *Expect the Unexpected: Building business value in a changing world*, a study which explores the ten megaforges that are set to impact each sector and the way we do business over the next two decades.

Our knowledge and experience tell us that those forces will affect the current and future operations of KPMG in Brazil and those of our clients. As a result, we are in no doubt that our growth can only be sustainable in the long term if it is associated with the development of the economy, the market and society, understood in synergistic terms, while respecting the limits of our planet.

*2012 was a year of challenges and overcoming obstacles,
both for KPMG in Brazil and for many of our clients.*

We know that we are only in the early stages of this path of building a genuine culture of sustainability which truly guides the way we think, take decisions and act, but we are making every effort to see that it evolves year on year.

We understand sustainability as a centerpiece to ensuring the longevity of our business and the planet as a whole. For that reason, it has increasingly become a recurring theme in our leadership meetings and in the training sessions, discussions, conduct and actions of the entire staff of KPMG in Brazil.

Thus, we have exerted our best efforts to make sustainability our path.

A number of steps we have taken in recent years have reinforced that path. Our recently revised Global Code of Conduct sets out clear, rigid standards for ethical and independent conduct. By joining global initiatives of the UN (Global Compact, Millennium Goals and Women's Empowerment Principles) and the World Economic Forum (Responsible Capitalism, Future Role of Civil Society and Anti-Corruption Compact), we play an active part in important movements for social change. By incorporating environmental practices in the day-to-day running of our business, we seek to reduce the direct impact of our activities, although we have already identified that our main environmental impact – and dilemma – is indirect and stems from land and air travel inherent in the development of our business while serving our clients.

By investing in staff training, we encourage their continual self-development, facilitating and stimulating their access to knowledge and best practices

and offering mobility programs. Lastly, the work we do free of charge for charitable organizations puts our knowledge at the service of the professionalization and continuation of their work.

All of these initiatives have influenced the way in which we relate to our stakeholders and do business. Recently, KPMG International took another important step in this direction: by declaring a global commitment to human rights, it called upon all member firms to include human rights considerations in their internal procedures for accepting clients and hiring suppliers. That commitment makes the issue of human rights central to the core business of our organization.

At last, I would like to express our appreciation of all our stakeholders' support, which helped us overcome the challenges faced in 2012.

May each of our victories have paved the way for us to enjoy another great year, full of achievements.

I hope you enjoy reading this report.

Pedro Melo

Chairman KPMG in Brazil

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KPMG





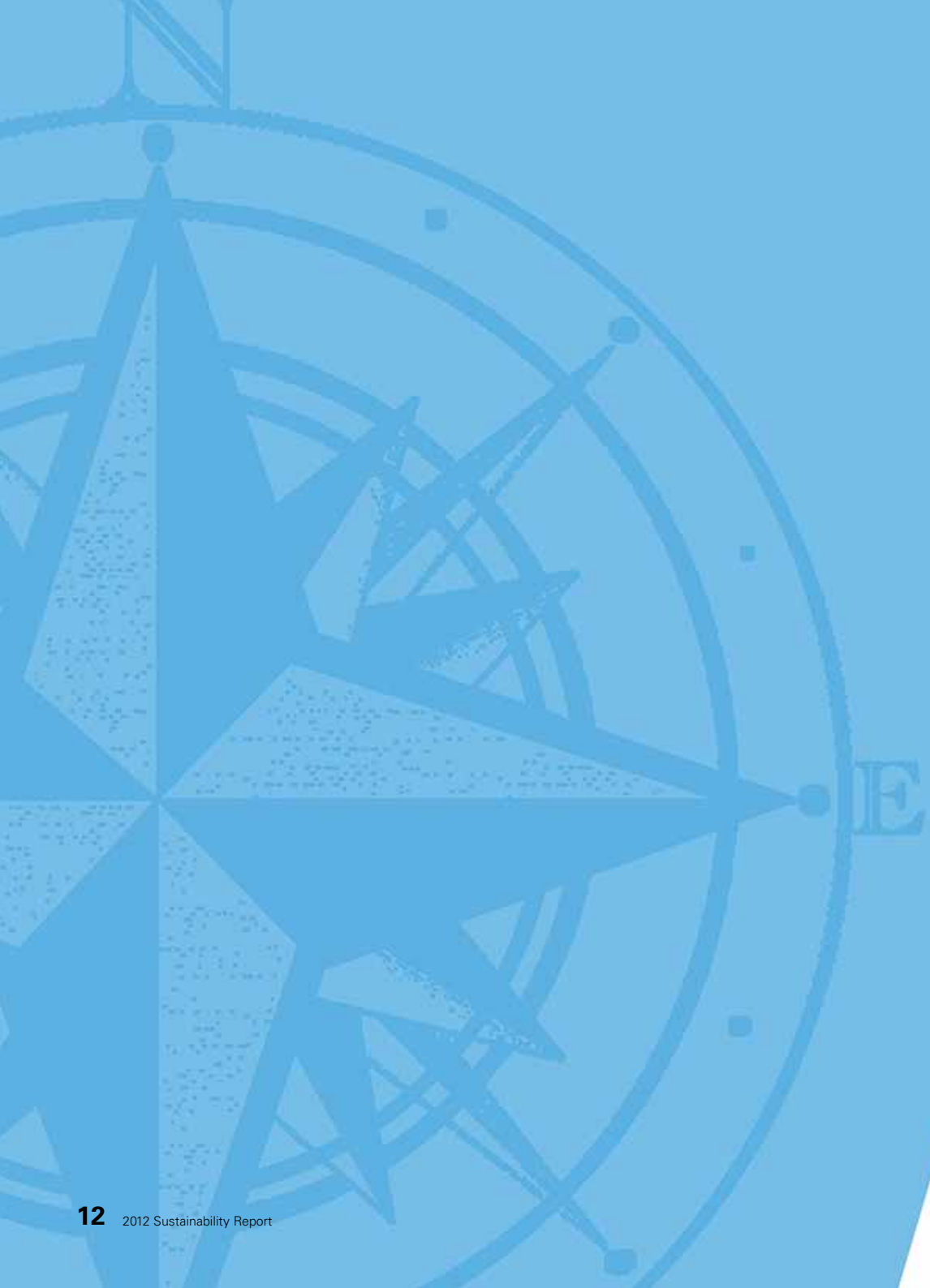
1.1. WHO WE ARE

GRI 4.8

KPMG International is a global network of independent firms operating in 152 countries.

We have more than 145,000 outstanding professionals with multidisciplinary skills offering services in the audit, tax and advisory segments to private companies and government agencies, helping them detect risk and capitalize on opportunities.

- We are **experts**. We apply our extensive knowledge and experience, discriminating what is important in resolving the most complex questions.
- We maintain a **global mindset**. We connect globally and see the big picture, offering a unique perspective.
- We are **forward-thinking**. We support the success of our clients, anticipating the unexpected. We are pro-active, clarifying implications and opportunities.
- **We add value**. We listen and ask our clients the right questions. Our activities optimize valuable time and create competitive advantages.
- **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.



Vision

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.

Mission

High-performance individuals with multidisciplinary backgrounds, who help to cut through complexity, offering clear solutions to the benefit of our clients.

Values

- 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.

We believe our greatest contribution to society stems from applying core values, skills and experience to the various challenges faced by our clients and communities.

*Michael Andrew,
Chairman of KPMG International*

1.2. ORGANIZATIONAL PROFILE

1.2.1. KPMG International

GRI 2.1 / 2.3 / 2.8

Founded in Switzerland in accordance with Swiss law, and headquartered in Amsterdam, KPMG International Cooperative (KPMG International) is an entity that coordinates and works for the general benefit of member firms, ensuring that policies and standards are consistent in order to protect and strengthen the KPMG brand. Its activities are financed by the member firms, as it does not provide client services.

The member firms of the KPMG International network are independent legal entities and are responsible for their own management and service quality. They are entitled to use the name, brand and methods of KPMG when providing services to their clients, providing they commit to the values of KPMG International. They are contractually required to comply with 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.

This structure based on member firms helps provide a consistent global strategy for KPMG International and adherence to our values; and through the exchange of experience and knowledge, provides the same quality and technical accuracy in the services provided to all clients.

This has placed the member firms of KPMG International in a position of leadership, and earned them global recognition for their quality and integrity.

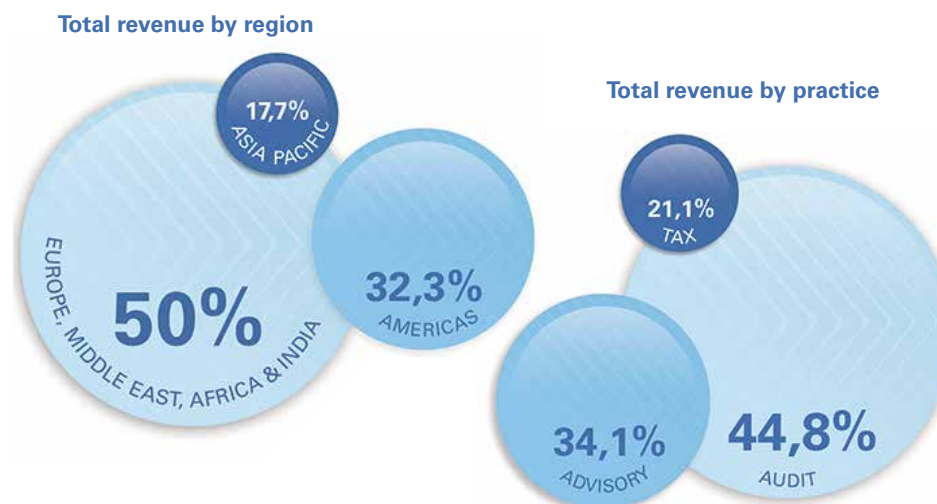
Global presence

GRI 2.2 / 2.5

We managed to grow despite the fact the 2012 financial year has been extremely challenging and complex for the economy and business in our core markets. The combined revenues of the network of KPMG International member firms amounted to a record USD 23.03 billion, 4% more than the previous year, and was primarily driven by emerging markets. The Advisory practice grew by 8.3%, the Tax practice by 6.3%, and audit by 0.9%.

We experienced substantial growth in key sectors like financial services, government, infrastructure, energy, natural resources and healthcare, which has placed us in a position of strength to achieve even greater growth in 2013.

Member firms of KPMG International 2012



Countries/territories in which KPMG member firms operate



1.2.2. KPMG in Brazil

GRI 2.1 / 2.3 / 2.4 / 2.5 / 2.6 / 2.7 / 2.8 / 2.9

In Brazil KPMG consists of a network of independent firms under local ownership and management, with head offices defined in their respective articles of incorporation. The organization's main establishments are located in São Paulo.

Our 26 offices are strategically located in 20 cities in 11 Brazilian states and the Federal District.

At the close of our financial year on September 30, 2012, our 3,885 people were serving **3.692 clients** across Brazil. These clients include Private companies, government agencies and non-profit organizations and have 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 Audit, Tax and Advisory fields.

Our **3.634 professionals** are aligned with KPMG's national and global values, regulations and quality standards by way of multiple initiatives, including the Code of Conduct, policies, internal methods and training, in addition to an international network through which they share methods enhanced here and at other member firms, which can be tailored to the requirements, opportunities and challenges of our clients.

KPMG in Brazil therefore actively contributes as a creator and disseminator of good practices. Spearheaded by our Chairman in Brazil, Pedro Melo, we occupy a position in the Global Board, one of the four main governance bodies of KPMG International, where we also help define strategies and generate global expertise.

The legal status of KPMG in Brazil complies with the legal regulations applicable to each of the services it provides. Therefore, in accordance with the specific legislation that applies to the provision of audit services, KPMG is a limited liability company in Brazil.

Local presence

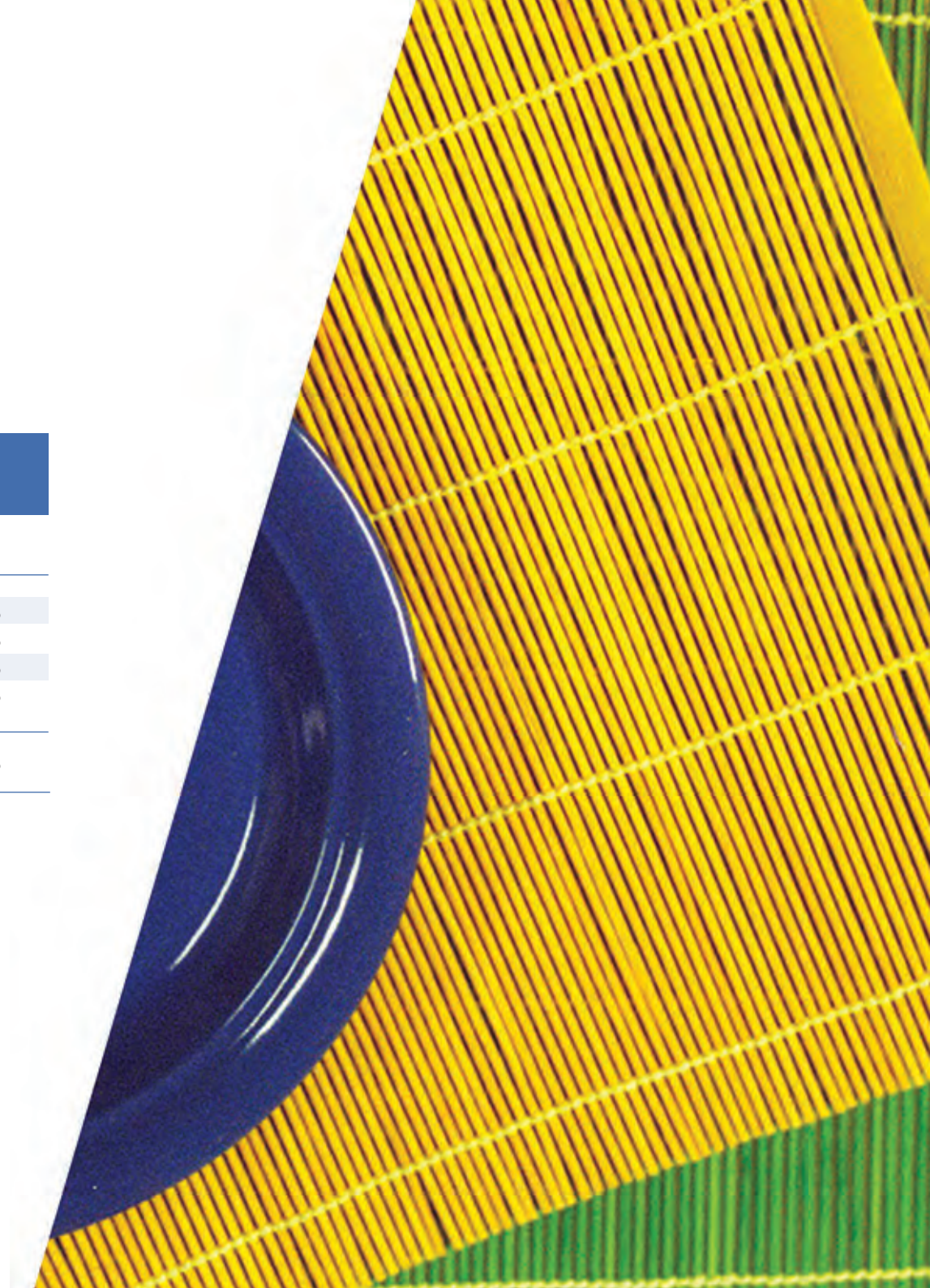
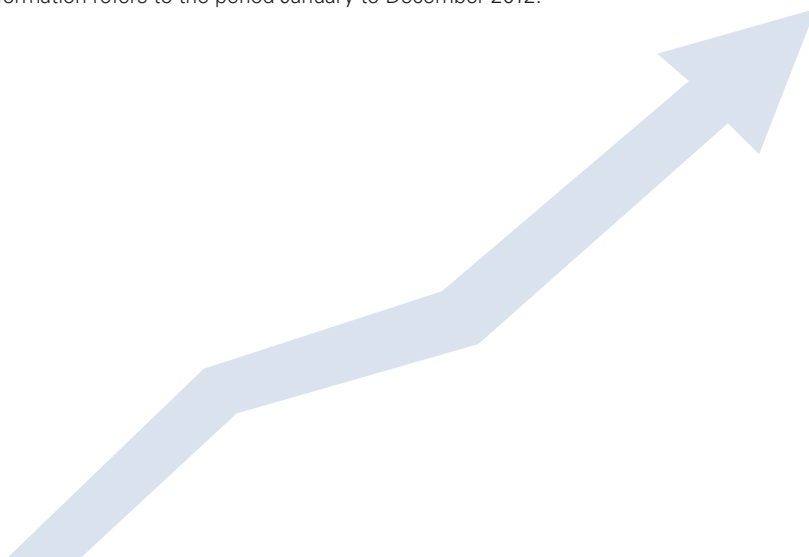
KPMG in Brazil grossed R\$ 805 million, a substantial increase of 13.7% over the previous year given the tough economic conditions. Our Audit practice expanded by 24%, our Tax practice by 13% and our Advisory practice by 21%.

Consolidated Revenue by Region and by Practice

Network of independent entities that operate under the name KPMG in Brazil.*

Region	Audit	Advisory	Tax	Brazil
São Paulo and Rio de Janeiro	73%	93%	74%	79%
South	9%	2%	9%	7%
Southeast / Midwest	14%	4%	14%	11%
North / Northeast	4%	1%	3%	3%
Participation by practice	49%	30%	21%	100%

*this information refers to the period January to December 2012.



KPMG in Brazil Offices

26 offices located
in 20 cities and
11 states + Federal District



✓ New offices (from Sept.2010 to Aug. 2011)

✓ New offices from the audit company acquired in 2011

✓ The activities in Campo Grande office were closed in June 2012

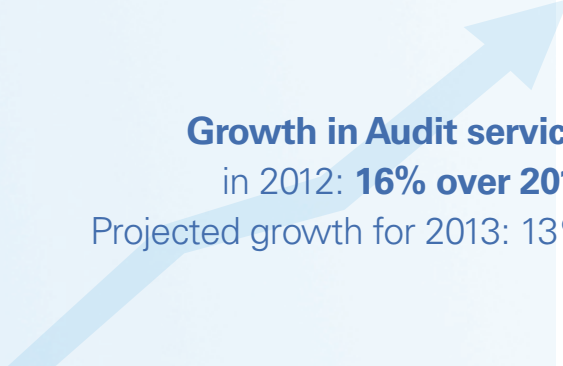
1.2.3. Our practices

GRI 2.2

1.2.3.1. Audit

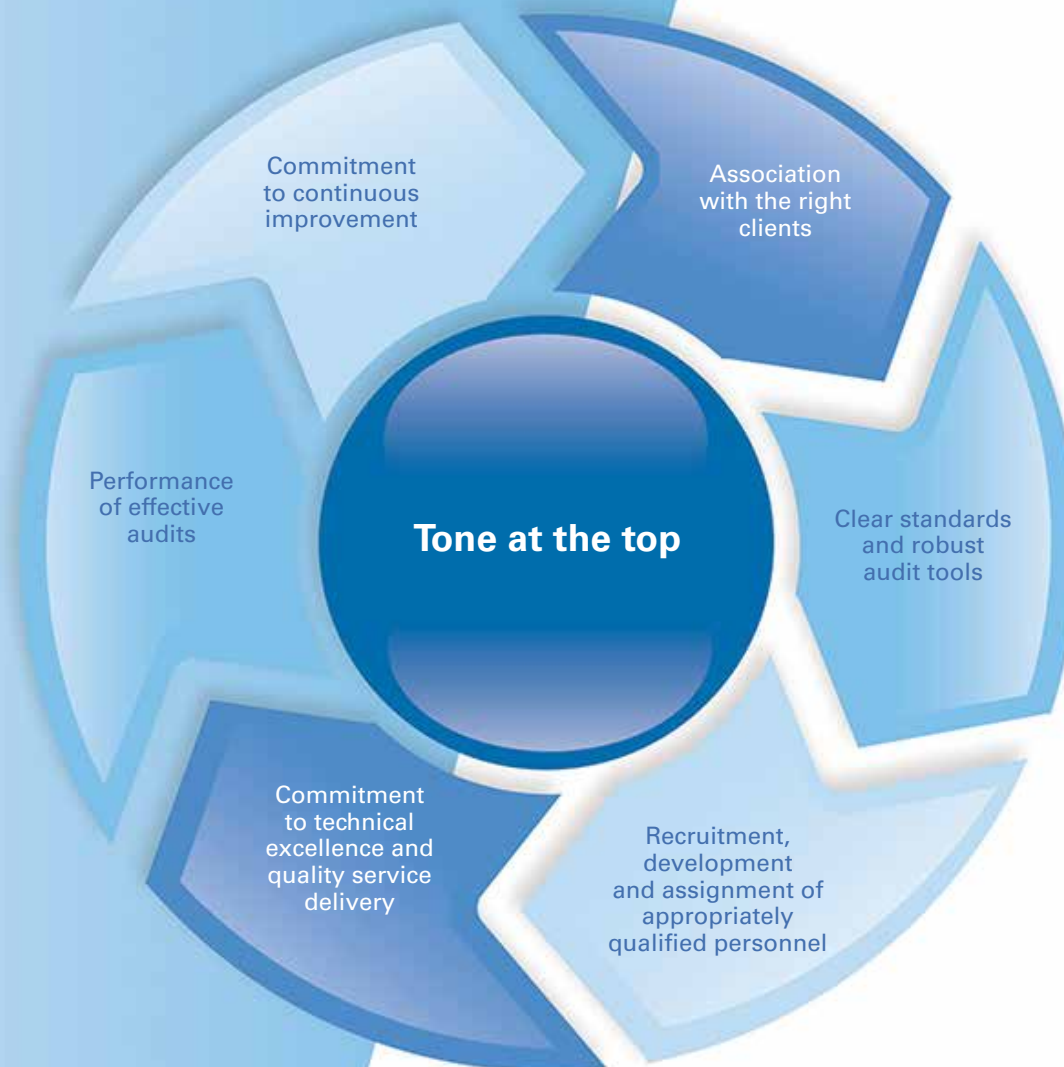
Committed to quality, ethics, transparency and independence, the objective of our audit services is to enhance the reliability and quality of the information prepared by clients for use by their investors, creditors and other stakeholders.

Our financial statement audit and other audit services comply with local and international standards. Our audit methodology boasts electronic tools and techniques exclusive to KPMG International, that help teams to work effectively and efficiently.



Growth in Audit services
in 2012: **16% over 2011.**
Projected growth for 2013: 13%.

We are qualified to attend our clients in the audit of financial statements according to International Financial Reporting Standards (IFRS), the international financial reporting standards published and revised by the International Accounting Standards Board (IASB), in order to standardize the financial statements published by listed companies.



To keep our employees abreast of the frequent changes to national and international standards 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 publish the IFRS Briefing Sheet, which deals with specific requirements and questions in more detail.

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 compromising services quality or independence 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 listed corporations.

Perspective of KPMG in Brasil: 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, which is already done and regulated, and not the audit companies themselves. 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.

Another two points that should be taken into consideration are: i) the rotation impinges the client's liberty to choose their service provider, and ii) service providers investing in development of specialist professionals dedicated to providing excellent services to a given client lose the incentive to do so, as the work will not be ongoing.

Under the rotation, audit firms in general face challenges and financial opportunities. In the latest rotation KPMG had become a leader in the provision of audit services to listed companies. Consequently, in the 2012 rotation we were unable to keep serving these clients, which led to a severe impact on our revenue. However, there is also a phenomenon known as "reverse rotation": we can offer other services from our portfolio to the audit clients we lost as a result of the rotation.

Evolution

1999

Creation of the rotation, by the Securities Commission - CVM, which demanded that independent audit companies contracted by organizations be replaced every five years.

2008

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

2011

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

1.2.3.2. 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 provision of services in this segment 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 pricing, advice for international executives, international taxation, advisory for acquisitions and mergers, financial services and outsourcing.



Growth in Tax services in 2012:
11% over 2011.

Projected growth for 2013: 21%.

Changes in Brazil's tax legislation in 2012

Brazil's tax system underwent important advances in 2012, obliging companies to change their systems and processes in order to adapt to the new requirements and opportunities. These changes have increased the demand for our tax-related practices. The main legislative changes were:

Siscoserv - makes it obligatory to record services, intangibles and any other transactions producing changes in the equity of parties resident or domiciled in Brazil (individuals or companies) in transactions with overseas parties.

Lei nº 12.741 - requires invoices for sale to consumers to specify the values of the main taxes payable on goods and services, effective from June 2013.

Brasil Maior Plan - by way of Provisional Measure nr. 582, the government is attempting to make local industry more competitive internationally, offering tax exemptions and reductions for certain products and activities.

Unification of ICMS rates - from January 01, 2013 the ICMS rate applicable to interstate transactions involving imported goods has been unified at 4%, thereby bringing the "war of the ports" to an end.

1.2.3.3. Advisory

The **Advisory** practices support the strategic decisions and development of projects adopting a multidisciplinary approach, which includes skills in strategic planning, mergers and acquisitions, corporate governance, risks and compliance, improvement of financial and operational performance, 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 in services in the segment

in 2012: **15% over 2011.**

Projected growth for 2013: 29%.

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.

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



Expect The Unexpected

GRI EC2

Risk management is progressively moving towards contingencies for social and environmental issues. During Rio+20 KPMG International released the study “Expect the unexpected: building business value in a changing world,” which maps out the megaforges that will impact business growth over the next 20 years. This analysis examines how global forces could affect segments differently and we project the impact of environmental costs for companies.

The megaforges addressed in the study are related to climate change, energy and fuel volatility, availability and cost of water and availability of natural resources in general, in addition to growth of the population and new urban centers.

By way of the study KPMG calls upon companies, civil society and government to work together to mitigate future risks and to pursue new opportunities. Given that the impacts are intense for everyone, governments cannot act alone and companies will be increasingly called upon to give greater attention to sustainability, focusing on maintaining natural resources and establishing a new development model.

We see this trend not just as a responsibility undertaken towards our stakeholders but also a business opportunity for KPMG, as our clients need to implement sustainability strategies and practices in their companies. To attend them, we are addressing sustainability jointly and comprehensively, offering differentiated services such as Climate Change and Sustainability Services (CC&SS).



“We know that governments alone cannot address these challenges. Business must take a leadership role in the development of solutions that will help to create a more sustainable future. By leveraging its ability to enhance processes, create efficiencies, manage risk, and drive innovation, business will contribute to society and long-term economic growth.”

Michael Andrew,

Chairman of KPMG International

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, delivering the KPMG global quality standard.

Services:

- Diagnosis of risks and opportunities related to climate change
- 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 greenhouse effect gases on the chain of suppliers and/or by product.
- Define the socio-environmental Key Performance Indicators (KPIs).
- 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 water resources consumed by product (water footprint).
- Preparation and independent verification of inventories and emission of greenhouse gases.
- Independent verification of sustainability reports and 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; IT Governance and Information Security.



For more information on our practices, access, www.kpmg.com/BR

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 appraisals, 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 core business and, at the same time, have access to a general vision and accompany each step in the processes performed, making its decisions more assertive.

1.2.4. KPMG in the life cycle of clients

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 they operate in, we actively participate in debates on the regulatory environment for our activities.

Our services also provide confidence to the capital markets and its agents, such as analysts, investors and regulatory bodies.

