



Sustainability Report 2017/2018



Headlines

RECOGNITION

Building trust in us as the clear choice

95%* of our clients would recommend our services
* of Satisfaction Survey respondents

The media trust our insights: we were consulted as a source for 4,674 news reports

15 awards local and internationals

SERVICES

Accelerated renewal

Innovative, technology-intensive services and delivery models aligned with customers' needs

FACILITIES

Open space offices enhance synergies and quality of life

Our professionals and clients in São Paulo, Rio de Janeiro, Campinas, Belo Horizonte, Uberlândia and Ribeirão Preto are already enjoying the new office concept.

PEOPLE

A growing talent pool, spanning all career stages enhances the quality of our services

IN BRAZIL

4,104 professionals  +10% FY2016

1,997 professionals promoted  +14% FY2016

R\$ 23.6 million invested in training and development

DIVERSITY

Strong individually. Even better together

New Inclusion & Diversity Committee

48.5% of women on our team

More women in leadership  29%

668 trainees  +27% FY2016

ENVIRONMENTAL PERFORMANCE

Awareness, eco-efficiency and carbon neutrality

Carbon neutral: 8.650 units carbon-neutralized

-12%  energy savings FY2016

-22%  GHG reduction FY2016

19 tonnes of waste recycled

FINANCIAL PERFORMANCE

Growing in a crisis

KPMGI US\$ 26.4 billion  +4.8% FY2016

KPMG in Brazil R\$ 1.2 billion  +7% FY2016

COMMUNITY INVESTMENT

Sharing resources and expertise for development of broader society

R\$ 2.1 million in direct investment

R\$ 2.5 million in events

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Foreword

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We are pleased to publish our *KPMG in Brazil Sustainability Report* for the eighth consecutive year as a combined effort involving our leadership and professionals from thirteen practices, led by Corporate Citizenship, Inclusion & Diversity.

The information provided by our practices has been reviewed by our Global Sustainability Services to ensure the information in the report is consistent and clear. This complete version of our report has been approved by the members of our Executive Committee and independently assured by Green Domus.

From this edition forward, our reports will be designated by the year to which their contents relate followed by the year in which they are published. This Report is for 2017/2018.

We continue to report “in accordance” with the **GRI G4 Core option**, focusing on what is most material to KPMG and our stakeholders. The content we report is structured in accordance with the Capitals outlined in the **Integrated Reporting framework developed by the International Integrated Reporting Council (IIRC)**.

SCOPE G4-17

The social, environmental and economic performance of the 24 offices that make up our network of independent firms in Brazil.

REPORTING PERIOD

This Report is for the financial year of KPMG in Brazil, from 1 October 2016 to 30 September 2017. For simplicity, our financial year is referred to as “year 2017/2018”.

Financial information, however, is presented for the calendar year (1 January to 31 December 2017) for consistency with KPMG’s financial reporting practices. The financial information contained in this Report has been prepared in accordance with Brazilian generally accepted accounting principles, within the same scope and boundaries, and using the same measurement basis as for previous years. Environmental information is also reported on a calendar-year basis for consistency with the practices adopted internationally by KPMG in disclosures of this nature.

VERSIONS

Our stakeholders can view all editions of the Report on the KPMG Sustainability website, in both complete and summary versions, in either Portuguese or English.

INDEPENDENT INSURANCE

Green Domus.

We hope you find our report useful and informative.

Marcelo de Lucca

Partner – People, Performance and Culture

Eliane Momesso

Manager – Corporate Citizenship, Inclusion & Diversity

DATA SOURCES

17
interviews

with KPMG leaders in Brazil to incorporate their strategic vision into the report

80
data
sheets

and more than
30 sources of qualitative information provided by
13 operations functions

50
publications

national and international
KPMG and third-party

We welcome contributions to improve our Reports; please send any feedback, questions, suggestions or critiques to: comunidade@kpmg.com.br or +55 (11) 3736-1228.

“
The next few years will be the most exciting and transformational in KPMG's history.

We are well positioned to become even more successful and relevant than we have ever been before.

”

Bill Thomas,
Chairman, KPMGI

Messages from the chairmen

G4-1

October 2017 saw the passing of the chairmanship from Pedro Melo to Charles Kriek, after six months working closely together in preparation for the transition. This edition features a retrospective message from Melo and a prospective message from Kriek illustrating our unwavering commitment to sustainability.

2008 to 2017: resilience and transparency

I became chairman of KPMG in Brazil in October 2008, amid the global tsunami unleashed by the collapse of Lehman Brothers.

Since then, crises and instability, both in Brazil and globally, have been a constant. We have faced each of these crises with an eagerness to learn, courage to evolve our management and market approach, and confidence in the skills and expertise of our people.

One of the most important legacies from this period was the acceleration of our journey towards sustainability. The first step in this process came with our creation of Sustainability Services, a small cell providing client services. This led us think about how a firm like ours should speak and act appropriately according to our purpose, in its broadest sense.

Building on this, we developed a joint framework for our sustainability strategy, inspired

by KPMG International guidelines but tailored to local priorities. Creating a Corporate Citizenship department gave us further momentum in embedding this framework into our routine and our culture, connecting sustainability, diversity and inclusion to our business strategy.

Our move toward sustainability meant enhancing our internal and external transparency, one of the pillars of our management approach. So naturally the third step was to communicate what we were doing to our stakeholders. They have valid questions about what we do as a firm, and Sustainability Reports have become our main vehicle for responding to them consistently and clearly. We have since invested annually in sustainability reporting in accordance with GRI standards and, of course, with the added effort of independent assurance to ensure compliance.

Our Report also provides an account of our journey.

Each edition describes the opportunities and challenges presented to us and how we have addressed each of them, all the while sustaining our investment in our people and communities, reinventing ourselves to adapt to situational needs and striving to be increasingly responsible in upholding our sustainability pillars. We firmly believe that this has strengthened our resilience to the many challenges that have arisen and has been among the drivers of our continued growth.

In 2017, this institutional capital again proved its value. The credibility crisis into which Brazil has been plunged has weakened institutions and undermined the confidence of investors and entrepreneurs, creating a challenging environment for businesses to develop.

Our budget in July 2016 assumed the market would stabilize and grow again following political stabilization, but our prediction



“
One of the most important legacies from this period was the acceleration of our journey towards sustainability.”

Pedro Melo
Chairman 2008-2017

proved wrong. But despite the depth and length of the crisis, we achieved growth of 7%.

In Advisory we grew, with particularly strong performance in Forensic and Transformation Services. In Tax, we increased revenues from our Tax Controversy practice and Global Trade Excellence Centre. In Audit, growth exceeded projections driven by a winning strategy for auditor rotation. When auditor rotation was introduced in 2012, we were then market leaders but lost a great deal of clients. We immediately began developing strategies to win them back the next time around. These included digitizing our processes and onboarding experts in our clients' industries to ensure we were 100% prepared to bring them back. The results began to show in 2016 — when we regained our leading position as auditors of publicly traded companies — and were further cemented in 2017, when we confirmed our leadership.

Once again, we took the strategic decision to accelerate during the crisis, with our sights set on the future. Going against the tide, we expanded our team, invested in new technologies and partnerships to build skills, improved our facilities to provide a healthier and more efficient experience for our professionals and continued to invest in developing our communities and sharing knowledge with our stakeholders.

We have also kept a firm course in delivering on our inclusion and diversity strategy, supporting empowerment for women, inclusion for people with disabilities, and respect for ethnic diversity and sexual orientation.