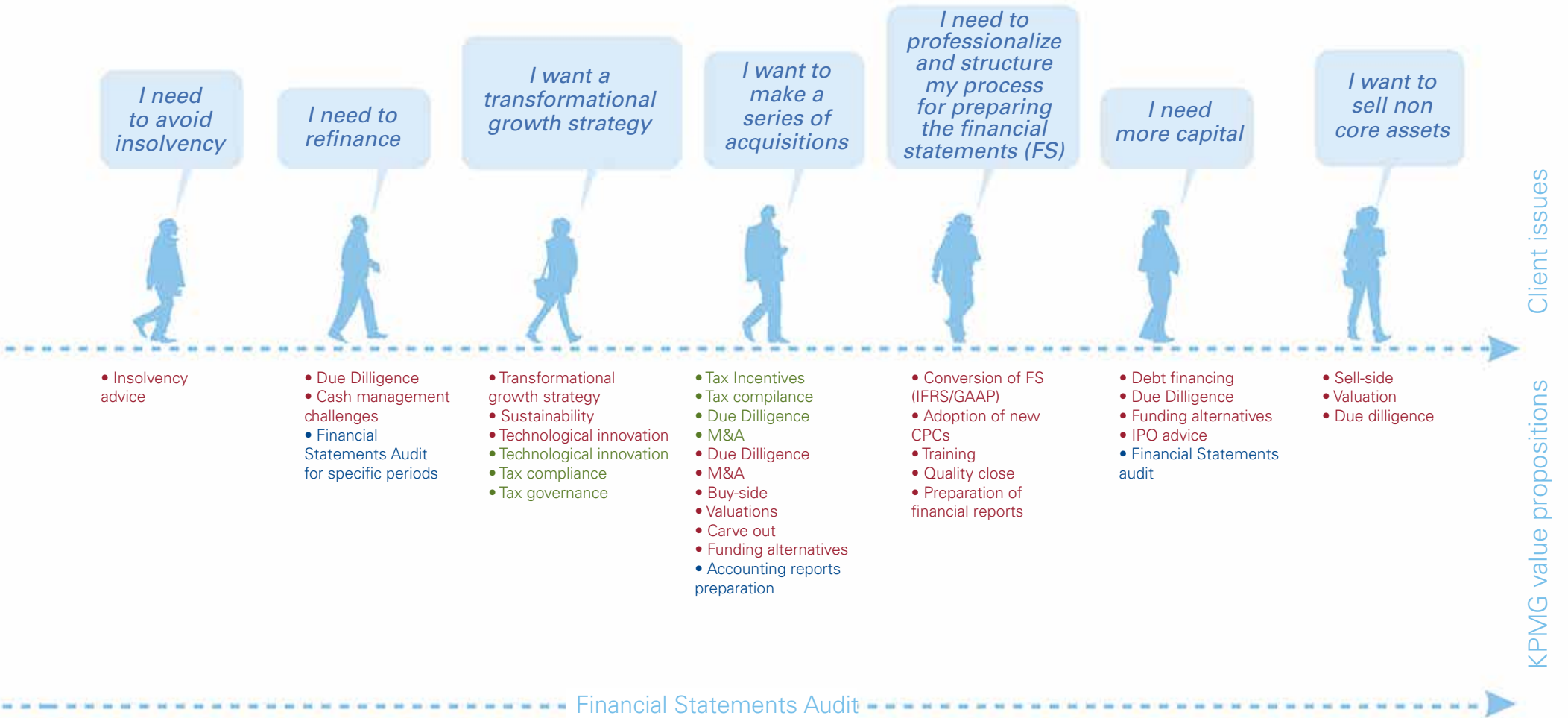
With our intensive investment in training and professional development, we contribute through the placing of specialized individuals on the market, which generates value for our company, clients and society. Some of these professionals do not continue their career with KPMG, and take the expertise acquired in our organization when then join other important national and international companies.



KPMG value proposition on client's life cycle



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).



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

2

Report Presentation



2.1. UNDERSTANDING THE REPORT

2.1.1 Scope and publication frequency

GRI 2.9 / 3.1 / 3.2 / 3.3 / 3.4 / 3.6 / 3.7 / 3.8 / 3.9 / 3.10 / 3.11 / 3.13

This third edition of the KPMG in Brazil Sustainability Report has been prepared in accordance with the international guidelines of the Global Reporting Initiative (GRI), version G3, with the self-declared application level of B+ and independent assurance of BSD Consulting.

Published annually since 2010, the Sustainability Report shows the performance of the 26 offices comprising the network of independent firms that operate under the KPMG name, in Brazil (referred to throughout this report as KPMG in Brazil).

It covers the period from October 01, 2011 to September 30, 2012, which coincides with the financial year of KPMG in Brazil, which will be referred to as 2012.

The information in this Report was provided by the various departments managing activities relating to the performance indicators presented. As in the previous edition of our Sustainability Report, the accounting data complies with the practices adopted in Brazil. It is important to mention that in 2012 we can evaluate the first complete period of activities of our Organization since the incorporation of professionals coming from the operations acquired in 2011.

Nevertheless the scope, limit and measurement methods have not changed, therefore, there are no reformulations of the information provided in the previous year.

For a better understanding and to put the data reported into context, in certain cases information of KPMG International is presented, as well as the methodologies, the bases used or the specific periods for certain data.

Please send us your comments, doubts, suggestions or feedback so we can enhance our Sustainability Report every year.

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Manager of Corporate Citizenship

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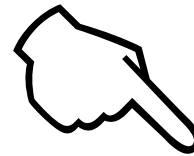
2.1.2. Structure

The structure of our Sustainability Report is based on the KPMG International's Global Strategy for the period 2011-2015. These fundamentals are **Global Consistency, Growing with Quality, Professionalism and Integrity**, and **People**. The Global Strategy seeks to integrate and leverage the member firm's actions via the following objectives, which are undertaken by the entire KPMG network throughout the world as priorities:

- 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.
- Maintain an extensive source of professionals that are specialized in these segments.

Integrating sustainability into our strategic view means we have a broader sense of purpose, geared toward serving public confidence and helping resolve some of the world's most complex problems. To be part of the essence of our strategy, sustainability is being incorporated into the way we handle opportunities and challenges in our business segment.

Throughout this Report we will demonstrate that the pillars of our Global Strategy are completely connected to the material issues identified with our stakeholders - as shown in the next figure and detailed below, which reinforces our belief that we are on the right track.



The KPMG in Brazil 2012
Sustainability Report is available
in full and summary versions
at our webpage.

Strategy Fundamentals at KPMG

SUSTAINABILITY

GLOBAL CONSISTENCY

- Ethical business conduct
- Responsible and transparent governance systems



GROWTH WITH QUALITY

- Perform high quality and total independent services



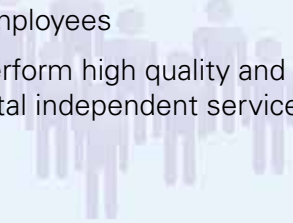
PROFISSIONALISM AND INTEGRITY

- Ethical business conduct
- Perform high quality and total independent services



PEOPLE EMPLOYER OF CHOICE

- Good treatment of employees
- Perform high quality and total independent services



2.2. OUR STRATEGIC STAKEHOLDERS

GRI 3.5 / 4.14 / 4.15 / 4.16

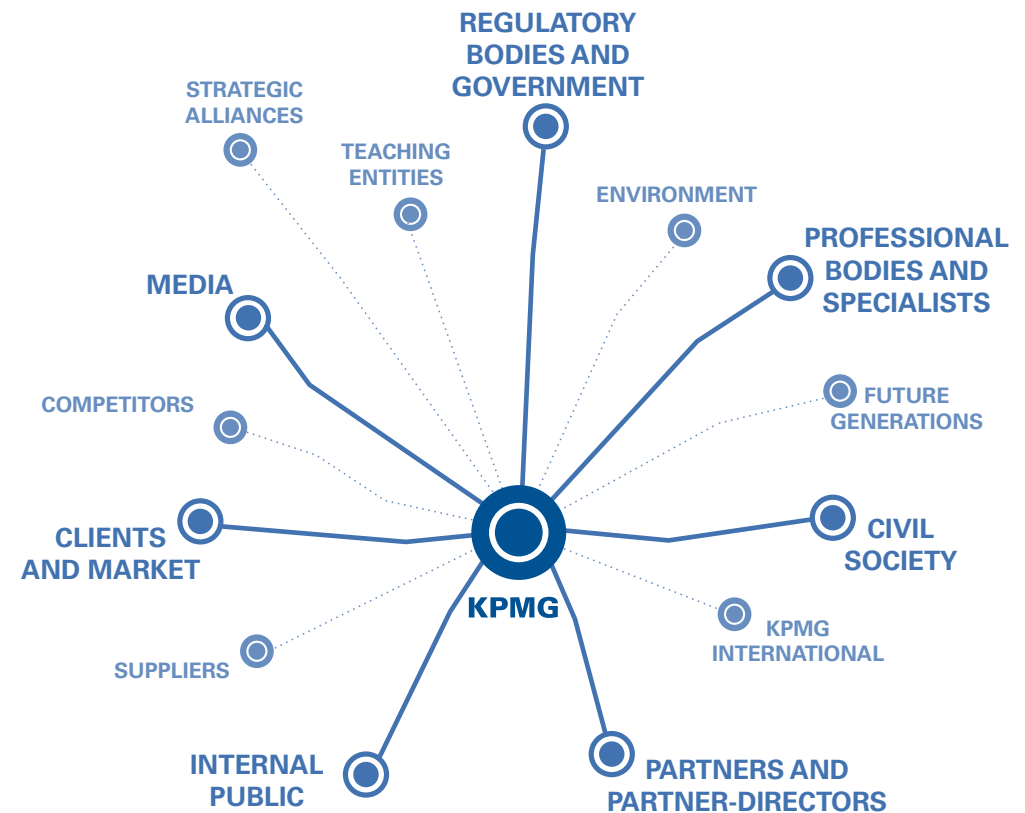
In 2009, KPMG in Brazil prepared its first mapping, prioritization and engagement of stakeholders. Representatives from all of the group's areas and all of the offices were invited to participate in the initiative, which we called Workshop – Sustainability Committee. Based on the understanding of the context in which our business is inserted and its role in society and the markets, the participants mapped out 14 groups of stakeholders.

During stage two, the KPMG in Brazil Executive Committee and the director from the Corporate Citizenship department classified the groups according to their level of influence on business performance: those that most impact 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.**

Following our participation in the Stakeholder Engagement Research, a pilot program of KPMG International, contributed to by UK independent consultants Good Business, in 2011 we included three more important groups: **sector specialists, civil society and the media.**

The selection of these seven priority stakeholders is crucial for an increasingly efficient management, as it has enabled us to invest in a progressively qualified dialogue tailored to each stakeholder. However, we are clearly investing in our relationship with all the stakeholders mapped out in stage one, as they are also contributing to consolidating our reputation.

Map of Stakeholders



2.3. DEFINITION OF MATERIAL THEMES

GRI 3.5 / 4.14

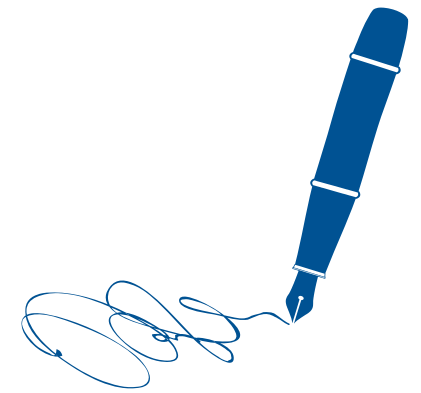
After KPMG in Brazil had defined its priority stakeholders, the next step was to consult them so as to understand what these stakeholders believed to be the main responsibilities of a professional service company.

Based on the understanding of the three core services we provide - Audit, Tax and Advisory – Good Business identified nine themes entailing a wide range of impacts deriving from the duties and responsibilities of the services in relation to the business world and the public in general.

Via individual interviews (personally or by telephone) stakeholders were invited to evaluate the importance of each theme raised and to add others which they believed were important to our business.

This contact was important for KPMG to not only further engagement with our stakeholders but to provide valuable feedback for the enhancement of our practices.

The consultation did not produce additional themes to those suggested, which were considered sufficient to cover the relevant issues for KPMG in Brazil.



Themes Identified

- Ensuring good treatment of employees (for example, equality, diversity, development, career, well-being)
- Ensuring responsible and transparent governance systems are in place
- Managing and reducing the company's direct impacts on the environment
- Managing the supply chain in terms of social, ethical and environmental impacts
- Making positive contributions to society and the local community (for example, philanthropy, identify resources, voluntary work and pro bono work)
- Ensuring business is conducted ethically (for example, guidelines for the work that the company undertakes and impartiality towards clients)
- Providing responsible tax advice
- Providing services to help clients to be more environmentally and socially responsible
- Conducting high-quality audits with total independence

GRI 3.5 / 4.16

During the consultation and engagement process conducted in 2011, KPMG in Brazil interviewed 37 representatives of the priority stakeholders, including 7 clients, 18 professionals from all of the Organization's practices (partners, partner-directors and employees in general), 3 representatives of regulatory agencies, specialists from sectors and/or regional councils, 5 representatives of civil society and 4 from the press.

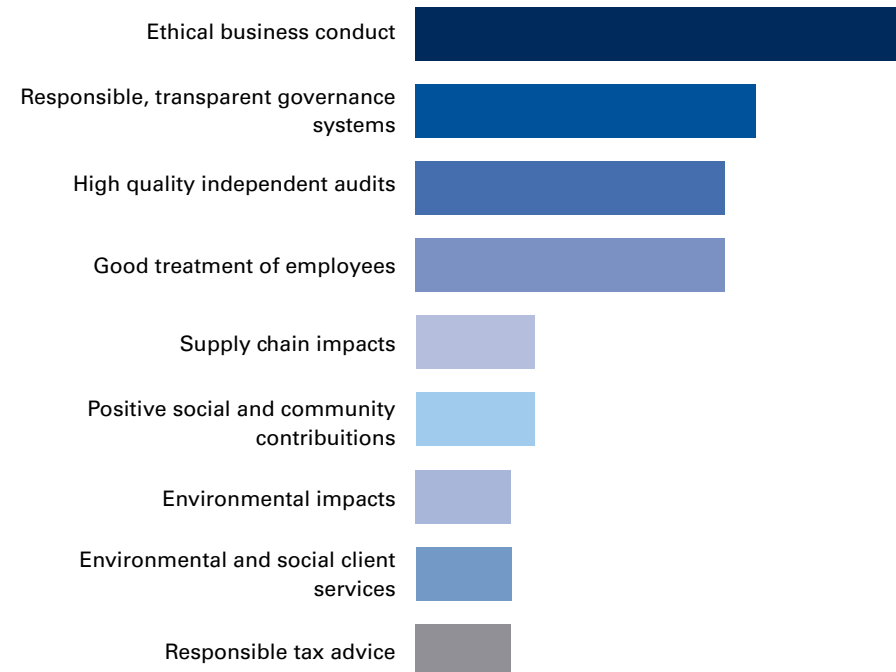
The findings of the interviews conducted revealed four themes of major importance. The priority themes are strongly connected to the foundations of our global strategy and throughout this report we seek to demonstrate their interdependence with our management, policies and corporate actions.

Four material or relevant themes

- 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

Prioritization results

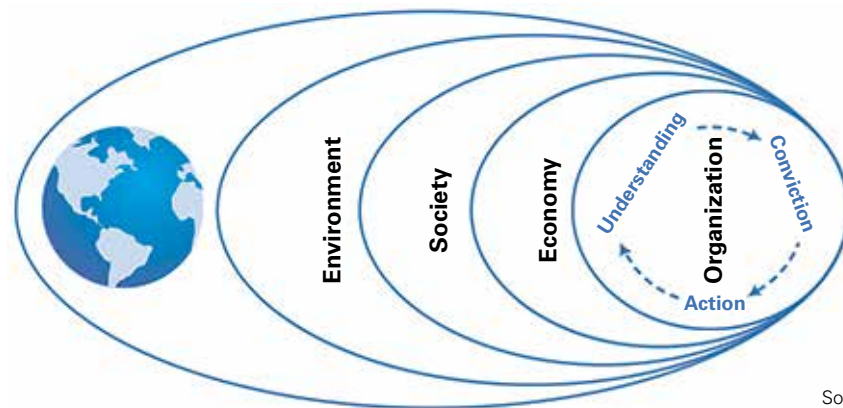


2.4. OUR PATH TOWARDS SUSTAINABLE DEVELOPMENT

GRI 1.2 | EC9

What is the sustainability role of a service sector business like KPMG?

Our contribution is being built via two convergent paths: what we follow as an Organization and what we help our clients to follow.



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

2.4.1. Our path

The first path concerns our internal journey to understand our contribution to sustainability, to earn the conviction of our professionals in respect of this and to encourage responsible actions by all in the conduct of our business and our personal lives. It's our homework assignment, to develop each day for the long term, and which is shaping the way we relate with our stakeholders.

- **Our principles** - The path we walk is underpinned by 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 of our activities. These principles are championed by KPMG in Brazil and elsewhere throughout our chain of values, and are materialized through the various services that we provide to our clients, in the relationships with our suppliers and with our communities.
- **Our management** - We have been increasingly committed and collaborative. Through a more reflective attitude and a more integrated vision, we are understanding the connection of sustainability with our business and learning how to identify the positive and negative impacts arising from our operations.
- **Our indicators** - A major challenge of this process is to identify the environmental, economic and social impacts resulting from our activities. Although our environmental impacts are negligible in our segment and have not been identified as material by our stakeholders, we take our corporate responsibility seriously. Two indicators we used to map them out are the local environmental targets and the carbon footprint targets, with the global per capita figure having fallen by 29% from 2007 to 2011. Social impacts involve the hiring and training of personnel, the ethical conduct of our business, in addition to the provision of pro Bono services to social organizations. Lastly, the economic impacts include the payment of salaries and taxes and the value generated for clients by our services. We are aware that we need to deepen our analysis, both by seeking to improve the results of each indicator, as well as the incorporation of complementary indicators. This report helps us in that way, because it gives economic, environmental, social and governance indicators that are aligned to the fundamentals of our strategy and to the themes our stakeholders consider priority in our segment.

2.4.2. The path we are helping to pioneer

The second way in which we are making a contribution to sustainability is by putting our know-how at the service of our clients, voluntary organizations, the press and industry bodies.

Our practices offer an insight into the complexity, identify opportunities and challenges, and anticipate the potential impact of the changes that are continually taking place in the field in which we operate. Using that information, we can help our stakeholders to find the best solutions. That contribution involves:

- **Professionalizing our clients** - We help our clients in their expansion process, by offering them training and know-how so that they can navigate their way more safely around the complexities. In so doing, we help them generate revenue and jobs in the communities where they are based. We also create value by helping them to make the appropriate contribution under the current tax system, and to introduce quality, transparency and credibility into their financial statements. In this way, we encourage best practice in the markets we operate in.
- **Sharing know-how** - The active participation of our staff in debates and discussions about the regulatory environment and the markets in which our practices are involved helps to form a critical mass on important themes, through research, representations, talks, events and publications.
- **Restoring market confidence** - When we look at the serious crisis of confidence that has gripped the world, it is clear that responsible auditing, tax and advisory practices have an important role to play in creating a more transparent, responsible and effective business environment. We are committed to making our own contribution to that process.

- **Training professionals for the market** - Our intensive investment in the training and development of our staff not only impacts on the performance excellence of KPMG in Brazil and our clients, but also equips the market with qualified professionals. Those who do not pursue their careers in our Organization take our expertise with them to major Brazilian and multinational companies, which creates value for KPMG in Brazil, our clients and society as a whole.
- **Spearheading positive change** - We are committed to the values of the communities we operate in and to the events that affect them. That commitment is one of the most lasting qualities of our staff and brand. We are committed to bringing about positive change, leading by way of example and inspiring our stakeholders to do the same.

2.4.3. External and internal parameters

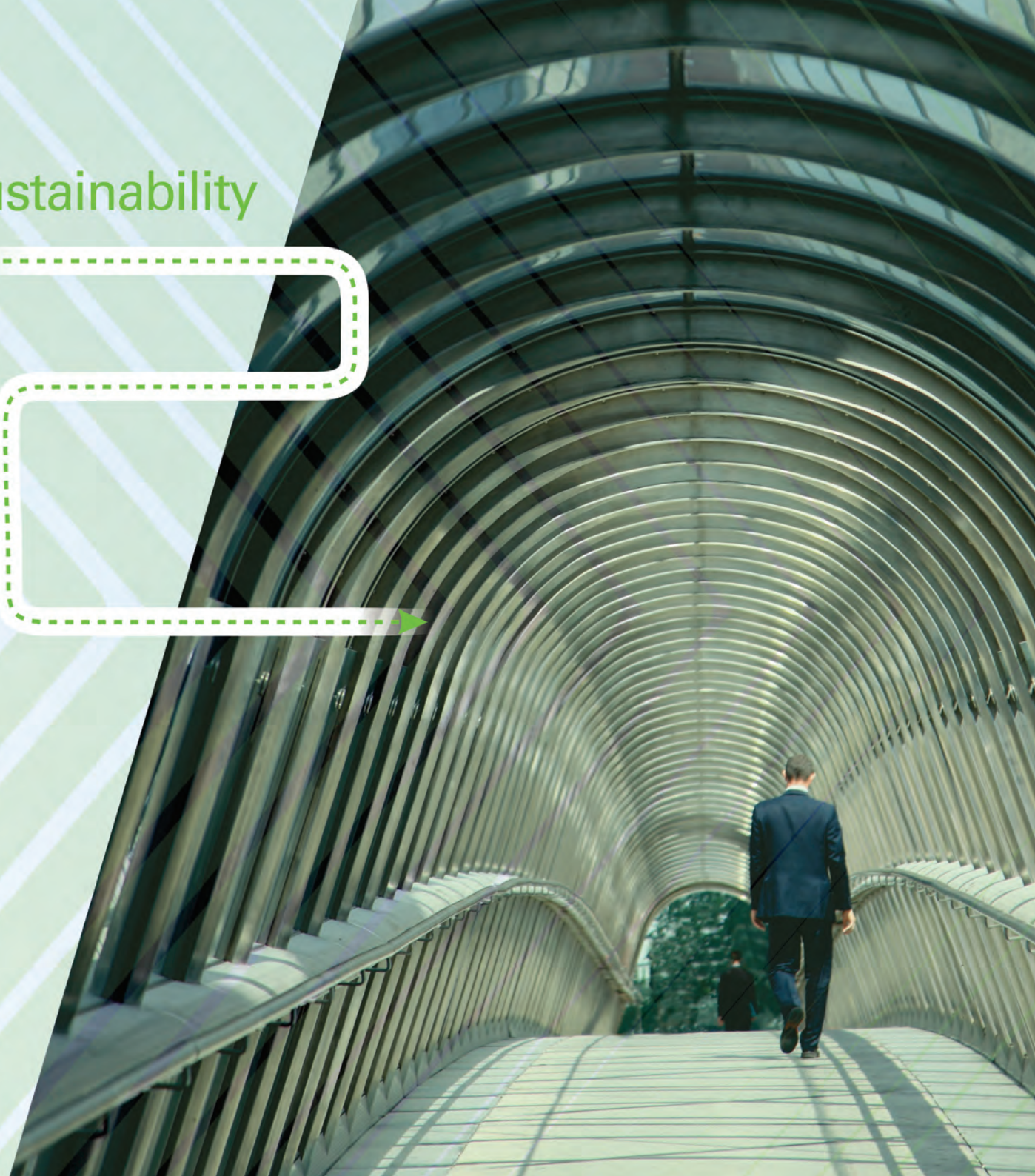
To help us draw up the policies and actions that comprise these two pathways (to be explored in more detail in the next chapter), we have also signed up voluntarily to a series of international initiatives already consolidated by the UN and the World Economic Forum, as described in the chapter People/Corporate Citizenship.

As we advance along these pathways, we contribute to the transition to responsible capitalism and to the generation of collective value.



3

The Path Towards Sustainability in Our Practice





As shown in the previous chapter, our stakeholder survey reiterated the fact that interaction with our people, ethics, governance, quality and the independence of our services are the best way for us to influence and add value to the market and society.

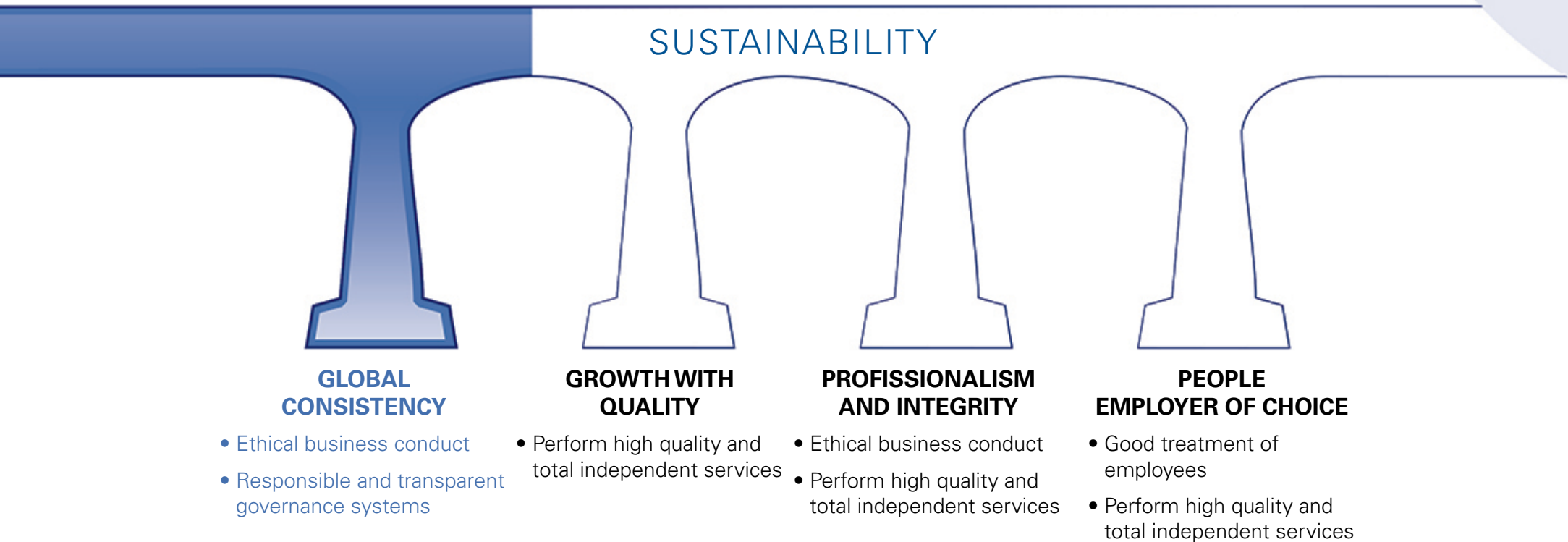
In this chapter, we will set out the policies and actions we have put in place at KPMG in Brazil to effectively incorporate sustainability into our business, taking into account both the issues considered priority by our stakeholders and the cornerstones of our global strategy.

3.1. GLOBAL CONSISTENCY

Global Consistency is the pillar that integrates the network of member firms and enables them to offer high-quality solutions and services, with access to experts and centers of excellence which generate value for clients and give KPMG its international reputation.

As highlighted, 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.

Strategy Fundamentals at KPMG



3.1.1. Corporate Governance

GRI 4.1

We are one of the biggest organizations in the world in our sector and are entirely dependent on the ethical commitment of our professionals and member firms to maintain our reputation. For that reason, our structure is designed so that we conduct our business according to the highest standards of corporate governance, based on transparency and ethics.

Governance, then, is one of the cornerstones of our strategy, and its importance was validated in our recent stakeholder survey, in which it was ranked the second most important issue for a service provider like ourselves.

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.

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 comply with 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.

See below a description of the governance tools and structures we have both locally and internationally.

Corporate governance is the system whereby organizations are run and supervised.

For further information, visit the website of the IBGC (Brazilian Corporate Governance Institute): www.ibgc.org.br

3.1.1.1. KPMG International Governance

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

- **The Global Council** - this body focuses on strategy and governance, and performing 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 for a further four) 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). Keep the forum active for discussions and communications between member firms.

For further details on the main corporate governance bodies of KPMG International, see our Annual Transparency Report.

Composition of Global Directors

Michael Andrew	Chairman, KPMG International
Alan Buckle	Vice-Chairman, KPMG International
John Veihmeyer	Chairman of the 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
Klaus Becker	Germany
Russel Parera	India
Terrence O'Rourke	Ireland
Domenico Fumagalli	Italy
Tsutomu Takahashi	Japan
Kyo Tae Kim	Republic of Korea
Guillermo Garcia-Naranjo	Mexico
Jurgen van Breukelen	Netherlands
Sai Choy Tham	Singapore
John Scott	Spain
Helene Willberg	Sweden
Roger Neiningner	Switzerland
Simon Collins	UK
Henry Keizer	USA

- **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, including Brazil.

- **The Global Executive Team (GET)** - this is the principal management body, and is responsible for implementing 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 senior partners of member firms.
- **Global Steering Groups** - supporting GET, these bodies are responsible for implementing 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 (GORM).

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 implementation of policies and regulations focusing specifically on the needs of the member firms within their regions. David Bunce, a partner of KPMG in Brazil, is a member of the Regional Board for the Americas, as the Chairman for South America.

3.1.1.2. KPMG in Brazil Governance

GRI 4.9

As mentioned, 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.

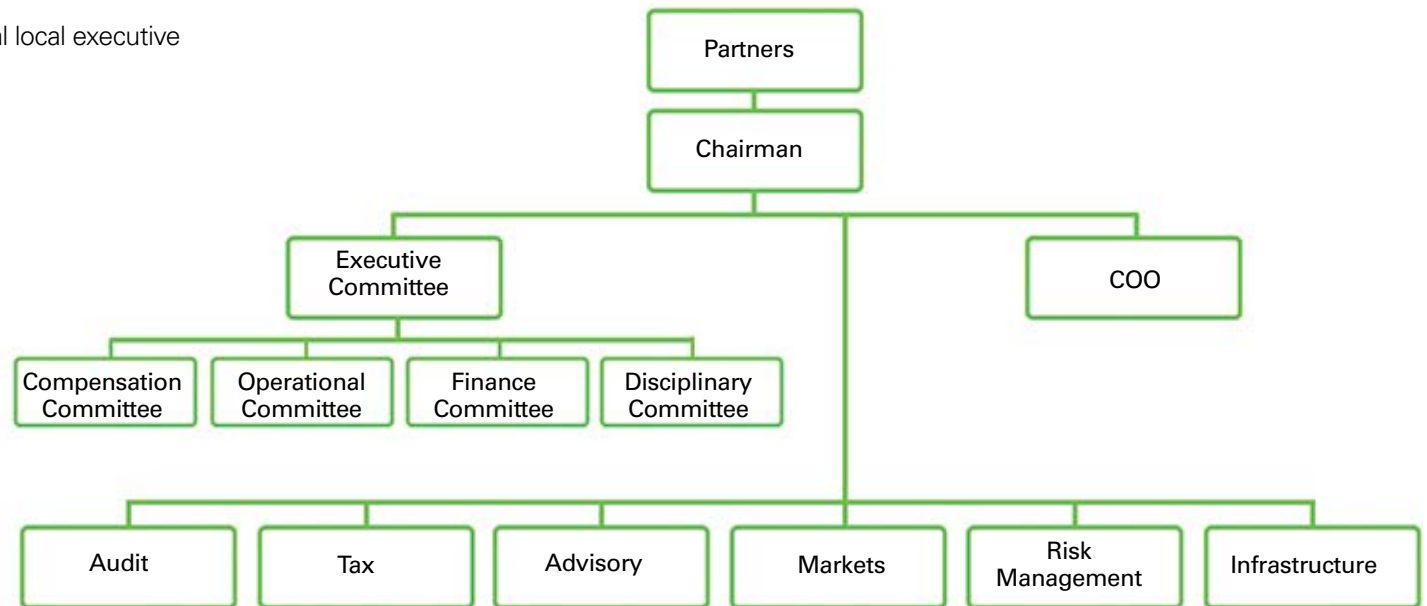
The local structures for corporate governance also adhere to global standards. KPMG in Brazil has its own governance bodies for coordinating and supervising its management, structured in accordance with Brazilian laws.

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

The Chairman of 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 senior management, maintaining our succession process. **GRI 4.2**

To maintain global consistency, KPMG International conducts annual reviews on all of its member firms, as explained in the chapter Professionalism and Integrity.

KPMG in Brazil Governance Structure



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.

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.

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.

As leaders of their business practices, the members of the Executive Committee continue to exercise their responsibilities in rendering services to clients. Since it consists of partners who 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 meetings 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.

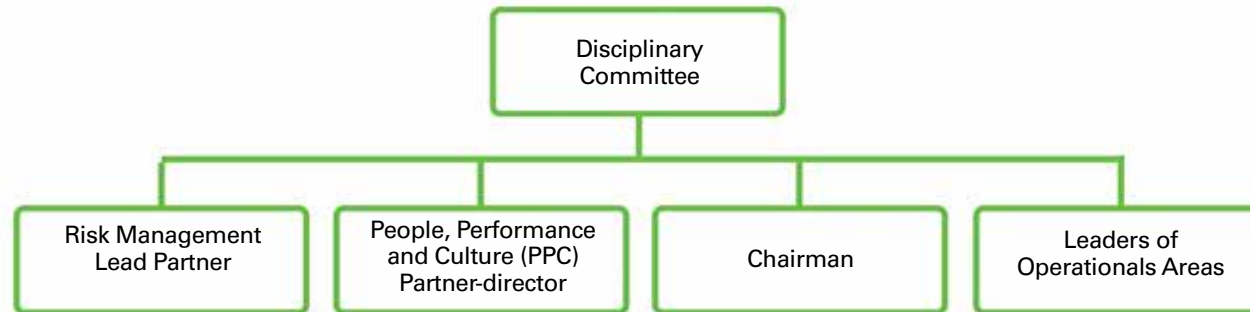
To obtain access to guidance and recommendations from our professionals, we promote dialogue through mechanisms such as periodic meetings by business group, Dialogue, Global People Survey, PPL Committee, Disciplinary Committee, Hotline and social media like The Chairman's Blog and The KPMG World — and from which initiatives were suggested, such as: the creation of a Women's Committee, the environmental targets and review of the policy for language allowances, the competition to create a theme for the trainee program, 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, with the **Finance Committee**, which handles the investments of the Organization, and also with the **Compensation Committee**, which deals with the rules for remunerating partners and partners-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 Director of People, Performance and Culture, 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 we serve.

Disciplinary Committee Structure of KPMG in Brazil



3.2. GROWTH WITH QUALITY

Strategy Fundamentals at KPMG



GLOBAL CONSISTENCY

- Ethical business conduct
- Responsible and transparent governance systems

GROWTH WITH QUALITY


- Perform high quality and total independent services

PROFISSIONALISM AND INTEGRITY

- Ethical business conduct
- Perform high quality and total independent services

PEOPLE EMPLOYER OF CHOICE

- Good treatment of employees
- Perform high quality and total independent services



The fundamental pillars of our strategy present elements that sustain our growth: high performance people who are passionate about what they do, and who rely on a global network of specialists whose governance and ethics ensure that quality and consistent services are delivered, generating value for our various stakeholders. Understanding the four pillars demonstrates that ongoing growth can only be achieved when grounded upon the quality of our services.

The themes prioritized by our stakeholders that sustain the pillar Growth with Quality - providing quality and independent services, appear in third place. We rely on quality, ethics and independence, with respect for the requirements of our clients, market and society, to address them. We are therefore moving forward with our mission, creating value and opportunities to enable our various stakeholders to achieve their full potential.

The quality of our services is made viable by a global services model that is supported by a network of shared knowledge and continually enhanced methods and adapted to changing scenarios and experiences faced by member firms in their respective countries.

Centers of Excellence

KPMG's Global Centers of Excellence work with specialist teams that offer leadership thinking, expertise and experience in fundamental sectors for the strategy of companies and governments:

- Risk and Regulations
- Health
- Insurance
- Shared Services and Outsourcing
- Cloud Computing
- Defense
- Justice and Security
- Infrastructure
- Climate Change and Sustainability
- Oil and Gas
- Telecommunications

See below the main strategies we have adopted to ensure the permanent development of service quality.

3.2.1. Differentiated approach

For a strategic use of our services we prize a personalized service in our segment, offered by way of our Industry Program. We rely on top performing professionals in the accounting, financial and specific management areas of each market segment, and an operational process aligned worldwide, supported by constant market research, offering highly specialized and personalized solutions.

Our business model is complemented by the activities of the **Markets** practice that seeks to maximize relations between the three areas – Audit, Tax and Advisory – , 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, which do business in Brazil. With knowledge of the original cultures, we are in a position to meet their specific requirements.

We always aim to provide quality services, and accordingly 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, as will be described in the next pillars.

Industry Program



3.2.2. Investments and Innovation

GRI 2.9

The contexts in which we operate are constantly changing and we need to be continually updating if we are to help our clients protect themselves from the risks and take advantage of the opportunities that come out of each change. That task is firmly underpinned by our commitment to innovation, by the research we carry out, and by the sharing of know-how and best practices between the staff of our member firms.

Meanwhile, in line with our global strategy, we frequently analyze the market in the pursuit of new practices which might be incorporated to expand the portfolio of solutions we offer our clients.

As a result of our alignment with the global strategic targets established for the period 2011-2015 and our observation of the Brazilian market, we have identified opportunities to expand and diversify our portfolio of services and, in 2012, consolidated new areas of expertise:

3.2.2.1. Entrepreneur Market - In 2011, we took over the operations of the fifth largest auditing firm in Brazil. The takeover included the company's physical offices, its portfolio of clients and its staff, but not the license to go on trading under its name.

Throughout 2012, we consolidated the integration of our professionals and developed our expertise in catering for the vigorous market of non-regulated companies, which we term the Entrepreneur Market.

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

We are qualified to serve these companies during the necessary changes, assisting in the expansion and consolidation of their business

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.

An important part of this market is developing in regions outside the states of Rio de Janeiro and São Paulo, which makes the new offices a strategic acquisition. Our presence has intensified in three regions of major growth and vocation to the entrepreneur sector: North and North-East, Santa Catarina and upstate São Paulo.

GRI 2.9

3.2.2.2. Tax Technology Group (TTG) - implemented in 2011 – initially as Tax Innovation – TTG was bolstered in 2012 by the development of a technological solution, called KTax, in response to a material change in the form and processes by which taxes are actually declared, audited and charged. The information is provided electronically, which enables the tax authority to crosscheck it and monitor the consistency of transactions undertaken and declared by companies. This presents the challenge of submitting all the information required in the necessary format, making sure it is consistent and accurate.

Ktax is a comprehensive tax compliance solution that KPMG introduced to the market, which enables clients to electronically check the data reported to the various tax authorities, federal and state agencies, checking for compliance with tax regulations. The client accordingly analyses information and can rectify any inconsistencies and inadequacies expeditiously and efficiently.

Ktax – Released in 2012, this is a comprehensive tax compliance solution which helps clients organize, analyze and improve the consistency of the enormous volume of information that has to be submitted electronically to the tax authorities.

3.2.2.3. Supply Chain - Aligned to the acquisition of the company BrainNet by KPMG in Germany, since November of 2012 KPMG in Brazil has professionals in São Paulo and Rio de Janeiro working in a new line of Management Consulting services, aimed at Procurement and Supply Chain Management.

This new line of services is enabling us to grow the support offered to our clients for the strategic management of the entire value chain (purchasing, logistics and operations), in projects focused on costs reduction and also strengthening out the level of services. This acquisition brings important opportunities for Advisory as well as for the Tax area, which helps in evaluating the tax impact on transit of goods around the world.



3.2.3. Relationships with Clients and the Market

GRI / 4.16

3.2.3.1. Client satisfaction

GRI / PR5

One of the main ways of measuring the quality of our service is to talk to our clients through two means:

- **Client service** - through our field teams we routinely receive feedback, identify our strengths and learn how we can improve.
- **The Satisfaction Survey** - conducted annually, complements the routine feedback and helps us to adapt our services to clients' expectations, fostering our development, strengthening our relationships and permitting material issues related to our business to be monitored.

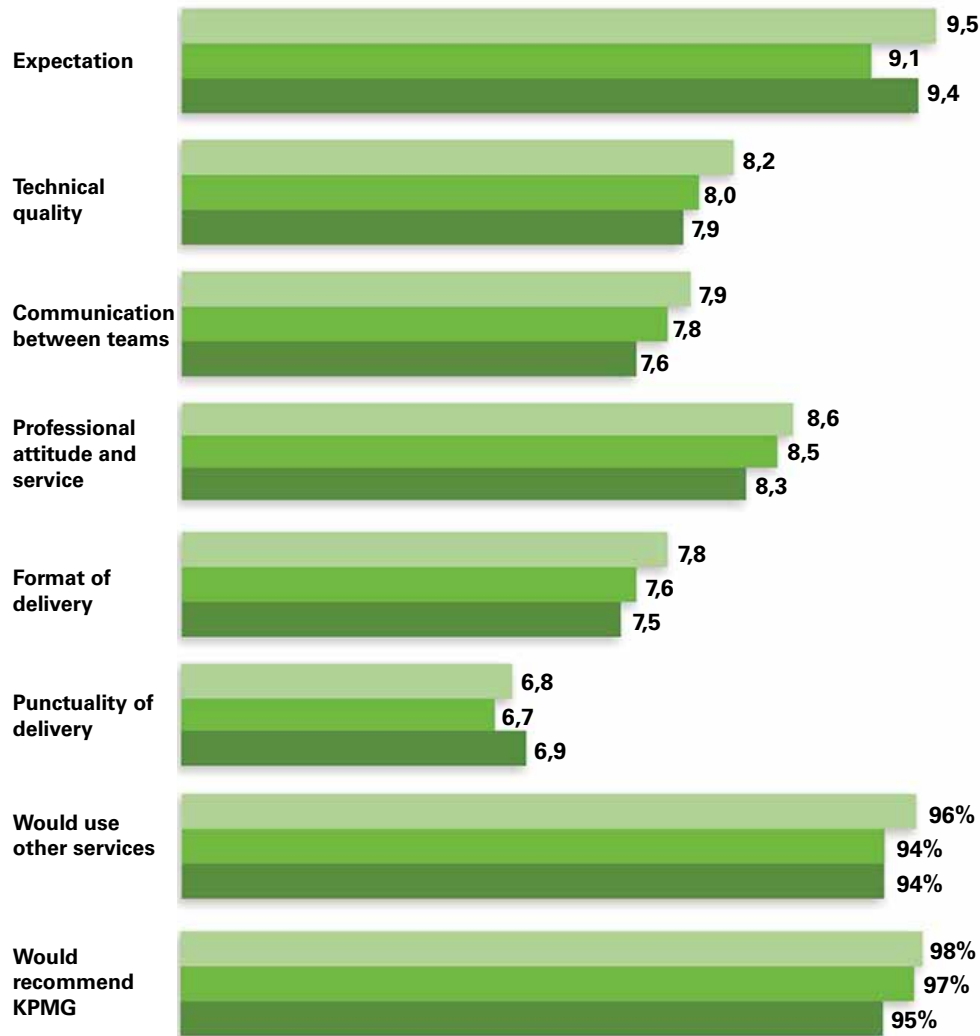
A sample of clients is selected to participate in the survey via two criteria: clients of jobs/projects closed in the financial year with remuneration over and above R\$ 50,000. Questionnaires are sent out by e-mail.

In 2012 the survey was sent to 857 of the 2090 clients that qualified under this criteria, and 19% were returned. In addition to rating standard indicators, clients can use a specific field to make additional comments.

Within the same context, the process for engaging stakeholders in 2011 was an important instrument to understanding issues relevant to undertaking our business, according to the perspectives of our main stakeholders.

Client Satisfaction Research

Maximum grade: 10.0



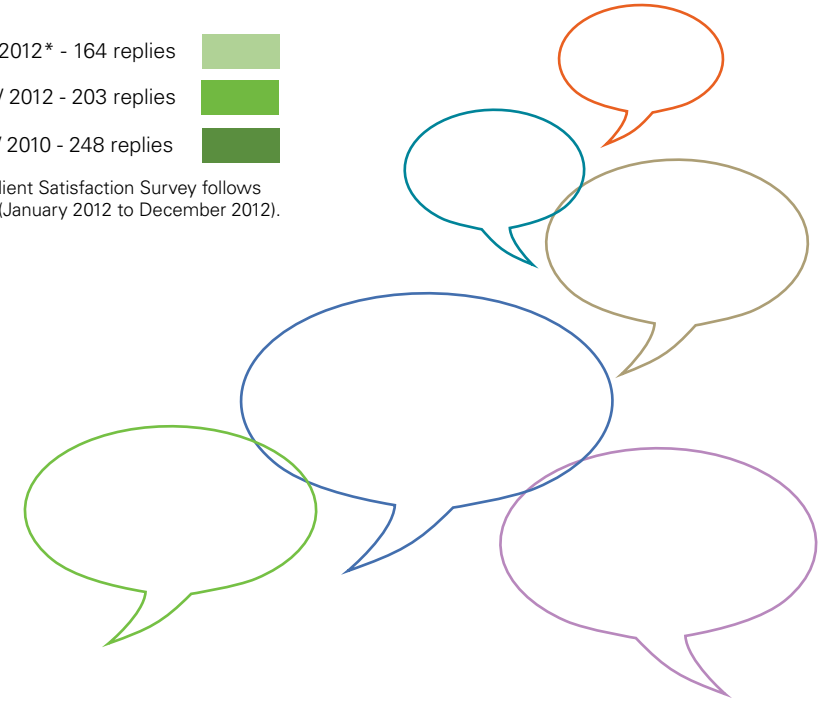
Issue

2012* - 164 replies

2011/ 2012 - 203 replies

2009/ 2010 - 248 replies

*From 2012 the Client Satisfaction Survey follows the calendar year (January 2012 to December 2012).



According to the surveys conducted in 2010, 2011 and 2012, **95%**, **97%** and **98%** (respectively) of executives said that they would recommend KPMG's services to other companies.

3.2.3.2. Dialogue, production and sharing knowledge

GRI / 4.16

The raw material of our work is knowledge, which we generate and process daily in our quest to understand the innumerable business challenges and opportunities and help our clients to handle them.

This is why we continually invest in ways of obtaining quality information and getting it to our professionals. To maintain their high performance they are constantly encouraged to seek qualified information in their departments and segments, building up strategic expertise that renders our services effective and internationally renowned.

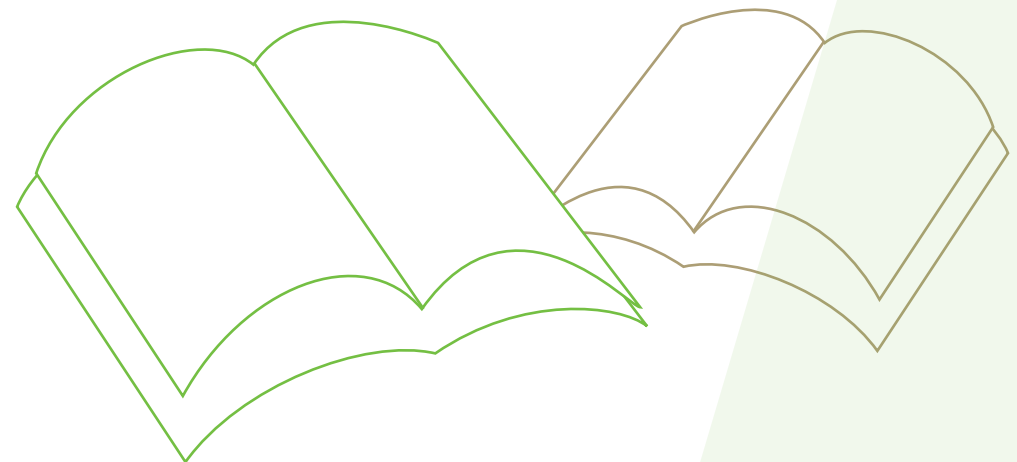
Part of the repertoire we build is also placed at the disposal of our stakeholders in order to qualify the debate about the complex issues we address. Constant collaborations with the press, research, studies, debates and sponsorship of events provide clarity and guidance about complex issues and are some of the strategies for disseminating this expertise.

See below information about the number of the dissemination dialogue tools we use:

- **Audit Committee Institute (ACI)** - a debate group organized by the member firms of KPMG International involving professionals from more than 30 countries to disseminate and absorb knowledge and good practices about political, economic, corporate, legal and tax trends that influence business. In 2012 KPMG in Brazil held six meetings attended by more than 500 people.

- **The Press** - an important tool for disseminating information of public interest via its various media. In 2012 we were directly or indirectly cited in **5008 news articles**, most of which reported on studies and research carried out by us or consulted our professionals as a source to make market valuations.
- **Studies and research** - used to update our professionals around the world and the market as a whole.

See KPMG publications on our website.



Highlights of KPMG in Brazil's publications in 2012



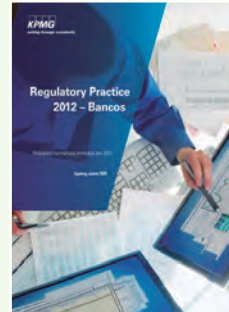
Corporate Governance and Capital Markets Study - 2012 edition



III Directory of Accounting Transparency and Corporate Governance - Administrative Region of Campinas - SP - 2011/2012 Edition



Accounting and Tax Synopsis 2012



Consolidated Regulatory Practice 2012 - Banks and Insurance



Business Magazine - quarterly



Research on Mergers and Acquisitions 2012

A number of important publications by other KPMG International member firms:



Expect the Unexpected: building business value in a changing world



Business Perspective on Sustainable Growth: Preparing for Rio+20



Capitalizing on Sustainability on Mining



Transport perspectives - November/December 2012



Impact of IFRS: Shipping



Global Oil & Gas - Profile and perspectives



Optimizing banking operating models





International Integrated Reporting Council (IIRC)

KPMG is a member of the IIRC, made up of CEOs and Chairmen from independent audit firms, professionals from regulatory bodies, socio-environmental bodies and from the academic environment.

Founded in 2010, the IIRC has been preparing a set of guidelines and principles to prepare Integrated Reports, in which information on sustainable practices is incorporated as part of the Financial Statements, including the notes to these statements. This model provides a more holistic view of the organization, permitting stakeholders to evaluate a company's capacity to create and sustain value in the short, mid and long terms.

An IIRC workgroup developed a pilot model to be put through its paces by 48 organizations, including KPMG International. The process is challenging, as there are many changes. KPMG International is expected to release its first integrated report next year.

- **Events** - we also encourage the dissemination of knowledge through events, seminars and lectures we sponsor. In 2012 we invested R\$ 1.7 million in these initiatives.

Main Events of 2012

January

- 7th Shared Services & Outsourcing Brazil 2012
- Equilibrista Awards – IBEF/RJ

February

- XI Brazilian Congress of Factoring – ANFAC
- KPMG Sustainability Summit – New York

March

- Hedge Fund Brazil Forum
- Economic-Financial Congress: Italy and Brazil in the global context
- IV CFO Forum – AMCHAM Goiânia

April

- II CONAGESP – National Congress of Public Management
- ABVCAP 2012 Congress
- Brazil Investment Summit 2012
- 11th Business Forum LIDE

May

- 13th Internal Audit and Compliance Congress – FEBRABAN
- DIPJ 2012 – ANEFAC/BH and SP

June

- Women's Forum for the Economy & Society/Brazil
- DIPJ 2012 – ANEFAC/Campinas and Porto Alegre
- Corporate Governance – IBGC/Fortaleza
- Expo management 2012
- Rio + 20 Conference - side panels



July

- HR Development

August

- 9th CONANCEP - National ANCEP Congress
- 22nd APIMEC Congress: Brazil in the long term
- Brazilian Economic Seminar: Brazil's fiscal model and its impact on business initiatives

September

- 2nd accountancy and auditing meeting for listed companies and corporations - ABRASCA / IBRACON
- SPED forum
- Transparency Trophy ANEFAC – FIPECAFI – Serasa Experian 2012
- CEO Forum – AMCHAM/Salvador

October

- Audit Committee Institute (ACI) – Lessons from Rio+20
- Futurecom 2012
- Revelação Awards IBEF 2012
- 33rd Internal Audit Congress - CONBRAI 2012
- 2nd International Risk Management Congress – FEBRABAN
- International Seminar: Management of Assets and Liabilities - A/LM

November

- KPMG Energy Day
- 3rd Forum of Entrepreneurs – LIDE
- XXVI Enconcel 2012

December

- Private Equity Brazil Fórum

- **Membership of entities GRI 4.13** - keeping in touch with important themes to our stakeholders is strategic so we can meet their expectations and effectively contribute to the market and society.

This is why our professionals are members of several associations, sharing expertise through debates and serving on councils, boards and workgroups addressing specific issues.

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

Brazilian Association of Wholesales and Distributors - ABAD
Membership and participation in events.

Brazilian Association of Financial Law – ABDF/RJ
Membership and participation in events.

Brazilian Association of Human Resources – ABRH/RJ
Membership and participation in events.

Brazilian Association of Private and Venture Capital – ABVCAP / SP and RJ
Membership and participation in events.

Rio de Janeiro Trade Association – ACRJ
Membership and participation in events.

Association of Analysts and Professionals from the Capitals and Investment Market – Apimec / SP
Association, participation in events and composition of director table.

Brazilian Association of Public Stock Corporations – Abrasca / SP and RJ
Membership and participation in events. José Gilberto Munhoz, partner at KPMG, is a member of the Auditing and Accounting Standards Committee (CANC) and a representative to Abrasca. Manuel Fernandes and Roberto Cunha, partners at KPMG, are also members of CANC. Rodrigo Uchoa is a member of the Juridical Committee (COJUR).

Campo Grande Trade Association - ACICG
Membership and participation in events.

British Chamber of Trade and Industry in Brazil – Britcham / SP and RJ
Membership and participation in events. David Bunce, Advisory/T&R partner at KPMG, is a member of the entity's board and is now the Chairman of Britcham. Fabiana Veloso Pereira, director-partner at KPMG, is member of the Legal Committee; Roberto Haddad, partner at KPMG, is a member of the Tax Committee and Stephen Rimmer, partner at KPMG, is the coordinator of Commerce Committee.

Brazil-Germany Chamber of Trade – AHK / SP, RJ and Porto Alegre
Membership, participation in events, marketing actions and exchange. The AHK São Paulo, includes a KPMG professional in the Working Group of Marketing. In São Paulo Leslie Laurenti, partner-director at KPMG, is responsible for the Chamber's financial statements auditing, and Charles Kriek a member of the Board. In Porto Alegre, Wladimir Omiechuk, partner at KPMG, is member of the Business Council.

American Chamber of Trade – Amcham Brazil
Iêda Novais, a KPMG partner-director, is member of the Board of Directors and the Executive Committee and chairs the Sustainability Committee.