We're not where we want to be yet, but we are evolving and eager to learn and innovate.

To ensure we continue to provide thought leadership to our stakeholders, we have increasingly invested in programs that help our leaders better interpret market needs and challenge them to find new solutions to those needs.

This set of initiatives has placed KPMG in Brazil among the top KPMG firms globally. We have sought and accepted the challenge of participating in the primary global decision-making and thought leadership forums within the KPMG network.

Charles Kriek's election as chairman by our partners is a testament to a mature management approach that is continuing the legacy we have built while accelerating further towards innovation and customer focus. We both made an effort to ensure a planned, transparent and seamless transition over the course of six months. And we succeeded.

I will be proudly working shoulder-to-shoulder with Kriek, the Executive Committee, our partners and every professional at KPMG in Brazil on our continued journey to achieve the purpose that guides us: to inspire confidence and empower change.

I would like to thank each of you for your trust and partnership over these precious years. We'll keep moving forward — together.

Pedro Melo
Chairman, KPMG in Brazil
2008-2017

2017 to 2020: accelerating innovation

When I received the news that I had been elected as chairman of KPMG in Brazil, I was determined to honour and extend the legacy that my four predecessors had left.

The commitment I made to them was that I would build on the important foundations already in place and accelerate changes with a renewed focus on quality as reflected in our execution, innovation/technology, efficiency and people. To achieve this, our partners will work more closely than ever with management to deliver on these commitments across our practices.

The first step in this direction was to broaden the participation of sector and practice leaders at our Strategy Retreat. Reading and discussion about the mega-trends that are impacting us and our clients, in-depth conversations with CEOs about how they are addressing strategic issues, and exciting debates about our future have helped us to flesh out the strategic design of our management approach for 2018-2020 and a two-digit growth projection for each of the coming years.

Our new strategic pillars placed clients at the centre of everything we do (client-centric) and provided clarity to successfully secure engagement and support from the Partners' Meeting. Below are some of the key points in our strategy:

» Implement a Project Management Office to manage the scheduling and execution of our engagements and strategies

across the Organization, providing oversight, direction, prioritization and focus.

» Under the leadership of an executive with a deep understanding of the industries we serve, catalyse our market strategy through regionalisation and empowered sector leaders. Our go-to-market strategy takes our One Firm concept a step further by integrating our three practices in developing new business and new combined solutions that can meet any challenge and opportunity presented to our clients, reinforcing our vision of being The Clear Choice.

» Renew one third of committees and subcommittees to prepare new leaders for the coming years. Our Executive Committee, for example, will retain some experienced members and bring in other, younger members to understudy them while providing a fresh perspective.

» Recognizing that one of the greatest challenges facing management in a very near horizon is people, we have created a dedicated subcommittee under the Executive Committee. Led by a woman partner, the Human Capital Committee has been tasked with renewing our strategies for attracting, developing, allocating, recognizing and retaining talent.

» Our Gender Equity Committee has been expanded to become the Inclusion & Diversity Committee, now with a more

robust structure to accelerate progress on matters related to gender, sexual orientation/gender identity, people with disabilities and race/ethnicity.

» We created an Innovation & Investment Committee under the Executive Committee to drive the digital transformation of our Organization and our products (from core to transformational products) through technology.

With our spirits renewed by a desire to do more and better, our outlook for 2018 is one of subdued optimism. While this is election year in Brazil — which will likely make the market apprehensive pending further clarity over the country's bearings — we have decided not to drop anchors on our expectation that business will return to strength.

Whatever the year has in store, we will be positioned to inspire our professionals, clients, governments, trade associations, universities, social organizations and the media to meet their most critical challenges and operate at a new, more sustainability-centric level.

I would like to thank you for your trust and confidence, and wish you a year of renewed prosperity.

Charles Kriek

Chairman, KPMG in Brazil
2017-2020



“We are cruising ahead with confidence in Brazil's future and the strength of our Organization.”

Charles Kriek
Chairman, KPMG in Brazil

About KPMG

Who we are

KPMG International
KPMG in Brazil

Underpinned by governance

Governance at KPMG International
Governance at KPMG in Brazil

Who we are

The Clear Choice for clients from all segments

KPMG INTERNATIONAL

G4-3 | G4-4 | G4-5 | G4-6 | G4-7

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We have **200,000 professionals** working at member firms in **154 countries** worldwide.

Guided by our purpose of empowering change, KPMG has become a leader in the professional services industry. We have shared value and inspired confidence in capital markets and communities for over a century, transforming people and business, generating a positive impact and contributing to sustainable change among clients, governments and broader society.

The member firms of the KPMG network are independent and affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG International develops and ensures that policies and standards are consistent in order to protect and strengthen the KPMG brand and thereby ensure the sustainable growth of the Organization as a whole. It does not provide client services.

KPMG International Combined Global Revenues 2017

US\$ 26.4 billion

+4,8%
FY2016

KPMG firms collaborate across the globe, addressing the needs of clients, making bold decisions on investing for growth, and creating the best experiences for our professionals.



We work shoulder to shoulder with clients in **154 countries**, anticipating trends, innovating and delivering real results.

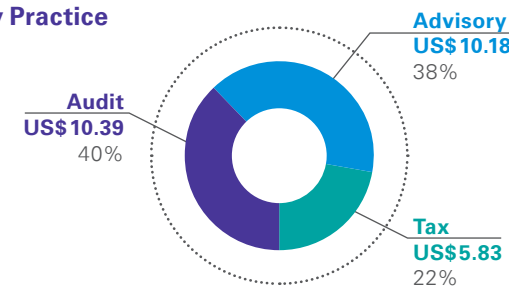
Albania Algeria **Andorra** Angola **Antigua and Barbuda** Argentina **Armenia** Aruba **Australia** Austria **Azerbaijan** Bahamas **Bahrain** Bangladesh **Barbados** Belarus **Belgium** **Bermuda** Bolivia **Bosnia and Herzegovina** Botswana **Brazil** British Virgin Islands **Brunei** Bulgaria **Cambodia** Cameroon **Canada** Cayman Islands **Chile** China **Colombia** Cook Islands **Costa Rica** Côte d'Ivoire **Croatia** Curaçao **Cyprus** Czech Republic **Democratic Republic of the Congo** Denmark **Dominican Republic** Ecuador **Egypt** El Salvador **Estonia** Fiji Islands **Finland** France **French Polynesia**

Georgia **Germany** Ghana **Gibraltar** Greece **Guatemala** Guernsey **Honduras** Hungary **Iceland** India **Indonesia** Ireland **Isle of Man** Israel **Italy** Jamaica **Japan** Jersey **Jordan** Kazakhstan **Kenya** Kosovo **Kuwait** Kyrgyzstan **Laos** Latvia **Lebanon** Liechtenstein **Lithuania** Luxembourg **Macedonia** Malawi **Malaysia** Maldives **Malta** Mauritius **Mexico** Moldova **Monaco** Mongolia **Montenegro** Morocco **Mozambique** Myanmar **Namibia** Netherlands **New Caledonia** New Zealand **Nicaragua** Nigeria **Norway** Oman **Pakistan** Palestine **Panama** Papua New Guinea

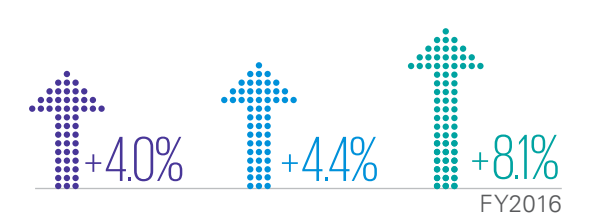
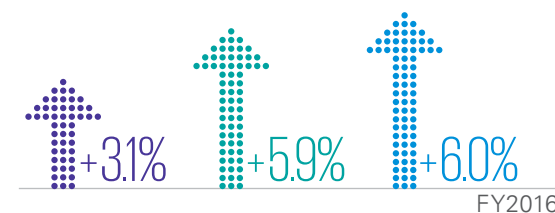
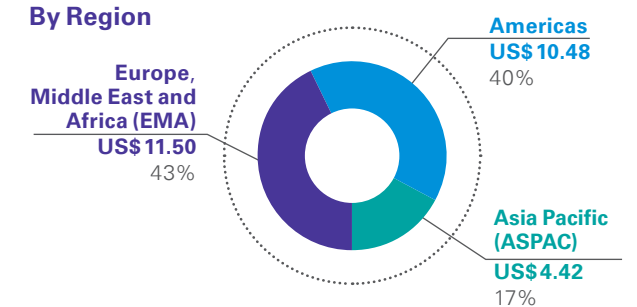
Palestine Peru **Philippines** Poland **Portugal** Qatar **Republic of the Congo** Romania **Russia** Rwanda **Saint Vincent and the Grenadines** Saudi Arabia **Senegal** Saint Lucia **Serbia** Sierra Leone **Singapore** Sint Maarten **Slovakia** Slovenia **South Africa** South Korea **Spain** Sri Lanka **Surinam** Swaziland **Sweden** Switzerland **Taiwan** Tanzania **Thailand** Togo **Trinidad and Tobago** Tunisia **Turkey** Turks and Caicos Islands **Uganda** Ukraine **United Arab Emirates** United Kingdom **United States** Uruguay **Uzbekistan** Venezuela **Vietnam** Yemen **Zambia** Zimbabwe

MEMBER-FIRM SHARE OF SALES IN KPMG INTERNATIONAL – 2017 (in billion)

By Practice



By Region



We are
focused on
delivering
real results.

KPMG IN BRAZIL

G4-3 | G4-4 | G4-5 | G4-7 | G4-8 | G4-9

KPMG in Brazil has a presence in **22 cities** in 13 states and the Federal District. Our **more than four thousand professionals** work across eight independent firms organized under Brazilian law and with head offices established in accordance in their articles of organization.

We have built a reputation not only as one of the Big Four auditors, but also for our unique approach that is aligned with our purpose of inspiring confidence and empowering change. **Our people develop innovative strategies in Audit, Tax and Advisory and offer comprehensive insights into each client's environment and industry.**

Their work is supported by a range of initiatives, policies, proprietary methods and training provided by the KPMG International network. Through KPMG International, we tap into the knowledge generated by other member firms and adapt and perfect it to suit our clients' needs, opportunities and challenges.

We also share the knowledge acquired by member-firm professionals in Brazil, helping to develop and disseminate good practices across the network and in the market.



24
offices

in 22 cities*

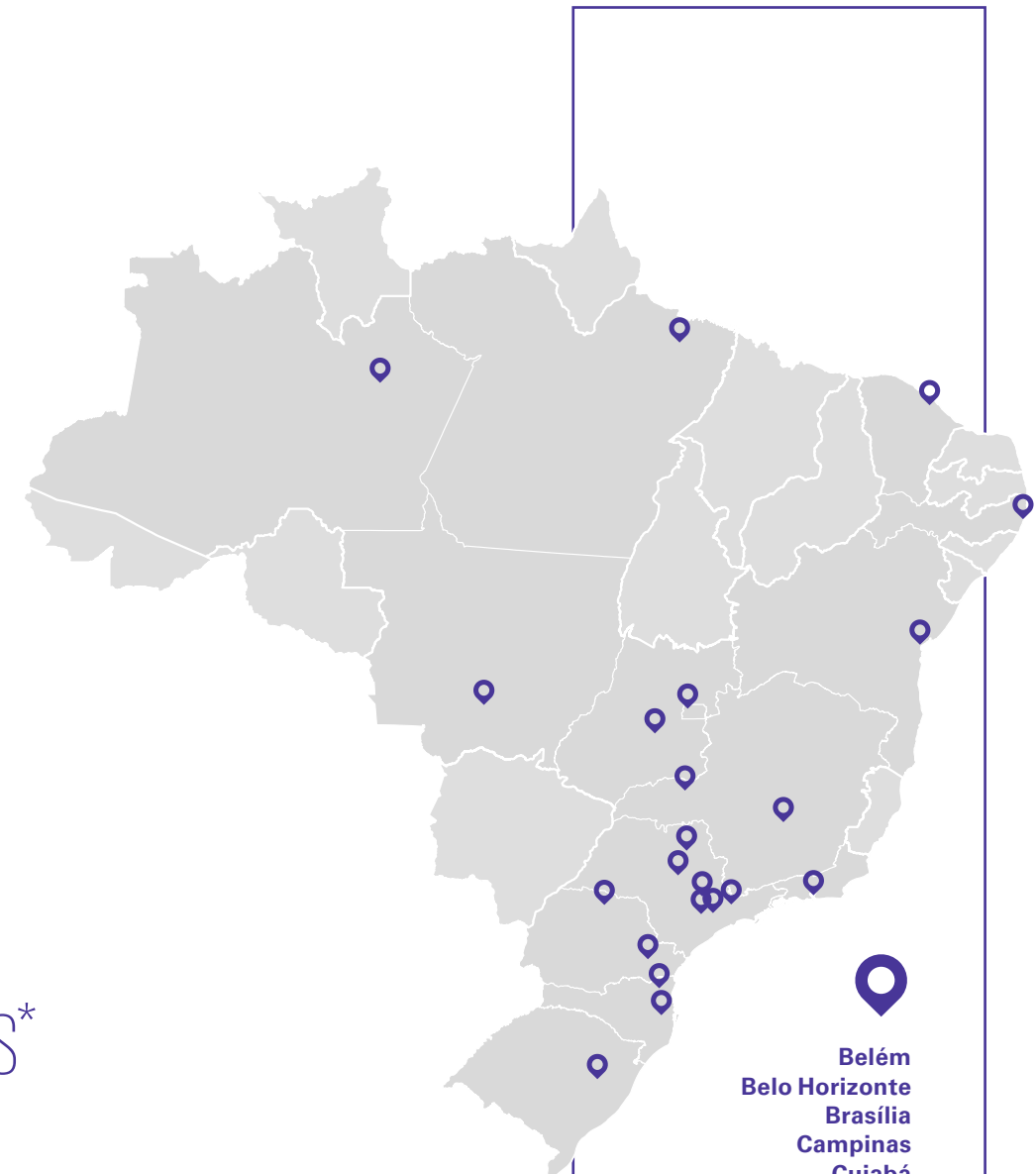
the two largest in São Paulo and in Rio de Janeiro

4,104
professionals*

5,137
clients*

throughout Brazil,

including private companies in all industries, government bodies and non-profit organizations



- Belém
- Belo Horizonte
- Brasília
- Campinas
- Cuiabá
- Curitiba
- Florianópolis
- Fortaleza
- Goânia
- Joinville
- Londrina
- Manaus
- Osasco
- Porto Alegre
- Recife
- Ribeirão Preto
- Rio de Janeiro
- Salvador
- São Carlos
- São José dos Campos
- São Paulo
- Uberlândia

* As of financial year-end, 30 September 2017



This is KPMG. This is how we deliver.