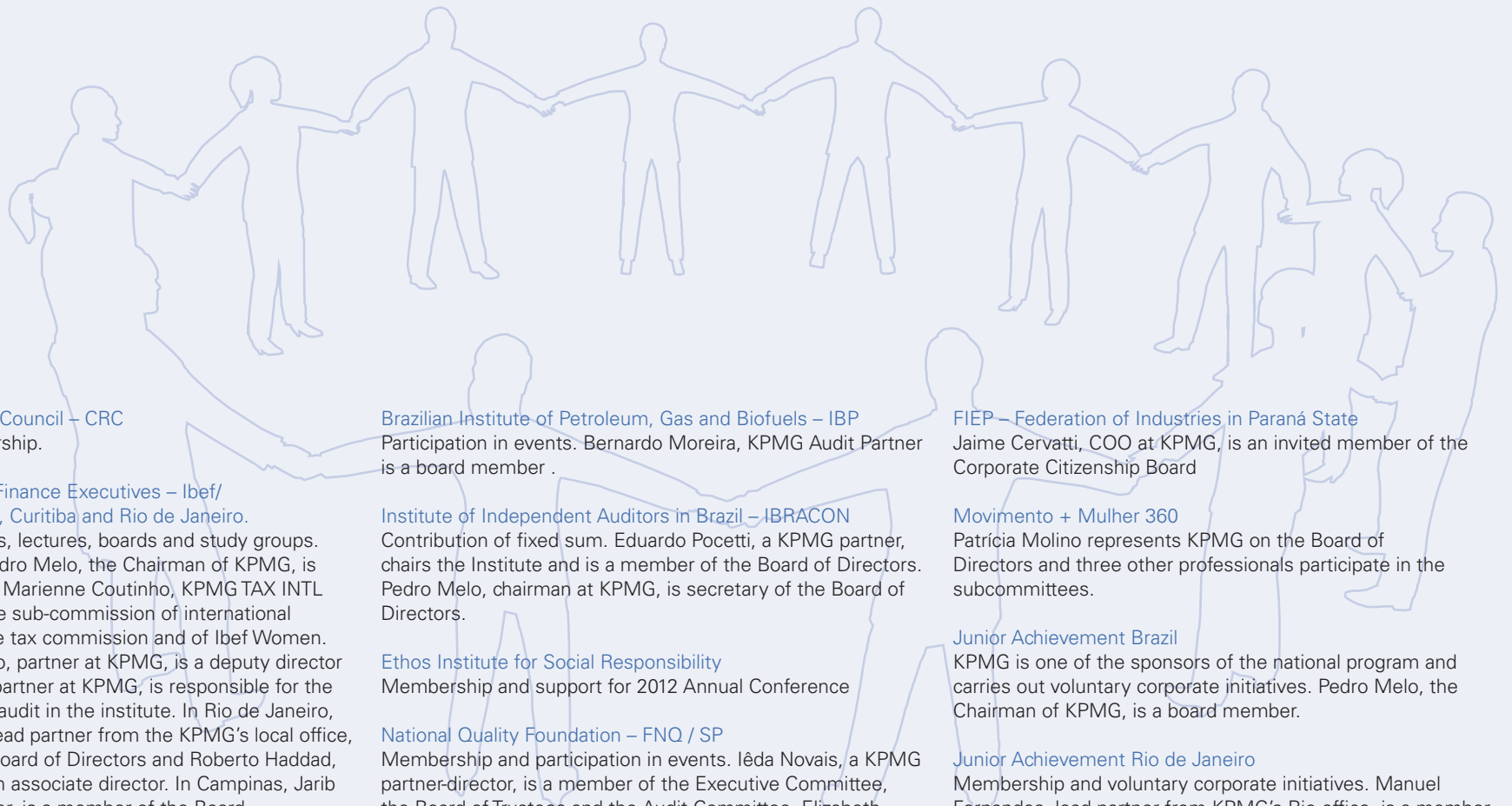
American Chamber of Trade - Amcham / Belo Horizonte, Brasília, Campinas, Curitiba, Goiânia, Porto Alegre, Recife, Ribeirão Preto, Rio de Janeiro, Salvador, São Paulo and Uberlândia
Membership, participation in events and committees. In total, 10 professionals from KPMG are members of several strategic committees in the themes of Energy and Business Affairs, Economy and Finances, Foreign Trade, Tax and Sustainability, amongst others. Jaime Cervatti, COO at KPMG, serves on the Amcham Curitiba Board and Manuel Fernandes, partner at KPMG, is a director of Amcham Rio de Janeiro

Japanese Brazil Chamber of Trade and Industry – SP
Participation in events. Fujii Toshiharu, Audit partner and head of the KPMG Japanese Desk, is a member of the Statutory Audit Council.

Brazilian Dutch Chamber of Trade – Dutcham
Participation in events. Alexandre Fujimoto, KPMG Audit director, is a member of the Advisory Council.

Portuguese Chamber of Trade in Brazil – CPCB / RJ, SP and Salvador
Participation in events. At CPCB Rio de Janeiro, Bernardo Moreira, Audit partner at KPMG, is a member of the Statutory Audit Council.

Regional Administration Council - São Paulo – CRA
Professional membership.



Regional Accounting Council – CRC
Professional membership.

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 of Ibef Women. José Luiz de Carvalho, partner at KPMG, is a deputy director and Silbert Sasdelli, partner at KPMG, is responsible for the financial statements audit in the institute. In Rio de Janeiro, Manuel Fernandes, lead partner from the KPMG's local office, is a member of the Board of Directors and Roberto Haddad, a KPMG partner, is an associate director. In Campinas, Jarib Fogaça, KPMG partner, is a member of the Board.

Brazilian Institute of Corporate Governance – IBGC / SP, RJ, MG and South.

Participation in events. In SP and RJ, Sidney Ito, KPMG partner, is a director of IBGC and Claudio Sertório, partner at KPMG, is a coordinator of the Governance Committee for Financial Institutions. In RJ, MG and South, Iêda Novais, partner-director at KPMG, is a member of the Certified Counselors Committee.

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. Eduardo Pocetti, a KPMG partner, chairs the Institute and is a member of the Board of Directors. Pedro Melo, chairman at KPMG, is secretary of the Board of Directors.

Ethos Institute for Social Responsibility
Membership and support for 2012 Annual Conference

National Quality Foundation – FNQ / SP
Membership and participation in events. Iêda Novais, a KPMG partner-director, is a member of the Executive Committee, the Board of Trustees and the Audit Committee. Elizabeth Fontanelli, partner-director at KPMG, is member of the Risk Committee.

Business Leaders Group (Lide São Paulo, Rio de Janeiro and Porto Alegre).
Participation in events and debates

Business Leaders Group for Women – Lidem/SP
Participation in events.

Competitive Brazil Movement
Membership and sponsorship.

FIEP – Federation of Industries in Paraná State
Jaime Cervatti, COO at KPMG, is an invited member of the Corporate Citizenship Board

Movimento + Mulher 360
Patrícia Molino represents KPMG on the Board of Directors and three other professionals participate in the subcommittees.

Junior Achievement Brazil
KPMG is one of the sponsors of the national program and carries out voluntary corporate initiatives. Pedro Melo, the Chairman of KPMG, is a board member.

Junior Achievement Rio de Janeiro
Membership and voluntary corporate initiatives. Manuel Fernandes, lead partner from KPMG's Rio office, is a member of the Board.

Network of Women Leaders for Sustainability – Environmental Ministry
Iêda Novais, partner-director at KPMG, is a member of the Strategic Council and Coordinator at Work Group 1 – GT1 – Women's Empowerment and Corporate Governance

3.2.4. Financial results

GRI EC1 / EC4 / EC8

Despite the poor performance of Brazil's economy and the persisting crisis in Europe and the US, KPMG in Brazil experienced growth compatible with the strategic planning outlined for 2010 to 2015.

The value generated for society through our services is, at times, intangible. However, as can be seen in the Statement of Added Value, in 2012 we made substantial efficiency gains in operating costs while expanding the distribution of wealth via salaries, taxes and investment in the community.

"Growing with Quality" is the lever that drives the growth in revenues, sustained by the attributes of our brand expressed in the performance of each KPMG professional.

Statement of Added Value * (R\$)

	2012	2011	2010
Direct economic value generated	805,111,888	707,690,443	548,297,900
Revenue	805,111,888	707,690,443	548,297,900
Economic value distributed	627,281,780	602,494,364	413,783,958
Operational costs	137,498,458	152,652,931	105,861,276
• Employee salaries and benefits	350,811,678	328,407,119	223,170,973
Payments to the government	136,183,828	119,227,162	83,018,156
• Investments in the community	2,787,817	2,207,151	1,733,533
Voluntary contributions (including pro Bono) to social, environmental and cultural projects	2,387,453	2,063,274	1,528,396
Contributions to social, environmental and cultural projects through Tax Incentive Laws	400,364	143,877	205,157
Accumulated economic value	177,830,108	105,196,080	134,513,942

* This information refers to the periods January to December 2012, 2011 and 2010, and represents the activities of all of the independent entities that operate under the name KPMG in Brazil. According to the legislation in force, the independent entities that operate under the brand KPMG in Brazil are exempt from publishing a balance sheet. This does not apply to the companies KPMG Structure Finance and KPMG Transaction Services, which are required to publish their balance sheets in mainstream newspapers in Brazil.



3.3. PROFESSIONALISM AND INTEGRITY

In the previous item we described the strategies we use to consolidate the pillar “Growth with quality”. However, we understand that quality relies on “Professionalism and Integrity”, two values central to protecting the reputation and quality of KPMG’s services around the world.

In this topic we explain how this pillar of our strategy is in full harmony with the two themes stated by our stakeholders: conducting business ethically and ensuring the quality and independence of our services.

Strategy Fundamentals at KPMG

SUSTAINABILITY

GLOBAL CONSISTENCY

- Ethical business conduct
- Responsible and transparent governance systems

GROWTH WITH QUALITY

- Perform high quality and total independent services

PROFISSIONALISM AND INTEGRITY

- Ethical business conduct
- Perform high quality and total independent services

PEOPLE EMPLOYER OF CHOICE

- Good treatment of employees
- Perform high quality and total independent services

The quality and independence that underpin our services primarily derive from a set of quality control, risk management and compliance policies and procedures implemented both nationally and internationally. Risk management is a crucial element that interconnects this set.

A lot of the quality control and risk management processes we use are multi-functional and applicable to our three sectors – Audit, Tax and Advisory. We do clarify that this part of the report focuses on the Audit practice which is highly regulated and whose practices depend on the degree of reliability attributed to our clients' financial statements.

3.3.1. Risk management

GRI 4.6 / 4.11 / SO2

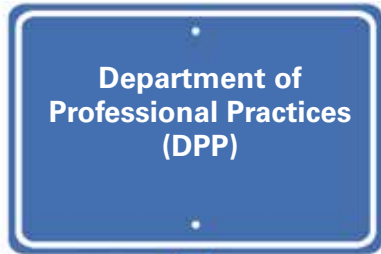
Through the Risk Management area, we manage factors that could have an impact on our business, our professionals and clients, the capital market and the environment in which we operate. Therefore, this area is essential to KPMG, and is directly related to sustainability.

Alongside the **Service Quality Control System**, this shapes our policies, people management and development, client acceptance guidelines, engagement monitoring and implementation, in particular anticorruption and antibribery procedures, which underpin all the activities of the **entire network of independent firms operating under the brand KPMG in Brazil**. GRI / SO2

In order to make this management feasible, we run a department consisting of partners, partner-directors, managers and technical staff whose mission is to manage risks, disseminate professional practices and accounting standards, providing technical support and coordinating the implementation of quality programs.

In Brazil we run a Quality system for the Audit practices intended to meet the requirements of Brazilian law, professional standards, the rules of the International Federation of Accountants (IFAC), the Public Company Accounting Oversight Board (PCAOB), the EU and the US Security and Exchange Commission (SEC).

Risk Management Structure at KPMG



Provides technical guidelines and consultations on professional practices and distributes updates for emerging technical guidelines both local and foreign. Coordinates quality review programs.



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



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.



Manages a rigorous and systematic policy for acceptance and continuance 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 issues related to ethics and independence.

Sentinel

KPMG's global online system to verify whether it is possible to undertake the projects, given the requirements of independence and applicable norms.

GRI 4.6

Litigation

Undertake any judicial claims. During the period covered by this report, we were not subject to any sentence resulting from disputes about services rendered.

GRI PR4

Office of General Counsel (OGC)

Assist the Organization with corporate issues, analyzing our commercial relationship with suppliers and clients, and monitoring the standards established for the proposals to provide services.

National IT Security Officer (NITSO)

Responsible for policies that protect the confidentiality of information in both hard and soft form. 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 the confidentiality of client and ex-client information. Knowledge and compliance with this commitment are checked annually by means of a statement via web. Our e-learning about ethics and independence also addresses the matter and notices are routinely issued reinforcing the procedures. In the period embraced by this report there was one proven claim with this nature, which was duly investigated and resolved with the client. **GRI PR8**

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. o Independence, integrity, ethics and objectivity
- II. People management, including professional training and development
- III. Acceptance and continuance of clients and work
- IV. Execution of the work
- V. Monitoring

See below a number of the most relevant procedures from these groups.



I. Independence, integrity, ethics and objectivity

The procedures and policies that underpin our work in respect of these principles are set out in three documents: Code of Conduct, Global Marketing Risk Management (GMRM), Global Quality and Risk Management Manual (GQ&RM Manual), which are given to our professionals by way of leadership and training on ethics, independence and anticorruption. Our professionals can also see these documents via our intranet.

KPMG International is a signatory to the Anticorruption Principles issued by the World Economic Forum.

Code of Conduct GRI / 4.8

In Brazil, we adopt and disseminate the KPMG Global Code of Conduct, which expresses the commitments to our stakeholders and the conduct to be adopted by our professionals to ensure ethical principles in their relations with KPMG, other professionals, clients and the community.

The Code emphasizes the personal responsibility of each professional to comply with 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.

Although our core values and principles remain unchanged, in 2012 the Code was updated to include changes to laws, regulations and professional ethics codes, making specific commitments to combat bribery and corruption and to act in the public interest. It also takes into account our responsibility in broader issues, such as how we can contribute to development and sustainability.

Code of Conduct - Commitments

OUR PROFESSIONALS



The employees, partners, subcontractors, consultants and others with whom we work when providing or supporting professional services.

- Help our professionals to be objective, ethical and professional
- Encourage our people to address ethical and professional issues without fear of retaliation
- Invest in developing professionals so they can achieve their full potential
- Cultivate an inclusive and collaborative culture which is free from intimidation, discrimination and harassment, where all are treated with respect and dignity
- Respect the confidentiality of our professionals' personal data
- Provide a safe and healthy working environment
- Provide flexibility between professional/private lives
- Implement a fair and correct approach for compensation

CLIENTS



Organizations and individuals to whom we - or any member firms of KPMG - provide professional services.

- Deliver high-quality services to clients, in accordance with our qualifications, experience, professional commitments and contractual terms
- Act legally, ethically and in the public interest
- Maintain independence and objectivity, avoiding real or apparent conflicts of interest
- Ensure client confidentiality and only use the information for appropriate professional purposes
- Provide member-firm services honestly and compete fairly
- Forbid bribery and acts of corruption by professionals and do not tolerate illegal or unethical conduct by clients, suppliers or authorities

OUR NETWORK



This is the organizational structure that connects KPMG's member firms around the world.

- Accept the right clients and only accept a job when we can do it in accordance with our high standards of quality
- Work with clients, suppliers and subcontractors that accept the main ethical standards of KPMG
- Improve quality by developing and applying KPMG methods and procedures
- Handle challenging situations correctly by using professional ethics and consulting experienced KPMG personnel to reach the right conclusions
- Always strive to protect and value the KPMG brand and repute
- Keep assets and resources safe and only use for appropriate commercial purposes

OUR COMMUNITIES



The markets, locations, authorities and societies in which or with which we operate and are committed to.

- Value the role of the accountancy profession and instill confidence in the global capital markets
- Help improve the working of the market economy
- Act as a responsible corporate citizen - playing an active role in global initiatives related to climate change, sustainability and international development
- Manage our environmental impacts
- Follow high standards of ethical conduct around the world, and comply with the ten principles of the United Nations' Global Compact
- Work with other companies, governments and charities to create stronger communities



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

Transparency is a core principle for maintaining our integrity. We therefore seek to establish an open and honest communication with all our stakeholders, founded on ethics and objectivity. The GMRM and the GQ&RM Manual provide guidelines to ensure that these principles are present in the relationships with KPMG's stakeholders, aligning our communications and marketing strategies.

These documents present a set of principles and rules which have to be adopted by the KPMG International 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. See below important information about these two documents:

Marketing - all the communication and marketing material prepared by KPMG is revised by qualified professionals accredited in GMRM. In 2012, a team of 21 professionals accredited by KPMG International in the standards ensured no cases of nonconformities or cautions arose related to the organization's codes or regulations. **GRI PR6 / PR7**

Information on products and services - underpinned by the GQ&RM Manual, our contracts provide full transparency to clients about details of the service, including scope, description of the deliverables, schedule, fees, client responsibility, subcontracting and responsibilities of KPMG. **GRI PR3**

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

Engagement scope	Describe the scope and purpose of the KPMG engagement, with limitations on the work expressly stated.
Description of deliverables	Define what will be submitted, the nature (report, presentation, etc.) and possible limitations.
Timetable	Whenever agreed with the client, set deadlines for undertaking and concluding the work.
Client responsibilities	Describe client responsibilities for providing information, assistance to KPMG and decision-making.
Fees	Determine the fees for the services provided, collection methods, payment, interest on late payments and the payment currency.
Subcontracting	For the services when this is permitted, inform any subcontracting of specialists.
Responsibilities of KPMG	Determine the limit on KPMG's responsibilities, subject to legal or regulatory restrictions.

People, Performance and Culture 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, 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 on a subsequent date, the holders of these amounts will receive automatic notification stating that they have to dispose of the restricted investment.

The documents we mentioned (Code of Conduct, GMRM and GQ&RM 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), Institute of Independent Auditors in Brazil (IBRACON), 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, managers 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 document confirming their understanding and compliance with KPMG policies and their independence in performing the services.

During the period covered by the 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 of the administrative departments, even though this is not required by professional regulations.

GRI SO3

Participation of required professionals in Ethics & Independence and Anticorruption training

	Ethics & Independence (E&I)			Anticorruption		
	2012	2011	2010	2012	2011	2010
Non management	2.440	2.128	1.877	2.878	2.214	2.130
Managers	446	362	318	455	363	327
Partners and partner-directors	262	224	186	263	213	187
Total professionals	3.148	2.714	2.381	3.596	2.790	2.644

- People in mobility or on leave are not included amongst the required professionals
 - The apprentices became required in 2011
 - Specifically for E&I training, the non management administrative professionals are not required
 - Professionals admitted by the end of the year may hold corporate trainings in the subsequent year, within the time set for compliance*, and those trainings are regarded as made in the year of admission
 - 100% of the required professionals performed the E&I and Anticorruption trainings. Specifically for the Anticorruption training, if we consider all KPMG professionals, we average 99% of attendance (100% in partners and partner-directors category and 99% in managers and non-management categories)
- * To newly admitted, the deadline for compliance is 30 days for E&I training and 90 days for Anticorruption 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**. [GRI 4.6](#)

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.

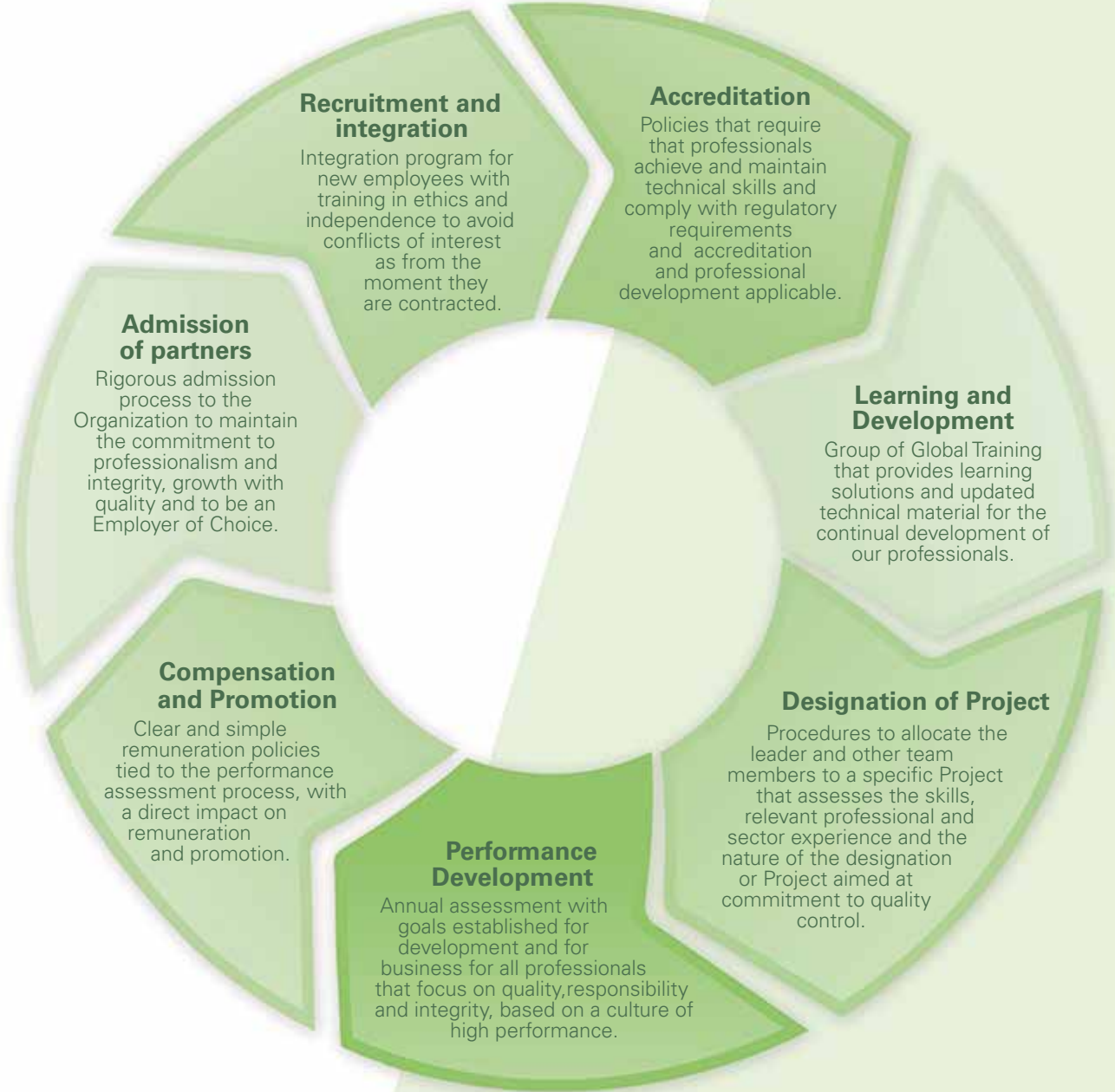
Each project agreed by a KPMG member firm is entered in **Sentinel** before it starts, so that the audit project leaders around the world can analyze, approve or refuse any proposal to provide services to restricted audit clients.

Our policy requires us to refuse the project when the system identifies existing or potential conflicts of interest that cannot be resolved.

II. People management, training and development

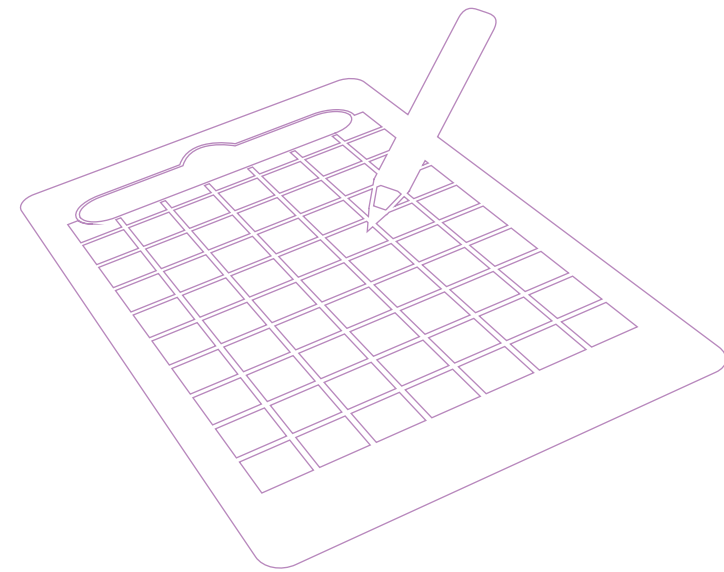
The complex and dynamic nature of our work and the environment in which we operate demands that we continually seek professional excellence. People are our core asset and therefore constitute one of the groups integrating our risk management and quality program. In addition to the specific training stated above, 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 shown, in general terms, in this figure, but is presented in more detail in the next strategic pillar "People".



III. 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 continuance with clients and projects, such as 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 by assessing the company's background, its administration, businesses and other relevant issues, 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 continuity 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 continuity of the services provided.

IV. Execution of work

The implementation of all stages of our engagements follows methodological guidelines and policies that aim to maintain integrity, compliance with local and international regulations and the incorporation of good global practices.

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 was developed by the Global Service Centre (GSC) and appears in the KPMG Audit Manual (KAM). It is based on International Standards on Auditing (ISA) and actually goes beyond them, 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 methodology encourages engagement teams to exercise professional skepticism in all aspects, from the planning to performing the audit. To support them in this process, KAM presents the procedures intended to identify and evaluate the risk of material misstatement and procedures to respond to those assessed risks.

The KAM methodology also 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 are specific to audit practices and are supplemented by 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 GQ&RM Manual.

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



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.

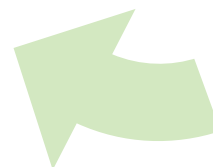


Risk assessment

- 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.

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.



Tests

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



V. Monitoring

Monitoring procedures complete the groups of our Quality Control and Risk Management System, 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 periodically subject, and for which we have always received adequate classifications, are the following:

Risk Controls Checklist (RCC) - annual verification performed by KPMG International on the internal controls, procedures, practices and global training.

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.

Peer Review - local review, required by the Federal Accounting Council, 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.

Review of the Public Company Accounting Oversight Board (PCAOB) - three-yearly review and anticipated for all companies that provide accounting audit services, to assess compliance with the norms and regulations adopted by the PCAOB, the North American regulatory body.

In the period covered by this report, KPMG in Brazil did not incur any sanctions or fines as a result of these reviews. **GRI PR9**

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

Disciplinary Committee - this 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 a violation is confirmed, it is qualified into one of four categories of seriousness (light, medium, severe or very severe) and results in disciplinary measures that vary from simple notification and additional training, to financial penalties in variable remuneration and even severance.

International confidential hotline - a channel for reporting possible illegal, ethical violations or violations of norms and standards, coordinated by an independent supplier and can be contacted by all our stakeholders, 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 the legislation in force and our norms and procedures.

During the period covered by this report, no violations were registered by any of our monitoring tools. **GRI SO4**

Hotline for Denouncing Unlawful Acts

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, Ontário – M1E 1N0 Canadá

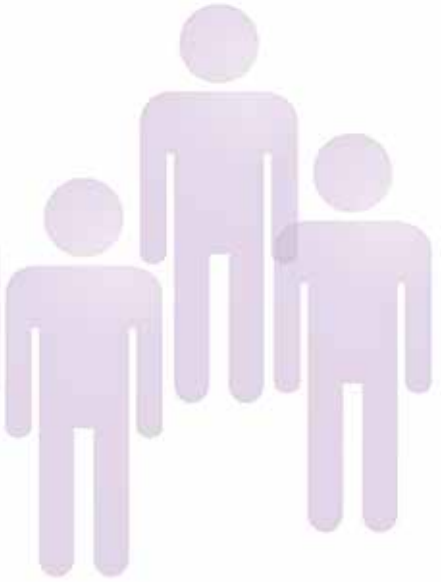
3.4. PEOPLE – EMPLOYER OF CHOICE

In this chapter we bring information about our personnel, completing the four strategic pillars of KPMG, and addressing the fourth theme rated as a priority by our stakeholders as shown in the figure below.