G4-4 | G4-8 | G4-56

At KPMG, we inspire confidence and empower change in all we do for clients, our people and the communities we serve.

Our shared vision is to be the clear choice in the services we provide through a focus on quality in all aspects of our business and a commitment to making a positive contribution to the success of our clients, the

development of broader society and the strength of our global network. That is why we attract extraordinary people to our teams; why clients see a difference in us; and why we succeed in building public trust.

Everything we do is underpinned by a shared set of values that guide our every action and behavior, building the integrity to

support our vision and our purpose.

In a world of disruption, rapid change and technological evolution KPMG's values enable a culture that brings out the best in our people. One where innovation, deep expertise and a global mindset combine with passion and working shoulder-to-shoulder to deliver real results.

Working together around the globe, our professionals are prepared to assist clients in tackling challenges and capturing new opportunities in their business segments.

This is what it means to work with and for KPMG. This is what makes us different.

Our history is made of great moments that happen each day: every time we help our clients solve a problem or seize an opportunity.

Underpinned by governance

Global and local consistency

Our reputation as a globally leading organization in our industry is supported by our teams' strict adherence to the principles of ethics, integrity and quality.

We integrate principles, knowledge, methodologies, technologies and people across the member firms of KPMG International to ensure we deliver quality of service wherever we operate.

This puts **governance at the core of our business model**, aligning and underpinning the value created by each of our Six Capitals, as detailed in the following chapters.

GOVERNANCE AT KPMG INTERNATIONAL

G4-34 | G4-38 | G4-40 | G4-42 | G4-47

The corporate governance structure at KPMG International is supported by six key bodies. Our Chairman in Brazil is a member of four high-level bodies: the Global Board, the Americas Board, the South America Board, and the Americas Management Committee. He is also chairman of KPMG in South America.

GLOBAL COUNCIL This body focuses on strategy and governance, and performs functions equivalent to a shareholders' meeting for a public stock corporation. Among other things, the Global Council elects the chairperson of KPMG International for a term of up to four years (renewable for a further four) and approves the appointment of Global Board members. It includes representation from 58 member

firms of KPMG International as a matter of Swiss law. Sub-licensees are generally indirectly represented by a member-firm. It provides a forum for open discussion and communication among member firms. **G4-42**

GLOBAL BOARD The Global Board is the principal governance and oversight body, and is responsible for approving strategy, protecting and enhancing the KPMG brand, overseeing management, and approving policies and regulations. It also admits member firms and ratifies the chairperson's appointment of the members of the Global executive team. Led by the chairperson of KPMG International — who is supported by the Executive Committee — the Board has a total of 23 members. **G4-42**

Members of the Global Board of KPMG International

Bill Thomas
Chairman, KPMG International

Sikander Sattar
Chairperson, KPMG EMA

Scott Ozanus
Chairperson, KPMG Americas

Honson To
Chairperson, KPMG ASPAC and China

Abdullah Al Fozan
Middle East and South Asia

Richard Cysarz
Central and Eastern Europe

Kunle Elebute
Africa

Oleg Goshchansky
Commonwealth of Independent States (CIS)

Charles Kriek [Brazil]
Elio Luongo [Canada]
Bill Michael [United Kingdom]
Jay Nirsimloo [France]
Klaus Becker [Germany]
Arun Kumar [India]
Shaun Murphy [Ireland]
Domenico Fumagalli [Italy]
Tsutomu Takahashi [Japan]
Alison Kitchen [Australia]
Kyo Tae Kim [South Korea]
Victor Esquivel [Mexico]
Stefan Pfister [Switzerland]
Lynne Doughtie [United States]
Ong Pang Thye [Singapore]
Hilario Albarracin [Spain]





GLOBAL COMMITTEES

Support the Global Board and Global Management Team by recommending and promoting strategies for each specific area of the business. These include the: Executive Committee; Governance Committee; Operations Committee; Investments Committee; Quality & Risk Management Committee; and Professional Indemnity Insurance Committee.

GLOBAL MANAGEMENT TEAM

The Global Board has delegated certain responsibilities to the Global Management Team. These include working with the Executive Committee to develop global strategy and priorities, supporting member firms in their execution of our global strategy and establishing processes to monitor and ensure compliance with global policies. It is led by the Global Deputy Chairman and includes the

Global Chairman, the Global Chief Operating Officer, global function and infrastructure heads, and the General Counsel.

GLOBAL STEERING GROUPS

The Global Steering Groups act under the oversight of the Global Management Team. They work closely with regional and member firm leadership to establish effective policies and processes to improve quality and manage risk across the network.

REGIONAL BOARDS Each region (the Americas, EMA and ASPAC) has a Regional Board comprising a regional chairperson, a COO, a representative from each subregion, and other members as appropriate. Each Regional Board supports the global strategy and assists in the implementation of KPMG International's policies and processes with a focus on the needs of their region.

GLOBAL TAX PRINCIPLES: reforço aos nossos princípios

The global discussion over Tax Morality/Tax Transparency has intensified in recent years. Countries around the world have implemented tax reforms, and the G20 has created the BEPS Program, in response to societal concern about companies paying their 'fair share' of tax.

KPMG International is an active participant in this movement and has led the way by outlining Global Tax Principles clearly articulating our purpose as tax advisers.

The 10 new principles bring to life KPMG's values and our Global Code of Conduct. By implementing this new framework in our interactions with clients and legal and tax authorities, we hope to strengthen the public trust that has been placed in us.

“
One thing that hasn't changed in the digital age is the ethical framework.

Trust is very much about behaving in an ethical manner even in the face of enormous change.”

Jane McCormick,
Global Head of Tax

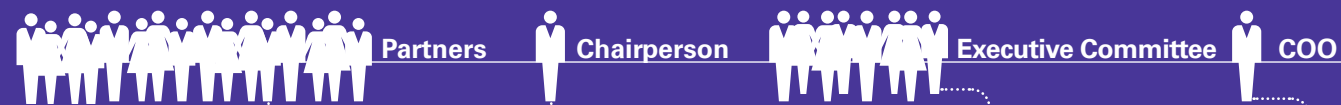
GOVERNANCE AT KPMG IN BRAZIL

G4-34 | G4-38 | G4-39 | G4-40 | G4-41 | G4-42 | G4-47

Our local governance framework adheres to the standards established by KPMG International and has its own supplementary bodies for management coordination and oversight, in accordance with Brazilian law.

The model in place supports dialogue between leaders and other partners and professionals, ensuring all areas are represented at the Organization's primary decision making bodies.

Governance structure



PARTNERS
All partners attend quarterly strategy alignment and status meetings, as well as statutory annual meetings to approve reports and discuss other business matters. We also organize periodic business group meetings and meetings of bodies such as KPMG's Network of Women (KNOW) and the Profit Sharing Committee.

CHAIRPERSON
The chairperson is the principal local executive and is appointed by peers for a term of three years, renewable for a further two terms. Within this limitation, we promote leadership rotations and encourage partners to join senior management, furthering our succession process. **G4-39** As part of the career development process, professionals showing outstanding performance become partners and can apply as candidates for chair, provided they meet the requirements established in our by-laws.

EXECUTIVE COMMITTEE
Together, the chairperson and the Executive Committee are responsible for annual strategic planning — ensuring consistency with global strategy — and for providing general oversight of business activities. **G4-42** The Executive Committee is composed of the chairperson and up to eight partners appointed by the chairperson, generally the heads of the relevant practices, who continue to provide client services. As an executive body with both management and strategy definition functions, its standing membership includes no independent, non-executive members. The Executive Committee is supported by the General Meeting in discussing and approving strategic and management guidance. **G4-38** It has two sub-committees:

CHIEF OPERATING OFFICER (COO)
The COO is responsible for the management and representation on the Executive Committee of each administrative area, including Comptrollership; Financial; Facilities; and Information Technology.

DISCIPLINARY COMMITTEE
The Disciplinary Committee investigates suspected violations of rules and policies by our professionals. This committee consists of practice heads and the heads of Human Resources, Performance and Culture, the Risk Management partner and the Chairperson. **[Read more] G4-41**

FINANCE COMMITTEE
Responsible for the financial management of the organization, including short-and long-term investment and cash flow management.

OPERATIONS COMMITTEE
Consisting of the chairperson, the Audit, Tax and Advisory department heads, the COO and the head of Markets, the Operations Committee is active in the day-to-day conduct of business, working towards the goals set out in our strategic plan.

COMPENSATION COMMITTEE
Composed of three members of the Executive Committee (not including members of the Operations Committee), the Compensation Committee addresses the profit-sharing rules applying to partners.

DISCIPLINARY COMMITTEE

FINANCE COMMITTEE

OPERATIONS COMMITTEE

COMPENSATION COMMITTEE

INCLUSION & DIVERSITY COMMITTEE

RISK COMMITTEE

The **Innovation and Investment Committee** catalyses, evaluates, discusses and approves innovative ideas from partners related to operational aspects at KPMG in Brazil. Approved ideas are submitted for review by the Executive Committee. The Innovation and Investment Committee is composed of six partners, with periodic rotation.

The **Human Capital Committee** is responsible for renewing our strategies for attracting, developing, allocating, recognizing and retaining talent. It has four members — among them our partner for People, Performance & Culture — and is chaired by a business partner.

INCLUSION & DIVERSITY COMMITTEE
The Inclusion & Diversity Committee Prepares, approves and monitors our strategic plan and budget across four pillars (women empowerment, LGBT+, race/ethnicity, and people with disabilities), ensuring we progress on inclusion and diversity issues both within and outside KPMG.

RISK COMMITTEE
The Risk Committee oversees risk management within the Organization, including strategic risks. The Committee has four permanent members — the Chairperson, Legal Counsel and the partner for Regulatory and Litigation Affairs — and two rotating members appointed by the Executive Committee.



Our sustainability strategy

Developing to create value

Sustainability management & governance

Governance
Management

Priority stakeholders

Material topics

Developing to create value

G4-1

The insights we have across the KPMG network into trends, specific markets, standards, laws and technology provide a comprehensive understanding of current challenges and the needs of businesses, governments and broader society. We believe this knowledge should be channelled not only into the services we offer, but also into developing our stakeholders.

Translating our knowledge into sustainable approaches is a continuing journey on two converging paths:

The path we travel: An internal journey towards understanding how we can create value for all our stakeholders. Our homework assignment, one we complete each day and over the long term and which draws on our purpose, values, vision, promise, competencies and management approach to shape the way we interact with our stakeholders.

The path we help others travel: Our growth can only be sustainable in the long term if it is synergistically linked to the development of the economy, the market and society, while respecting the limits of our planet. We work to inspire and help our stakeholders operate responsibly and develop more sustainable business models.

“Sustainability is a journey that involves cultural change.

That is why we work each day to raise awareness and engage our people in changing mindsets and behaviors.”

Eliane Momesso,
Manager, Citizenship, Inclusion & Diversity



Fulfilling our purpose, our sustainability strategy has been designed to

create value through the development of our people, our clients and society.

Value created by our sustainability strategy

OUR PURPOSE

Inspire confidence. Empower change.

OUR VALUES

Lead by example. Work together. Respect the individual. Seek the facts and provide insight. Communicate openly and honestly. Improve communities. Act with integrity.

OUR VISION

"The Clear Choice"

OUR STRATEGY

Quality and excellence. Long-term, sustainable view. Multidisciplinarity. Collaboration. Passionate focus on our clients. Innovation.

OUR PROMESS

We love what we do and we have a purpose. We work shoulder to shoulder with you, integrating innovative approaches and a deep expertise to deliver real results.

SUSTAINABILITY STRATEGY

Creating sustainable value through the development of our professionals, clients and communities.

SUSTAINABILITY MANAGEMENT

Is at the heart of our business, defining how we mobilize each capital to generate value to our stakeholders.

KPMG CAPITALS



Intellectual Capital

World-class intelligence and technology supporting sustainable development.



Human Capital

Continuing investment in our people with a focus on high performance and a deep sense of ownership and purpose.



Financial Capital

The value of the success we share with our stakeholders.



Social and Relationship Capital

Shared knowledge and resources creating value for our stakeholders and KPMG.



Natural Capital

Our commitment to leave the world better than we found it.



Manufactured Capital

Physical, material and technological assets supporting quality of service and reducing environmental impacts.

VALUE CREATION

For our professionals [People]

Technical and human development; Career paths; Valuable experience.

Compensation and benefits; Career development; A sense of KPMG pride; Work environment; Respect for diversity; Valuable experience; Health and safety.

Financial rewards for services.

KPMG pride; Community engagement; Membership of industry associations.

Environmental awareness and engagement at home and at work.

Efficiency; Integration; Information security; Occupational health and safety.

For our clients [Client]

Consistent decision making; Innovation; Efficiency; Governance; Access to new markets and resources; Risk and quality management.

Ethical conduct, integrity and high-performing professionals.

Investment in technology and knowledge that translates into superior performance.

Access to thought leadership and services aligned with our values and our approach of working shoulder to shoulder with clients; Stakeholder trust.

Sustainable business models, policies and procedures.

High-quality and efficient delivery; Information security.

For society [Public]

Ethical and sustainable business; Highly skilled professionals; Access to thought leadership.

Best workplace, diversity and corporate citizenship practices.

Giving back to communities through taxes, salaries, payments to suppliers and community investment.

Pro bono services for social organizations; Shared knowledge; Promoting tax morality and compliance; Sustainable value chains.

Lower greenhouse gas emissions; Carbon Neutralization; Resource efficiency.

Lower environmental impact from our offices and travel.

Governance and sustainability management

Global principles: local action **G4-1**

We are doing our part in international collaboration to address critical global challenges.

GOVERNANCE

At KPMG we believe sustainability is a shared responsibility. Two of our teams have played an active role in providing thought leadership on this topic in two different dimensions:

Corporate Citizenship & Diversity

Guided by our purpose, our Corporate Citizenship & Diversity team's mission is to help us make KPMG and society an even better place. It leads our sustainability engagement and awareness initiatives, monitors our social and environmental performance, provides reporting transparency and manages community projects and investments. **[Read more about Corporate Citizenship and Inclusion & Diversity]**

Global Sustainability Services

A multidisciplinary team that works with other KPMG services to promote sustainable practices among our clients, markets and communities. **[Read more]**

MANAGEMENT

G4-1

Strategically, sustainability management at KPMG in Brazil is connected to our principles **[Read more]** and goals:

- » Continually leverage the depth of our unique industry expertise.
- » Extend our capabilities in highly complex services.
- » Retain a team of extraordinary, highly motivated professionals.
- » Deploy KPMG's global expertise and methodologies for the benefit of our clients.
- » Improve operating efficiency.