Strategy Fundamentals at KPMG





By way of our people we materialize our vision, mission and strategy, and transform knowledge into value.

It is our people that address the issues 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. By way of our services portfolio, our professionals assist the capital markets to face their 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.

Our focus is therefore on developing our professionals' potential and capitalizing on our expertise to leverage the potential of people who live in the societies we operate in. In this topic we present our People Management and Corporate Citizenship work.

3.4.1. People Management

People are essential to KPMG. In order to play a crucial role in the business world, especially in respect of helping clients achieve their full potential, we encourage our professionals to also develop their full potential.

A robust career plan supports this development, along with works that provide our professionals with constant opportunities to face challenges and innovation.

This commitment to a high performance culture drives our professionals to have a global and forward-looking vision, to be specialists and to carry out their work and create value for clients. This has made KPMG an organization recognized for attracting and developing great talents.

See below the profile of our team and the practices of three areas - People, Performance & Culture; Learning and Development; Corporate Citizenship - to attract, contract, develop, support, recognize and retain the best professionals is essential for enduring growth and to promote the succession process in KPMG in Brazil and to help earn it recognition as an "Employer of Choice".

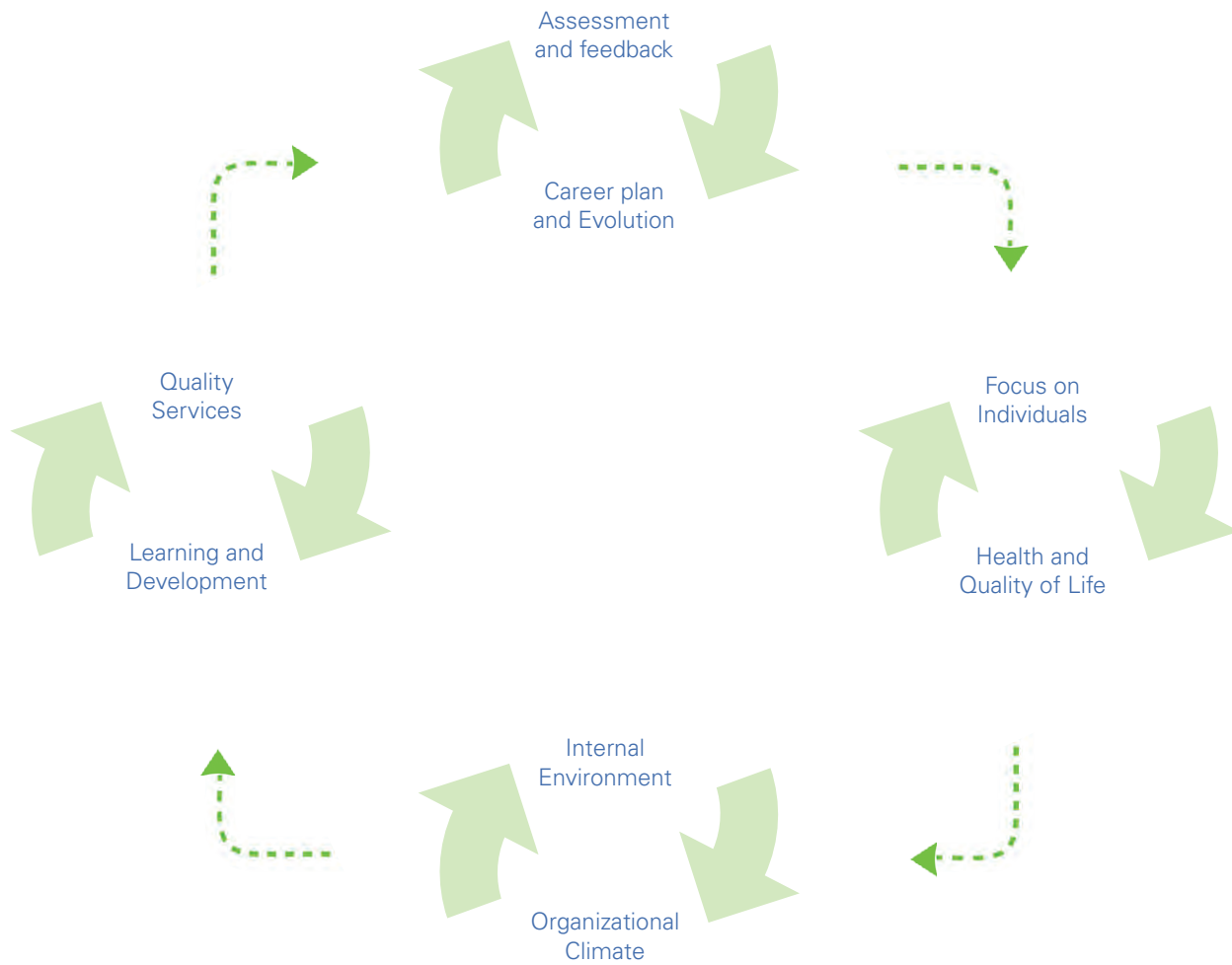
Recognition

The World's Most Attractive Employer 2012 - KPMG International once again came first amongst the Big Four and second in its business segment in the survey which identifies the most attractive employers to work for, conducted by Universum.

Learn more: <http://universumglobal.com/IDEAL-Employer-Rankings/Global-Top-50>

Fundamentals of People Management

We want to develop people and be the best company to work for, working with professionalism and integrity and maintaining the global consistency of our brand, in order to grow with quality.



3.4.1.1. Our team

GRI LA1

As of September 30, 2012, the KPMG in Brazil team consisted of **3,885 people**, distributed as follows:

- **3,634 professionals of KPMG**, with:
 - 3,354 own staff registered in accordance with Brazil's labor legislation (CLT).
 - 17 apprentices.
 - 263 partners and partner-directors.
- **227 employees of contractors (outsourced)**, with no employment relationship with KPMG, mainly allocated to infrastructure support services.
- **24 temporary staff.**

People: term used to define all personnel working at KPMG.

Professionals: specific term that includes partners and partner-directors, employees of KPMG's technical and administrative departments (registered in accordance with Brazilian labor legislation) and occasionally apprentices.

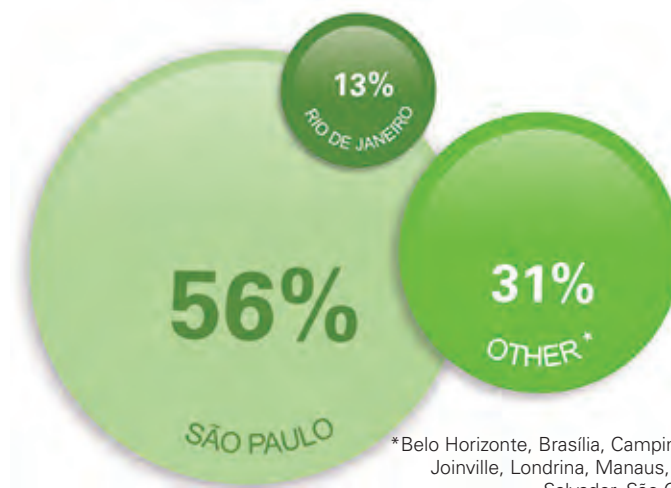


Total of KPMG people

Cities / offices (important operational unit)	Permanent contract (CLT)			Temporary contract			Partners and partner-director			Outsourced			Total		
	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2010	2012	2011	2009
São Paulo	1,842	1,780	1,404	10	8	13	179	153	143	190	187	153	2,221	2,128	1,713
Rio de Janeiro	457	509	400	8	6	5	28	30	24	14	15	10	507	560	439
Other locations	1,072	1,298	691	6	9	0	56	60	21	23	18	13	1,157	1,385	725
Subtotal	3,371	3,587	2,495	24	23	18	263	243	188	227	220	176	3,885	4,073	2,877
Total of KPMG professionals													3,634	3,830	2,683

69% 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 a significant figure, we have removed the category and reformulated the reporting method to facilitate the viewing of this information. The apprentices have been included in the category "permanent contract". For a detailed view of the number of professionals by category, see pages 87, 88 e 89.

Distribution by office – KPMG Professionals



*Belo Horizonte, Brasília, Campinas, Curitiba, Florianópolis, Fortaleza, Goiânia, Joinville, Londrina, Manaus, Osasco, Porto Alegre, Recife, Ribeirão Preto, Salvador, São Carlos, São José dos Campos and Uberlândia.



3.4.1.2. Diversity

As a citizen Organization, we are responsible for encouraging diversity and inclusion. This commitment is declared in our value “we respect the individuals;” and is reinforced in our Code of Conduct, which promotes an environment free of discrimination.

As described below, our promotion and remuneration policies are 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

A tool that offers simple and interactive replies on how to undertake business in different countries, through cultural profiles and comparisons between habits. Example:

How and when should I present my business card?



Should I shake hands or kiss when greeting?

Could I offend someone by calling them by their first name?

For further information, access: www.globesmart.com

KPMG professionals

BY AGE GRI LA1 / LA13	< 30 years	30 < 50 years	> 50 years	Total
2012	2.686	889	59	3.634
	74%	24%	2%	
2011	2.746	1.016	68	3.830
	72%	26%	2%	
2010	1.925	704	54	2.683
	72%	26%	2%	

BY GENDER			Total
2012	2.029	1.605	3.634
	56%	44%	
2011	2.167	1.663	3.830
	57%	43%	
2010	1.531	1.152	2.683
	57%	43%	

KPMG values and encourages maintaining an environment of respect for uniqueness, in which rich and innovative solutions can thrive.

KPMG professionals - Administrative team

BY GENDER	2012			2011			2010		
			Total			Total			Total
Trainees	100%	0%	4	0%	0%	0	-	-	0
Apprendices	30%	70%	10	44%	56%	16	Nd	Nd	Nd
Staff	34%	66%	424	44%	56%	668	38%	62%	209
Managers	39%	61%	38	62%	38%	78	57%	43%	13
Partners and partner-directors	70%	30%	33	62%	38%	26	40%	60%	5
Total administrative team	27%	63%	509	46%	54%	788	39%	61%	228

BY AGE	2012				2011				2010			
	<30 years	30<50 years	>50 years	Total	<30 years	30<50 years	>50 years	Total	<30 years	30<50 years	>50 years	Total
Trainees	100%	0%	0%	4	100%	0%	0%	0	-	-	-	0
Apprendices	100%	0%	0%	10	100%	0%	0%	16	Nd	Nd	Nd	Nd
Staff	59%	37%	4%	424	69%	28%	3%	668	51%	41%	8%	209
Managers	5%	92%	3%	38	9%	91%	0%	78	0%	93%	7%	14
Partners and partner-directors	0%	79%	21%	33	0%	81%	19%	26	0%	80%	20%	5
Total administrative team	53%	42%	5%	509	61%	35%	4%	788	47%	45%	8%	228

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

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

KPMG professionals - Technical team

BY GENDER	2012			2011			2010		
			Total			Total			Total
Trainees	51%	49%	1,047	50%	50%	1,111	51%	49%	787
Apprentices	43%	57%	7	80%	20%	5	-	-	-
Staff	57%	43%	1,421	58%	42%	1,369	56%	44%	1,172
Managers	68%	32%	420	72%	28%	340	72%	28%	313
Partners and partner-directors	88%	12%	230	89%	11%	217	86%	14%	183
Total technical team	59%	63%	3,125	59%	41%	3,042	59%	41%	2,455

BY AGE	2012				2011				2010			
	<30 years	30<50 years	>50 years	Total	<30 years	30<50 years	>50 years	Total	<30 years	30<50 years	>50 years	Total
Trainees	100%	0%	0%	1,047	100%	0%	0%	1,111	100%	0%	0%	787
Apprentices	100%	0%	0%	7	80%	20%	0%	5	-	-	-	-
Staff	88%	12%	0%	1,421	80%	19%	1%	1,369	83%	16%	1%	1,172
Managers	28%	72%	0%	420	15%	84%	1%	340	19%	80%	1%	313
Partners and partner-directors	0%	87%	13%	230	0%	86%	14%	217	0%	87%	13%	183
Total technical team	77%	22%	1%	3,125	74%	25%	1%	3,042	74%	25%	1%	2,445

We corrected the allocation of 70 trainees who mistakenly had been included in the administrative area in 2011 when in fact were from technical area. We have improved the data collected in 2011, including the category "Apprentice". In previous years, the apprentices were included in the category staff. The purpose of dividing our professionals between "technical team" and "administrative team" is to provide clear information on the number of professionals directly involved in our core business (technical team).

Inklusão Group – Multi-area group which reinforces our program stimulating diversity, encouraging the recruitment of a creative means of facilitating the inclusion of individuals with disabilities (PCDs).

The recognized lack of qualified labor in the Brazilian marketplace becomes even more sensitive when one considers PCDs, resulting in the majority of recruitment taking place in the administrative area.

Here are some of the actions promoted by Grupo Inklusão:

Personalized trainee program for young PCDs – Which commenced in 2011 and is aimed at offering opportunities to these young people, using a recruitment and selection process which is adapted to the special needs of each candidate. Nine trainees were hired in 2011. Despite the efforts of all involved in the 2012 process, no candidates had the necessary skills to be hired. In 2013, we will continue investing in the Trainee Program as one strategy to achieve the effective inclusion of PCDs at KPMG.

A pilot-program for training PCDs – Planned to take place in 2011 and 2012, was delayed due to operational difficulties. We sought assistance via a partnership with the Labor Support Center (CAT) at the São Paulo City Hall in order to overcome these issues, allowing for readjustments to the program and the availability of vacancies.

We also established partnerships with Rede Cidadã (Citizenship Network) in Belo Horizonte and the State Center to Attend People with Disabilities (NEAD) in Rio de Janeiro, to assist us with recruiting people with disabilities.

The pilot-program is awaiting management approval in order to be implemented, and has the aim of preparing and contracting 12 professionals by December 2013.

A manual on working together for an internal audience - Which aims to assist with the effective integration of PCDs, highlighting appropriate ways to interact. The information is circulated using the intranet, an institutional video and in-house magazines.

Accessibility - The infrastructure area made the adaptations necessary for complying with accessibility criteria, guaranteeing that any professional with a type of limitation is not at a disadvantage when carrying out his daily working routine.

Awareness-raising – We made use of our position as opinion makers to publicize the importance of and challenges to employing and integrating PCDs using social networks and publications such as the magazines Sentidos and Reatech. We also support development of the “Noturno Cadeirante”, a wheelchair user project, which intends to take a show to two cities in Paulo, in addition to the capital, and a march for the International Day for People with Disabilities. We also promote our Adapted for PCDs Trainee Program at the Student Fair at Mackenzie University in São Paulo.

Composition of the Inklusão Group

Marcela Navarro (HR)

Tatiana Gouveia (HR)

Adélia Belo (L&D)

Braulio Fernandes (KC)

Lucimara Vieira (Programming)

Keli Castro (Marketing)

Eliete Ribeiro (Tax)

Eliane Momesso (Corporate

Citizenship)

Patrícia Molino (P&T)

Renata Greb (Audit – RM)

Roberto Coelho (IT)

Ronaldo Rodrigues (IE -Purchasing)

Marilda Soares (HR – RJ)

Marcos Boscolo (Audit G1)

João Alouche (Audit G2)

Glecy Romito (BPO)

André Bibó (Pool)

Marcos Aguirre (BDM)

Luiz Renato Guimarães Pereira (T&R)

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 Change of Conduct Commitment, with the Ministry of Employment establishing an action plan to address this issue and increase the hiring of these individuals.

In 2012, **38 people with disabilities (PCDs)** integrated our team, including 27 administrative staff (one in a management position and 26 as staff) and 11 as technical staff.

PCDs

Ética & Independência

	2012	2011	2010
Administrative	27	29	30
Technical	11	17	1
Total	38	46	31

Gender equality and women's empowerment – in global alignment with the UN's 8 Millennium Development Goals, we have cultivated 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 KPMG in Brazil.

In Brazil 27% of manager, partner-director and partner positions are filled by women, and KPMG International's goal is to have 25% of leadership positions (partners) at the member firms filled by women by 2015. Two initiatives are working towards this: the KNOW group and accession to the Women's Empowerment Principles:

GRI LA14

Ratio of basic salary of women and men*

Area	Category	(%)
Technical	Apprentices	100
	Trainees	100
	Staff	90
	Managers	98
	Partner-directors	97
Administrative	Apprentices	100
	Trainees	**
	Staff	101
	Managers	80
	Partner-directors	99

* It was used the average of base salary for each category by gender.

** There was no female trainee in the administrative area in 2012.

KNOW – KPMG’s Network of Women

Group of women with the mission to **“encourage structured professional development”** with greater retention of women in the organization, seeking conditions compatible with **career opportunities**, providing resources to encourage **professional and personal development**.





KPMG's Network of Women (KNOW) – the group's contributions in Brazil include monthly meetings with leaders, the pilot Mentoring program (KPMG case shared with other companies), the breastfeeding room, the reformulation of the maternity policy – from pregnancy until the child's first year –, maternity leave of six months, external debates and events with female leaders, and KPMG's participation in the movement +Mulher 360, the Brazilian Network of Women Leaders for Sustainability and the event Mulheres Rumo à Rio + 20.

The group's main goals for 2013 include:

- training mentors for the Mentoring pilot program
- holding lectures with a view to the professional development of women, focusing on networking, social networks and career planning

Women's Empowerment Principles - GRI 4.12 - Joint initiative of the UN Global Compact and the United Nations Development Fund for Women (UNIFEM). KPMG in Brazil is a signatory to the principles for furthering promotion and the possibility of participating in a network of sharing policies and practices with a view to women's equality and development.

Women's Empowerment Principles:

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work — respect and support human rights and nondiscrimination.
3. Ensure the health, safety and well-being of all women and men workers.
4. Promote education, training and professional development for women.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality.

Learn more: www.unifem.org.br

Hiring locally - We give attention to local talent as a means of furthering the development of the communities we operate in and incorporating regional cultural knowledge into our business.

GRI EC7

92% of KPMG in Brazil's partners and partner-directors are Brazilian.



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		
	2012	2011	2010	2012	2011	2010	2012	2011	2010
State São Paulo*	197	181	143	144	135	101	73%	75%	71%
State Rio de Janeiro*	29	34	24	22	22	17	76%	65%	71%
Other states*	37	28	21	18	11	8	48%	39%	38%
Total Brazilian partners and partner-directors	263	243	188	229	226	172	92%	93%	91%

*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.

3.4.1.3. Quality Services / Learning and Development

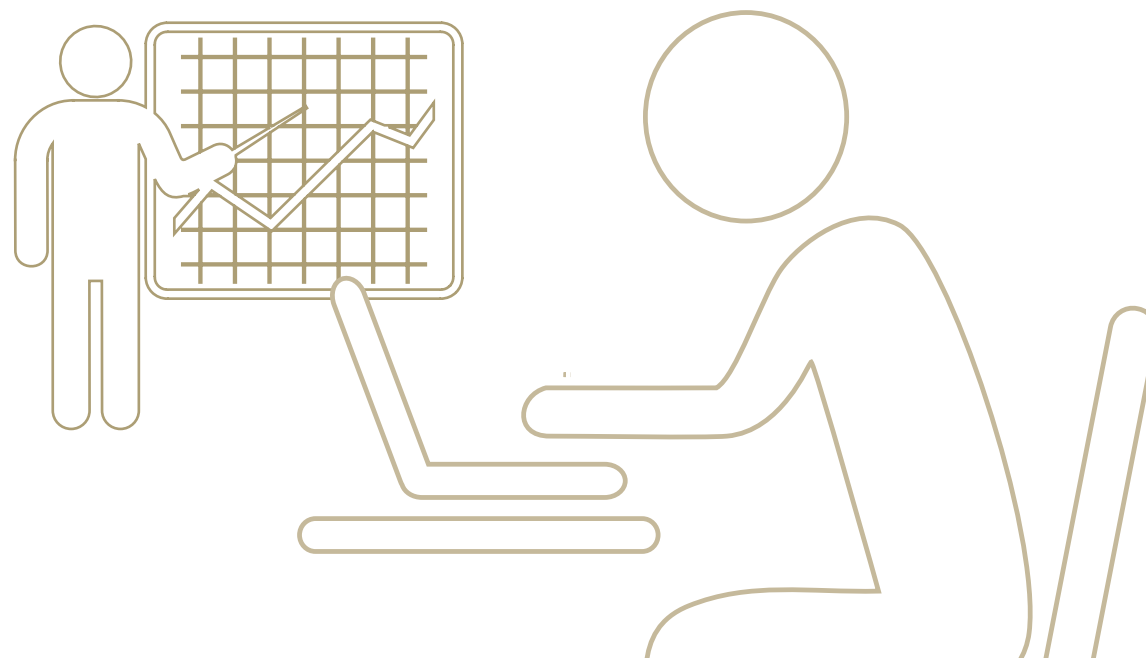
These programs are the focus of our investments in people and go beyond the professional regulations, encouraging continued education, graduate, post graduate and specialized courses, language courses, behavioral training, exchange programs and a variety of technical courses.

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

The KPMG Business School - is responsible for the planning and development program using virtual or on-site activities. There are Training Centers in São Paulo and Rio de Janeiro, where we concentrate the activities of learning and development, facilitating access and reducing costs.

Educational level of KPMG employees

	2012 Figure	% 2012	2011 Figure	% 2011
Higher or university education	3,536	97.3%	3,726	97.3%
High school /elementary schooling	67	1.8%	95	2.5%
Technology	31	0.9%	9	0.2%
Total of professionals	3,634	100%	3,830	100%



Training and courses - are segmented in order to develop different skills and capabilities:

Corporate training - compulsory for all professionals. This develops behavioral skills, disseminates corporate norms and policies, such as Risk Management, Ethics & Independence and Data Privacy.

Core trainings - develops the technical knowledge and skills, by activity area, and develops the standard of excellence in providing services. Compulsory for all professionals.

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

Specialization courses - develops specific issues, recommended by leaders, according to professional requirements and interests.

Virtual Class is a teaching method that makes learning more accessible and dynamic. Applied in various KPMG member firms around the world, it has been used in Brazil since January 2012 for specific training, and there are plans to expand the number of courses in 2013.

In June 2012 KPMG in Brazil was the first member firm in Latin America to implement CLIX, the new online courses platform for Learning & Development management. Already in use by KPMG's member firms in Europe and Canada, CLIX currently offers more than 200 courses.

Total investment in Learning and Development

	2012	2011	2010
Time (thousands of hours) – item "a" only	306	366	285
Financial (R\$ million)	29,9	24,9	23,9
a) Specific investments in technical and behavioral skills	21,8	18	18,2
b) Investments in graduate, post-graduate, language courses, exchange programs and other	8,1	6,9	5,7

In 2012, the valuation of hours of training performed by our professionals was considered in paragraph "a". Based on that criterion we adjusted data from previous years for better comparison.



Policy for Continued Professional Education - The Federal Accounting Council (CFC) states that all technical professionals have to complete the Continued Education Program for a minimum of 120 hours every three years - an average of 40 hours per year - in order to guarantee they are up to date about the technical procedures essential for the quality of our services.

To maintain a team of excellence and high performance, KPMG goes beyond the requirements of the CFC program: our professionals received an average of 84 hours' training in 2012. We also voluntarily extended the Continued Professional Education program to our professionals in the Administrative department.

GRI 4.7 / LA10

Hours invested in learning and development – KPMG Professionals

	2012			2011			2010		
	Hours	People	Average	Hours	People	Average	Hours	People	Average
Technical team									
Apprentice	398	7	57	509	5	102	-	-	-
Trainee	141,663	1,047	135	110,355	1,111	99	124,876	787	159
Staff	92,915	1,421	65	135,656	1,369	99	98,676	1,172	84
Manager	23,427	420	56	37,116	340	109	30,479	313	97
Partners and partner-directors	18,405	230	80	25,422	217	117	18,218	183	194
Subtotal Technical team	276,808	3,125	88	309,058	3,042	101	272,198	2,454	111
Administrative team									
Apprentice	546	4	136	1,019	16	64	-	-	-
Trainee	287	10	29	0	0	0	0	0	0
Staff	24,645	424	58	42,157	668	63	11,111	209	53
Manager	2,196	38	58	8,293	78	106	1,142	14	82
Partners and partner-directors	1,878	33	57	5,117	26	197	426	5	85
Subtotal Administrative team	29,552	509	58	56,586	788	72	12,730	229	56
Total	306,360	3,634	84	365,644	3,830	95	284,928	2,683	106

We improved the data collected in 2011, including the category "Apprentice". In previous years, the Apprentices were included in the category staff. In 2011, we corrected the allocation of 70 trainees in the technical area, since they had been mistakenly considered in the administrative area. From 2012 on, data collection is considering the training hours actually performed, instead of the total training hours offered.

KPMG Annual Trainee Program – we are committed to developing young professionals whose potential leadership and talents could be absorbed by KPMG or other companies. To achieve this we continually invest in our Trainee Program. In 2012 approximately **32,000** candidates participated in the selection process, and **530** were hired.

All of the trainees attend an intensive training program before they start working in different business areas, with the aim of developing our principles and quality standards, in addition to working on our values within the corporate citizenship context. The program amounted to 172 hours in the audit department.

KPMG Annual Trainee Program			
	2012	2011	2010
Hires	530	714	437

Mobility and exchange – we want our professionals to have a global focus and vision for the future. We want them to reach their full potential and be able to develop their skills. The exchange of knowledge with professional practices abroad is part of the Learning and Development program. The Mobility Program comprises four modules, in which our professionals may gain access to different cultures and clients, acquiring a broad and in-depth understanding of our global structure.

Mobility Program				
Program	Duration	Professional participants		
		2012	2011	2010
Global Opportunities	1 month to 3 years	19	21	6
Global Internship Program	1 month	8	8	7
Tax Trek	2 to 3 months	8	4	5
USMP	18 months	1		

Many of our professionals take advantage of the reach of our global network to obtain experience abroad. Approximately 2,400 people take part in exchanges in more than 70 countries every year.

Developing Leadership - 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). **GRI 4.7**

Chairman 75 Program

Public: 75 KPMG partners around the world with the prospect of assuming leadership positions.

Duration: 18 months.

Dynamic: quarterly three-day meetings in which our participants interact with external consultants, CEOs from other companies and KPMG leaders, discussing relevant themes and management responsibilities.

Partner Development Program (PDS)

Public: all partners in three years (2010 to 2012).

Academic: given by a reputable university, structured in six modules which cover themes related to innovation, business and people management, international business, leadership, sustainability and corporate responsibility.

Individual: structured by a specialized consultancy service to develop high-level leadership and addressing subjects such as leadership styles, KPMG strategy and communication, among other topics.



3.4.1.4. Assessment and feedback / Career plan and evolution

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 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.

The professionals who display excellent performance are recommended to become members of the company, after being assessed by an external consulting firm, by members of the Executive Committee in Brazil, as well as senior partners from KPMG International.

We have the following feedback and assessment tools:

Dialogue

Participation: 76% of professionals participated in 2012, not including apprentices, temps and service providers. Participation levels were 96% and 73% in 2011 and 2010 respectively.

Stages: Goal Setting (establishes corporate and individual targets), Interim Review (assessment and fine-tuning of objectives) and Year End (final assessment of objectives established for the year).

Validation of the performance manager (professional in charge of monitoring an individual and providing career guidance).

This includes corporate social and environmental targets, as explained in the sub-item Corporate Citizenship/Environment.

Avaliação 360°

Participation: 96% of the target public (partners, partner-directors and managers) participated. Participation levels were 91% and 96% in 2011 and 2010 respectively.

Stages: assessment by superiors, peers, subordinates and internal clients

Number of promotions

	2012	2011	2010
Staff	1,954	1,872	1,059
Staff to manager	90	106	90
Manager to senior manager	35	78	49
Senior manager to partner-director	23	26	25
Partner-director to partner	12	13	17
Total	1,954	2,095	1,240

My Performance Development (MyPD)

SAP performance assessment tool to be implemented in 2013 by **71 member firms of KPMG, including Brazil, in replacement of Dialogue**. MyPD will help us consolidate our **High-Performance Culture** by bringing improvements and innovation to our feedback and assessment process.

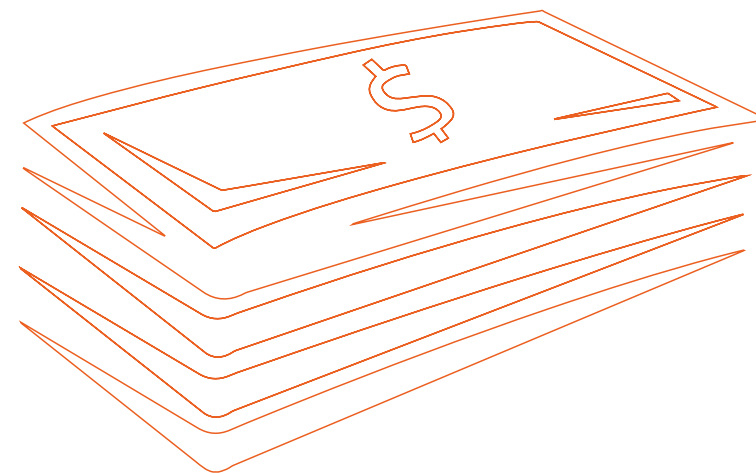
Compensation GRI EC5

Promotions and pay rises are determined by the performance assessment results and periodical surveys with the four largest companies in the sector for mapping out market practices.

Compared to the national minimum salary, the lowest salaries paid by KPMG in FY 2012 were at least 17% higher for the administrative team and 42% 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. The Employee Committee, which has an effective participation in defining their rules, helped to reformulated the new guidelines for 2013.

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



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

Technical team

Office (important operational unit)	2012	2011	2010
São Paulo	42%	38%	122%
Rio de Janeiro	100%	128%	155%
Other units	142%	132%	116%

Administrative team

Office (important operational unit)	2012	2011	2010
São Paulo	38%	29%	27%
Rio de Janeiro	17%	35%	57%
Other units	55%	69%	18%

3.4.1.5. Focus on Individuals / Health and Quality of Life GRI / LA3

By creating the conditions that enable our professionals to develop their potential and obtain professional and personal satisfaction, we provide our services with excellence and create value for our clients.

This is a key issue to KPMG, because the success of people and business form an inseparable link

Benefits - we offer a series of benefits that contribute to our professionals' well-being

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 partner-directors
Parking	In São Paulo, and some other cities, 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, after completion the university course
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, partners and partner-directors. KPMG only makes contributions for professionals whose applicable salary is greater than the established value of the Pension Unit (UP).	
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



GRI / EC3

Benefits

KPMG Prev (private pension plan)	Plan Type (Defined Benefit-BD, Defined Contribution-CD, mixed, other)	Number of Active Participants	Number of Assisted Participants	Professional's contribution (percentage of base salary)	Professional's contribution (percentage of base salary)	% participants in relation to total professionals	Type of participation in plan
Variable Contribution	CD	3,572	52	5% to 10%	(salary - UP)* 8%	25%	Voluntary/ national/annual

Note: Value of UP R\$ 3,467.00 / annual validity. The plan's rules are stated in the booklet available on the intranet.

Mylife – this is our Quality of Life Program which encourages healthy habits, well-being and care of body and mind in our team members, encouraging them to balance work and quality of life, which is then reflected in our business.

Mylife has three pillars:

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

Culture and Entertainment - we promote special programs, options and discounts at artistic and cultural events. Besides being entertaining and relaxing, contact with culture, in its various forms, is an activity that increases perceptions, sensitivity and intelligence.

Healthcare - during the busy season we have developed a campaign with tips available on the intranet and communications on how to avoid stress, and we also have arrangements with gyms and pharmacies.

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 on the Intranet, where they can announce the purchase and sale of goods and services.

In 2013 we are looking into reformulating these pillars which should focus on **Healthcare, Recreation and Culture** and **Equilibrium**. Other initiatives in the feasibility study are:

- Hiring a technical manager for Safety and Health area
- Pilot jogging/walking group
- Nutritional education program
- Retirement preparation program
- Ergonomic study
- Corporate Travel Manual, with tips on health and safety for our professions during their constant travels

Efficiency Project

Created in 2009 and with all teams trained by 2011, this aims to **assist Audit professionals** to use the KPMG methodology efficiently, thereby optimizing the time spent on projects without compromising the final quality and resulting in **greater equilibrium between professional and personal lives**.

3.4.1.6. 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 one of the best companies to work for. The management of the organizational climate at KPMG is undergoing continual improvement, consequently, every two years we implement the **Global People Survey (GPS)** which measures the motivation and satisfaction of our team.

The global **People, Performance and Culture (PPC)** team redesigned our research, to ensure it continues to be effective and up to date, monitoring the most significant issues for our professionals. The new version of GPS was applied at the start of the 2012-2013 financial year and enjoyed 83% participation, with 2,600 professionals replying.

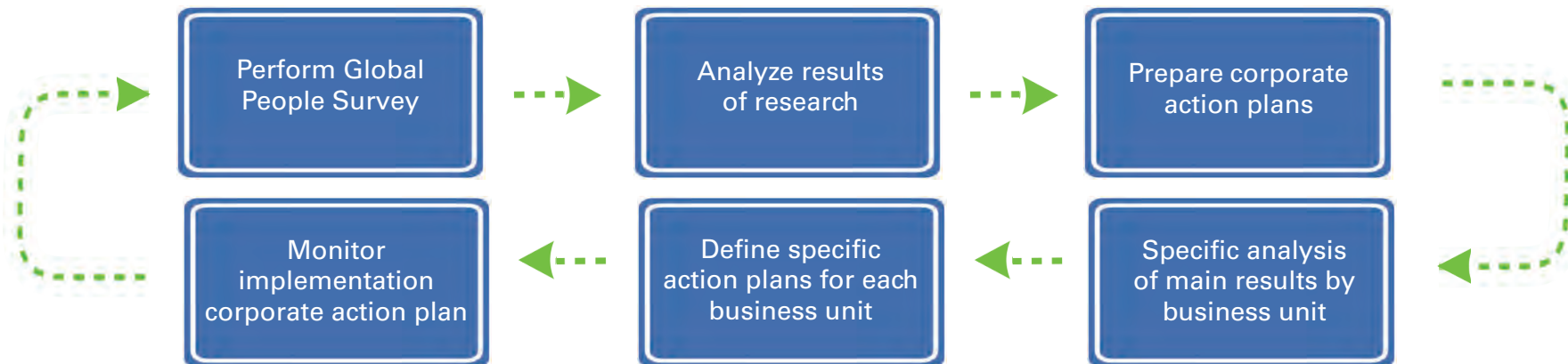
Based on the annual results, each department's leaders and respective business partners (Human Resources) design specific action plans for their reality, aimed at improving these indices. The Organization is committed to maintaining regular communication about the plans, so that its professionals can follow the progress of the proposed actions.

Global People Survey (GPS) Brazil - 2012 Results

(Satisfaction Percentage – Scale of 0 to 100%)



Stages of the Global People Survey (GPS)



3.4.2. Corporate Citizenship

GRI 4.12 / 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.

As a company our role is to offer adequate solutions so our clients can develop their potential at each stage of the life-cycle of the business. This concern with the development of the maximum potential underpins our People Management work and embraces the community via our Corporate Citizenship initiatives.

Our operations in this area are based on a set of international initiatives already consolidated in the UN and the World Economic Forum, which we have agreed to voluntarily, as described below.

In the report **Communication on Progress - COP** KPMG International records the coordinated initiatives implemented by the member firms to consolidate the Global Compact principles.

United Nations (UN)

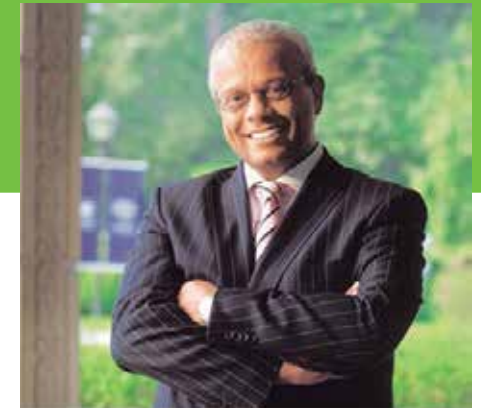
Global Compact – KPMG International has been a signatory to this initiative since 2002, by which companies sign up to ten principles embracing human rights, labors' rights, the environment and combating corruption in business. The Compact recognizes that business, trade and investment companies are important pillars for a prosperous and peaceful world. It accordingly invites business leaders to contribute in the sphere of influence of their businesses.

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.

"Client work and community service complement each other. This gives the KPMG member firms a larger purpose and a vision of involvement in the wider world".

Lord Hastings of Scarisbrick, CBE

Head of Global Corporate Citizenship,
KPMG International.



The 8 Millennium Development Goals - An initiative aimed at encouraging people and companies to act in favor of positive changes in their local communities. Globally, we focus our actions on the first three of these: **eradication of extreme poverty and hunger; universal access to primary education; promotion of gender equality and empowerment of women.**



Leadership Development Program (LEAD) - As a result of its effective engagement with the Global Compact and with various UN initiatives aimed at influencing public policies in the pursuit of equality, since January 2011, KPMG International has been a member of LEAD, a platform for corporate sustainability leadership, focused on helping companies integrate the ten principles of the Compact into their business.

Guiding Principles On Business and Human Rights - In 2012 we updated our Code of Conduct to incorporate the commitment to achieve principles 1 and 2 related to the human rights enshrined in the UN Global Compact. Incorporating these principles into our strategy and operations around the world will foster respect for human rights in our sphere of influence and support human rights and universal values wherever we operate. As a result of revising our Code of Conduct, current policies and procedures will also be revised - which include client acceptance and contracting suppliers - in order to put these principles into practice.

The World Economic Forum
GRI / SO5

Unites business and political leaders, intellectuals and journalists to discuss and find solutions to the more urgent issues faced worldwide. KPMG International intensively participates in a number of its initiatives, which helped underpin our policies and practices and consolidate new parameters for companies' operations.

Partnering Against Corruption Initiative - We signed the initiative in 2007, which means that we adopt and implement a zero-tolerance policy on bribery and corruption. This is a central concern of KPMG's, as the quality and integrity of our professionals and our work are central to our reputation. We therefore clearly communicate to the Audit Management Committees, regulatory bodies, governments and our clients the measures we adopt to guarantee that we meet our professional obligations and responsibilities in terms of anti-bribery and anti-corruption.

The Principles of Responsible Capitalism - GRI / SO5

We have been adhering to the principles since 2010, on the understanding that they constitute good practices for our business.

- Principle 1:** Select responsible clients.
- Principle 2:** Promote responsible behavior among clients.
- Principle 3:** Fulfill our professional obligations with our Organization's clients.
- Principle 4:** Promote systematic risk management.
- Principle 5:** Engage with public policies.
- Principle 6:** Develop a new generation of leaders and professionals.

The Future Role of Civil Society – A project which aims to develop effective means of promoting collective work between communities, markets and governments. With this aim, we are developing comprehensive dialogue with non-governmental and religious organizations, unions and business leaders, international and government organizations in order to:

- identify the main drivers and trends impacting society and their regional and global implications;
- understand the implications of the roles, responsibilities and relations between civil society, markets, international organizations and governments;
- explore new and emerging opportunities for society and develop an engagement framework looking ahead to 2030.

The report for this project will be presented at Davos in 2013 and will include guidelines on the construction of a resilient and dynamic economy.

These external commitments assumed by KPMG International are reflected in its member firms, so that as well as providing responsible and qualified services, they also generate benefits for companies, governments and society. A set of initiatives in the field of Corporate Citizenship involving volunteering, private social investment, investment by means of incentive laws and pro-bono services also positively impacts our communities.

Two global KPMG programs align our Corporate Citizenship initiatives with these international commitments: the Global Development Initiative (GDI), which deals with issues related to development and social justice and the Global Green Initiative (GGI), which addresses questions related to the environment and climate change.

The KPMG International Directory of Corporate Citizenship is responsible for defining, organizing and encouraging the guidelines and accompanying the performance of sustainability practices at the member firms, which set out their action plans and targets in accordance with local realities.

The Corporate Citizenship in Brazil strategy has three pillars, which underpin all of our initiatives: **Education, Development and Environment**. Our priority is to make them interconnected, generating positive effects on the three pillars.

In Brazil, R\$ 2.7 million was invested in several initiatives aimed at different communities in 2012.

Corporate Citizenship in Brazil - Strategy

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 Millenium 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.

3.4.2.1. Education

Education is an essential factor for our business and 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 non-profit organizations 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

Description: a program that offers a four-year cycle of supplementary educational activities, medical and nutritional supervision, daily meals and sports activities.

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

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

Investment: R\$ 585,000 by KPMG. São Paulo University (USP) offers the infra-structure for the project at the São Carlos and FUSP campus, which manages the project's resources.

Involvement of KPMG professionals: interaction during the visits by the children benefited from the project to the KPMG offices in São Carlos and São Paulo, and at the project's commemorative events. KPMG also contributes to the enhancement of the program and acts as advisor together with the pedagogical and coordination teams. The professionals from São Carlos also conduct pro Bono audit in the accounts of the project.



Statistics for Little Citizen Project – 1996 to 2012

Children benefited	2,500
Families indirectly benefited	12,700
Art and education activities (hours - class)	23,021
Sports activities (hours - class)	38,629
Library activities and digital inclusion – inauguration of library in 2000 (hours - class)	7,336
Lending of books and issues from the library	32,247
Additional tutoring activities – research groups (hours - class)	12,026
Dental appointments	2,467
Meals served	853,528
Referral of adolescents trained in vocational courses.	401

Bessan Award

In order to bolster the construction of the concept of meritocracy, we give study grants to middle schools at a private college in the region to those performing best in the Little Citizen Project. In 2012, four students received grants and the investment was approximately R\$ 40,000.

Apprentice Nucleus

The pilot program was implemented in 2012 with the participation of 20 students. The program was designed to offer free places to young people who completed the Little Citizen Project on courses related to the labor market, preparing for interviews and employment in general held by Sesi and Senac. This aimed to incentivize the young people to prepare for their entry onto the labor market. The partnership does not generate any additional costs for the project or the students.

Students in Free Enterprise - SIFE/ENACTUS

Description: A global non-profit institution operating in 39 countries aiming to incentivize university students to use their knowledge and entrepreneurial skills to develop programs which benefit their communities, with a focus on sustainability and social empowerment. In 2012, the institution revised its strategy and changed its name to better reflect its goals:

ENtrepreneurial - the ability to identify an opportunity and the talent to generate value from it;

ACTion - the desire to act and the commitment to go on and achieve it;

US - a group of people who consider themselves to share an important connection and be part of a much larger whole.

Investment: R\$ 50,000.

Involvement of KPMG professionals: KPMG International is an official sponsor of the ENACTUS World Cup (2012-2014) and many member firms across the world support the institute locally as they believe that its work promotes future leaders' engagement with their communities' most pressing issues. KPMG professionals in Brazil participate on the board of the local institute, audit the counting of the results for the National Competition and advise the participating teams, when requested. We also provide three flights for the ENACTUS Brazil winning team to represent the country at the World Cup.

Uniética

The event is held by the Business Ethics Institute with the aim to promote ethics, social responsibility, transparency and sustainability among young university students across the whole of Brazil. The 2012 program was held in Salvador, fulfilling its goal to travel around different cities and to recognize the achievements of students from the main cities across Brazil.

Investment: R\$ 20,000.

KPMG in Brazil's Involvement: Focusing on one of the event's themes – corporate responsibility – in 2012 we accompanied the ENACTUS Brazil winning team to present their projects for empowering communities, as a means of inspiring new students and new leaders.





Junior Achievement (JA)

Description: 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 for young people.

Investment: R\$ 100,000.

KPMG in Brazil's Involvement: Our involvement with Junior Achievement (JA) began in 2002. This involvement became more intense in 2009, when we became one of the national sponsors of the entity, and started to encourage professionals to volunteer to introduce the economy and business programs

in public schools. The project is aligned with our priority of encouraging an enterprising spirit and creating new and more responsible leaders.

We ended 2012 with twelve offices participating and around 100 volunteers from nine offices applied the Mini-company, Let's Talk About Ethics, The Advantages of Remaining at School and an Introduction to the Business World programs, which benefited 1,553 students throughout Brazil.

Our target for 2013 is to engage three new offices, helping achieve the objective of including all of KPMG's Brazilian offices in JA programs in the mid-term.

Bio-diversity in your rucksack – WWF Brazil GRI SO5

Description: A pilot program on environmental education aimed at the Cerrado biome, sponsored by KPMG in Brazil and conducted by WWF Brasil with the support of Instituto de Permacultura e Ecovilas do Cerrado (IPEC) for public school teachers in Pirenópolis, Goiás. Lasting three years (2011-2013), the program has the potential to benefit 5,000 students from public schools each year. The project results will be presented by WWF Brazil to the Ministry of Education and the Ministry of the Environment as a contribution to be considered in public policy focused on environmental education.

Investment by KPMG in Brazil: R\$ 144,000 in 2012, amounting to R\$ 380,000 over the three years.

KPMG in Brazil's Involvement: The Corporate Citizenship team accompanied the development of phases I and II of the project, in which the local community and educators developed material to support the Program using their own experiences.



3.4.2.2. Development

The **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 work together to achieve the Global Compact principles and the Development Objectives for the Millennium.

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

Making our professional skills available to tertiary sector organizations which contribute to mitigating or solving social challenges is the most relevant way that we have found to transform our knowledge so that it is of value within the communities where we operate. **GRI EC8**

By offering *pro bono*/compensation¹ services, we link professionalism to management and credibility and transparency to financial statements for not for profit organizations which operate in various locations around the country. We are contributing to their development and we provide improved conditions for them to continue with their activities in this way.

This work is subject to the standard procedures for acceptance of clients and the same methodology, quality and independence offered to paying clients.

¹ Services provided to NGO and nonprofit 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.

Since 2007, we have provided 8,600 hours of pro bono services. In 2012 we provided 840 hours, estimated at R\$ 553,000.

Tertiary sector organizations benefitted by *pro bono*/compensation services

- Ação Comunitária – São Paulo (R\$ 42,000)
- Entre Rios – Paraná Agricultural Education Association (R\$ 13,500)
- Portaldajuda Association - São Paulo (R\$ 13,000)
- ACL Foundation – São Paulo (R\$ 25,000)
- Gol de Letra Foundation – São Paulo and Rio de Janeiro (R\$ 60,000)
- Semmelweis Foundation – Paraná (R\$ 13,500)
- Sorri Foundation - Bauru (R\$ 75,000)
- ABCD Institute – São Paulo (R\$ 25,000)
- Adolescent Recycling Institute – Reciclar - São Paulo (R\$ 70,000)
- Ling Institute – Porto Alegre (R\$ 16,000)
- Lar Paulo de Tarso – Rio de Janeiro (R\$ 90,000)
- Doctors Without Borders (MSF) – Rio de Janeiro (R\$ 55,000)
- World Vision – Recife (R\$ 55,000)

Private social investment

In alignment with our strategy of promoting growth, the focus of our direct investments is on initiatives which promote social development.

Unicef - KPMG has Unicef as a strategic partner for the Corporate Citizenship initiative globally, with its work towards justice and social development.

For this reason, in 2011 we financed the development of InfoCriança, a system which seeks to offer a database with the main social statistics related to the standing of childhood and adolescence in Brazil, is reliable and easy to use and available to students, researchers and the general public. Available for free online (www.infocrianca.org.br), the site went live in 2012.

KPMG's support for Unicef focused on the Urban Center Platform (PCU) in 2012, which assists the municipalities to transform the Statute for Children and Adolescents' principles into concrete actions to protect every child's rights. PCU also aims at creating a synergy between policies and programs implemented by the government and civil society within the realm of childhood and adolescence.

The PCU should be used as an example for developing similar initiatives around the country and in other parts of the world, as it allows the construction of a convergent effort between the government and civil society, with an effective model of social development, while receiving support from private initiative.

Investment in 2012: R\$ 50,000.

KPMG in Brazil's Involvement: Sponsorship running through to 2013 and monitoring of results by the Corporate Citizenship team.

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

Lasting five years, the project is working towards empowering the local community and rendering it sustainable, generating solutions that address problems such as hunger, disease and illiteracy.

Investment and involvement of KPMG in Brazil: USD 5,000 / year, starting in 2011. We invested approximately R\$ 10,000 in 2012.

Social, Cultural and Sporting Investment through Fiscal Incentive Laws (IRPJ)

KPMG is abreast of the opportunities offered by the Government to encourage the allocation of resources to cultural projects and institutions that offer services to the community. Every year we assess projects that are aligned with our Corporate Citizenship and Marketing strategies. **GRI / EC4**

Social Investment via fiscal incentive laws (R\$)

2012	2011	2010
400,364	143,877	205,157

The Recycling Institute for Adolescents (Reciclar) – Instituto Reciclar is a non-profit organization whose mission is to provide professional educational and learning opportunities to young people in a position of vulnerability and social risk, which promotes their self-esteem, social inclusion and full exercise of their citizenship. The Institute benefits approximately 150 young people from the community of Jaguaré in São Paulo every year, directing them to the labor market after five years of solid humane and professional training.

Investment: R\$ 51,000 via FUMCAD and R\$ 30,000 via private investment.

“Noturno Cadeirante” - wheelchair users’ show - The show aims to raise awareness and break paradigms with regards to the artistic capacity of people with disabilities. Use theater, dance and music as instruments to include, develop and create an artistic work opportunity for people with disabilities.

Investment: R\$ 191,000 via Rouanet Law.

Quero-Quero Project - Promotes initiatives in favor of cultural, social, psychological, cognitive and affective development of 180 children and adolescents from impoverished neighborhoods in Campinas. The project improves the quality of life of these children and helps turn them into good citizens.

Investment: R\$ 29,000 via FUMCAD.

Cultural Book –The Earth, Water, Air and Fire Program: “Man and Water” – A series of four books which aim to show man’s interaction with these four natural elements. We edited the second book in the series, “Man and Water” in 2012, which was given to our clients as a gift at the end of the year.

Investment: R\$ 129,000 via Rouanet Law and R\$ 71,000 via private investment.

Voluntary work

KPMG wishes to lead by example and create a network of multipliers in favor of social-environmental development. We accordingly encourage our professionals to be good citizens and do volunteer work.

In addition to working in the Junior Achievement programs, our professionals can also participate in two other activities that occur annually:

Results of KPMG Community Day

	2012	2011	2010
Volunteers engaged	950	493	409
Social institutions attended	27	21	22
People potentially benefited	1.120	1.200	1.200

In 2012 the Trainees Challenge was held with KPMG Community Day.



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

Trainee Challenge - Launched in 2008, it is a part of the Training Program applied to these young professionals and has the important role of placing them in KPMG's corporate citizenship culture.

Trainees are challenged 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. Due to the redesign of the Trainee Programs, the Challenge was held along with the KPMG Community Day in 2012 and the results are therefore being reported together.



Results of Trainees Challenge

	2012	2011	2010
Total trainee participants	-	417	464
Total time donated	-	1,734	3,918
Total public affected	-	Undetermined	1.623

In 2012 the Trainees Challenge was held with KPMG Community Day.

Specific Programs, emergencies and disasters relief

Natural disasters and emergencies that affect our communities ultimately affect our people and our business. Our capacity for mobilization and action at these critical moments can make the difference and lead to comfort for those affected or assisting with the management of recovery processes for afflicted communities.

This system for planning the most appropriate action to be implemented in each situation is coordinated by the Global Citizenship Leader of KPMG International.

In 2012, we faced a number of crisis situations, both internationally and locally. Professionals from various offices also acted in specific situations, at our own initiative or at the request of external institutions.



Some results of KPMG's campaigns in Brazil during 2012

We allocated **R\$ 12,000** to the **Caring Christmas campaign in São Paulo**, which involved afternoon tea and a Christmas party for the care home and shelter participating, as well as the purchase of adult diapers and milk for a month's use at the respective institutions. Our professionals in São Paulo also donated presents to 201 elderly people and children at these institutions. In addition to this, we donated more than **270 Christmas food** parcels to the institutions Casa Naim, Todo Mundo Feliz, Casa dos Velhinhos de Ondina Lobo, PROAV and CEBASP.

We donated **128 second-hand notebooks and 32 desktop computers**, which were in perfect working order, to promote digital inclusion at 16 institutions which are registered by KPMG in Brazil. With the exception of the Little Citizen Project, all of the other institutions which were assisted were nominated by our professionals.

The ITAS RC team in Brazil, along with those from a further 24 KPMG offices around the world, took part in the 5th **Global Citi ITAS Community Service Day**, which focused on the Millennium Development Goals. We focused on promoting education locally and donated **99 books (new and used) to the Little Citizen Project library in São Carlos**.

Following mobilization organized by **SESCON-RJ**, we contributed **R\$ 3,600** to assist the accountancy firms which were affected by the buildings which collapsed on Avenida Treze de Maio, which is a central region of Rio de Janeiro.

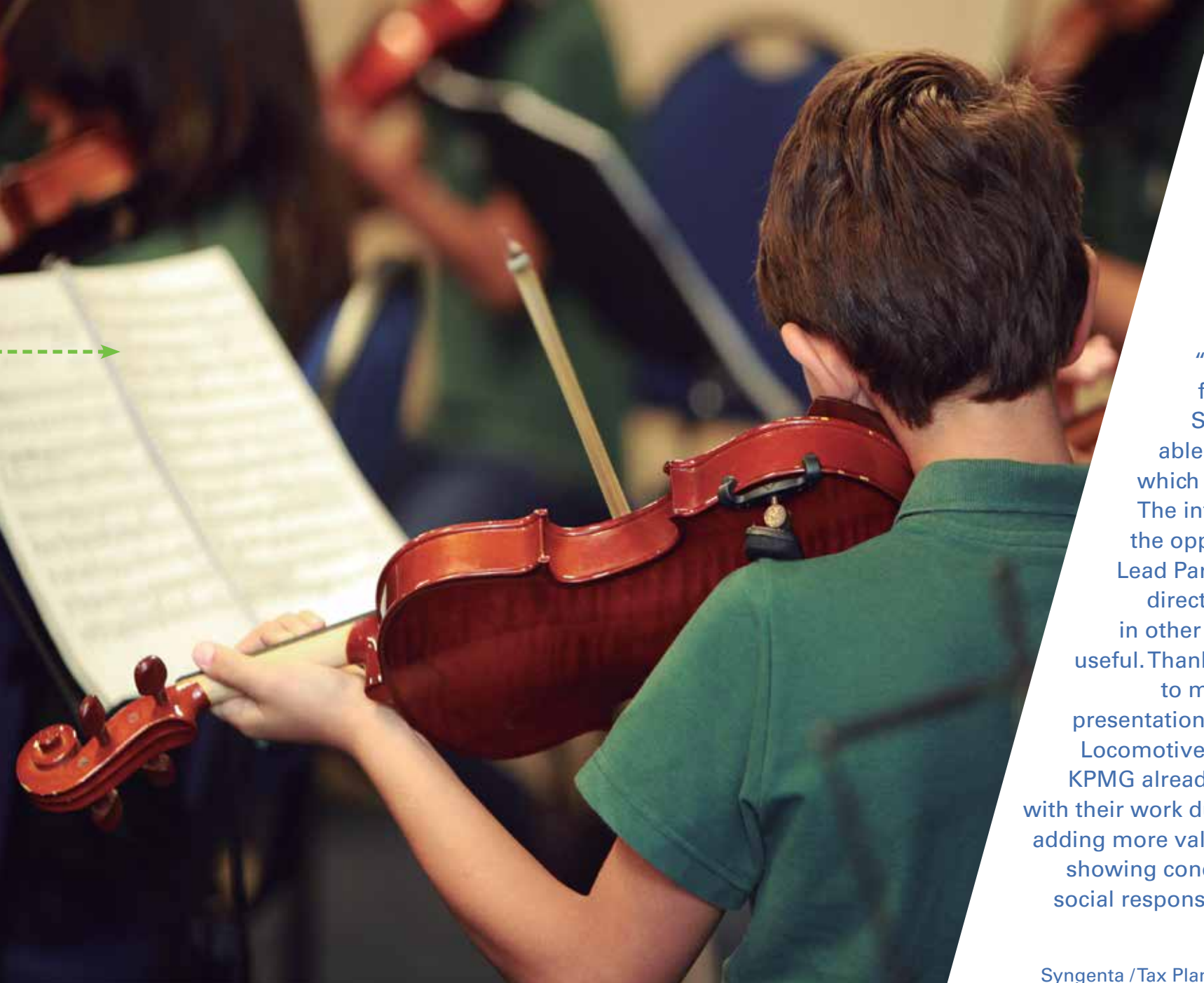
We contributed **R\$ 15,000** for a **Charity Dinner** which was organized by **Fundação Gol de Letra** in Rio de Janeiro.