Operationally, it is connected to our global and local policies and procedures, and external commitments to which we have subscribed voluntarily.

POLICIES AND PROCEDURES

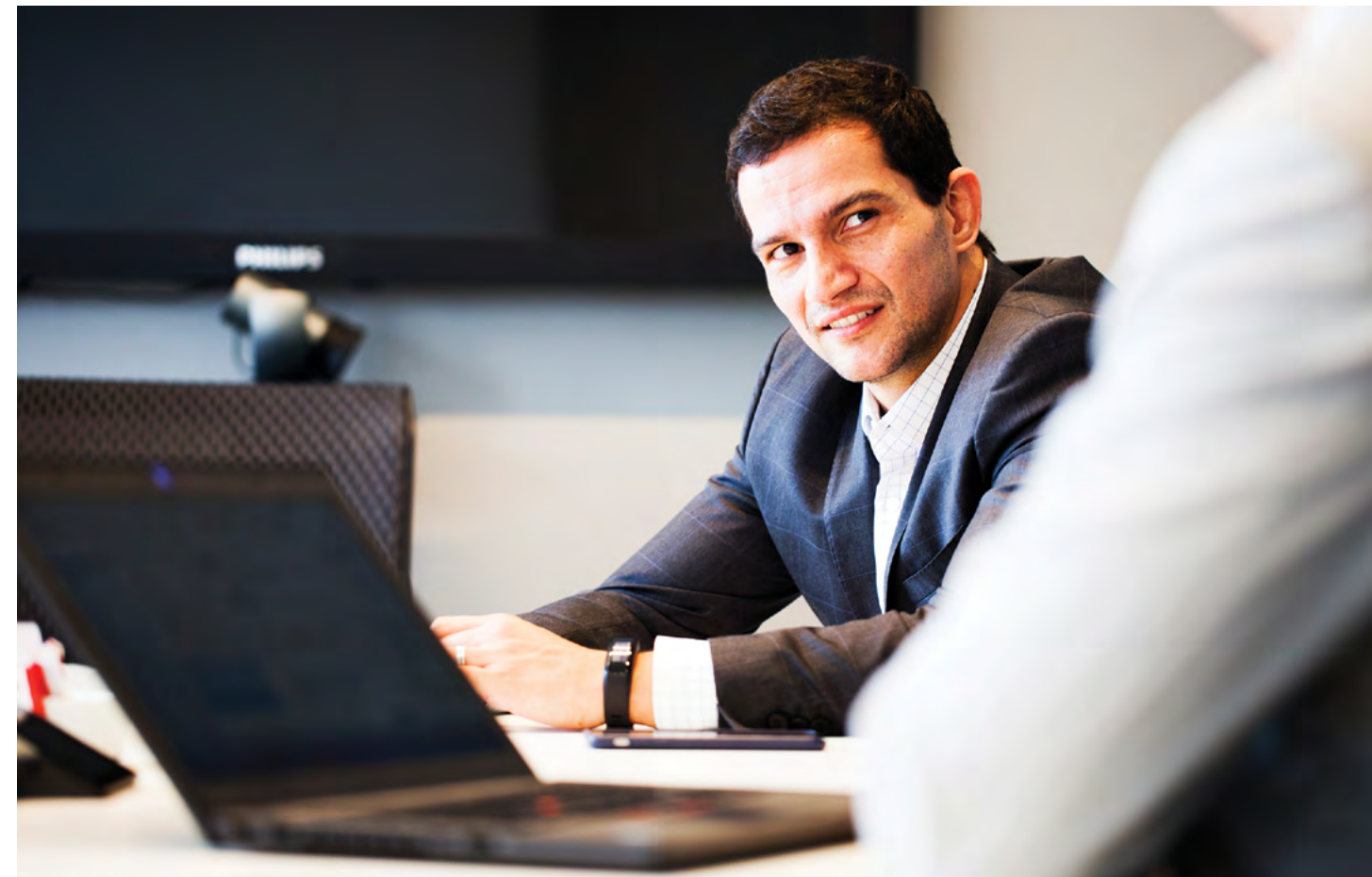
G4-15 | G4-56

Our Global Code of Conduct, Global Marketing Compliance Guidelines and Quality & Risk Management Manual are international standards on ethics in relations with stakeholders and on KPMG's responsibility to actively foster sustainable business models. **[Read more]**

Global Corporate Citizenship provides alignment on

environmental and social management strategy across KPMG's global network of member firms.

Our Suppliers' Code of Conduct establishes social and environmental criteria for supplier acceptance and continuance in Brazil. **[Read more]**





VOLUNTARY COMMITMENTS

To keep our member firms around the world abreast of and in-line with current developments, KPMG International has subscribed to a number of initiatives which are supplemented by KPMG in Brazil's local commitments.

This set of initiatives underpins our policies and actions and helps us promote good practices throughout our value chain.

DEVELOPMENT AND THE ENVIRONMENT

HUMAN RIGHTS

DIVERSITY

ETHICS AND INTEGRITY

Read about KPMG's progress in implementing the **Global Compact Principles** in 2017. [Portuguese](#) and [English](#).

KPMG CAPITALS







The Capitals Framework developed by the International Integrated Reporting Council (IIRC), and which KPMG in Brazil adopted in 2014, translates how our sustainability management connects to the resources and

relationships used and affected by our activities.

A perusal of our capitals matrix below will show that sustainability is at the heart of our business, in the way we manage our

Human, Intellectual, Social and Relationship, Environmental, Financial and Manufactured capital and how we recognize both the positive and negative impacts of our presence.