We allocated approximately **R\$ 12,500** to the **Red Cross** in Brazil to be sent to the victims of floods which occurred in the State of Acre. R\$ 2,433.58 of the total was donated by our professionals and R\$ 10,000.00 by KPMG.

We invested **R\$ 31,000** in the **KPMG Community Day and Trainees Challenge**, in the form of a reimbursement to cover part of the expenses for each coordinator and their team for implementing activities at the selected NGOs, in addition to the rides, snacks, recreation and revitalizing.

We donated **R\$ 9,000** to the **Soup Group**, giving items such as blankets and food. Approximately 50% of this total was donated by our professionals. The Soup Group assists those living in the streets who are at risk, carries out assessments and makes referrals for treatment and detoxification for chemical dependents.

An **event** which was held by the Tax area, the Guide to Fiscal Incentives for Research and Development – Adding value to the Americas, transferred the total registration value (**R\$ 4,500**) as a donation to the **Locomotive Project** in Santo André.



“I would like to thank you for the invitation given to Syngenta so that we were able to take part at the event, which was held on Wednesday. The information presented and the opportunity of hearing from Lead Partners Global and LATAM directly about PD&I incentives in other countries was extremely useful. Thank you! Without forgetting to mention that I thought the presentation by the children from the Locomotive Project was sensational. KPMG already positively surprised us with their work during 2011 and continues adding more value to what is done when showing concern with the principle of social responsibility. Congratulations!”

Viviane Shiraiwa Rinaldi
Syngenta /Tax Planning Analyst – SBS – Finance

Supplier Management

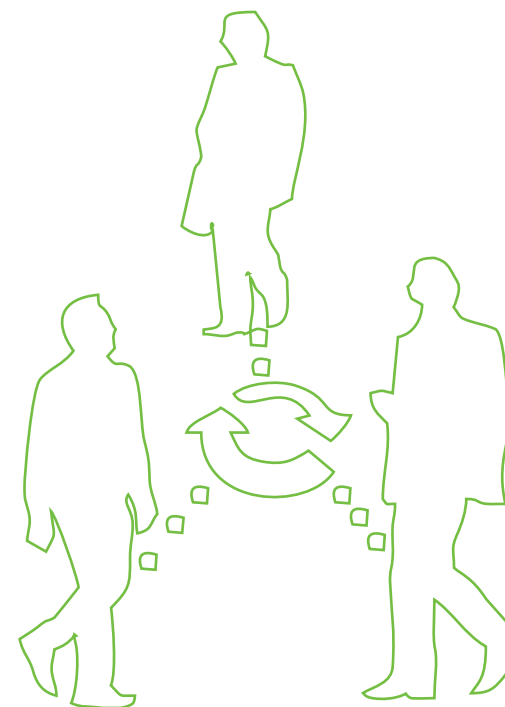
GRI / HR2 / EC6

Contracts of service provision and in São Paulo (building management and maintenance, reception, cleaning, catering, motorcycle courier, technical support services and asset security) which are considered significant and concentrates about 70% of all outsourced people in Brazil. Thus, aligned with our principles and the International Labor Organization's conventions, such contracts contain clauses which require employment under Brazil's CLT regime or that meet specific labor legislation. Payment of these suppliers is only made upon presentation of monthly documents that provide evidence of the employment relationship. In 2012, no contract with suppliers of goods or services was refused due to a negative evaluation arising from violation of human rights.

In 2012 we began to implement our goal of including specific contractual clauses on Human Rights and anti-bribery in the standard draft documents and in the documents requesting proposals from suppliers of goods and services. Our internal policy which states that any contract above R\$ 1,000 must be centralized at Purchasing area, and the advice of our Legal area in reviewing the contracts will help us to move forward to achieving that goal. We will continue to evolve in this area during 2013, mapping our principal suppliers and adapting internal procedures so that we may put the commitment taken on by KPMG International with the UN's Guiding Principles on Human Rights into practice, bringing the theme of human rights to KPMG's strategic sphere, which will influence the process of client acceptance and engagement continuance.

Meanwhile, an international group called Sustainable Procurement is developing a Suppliers' Code with basic guidelines that the KPMG International member firms can adopt.

Our Code of Conduct and GO&RM Manual underpin all of our practices, including in the administrative areas, but do not include a specific policy for hiring local suppliers. In general purchases are made by our São Paulo office and, when economically feasible, are made regionally, as in the case of cleaning materials and cleaning services.



Percentage of purchases from local suppliers

Office (important operational unit)	2012	2011	2010
São Paulo	99,6%	98%	93%
Rio de Janeiro	86%	95%	99%
Other offices	48%	69%	76%

The data for 2009 and 2010 has been recalculated, given the improvement in collecting the information. Calculation base: purchases by the Facility, IT, Marketing and Infra departments. The criterion of "local provider" in this calculation is defined by county, ie. suppliers located in the city where KPMG has an office and/or the city in which some event was held.

3.4.2.3. Environment

GRI EN18

Global commitments and goals

From the perspective of our services, KPMG has a Global Center of Excellence in Climate Change 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.

We have also considered this internally, and in response to the challenges imposed by climate change, 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, GGI reported a decrease of 29% in carbon footprints compared to 2007, exceeding the goal established. A total of 42 member firms from KPMG International – including Brazil – participated in this report, which represent 86% 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. The overall reduction in the first year was 1.1%. The overall emissions in 2012 are still being calculated and should be published in April 2013. This ambitious goal will be achieved through:

- sustainable technologies.
- responsible travel.
- the option for renewable energy.

- 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.

In Brazil, our goal for 2012-2013, was 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 investments. However the new economic reality has led to the need for adjustments to the entire Organization and obliged us to temporarily suspend the project.

In 2012 KPMG International also undertook the commitment The Carbon Price Communiqué, an international initiative whereby companies around the world state their positions and request global policies to address the challenges posed by climate change. Part of the series of notices published by Climate Communiqué in 2012, The Carbon Price presents the pricing of carbon emissions as one of the main components that could help reduce global emissions. **GRI S05**





The Environmental Policy in Brazil GRI – EN Management / EN28

Environmental matters are not relevant to our activities and business as we operate in the services segment. We have not therefore incurred any judicial or nonmonetary sanctions as a result of environmental noncompliance during the period covered by this report.

Nevertheless, we are aware of our responsibilities and maintain a citizen approach, since we understand that we also have a role to play to consolidate a more balanced and fair development model. Thus, the Organization keeps an environment policy and goals to reduce some indicators.

The Global Green Initiative (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.

KPMG is therefore growing in Brazil and extending its operations with new offices, which is the reason for the increase in total consumption of the majority of the indicators.

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

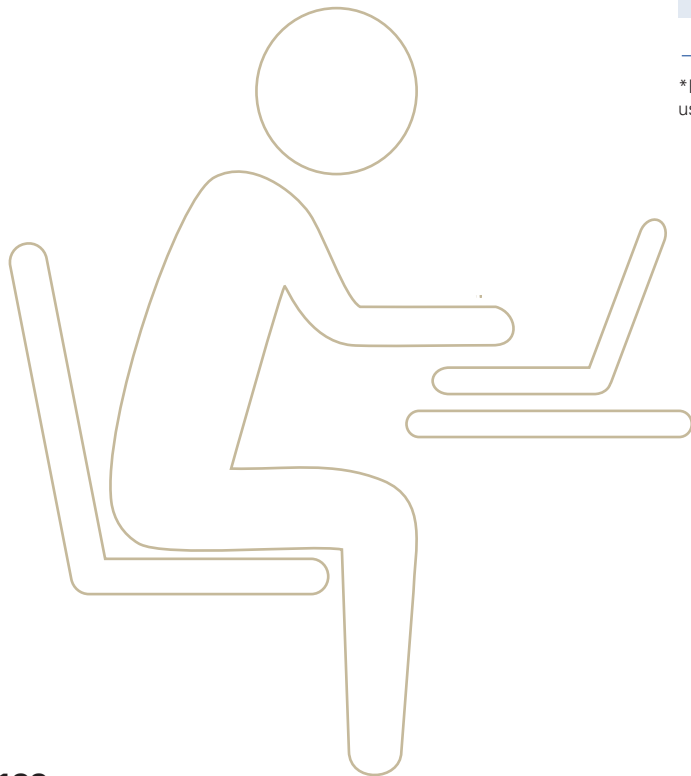




Local environmental goals

Indicator	Total 2010		Goal for 2012 as % of FTE	Results for 2012
	KPMG in Brazil	Per capita (FTE*)		
Disposable plastic cups /unit.	1,056,859	445	Maintain	Performed
Electricity /GJ	9,684	4	Maintain	Performed
Paper / sheets	10,614,400	4,467	Reduce by 5%	Performed
Water / Cubic meters	16,545	7	Maintain	Not performed
Printed material / sheets	12,834,348	5,402	Reduce by 5%	Performed

*FTE = Full Time Equivalent, measure adopted by KPMG International to indicate the consumption per capita. The average number of employees used in the calculation was provided by KPMGI.



In 2011, we launched our sustainability e-learning, which is available amongst the optional courses from our web-learning platform at KPMG Business School. In 2012, a total of 1,167 professionals underwent the training

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, get them involved in initiatives and publish the results.

Environmental Week - 437 professionals participated in the sustainability e-learning in this campaign, and competed for various prizes, such as I-Pads, magazine subscriptions, books and DVDs related to environmental issues.

2nd Edition of the Living Green Gallery - Our professionals' children, aged between 4 and 12, were encouraged to make a photographic register of the beauty of the environment and the challenges and opportunities to keep it sustainable. Our professionals voted via the intranet and selected the best photos in two categories: best photo and most creative photo. The winners got a Nintendo Wii and a Nintendo 3DS.

Bio-diversity in your rucksack – Pilot project sponsored by KPMG and conduct by WWF Brasil aimed at influencing educators and students from the public schools on pertinent questions which involve sustainability, as described in the Education section.

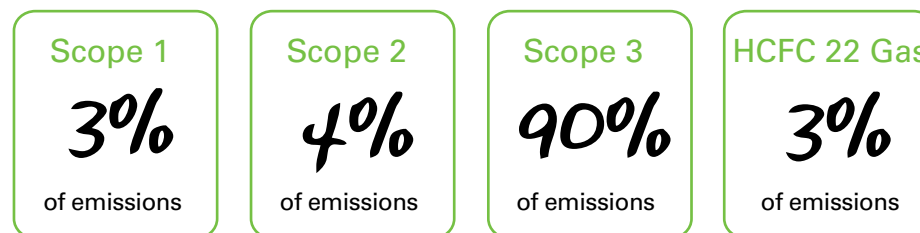
Water and Man – Sustainability in the four elements of nature - Second book in a series four volumes. The first was Earth, published in 2011. The book is given as a gift to clients at the end of the year. This is an example of how environmental issues are being discussed and considered in KPMG's other areas, and go beyond our internal environment.

Controlling emissions 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 GHGs (greenhouse gases), since 2007 KPMG in Brazil has compiled a carbon inventory and monitored its emissions annually. We accordingly identified that our most significant impact is in Scope 3 (indirect emissions 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 / EN16 / EN17 / EN18**

Transporting our professionals to the clients' premises is intrinsic to the type of service 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. Our 26 offices attend locally which reduces long-distance travel and therefore emissions too.

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 are initiatives we are implementing to avoid trips when possible.



Greenhouse Gases (GEE) Inventory Composition

Scope 1

DIRECT EMISSIONS

- Diesel consumption by generators at the São Paulo offices
- Reimbursement of fuel to partners

Scope 2

INDIRECT EMISSIONS

- Electricity consumption

Scope 3

INDIRECT EMISSIONS

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

OTHER EMISSIONS

HCFC22 Gas

In 2012 KPMG in Brazil reduced its CO₂e emissions per capita by 5% compared with 2011.



GEE Emissions

Emissions (tons of CO ₂ e/year)	2012	2011	2010	2009	2008	2007
➤ Total Scope 1 (t CO ₂ e)	182.12	404.65	183.71	137.87	200.12	521.65
➤ Total Scope 2 (t CO ₂ e)	237.57	90.60	136.66	57.35	109.98	74.94
➤ Total Scope 3 (t CO ₂ e)	5,602.70	5,544.34	4,681.01	3,554.09	3,688.69	3,070.84
➤ Other Emissions: HCFC 22 ¹	200.25	220.05	229.76	165.60	109.20	–
Total emissions (t CO₂e)	6,222.63	6,259.64	5,231.14	3,914.91	4,107.99	3,667.43
Emissions per capita (by professional) ²	1.80	1.90	2.20	1.70	1.87	1.97

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 was updated based on the 2011 report.

- In 2011 the decrease in emissions per capita was due mainly to the increase in the number of professionals in our Offices.

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 per capita/by professional was provided by KPMG International.

Energy Consumption GRI EN3 / EN4

Even if Brazil is a global leader in the supply of clean sources for energy generation, this resource should be used consciously. To this end, we make our professionals aware of the need to change habits, we encourage attitudes that avoid waste, we adapt our premises to avoid unnecessary consumption (such as installing presence sensors) and we analyze the energy consumption when acquiring new electronic equipment.

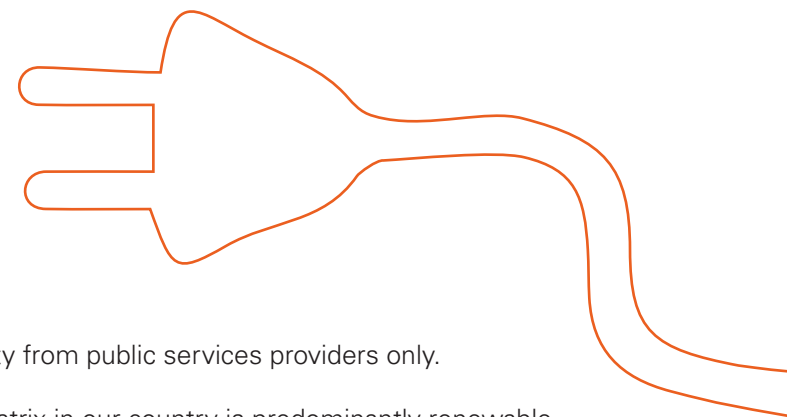
Total energy consumption has increased at KPMG as a result of the growth in its business and in the number of offices in Brazil. Despite this we have made efficiency gains, as can be observed in the reduction in electricity consumption *per capita*.

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

	2012	2011	2010
Gasoline	2,174.68	2,512.21	1,901.79
Diesel ¹	50.40	22.50	32.90
GLP	0.00	0.00	0.79
Total	2,225.09	2,534.71	1,935.48
Total per capita²	0.65	0.75	0.81

¹ Diesel was recalculated in 2010 and 2011, in accordance with consumption considered in Scope 1 of the emission inventory.

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



In Brazil, we buy electricity from public services providers only.

The energy generation matrix in our country is predominantly renewable, which accounted for 88% of 2011 public offering.

(Source: Resultados Preliminares do Balanço Energético Nacional 2012 – BEN 2012).

Sources of energy in Brazil in 2011

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.

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

	2012	2011	2010
Total	12,376.67	10,343.72	9,683.78
Total per capita¹	3.60	3.07	4.08

¹ The average number of employees used to calculate the emissions by Professional was provided by KPMG International.

The 2012 per capita calculation for water consumption as well as for direct and indirect energy takes into consideration the average number of professionals in provided by KPMG International. This criterion is adopted in order to keep consistency of the Brazilian information with the methodology adopted by KPMG International in its global GHG inventory.

Consumption of materials GRI EN1

Paper - a significant item as it is inherent to our business segment. To reduce this consumption, we are seeking to innovate our working methods. An example of this 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. Similarly, the change in the way we print our reports and proposals to clients, implemented in August of 2012, as well as the adoption of electronic Christmas cards, were also actions aimed to use paper more responsibly. Nevertheless, the use of paper rose significantly

in 2012, mainly to the increase in number of external business publications, calendars and diaries.

Laptops - comprise another significant and essential material for our activities. KPMG adapts its equipment annually, and specifically in 2011, this procedure had a greater impact given that almost 1,000 employees joined KPMG in Brazil, as a result of the acquired operations. This index dropped sharply in 2012.

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.

Materials used

Item	Unit of measurement	Consumption in 2012	Consumption in 2011	Consumption in 2010
Sheet paper	Kilos	90,242	74,113	82,005
Paper towels	Kilos	28,516	29,409	19,342
Plastic cups	Units	1,189,600	1,236,775	1,056,859
Media/ CD and DVD	Units	4,767	9,854	9,324
Toners and cartridges	Units	474	801	757
Batteries	Units	1,323	1,255	2,057
Pens and pencils	Units	67,042	36,382	17,324
Laptops	Units	1,009	1,301	884
PCs	Units	38	34	59

Water consumption
GRI EN8 / EN9 / EN10 / EN21

In 2012, we consumed 25,451 cubic meters of water, derived from municipal supply networks. The figures demonstrate an increase compared to the consumption in 2011, which was 19,035 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. The water consumed in our 26 offices is provided by local public service, and our waste 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.

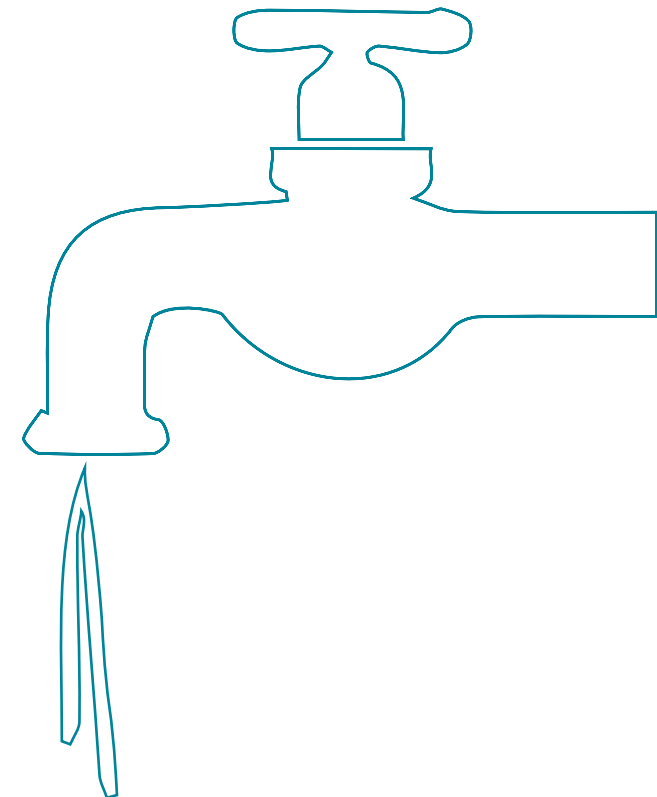
Goals for 2012-2013

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

² Water consumption at KPMG at offices outside of São Paulo is allocated by the condominiums where they are located. To calculate 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.

Consumption and disposal of water (cubic meters)

	2012	2011	2010
Consumption	25,451	19,035	16,545
Disposal	25,451	19,035	16,545
<i>Per capita consumption</i>	7.39	5.6	7.0



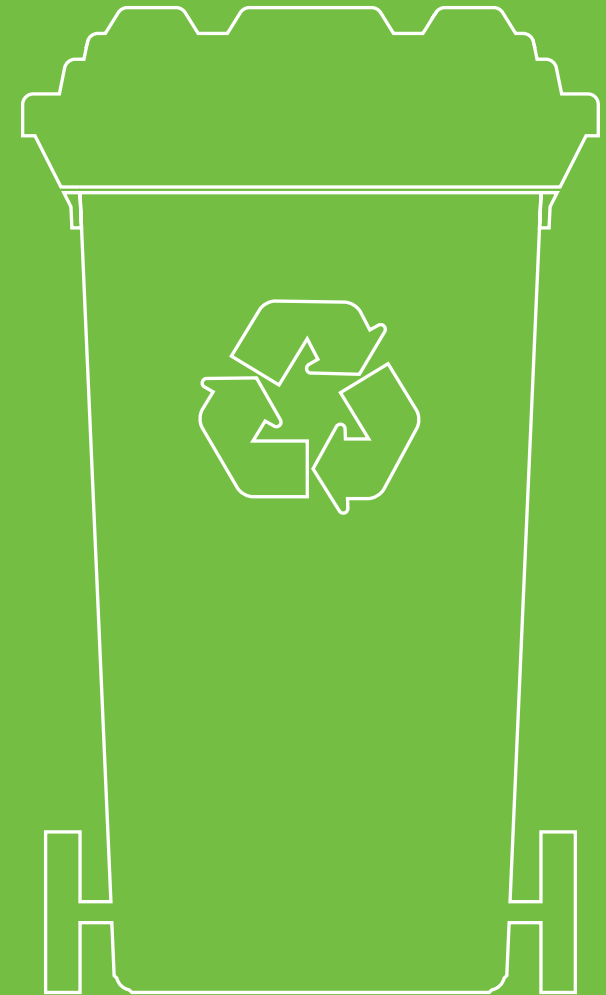
Disposal of residues GRI EN22

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 impacts of disposal. The São Paulo offices have also implanted the selective collection of cardboard, plastic, aluminum and glass, which is properly disposed of (recycled, incinerated or deposited in sanitary landfills) by a contracted company.

In 2012 we hired a firm specializing in the collection and appropriate disposal of electronic waste in São Paulo, where our main office is located. Another company handles the disposal of the diesel consumed by the generators at the São Paulo offices. KPMG's other offices do not have such generators.

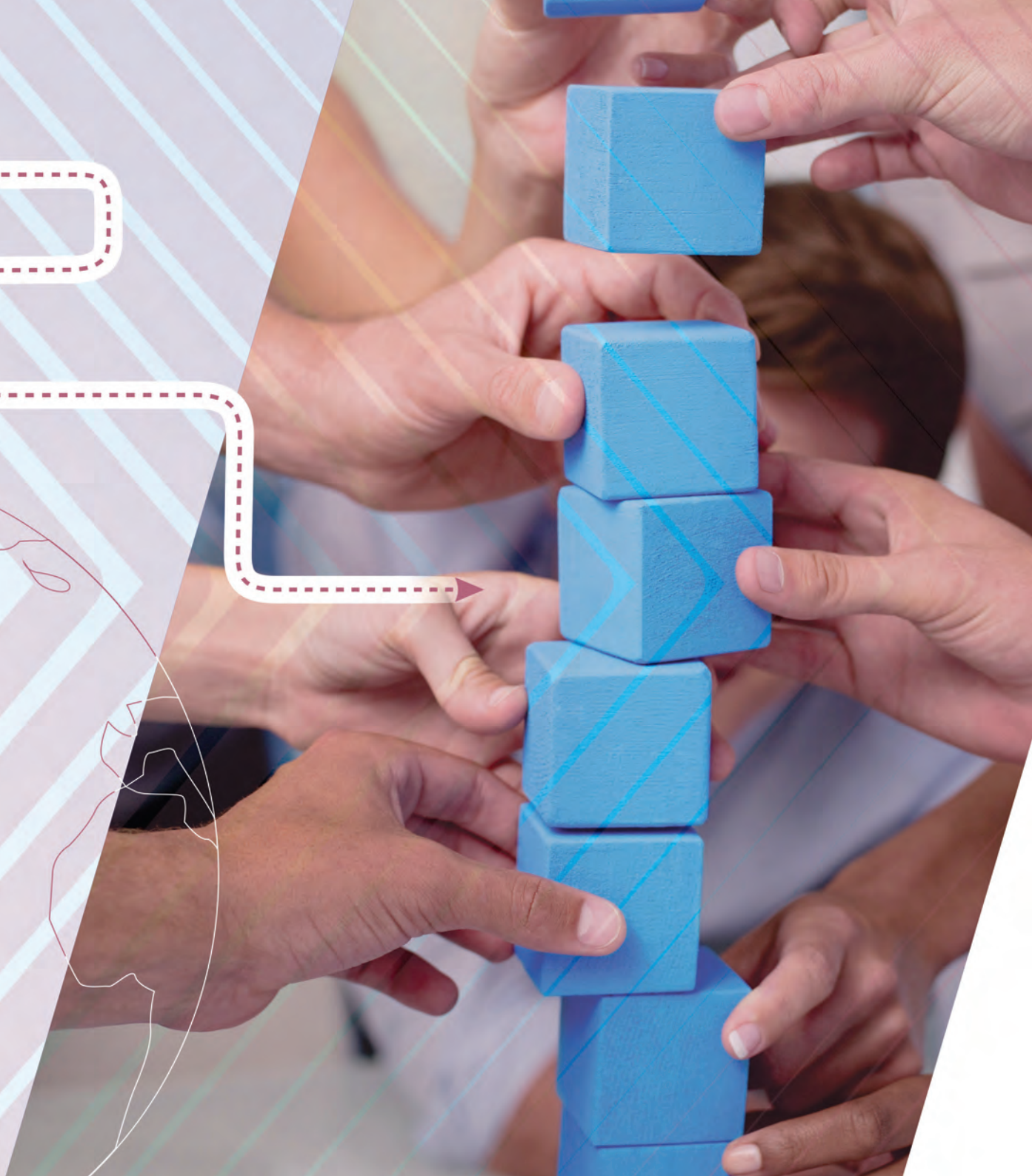
In recent years we have sought to improve the management of this process and the relationship with these companies, requesting guarantees for the control over the residues generated and the correct final disposal of such.

With respect to amplifying these policies, we observed more efficient results at the São Paulo offices, which has its own administration. 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.