KPMG CAPITALS AND THEIR IMPACTS G4-19 | G4-20 | G4-21 | G4-22 | G4-EC7

	 INTELLECTUAL CAPITAL	 HUMAN CAPITAL	 FINANCIAL CAPITAL	 SOCIAL AND RELATIONSHIP CAPITAL	 NATURAL CAPITAL	 MANUFACTURED CAPITAL
ISSUES DEEMED MATERIAL for KPMG and our stakeholders	Ethics and Integrity Governance Risk and quality management Privacy and information security Training & Development Investment and Innovation	Attracting and retaining talent Career Development Rewards and Compensation Quality of life Rewards and Benefits Organizational climate Diversity	Economic performance	Client and market relations Client satisfaction Client and engagement acceptance and continuance Voluntary global commitments to communities	Voluntary global environmental commitment	Technologies and infrastructure that contribute to material issues such as Quality of Life, Risk and Quality Management, and Information Security
POTENTIAL POSITIVE IMPACTS AND BOUNDARIES	For our professionals Continuous professional and personal development. For our clients Consistent decision making; Innovation; Efficiency; Governance; Access to new markets and resources; Risk and quality management. For society Ethical and sustainable business; Access to innovative knowledge.	For our professionals Compensation and benefits; Career development; KPMG pride; Work environment; Respect for diversity; A resume the market values; Health and safety at the workplace. For our clients Ethical conduct, integrity and high-performing professionals. For society Best workplace, diversity and corporate citizenship practices; Stakeholder trust.	For our professionals Compensation for work performed. For our clients Investment in technology and knowledge that translates into superior performance. For society Giving back to communities through taxes, salaries, payments to suppliers and community investment.	For our professionals KPMG pride; Community engagement; Membership of industry associations. For our clients Access to thought leadership and services aligned with our values and our approach of working shoulder to shoulder with clients. For society Pro bono services for charitable organizations; Shared knowledge; Initiatives to promote tax morality, compliance and trust in the audit process; Sustainable value chains.	For our professionals Environmental awareness and engagement. For our clients Sustainable business models, policies and procedures. For society Lower Greenhouse Gas Emissions; Carbon Neutralization, with positive impacts on biodiversity and income opportunities from sustainably managing and keeping forests intact; Resource efficiency; Awareness of sustainable practices; Access to research and thought leadership.	For our professionals Efficiency; Integration; Information security; Occupational health and safety. For our clients High-quality and efficient delivery; Information security. For society Lower environmental impact from our offices and travel.
POTENTIAL NEGATIVE IMPACTS AND BOUNDARIES	For our professionals, clients and communities Any loss of quality in services provided and/or data protection could have negative impacts on the business and on public trust.	For our professionals Challenges in balancing their work and personal life during the busy season. For KPMG Turnover and potential loss of expertise and/or the need to invest in new staff. For our clients Behaviour by our professionals that goes against our guidelines, standards and procedures could affect our relationships and engagement quality.	Failing to achieve business performance targets could affect: For our professionals By reducing profit-sharing payments and job opportunities. For our clients and communities By reducing our investment capacity, tax payments, job opportunities and community investment.	For our professionals, clients and communities Loss of trust if we provide services to clients facing regulatory scrutiny.	We have no significant direct environmental impacts due to the nature of our business. GHG emissions are an indirect, but material, impact and we have therefore set global voluntary emissions reduction and offsetting targets.	For our professionals and clients Technology and information security issues that compromise engagement quality or efficiency. For society Impacts on urban mobility from people commuting to and from larger offices.
KPMG INDICATORS	<ul style="list-style-type: none"> » Hours and amounts invested in training and development. » Trainees trained and hired. » Awards received. » Mobility programme participants. » Website access and downloads and social media interaction. » Publications and events produced globally by the KPMG network. 	<ul style="list-style-type: none"> » Number of professionals. » Educational level. » Number of promotions. » Global People Survey results. » Staff diversity data. » Health and safety targets. » Benefits. 	<ul style="list-style-type: none"> » Statement of Added Value. » Investment and innovation in services. 	<ul style="list-style-type: none"> » Client Satisfaction Survey. » Media coverage. » Client acceptance and continuity procedures. » Supplier Code of Conduct (pro-Human Rights). » Number of events organized and publications produced. » Relevant memberships. » Community investment. 	<ul style="list-style-type: none"> » Eco-efficiency goals. » A global commitment to reducing GHG emissions. » Carbon emissions neutralised. » Environmental awareness initiatives. 	<ul style="list-style-type: none"> » São Paulo office building certified for environmental performance. » IT Investments. » Helpdesk assessment by KPMG professionals. » IBS performance. » Office location and encouraging the use of public and alternative means of transport, such as bicycles.

Priority stakeholders

Continuous engagement

G4-18 | G4-24 | G4-25 | G4-26

KPMG, like any other organization, is an ecosystem of relationships established with stakeholders — the group of people who influence or are influenced by our activities.

Our business is continually affected by the dynamics of the relationships we establish with each of our stakeholders, as well as by the regulations, standards and practices of the markets in which we operate.

We are therefore continually alert to and in search of new ways of interacting with each

stakeholder to understand their needs, expectations, potential and limitations and where they intersect with our own interests.

KPMG in Brazil's first stakeholder mapping exercise was conducted in 2009 and brought together representatives from the different practices and offices of our Organization in Brazil.

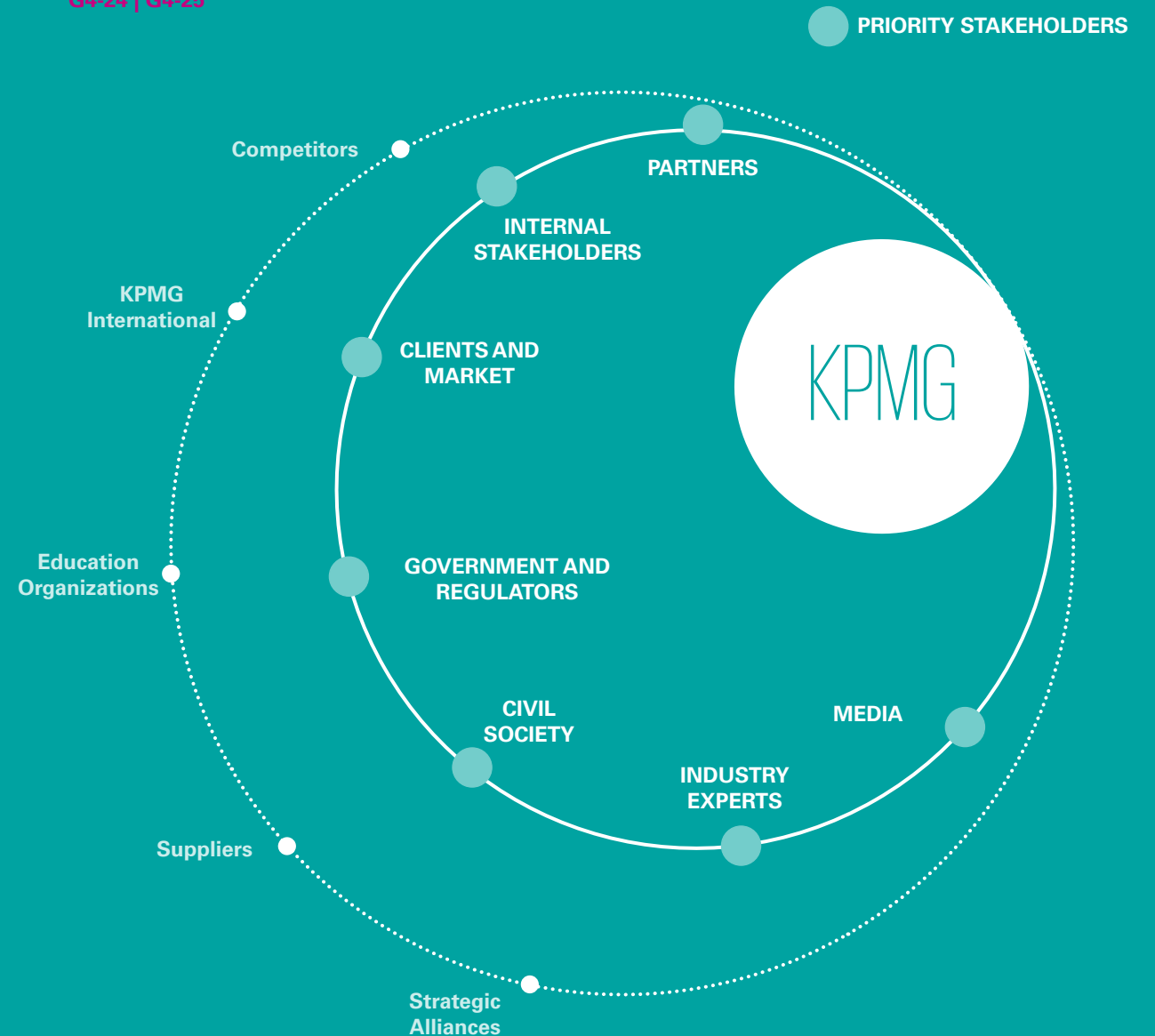
Reviews conducted in 2011 and 2014 resulted in the current group of 12 stakeholder categories, seven of which are considered priority stakeholders for the

business: Partners, Internal Stakeholders, Clients and the Market, Government and Regulators, Civil Society, Industry Experts and the Media.