4

Global Compact



PRINCIPLES OF THE GLOBAL COMPACT	GRI INDICATORS	COMMITMENTS	SYSTEMS	INITIATIVES AND SERVICES RENDERED
Human Rights				
Principle 1: To respect and protect human rights	HR2, HR4 LA13	KPMG International and its member firms acknowledge that Human Rights are a fundamental part of corporate citizenship and we therefore comply with and support the Universal Declaration of Human Rights. In 2012 KPMG International published a public commitment about Human Rights.	Corporate Values Code of Conduct GQ&RM Manual Public Human Rights Commitment Human Rights Policy under development (accepting clients and hiring suppliers - from 2012 certain contracts with suppliers already contain such clauses).	Local and Global Citizenship and Diversity Teams Global Policy for handling Disasters Assistance for defining human rights policies at clients Helps clients define overall commitment to ethics, governance, integrity and responsibility (International Development Advisory Services Climate Change & Sustainability Services and Risk Consulting).
Principle 2: To ensure human rights are not violated	HR2, HR4			
Employment Rights				
Principle 3: To support trade union membership rights	HR5	KPMG International and its member firms do not employ child, forced or compulsory labor. KPMG International and its member firms support freedom of trade union membership and when applicable recognize the right to collective bargaining. Our personnel wish to work for an organization that encourages and respects individuality, and this is one of the core corporate values of KPMG International and its member firms. Nurturing a global culture of diversity and inclusion is fundamental to KPMG International and its member firms and crucial 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 Engagements at clients to establish the approach to the value chain, helping create monitoring mechanisms (Climate Change & Sustainability Services, Risk Consulting, People & Change and Supply Chain Operations).
Principle 4: To abolish forced labor	HR2, HR7			
Principle 5: To abolish child labor	HR2, HR6			
Principle 6: To eradicate discrimination in the workplace	LA13, HR2, HR4, EC5, EC7			
Environmental Protection				
Principle 7: To support a preventive approach for environmental challenges				Internal campaigns to raise environmental awareness Analysis of carbon footprint with reduction targets Targets for reducing energy and water consumption and consumables, including an annual assessment of all professionals Web Training Technology solutions for remote access and video conferencing eAudit The Climate Change & Sustainability Services (CC&SS) practice can help clients with a vast range of services, including: assistance in integrating sustainability into business strategy; assistance in assessing sustainability performance of an investment and assistance in strengthening expertise about sustainability.
Principle 8: To encourage environmental responsibility	EN1, EN3, EN4, EN8, EN16, EN18, EN22	KPMG International and its member firms are dedicated to managing their environmental impacts proactively and are committed to expanding their operations and to making a bigger difference. KPMG International is an active member of the World Business Council for Sustainable Development.	Global Green Initiative.	
Principle 9: Encourage the development and diffusion of environmentally friendly technologies	EN18			
Anti-Corruption				
Principle 10: To fight corruption in all its forms, including extortion and bribery	SO2, SO3, SO4	KPMG International and its member firms are committed to achieving high ethical standards and conduct in everything they do. "Acting with integrity" is one of our global values.	Code of Conduct GQ&RM Manual Anti-corruption and Anti-bribery policies and training Ethics and Compliance training and policies Procedures for accepting and renewing clients KPMG International Hotline.	Hotline Assessment, Compensation and Promotion International Transparency Report Financial Audit and Forensic/Anti-bribery and Anticorruption practices (Financial and non-financial Audit and Assurance; Forensics; Risk Consulting).



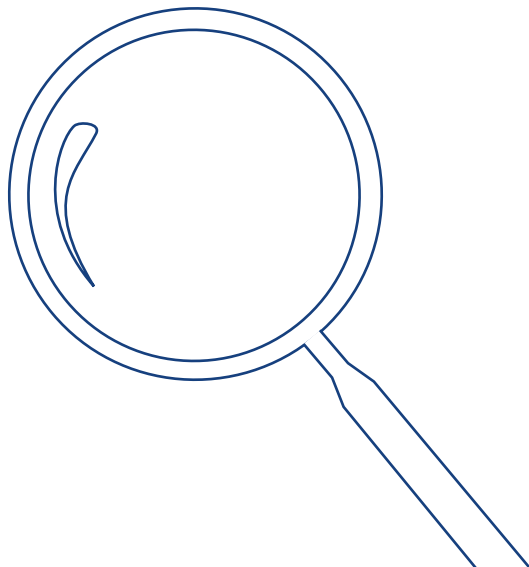
Assurance BSD Consulting

Assurance Statement

BSD Consulting performed an independent assurance process for KPMG in Brazil Sustainability Report 2012, which was developed according to the Global Reporting Initiative (GRI) G3 guidelines. The second year of assurance process continues to provide KPMG's stakeholders with an independent opinion about: the quality of the report, stakeholder's engagement process, the adherence to the three principles of AA1000 Assurance Standard (2008) and the management processes for sustainability aspects.

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: KPMG Brazil and BSD Consulting

KPMG in Brazil has prepared the Sustainability Report and is responsible for all its content. 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.

Scope and limits

The scope of our works covers all information included in KPMG in Brazil 2012 Sustainability Report, full version, referring to the period from October 1, 2011 through September 30, 2012 (presented as 2012), and the total Emissions (CO₂e tons/year) and DVA (value added statement) data covers the period from January 1, 2012 through December 31, 2012.

The assurance process was conducted according to the AA1000AS (2008) (AA1000 Assurance Standard 2008), type 1, moderate level of assurance. The Assurance Statement aims to inform stakeholders about BSD's conclusions about the assessment that covers the adherence to three principles of AA1000AS: completeness, materiality and responsiveness. The verification of financial data was not object of BSD Consulting scope.

Methodology

The approach and procedures developed during AA1000AS verification process include:

- Sustainability Report 2012 content review;
- Understanding the process of generating information for the Sustainability Report;
- Research of public information about the company and industry (media, websites and legal bases);
- 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 evidences for the selected indicators and external stakeholders consultations;
- Assessment of the evidences of external stakeholders consultations ;
- Based on sample testing, confirmation of the Sustainability Report information with supporting documentation, management reports, internal controls and official correspondences.

Main Conclusions on Adherence to AA1000AS 2008 Principles

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

- KPMG have used 2011 results of the stakeholders' engagement process. No goals were defined for the next engagement process cycle. It is recommended to review the stakeholders' map and widen the coverage of the engagement process, considering the inclusion of stakeholders that represent overall KPMG activities throughout Brazil.
- Corporate Citizenship area has maintained its activities within the company's staff. The team responsible for information collection process was invited to assess the 2011 report, as well as to identify opportunities to improve the actual processes and also to incorporate new performance indicators.
- An internal campaign was made to help disseminate the sustainability e-learning program and encourage employees to attend to it. This theme is also presented to trainees in their integration process. The Executive Committee maintained its involvement in the sustainability report elaboration and review process. It is important to expand internal knowledge of sustainability at all hierarchical levels, including both technical and administrative staffs, in order to broaden integration of the sustainability actions into daily activities.

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

- It is worth mentioning that the materiality process should be periodically reviewed, that is the reason why it is important to assess sustainability issues for the next cycle, to update results and identify material issues within the current company context, including other KPMG offices in the country and new stakeholders. Material issues review can also consider different external information, such as researches, sectorial analyses among others.
- Material issues for 2012 report are the same as last year’s, and are aligned with KPMG’s strategy. Issues as “To conduct the businesses on ethical basis;” “Accountable and transparent governance systems” and “To conduct top quality services with total independence” have specific and consolidated processes to ensure compliance with the rules, including policies, codes and specific trainings, aligned with KPMG International guidelines and Brazilian regulating agencies. SO3 GRI indicator “Trainings on Ethics and Independence and Anti-corruption” was verified and internal controls are considered standardized, periodically monitored and reported to senior management.
- Fair treatment of employees: the company focuses on development and training of personnel, which are strong aspects in company’s human resources management, have been maintained in this cycle. LA10 GRI indicator (hours of training) was verified in the assurance process and it was concluded that internal controls are considered standardized. The company has governance mechanisms for the staff, such as the Employees Commission. There were also improvements in internal tools for performance evaluation of employees. The management, monitoring programs and aspects related to health and safety at work are highlighted as an opportunity for improvement.

- Supply chain impacts: besides the inclusion of the human rights and labor practices clauses into new 2012 contracts, no other actions were taken concerning supplier’s management. It is highlighted as an improvement opportunity, the mapping of critical suppliers, concerning social and environmental risks, and also dissemination of ethical conduct and good social and environmental practices within the supply chain.
- Positive community contribution: investments in social, environmental and cultural projects in KPMG in Brazil has been growing over the last couple of years, through company’s own actions, pro bono activities and projects supported by government incentives and subsidies coordinated by the Corporative Citizenship department. It is worth mentioning that this is a strategic issue for KPMG International and in Brazil, thus attention should be given to the continuity of the projects, as well as monitoring the benefits generated by them.

3. Responsiveness – addresses the actions taken by the organization as a result of specific stakeholders’ demands.

- 2011 report was sent for stakeholder consultation in the engagement process and it was disclosed to the staff and KPMG’s leadership. Partners and Executive Committee ascribe fairly importance to sustainability reporting and assurance process, which was praised and recognized by stakeholders.
- There is an internal compilation process of GRI indicators, conducted by KPMG’s technical area of Climate Change and Sustainable Services. There was a reformulation and standardization of data collection forms for the areas involved, based on results of last year’s assurance process, which reinforced the commitment of those involved.
- According to the verification process for the generation of sustainability performance indicators, internal controls related to local suppliers (EC6 GRI indicator) should be improved. There is no proper alignment

between areas and offices, thus it was not possible to track the origin of the information in the data consolidation process. Some information continued to be presented in different formats and without a single standard, as occurred in the previous reporting cycle.

- Environmental aspects are addressed through corporate goals of KPMG International, such as the Global Green Initiative. KPMG in Brazil's environmental initiatives are sporadic and data is collected mainly to compose the sustainability report, rather than focusing in management for mitigating the company's local environmental impacts - such as emissions, paper usage and energy consumption. According to the verification process of indicators EN1 (material consumption) and EN3 (direct energy), internal controls are organized in São Paulo's office, but there is not an adequate alignment between the different areas and offices, making it difficult to trace the data in the various business units.
- To improve sustainability management, it is recommended to define a local governance, led by the Corporate Citizenship area, with implementation of specific actions and focus on goals and commitments within the context and scope of activities in the country.

Level of GRI-G3 Application

Following GRI-G3 guidelines, BSD declares that KPMG in Brazil 2012 Sustainability Report is classified as Application Level B+. The report comprises items related to the company's profile and offers a description of the management processes as well as sustainability approaches. The report provides information on all the performance indicator categories: economic, environment, human rights, labor practices, society and product. However, the report on the Strategy and Analysis (1.1 and 1.2) profile items can be improved.

Final Considerations

We have highlighted 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 (ethics, independence, quality, transparency and internal staff), and is seeking to consolidate sustainability management by implementing actions aligned with other material issues, such as supply chain impacts, environmental aspects and health and safety at work. It is important to integrate sustainability practices into administrative and technical areas, also seeking to expand the engagement of external stakeholders.

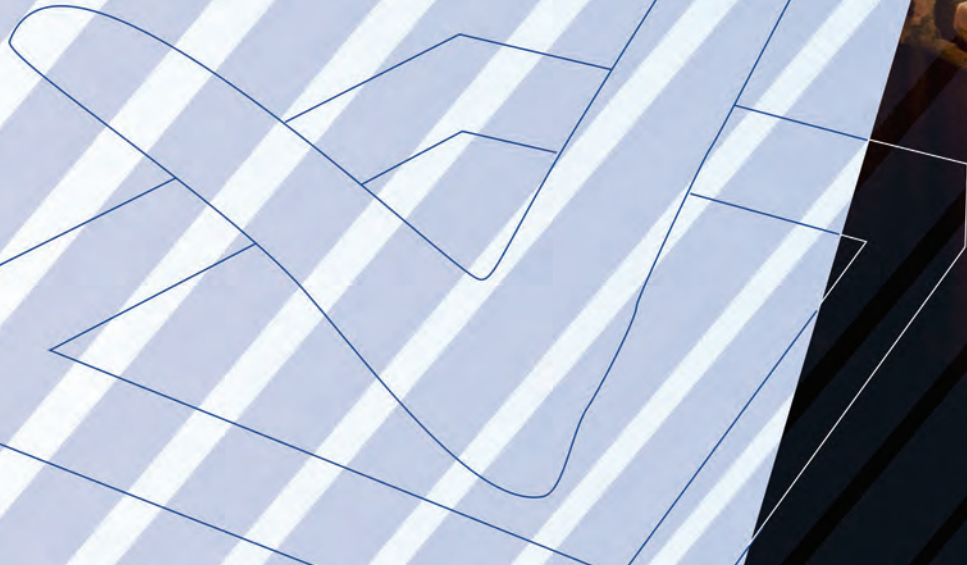
São Paulo, March 11th, 2013.

BSD Consulting - Brasil



6

GRI Index





Statement GRI Application Level Check

GRI hereby states that **KPMG in Brazil** has presented its report "2012 Sustainability Report" 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. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

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

Amsterdam, 22 March 2013

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 15 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.


CONTENT OF THE REPORT

		C	C+	B	B+	A	A+
CONTENT OF THE REPORT	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	WITH EXTERNAL VERIFICATION	Respond to all criteria covered by Level C, plus: 1.2 3.9 to 3.13, 4.5 to 4.13, 4.16 to 4.17	WITH EXTERNAL VERIFICATION	The same as that required for Level B	WITH EXTERNAL VERIFICATION
	result	Not required		Information on type of management by category of indicator		Type of management published for each category of indicator	
	result	Report fully on a minimum of any ten Performance Indicators, including at least one from each of: social, economic and environment		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		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	


* Suplemento Setorial em sua versão final














 Not answered
  Partially answered
  Totally answered

GRI indicators		Page	Observations	Status
1. Strategy and Analysis				
1.1	President's declaration on the relevance of sustainability for the Organization and its strategy	6-9	KPMG is still maturing its understanding of sustainability within the context of its business segment so that it can evolve on this path.	
1.2	Main impacts, risks and opportunities	6-9, 37-38	KPMG is still in a process of a broader understanding of sustainability within the context of its business segment so that it can identify impacts, risks and opportunities.	
2. Organizational profile				
2.1	Name of the organization	14, 16		
2.2	Main brands, products and services	14, 19-26		
2.3	Operational structure	14-18		
2.4	Location of organization's headquarters	16		
2.5	Geographic activities	15-18		
2.6	Legal nature	16		
2.7	Markets served	16-18		
2.8	Size of organization	14-18	We have not presented our total capitalization itemized in terms of debt and equity.	
2.9	Main changes during the year	18, 31, 51-52		
2.10	Awards	2-3		

 Not answered

 Partially answered

 Totally answered

GRI indicators		Page	Observations	Status
3. Parameters for the report				
<u>Profile of the Report</u>				
3.1	Period covered by the report	31		
3.2	Previous report	31	Published in August 2012, the Sustainability Report presented our performance for 2011.	
3.3	Frequency	31	Annual.	
3.4	Contact data	31		
<u>Scope and limit of the Report</u>				
3.5	Definition of contents	34-36		
3.6	Limit of report	31		
3.7	Scope and limit of report	31, reporting index	There were no restrictions on the scope and limits of our report, despite the acquisition in 2011 of the operations of the fifth largest audit firm in Brazil.	
3.8	Basis for preparing the report	31		
3.9	Measurement technique for calculation bases	31, 124-125		
3.10	Consequences of changes to previous reports	31		
3.11	Significant changes in relation to previous years	31		
<u>Summary of the GRI Contents</u>				
3.12	Location of information in the report	139-148	GRI Index.	
<u>Verification</u>				
3.13	External verification	31, 132-135		

○ Not answered

◐ Partially answered

● Totally answered

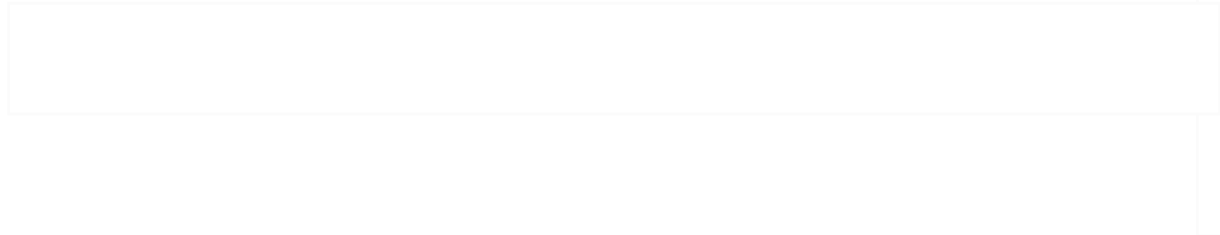
GRI indicators		Page	Observations	Status
4. Governance, Commitments and Engagement				
4.1	Governance Structure	45,46		●
4.2	Specify if the president at the highest level of governance is also an executive officer	45		●
4.3	Independent directors with the highest governance authority	46		●
4.4	Communication channels with the highest governance body	46		●
4.5	Variable remuneration (considering economic, social and environmental aspects)	99	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.	●
4.6	Conflicts of interest	46, 64, 66, 71,72		●
4.7	Process for qualifying members of the most senior governance authority to determine the Organization's strategy for matters related to the economy, the environment and the social issues	95, 97, reporting index	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.	●
4.8	Codes, values and internal principles	11-13, 68,69		●
4.9	Involvement of highest governance body in assessing economic, social and environmental performance	45-46		●
4.10	Process for self-assessment of highest governance body with respect to economic, social and environmental performance	98,reporting index	All leaders go through a self-assessment process in relation to our core business, not specifically focused on social-environmental questions.	●
<u>Commitments to External Initiatives</u>				
4.11	Principle of Precaution	64,reporting index	The principle of precaution, given its relevance, is adopted with focus on our core business, but not specifically on social-environmental matters. All of its management can be viewed throughout the chapter on Risk Management.	●
4.12	Letters, principles and initiatives	90, 104-106		●
<u>Engagement of Interested Parties</u>				
4.13	Participation in associations	60-61		●
4.14	List of engaged stakeholders	34-36		●
4.15	Identification and selection of stakeholders	34		●
4.16	Stakeholder engagement	34-36, 52-54, reporting index	Mapping, engagement and specific consultation to prepare the report (page 34 – consultations carried out in 2009 and 2011). Further approaches take place in the day-to-day running of our business, as mentioned on pages 52-54 (annual satisfaction research with clients, bimonthly debates at the ACI, events, courses and participation in councils and associations). The types of relationship with our internal public are mentioned on page 46 and detailed in specific items throughout this report – Dialogue, 360° Assessment, GlobalPeople Survey, for example – and others take place during daily activities – department and PPL meetings, KPMG Prev, President's bloc, KPMG World/ Facebook and LinkedIn).	●
4.17	Demands of stakeholders	35-36		●

○ Not answered

◐ Partially answered

● Totally answered

GRI indicators		Page	Observations	Status
5. Economic Performance				
Approach and Management				◐
<u>Economic Performance (aspect)</u>				
EC1	DVA	62		●
EC2	Financial implications, risks and opportunities, derived from climate changes	24, reporting index	Our reply is partial since we understand that our risks are, essentially, regulatory. However, we did not perform systematized assessments of the direct financial implications on our core business derived from climate change, although we do conduct such studies and have identified business opportunities arising from such.	◐
EC3	Pension plan offered	100, 101		◐
EC4	Government subsidies (including support via the Fiscal Incentive Law)	62, 113, 114		●
<u>Market presence</u>				
EC5	Ratio between local and internal minimum salary	99		●
EC6	Costs of local suppliers	119		●
EC7	Local hiring	91		●
<u>Indirect Economic Impacts</u>				
EC8	Investments in infra-structure and communities	62, 104-117		●
EC9	Indirect Economic Impacts	27, 37, 38, reporting index	Our response is partial because KPMG does not carry out this assessment in a systematized form and does not consider its execution relevant at this time.	◐



○ Not answered

◐ Partially answered

● Totally answered

GRI indicators		Page	Observations	Status
6. Environmental Performance				
<u>Approach and Management</u>				
EN1	Materials used by weight and volume	127		●
EN2	Materials used derived from recycling	reporting index	KPMG does not use materials which derive from recycling in its activities.	●
<u>Electricity</u>				
EN3	Direct energy	126		◐
EN4	Indirect energy	127		●
EN5	Energy saved			○
EN6	Low consumption products and services			○
EN7	Initiatives and reduction in consumption			○
<u>Água</u>				
EN8	Water consumption by source	128		●
EN9	Water sources affected	128, reporting index	There are no impacts of this nature in our operations, as our consumption originates from municipal public supply in all the cities where we are active.	◐
EN10	Recycled and reused water	128		●
<u>Biodiversity</u>				
EN11	Location and size of area held within the protected areas and with high biodiversity index outside the protected areas	reporting index	KPMG's offices in Brazil are located in urban centers.	●
EN12	Description of significant impacts on biodiversity within and outside the protected areas	reporting index	KPMG's offices in Brazil are located in urban centers and do not produce impacts in these areas.	●
EN13	Protected or recovered habitats	reporting index	KPMG's offices in Brazil are located in urban centers and do not produce impacts in these areas. Therefore, we do not implement measures for its protection or recovery.	●
EN14	Strategies for managing the impacts on biodiversity	reporting index	KPMG's offices in Brazil are located in urban centers and do not produce impacts in these areas. Therefore, the theme is not considered relevant and we do not have a strategy for its management.	●
EN15	Number of species in the IUCN Red List and national lists of conservation of habitats in areas affected by operations	reporting index	KPMG's offices in Brazil are located in urban centers and their operations do not threaten the conservation of these species.	●

○ Not answered

◐ Partially answered

● Totally answered

GRI indicators		Page	Observations	Status
<u>Emissions, Effluents and Residues</u>				
EN16	Direct and indirect emissions of greenhouse effect gases	123-125		●
EN17	Other indirect emissions of greenhouse effect gases	123-125		●
EN18	Initiatives to reduce emissions	120, 123		◐
EN19	Emission of substances that harm the ozone layer, by weight			○
EN20	NOx, SOx and other significant atmospheric emissions, by type and weight	reporting index	The indicator and level of direct emissions are irrelevant in our operational segment.	◐
EN21	Total disposal of water, by quality and destination	128		●
EN22	Total weight of waste, by type and disposal method	129		◐
EN23	Total volume and number of significant spillages	reporting index	The indicator is irrelevant in our operational segment.	●
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.	reporting index	The indicator is irrelevant in our operational segment.	●
EN25	Identification, size, status of protection and biodiversity index of water and related habitats affected by water disposal and drainage made by the organization.	reporting index	The indicator is irrelevant in our operational segment.	●
<u>Products and Services</u>				
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	reporting index	The indicator is not applicable to our operational segment.	●
<u>Compliance</u>				
EN28	Fines and nonmonetary sanctions for environmental non compliance	121, reporting index	KPMG in Brazil did not have legal actions or non-monetary sanctions of this nature during the period covered by this report.	●
<u>Transportation</u>				
EN29	Significant environmental impacts on the transport of products and other goods and materials used, and on transport of employees	123		◐
<u>General</u>				
EN30	Total environmental protection expenditures and investments, by type			○

○ Not answered

◐ Partially answered

● Totally answered


GRI indicators		Page	Observations	Status
7. Social Performance – Human Rights				
<u>Approach and Management</u>				
<u>Processos de Compra</u>				
HR1	Investments that include human rights clauses			○
HR2	Assessment of contracted companies and critical suppliers with respect to human rights	119		◐
HR3	Training for employees on human rights			○
<u>Non-Discrimination</u>				
HR4	Total number of acts of discrimination and measures taken	reporting index	No cases of discrimination were identified via the Disciplinary Committee, Hotline or legal action.	●
<u>Freedom of trade union membership and collective bargaining</u>				
HR5	Identification of business units with risk of association and collective agreements	reporting index	No risks of this nature have been identified in our operations. Therefore we have not yet mapped these risks in our supply chain. KPMG provides liberty of collective association to 100% of its professionals. In addition, it reimburses annuity fees paid to professional bodies.	●
<u>Child Labor</u>				
HR6	Identification of business units with risk of child labor and measures taken	reporting index	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, KPMG Code of Conduct and Values and Global Commitment to Human Rights in 2012). We started to promote these commitments through our standard agreements in 2012 (above R\$1,000.00) with product and service providers. In 2013 we will adapt our internal procedures so we can assess the risk posed by accepting clients, ongoing work and hiring suppliers.	●
<u>Forced or Slave Labor</u>				
HR7	Identification of business units with risk of forced labor or similar and measures taken	reporting index	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, KPMG Code of Conduct and values and Global Commitment to Human Rights in 2012). We started to promote these commitments through our standard agreements in 2012 (above R\$1,000.00) with product and service providers. In 2013 we will adapt our internal procedures so we can assess the risk posed by accepting clients, ongoing work and hiring suppliers.	●
<u>Safety Practices</u>				
HR8	Training of security personnel on human rights			○
<u>Indigenous Rights</u>				
HR9	Cases of human rights violations of indigenous people and measures taken			○

○ Not answered


◐ Partially answered









● Totally answered


GRI indicators		Page	Observations	Status
8. Labor and Decent Employment Practices				
<u>Approach and Management</u>				
<u>Employment</u>				
LA1	Employee profile	81-86		●
LA2	Turnover rates			○
LA3	Benefits offered to employees	100		●
<u>Relations between employees and governance</u>				
LA4	Percentage of employees covered by collective agreements	reporting index	100% of KPMG employees are covered by collective agreements.	●
LA5	Minimum period for notification with advance notice of operational changes			○
<u>Employment Health and Safety</u>				
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	reporting index	Programs carried out through PPRA, PCMCO and Bioqualinet consultancy services, which offer support and indicate the resources available.	◐
LA9	Health and safety terms provided in collective agreements	reporting index	The themes/benefits related to health and safety go beyond the collective agreements in the various regions, as described in the chapter People/Benefits.	●
<u>Training and Education</u>				
LA10	Average hours of training	95		●
LA11	Continual learning management and end of career management	reporting index	KPMG has a consolidated program for continual skill development, which prepares its professionals both for the Organization's strategic challenges and also for those from the sector and market in which it operates, supporting the employability of its professionals. We do not yet have training which focuses on end of career management.	◐
LA12	Performance assessment and career development	98		●
<u>Diversity and Equal Opportunities</u>				
LA13	Employee profile by diversity indices	83-90		●
LA14	Ratio of salaries between men/women	88		●

 Not answered


 Partially answered











 Totally answered

GRI indicators	Page	Observations	Status
9. Social Performance – society			
<u>Approach and Management</u>			
<u>Communities</u>			
SO1	Management of input, operation and output impacts		
<u>Corruption</u>			
SO2	Business Units subject to risk assessments related to corruption	64	
SO3	Anti-corruption training	72	
SO4	Measures taken in the case of corruption	77	
<u>Public policies</u>			
SO5	Position and participation in developing public policies	21, 105-106, 111, 120, reporting index	
SO6	Financial contributions to political parties, politicians or related institutions	reporting index	
<u>Unfair competition</u>			
SO7	Legal actions from unfair competition, trustee practices and monopolies	reporting index	
<u>Compliance</u>			
SO8	Significant fines and non-monetary sanctions for noncompliance with laws and regulations	reporting index	

 Not answered

 Partially answered

 Totally answered

GRI indicators	Page	Observations	Status
10. Social Performance – Responsibility for the product/service			
<u>Approach and Management</u>			
			
<u>Client Health and Safety</u>			
PR1 Impacts of product and service on health and safety			
PR2 Cases of noncompliance related to health and safety			
<u>Labeling of products and services</u>			
PR3 Information on services demanded from labeling procedures	70		
PR4 Cases of noncompliance with regulations and labeling considered relevant	66		
PR5 Client satisfaction, including results of research	52-53		
<u>Marketing Communication</u>			
PR6 Adhesion to laws, norms and voluntary marketing codes	70		
PR7 Cases of noncompliance related to marketing, publicity or sponsors	70		
<u>Client privacy</u>			
PR8 Evidence of complaints related to violation of privacy or loss of client data	66		
<u>Compliance</u>			
PR9 Cost of fines for noncompliance with laws and regulations	77		

7

Credits

General Corporation, Text and Publication

Corporate Citizenship Department

Advice on GRI Guidelines, data review and consolidation

Climate Change & Sustainability Services – KPMG in Brazil

Independent Assurance

BSD Consulting

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