Identifying these seven priority stakeholder groups was essential in developing increasingly effective management practices, and helped develop a forum for appropriate and targeted dialogue with each stakeholder, but without neglecting other stakeholders who play a role in shaping our reputation.



STAKEHOLDER MAP OF KPMG IN BRAZIL G4-24 | G4-25



Material topics

What is most relevant to KPMG and our stakeholders

G4-18 | G4-19 | G4-22 | G4-23 | G4-26 | G4-27

The process of building the KPMG in Brazil Materiality Matrix began in **2009**. In **2011**, an important review process by Good Business identified nine themes related to the roles and responsibilities of our services, involving the business world and society.

These nine themes were referred to representatives of our seven priority stakeholders, who identified which were most material to KPMG and our stakeholders.

In **2014**, the year we transitioned to GRI G4, we conducted an extensive exercise to build a clearer and more tangible Materiality Matrix than the previous one. The matrix was then reviewed and validated by members of KPMG in Brazil's Executive Committee.

In **2017**, as in previous years, we continued to review our material issues to ensure that important emerging issues were not missed or left unaccounted for. Conducted by our Global

Sustainability Services, the review process used the KPMG Global Materiality Assessment Toolkit and Methodology **[Read more]** and two different approaches:

Direct sources

» **Review of feedback from engagement channels**
Climate Surveys; Internal Client Satisfaction Surveys; Client Satisfaction Surveys, Brasil Inova; Whistleblowing hotline, and inputs from the Audit Committee Institute. In addition, we remained actively engaged in discussions within the KDNA programme (which engages KPMG leadership and client and market representatives) and the ELOS programme around why we are here and the perception that stakeholders have of the value of our services.

» KPMG strategy information

Reviews of strategic business objectives 2014-2025; and interviews with 17 members of our leadership team (our chairman, former chairman, COO, other Executive

Committee members and regional and practice leaders).

Indirect sources

» **Benchmarking** against industry leaders.
» **Media research** to identify topics of interest to stakeholders. We compiled research, news and indices and ranked them using the previously defined materiality criteria.

A comparison of these issues against the KPMG Materiality Matrix revealed that there are no new issues needing to be included. We have therefore maintained the issues addressed in the previous reporting period.

MATERIALITY MATRIX: themes deemed material to KPMG and our stakeholders G4-18 | G4-19 | G4-27

Ethics and integrity	Governance	Risk and quality management frameworks and systems	Client and engagement acceptance and continuity	Privacy and information security	Client and Market Relations
Client satisfaction	Economic performance	Investment and Innovation	Training & Development	Career Development	Attracting and Retaining Talent
Rewards and Benefits	Organizational Climate	Quality of Life	Rewards and Compensation	Diversity	Voluntary global commitments (not prioritized by stakeholders, but important for KPMG): » Environmental commitment » Commitment to communities



Our performance

In this chapter we summarize the most material developments at KPMG in 2017 across the six Capitals that are used or affected by our activities:

INTELLECTUAL CAPITAL

HUMAN CAPITAL

FINANCIAL CAPITAL

NATURAL CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

MANUFACTURED CAPITAL

In detailing each Capital, we outline the following:

Management

The principles that underpin the management of that Capital.

Assets

KPMG strategies for that Capital to deliver.

Value Created

The primary value we create from invested Assets.

Headlines

Figures and awards related to that Capital.

Intellectual Capital

World-class intelligence and technology supporting sustainable development.



MANAGEMENT

Our primary commitment is to **translate our Intellectual Capital** — a composite of our people and our local and global expertise — into **sustainable development** solutions for our clients and communities.

We do this by adhering to the principles of **professionalism** and **integrity** on which KPMG International's reputation is built and which are connected to our purpose of making a difference in the lives of our stakeholders, inspiring confidence and empowering change.

ASSETS

Innovation

We continually renovate the strategies and technologies we offer to anticipate and meet the challenges faced by clients, the market and broader society at every stage of their life cycle.

Global links

We leverage the global insight we derive from the knowledge flowing through the global KPMG network to remain at the leading edge of market trends and developments.

Extraordinary professionals

We continually invest in the strategic, technical and human development of our professionals and offer them career-advancing challenges.

Integrity and responsibility

We strictly adhere to the principles of integrity based on an effective and comprehensive Risk and Quality Management system.

Shared expertise

We produce and share expertise and innovative solutions.

Headlines

Leading Auditors for Listed Companies

5,137 clients served

BR Week Best Retail Audit Supplier Award
Novarejo and CIP

100 Best HR Suppliers RH
Best HR Management Consultancy
Gestão RH

Vanguard Leader in IT Strategy Consulting
ALM Intelligence

Top 3 in Supplier of the Year awards for Tax Implementation consulting
Confed Awards

Leader in Information Security Consulting Services (KPMGI)
The Forrester Wave™

Leader in Data & Analytics (KPMGI)
The Forrester Wave™: Insights Service Providers Q1 2017

VALUE CREATION

For our professionals
Continuous professional and personal development.

For our clients
Consistent decision making; Innovation; Efficiency; Governance; Access to new markets and resources; Risk management; Stakeholder trust.

For society
Ethical and sustainable business; Access to innovative knowledge.



» Brasil Inova 2017 winners receiving awards from the Chairman, jury members and members of the Executive Committee

BRASIL INOVA:
A step ahead of clients' needs

KPMG's Brasil Inova program provides a platform for professionals to share ideas with potential to create a positive impact on business routines.

In 2017 more than 400 suggestions were generated. The most promising ideas were presented to a jury formed by

senior leaders and approved either for immediate implementation or for inclusion in ongoing programmes.

Brasil Inova also has potential applications outside KPMG: it has now been incorporated into our offering of innovation services.

NEW TECH TALENT

We are training a new generation of digital business professionals. We have recruited and developed software engineers, computer scientists, database experts and data analytics PhDs to help tackle the digital challenges our clients are facing.



“ We look at how new digital technologies can be strategically applied by each client, creating new avenues for growth and cost management. ”

Frank Meylan,
Lead Partner, IT Advisory



Expertise supporting development

Innovation. Disruption. Growth. G4-1

“Our go-to-market strategy has changed.”

We are becoming more agile, efficient and effective in developing new services focused on digital technologies.

Carlos Gatti,
Lead Partner, Advisory

Over more than a century the KPMG network has evolved and built on the expertise we have amassed around the globe.

Today, however, we are doing more than just learning from the past: each day, we dedicate our energy to learn about the future in order to stay relevant and assist our clients in doing the same.

There is now unprecedented innovation and opportunity in the marketplace. Every industry and client KPMG serves is transforming, responding to new

technologies and disruptive forces that are reshaping their businesses.

These same disruptive forces are impacting our business as well, requiring an increased capability to anticipate trends, learn continually and adapt to change.

We are responding by innovating, investing heavily in technology and artificial intelligence, renewing our service portfolio and delivery models, transforming our people’s skill set, strengthening our focus on quality, working

seamlessly across our practices and using lots of creativity.

Alliances with leading innovators such as Microsoft, Oracle, IBM, ServiceNow and Workday and a wide and varied network of start-ups, internationally recognized academic institutions and not-for-profit organizations are enabling KPMG to deliver innovative solutions and scalable technology platforms across IT enablement, cloud, D&A, customer experience, digital transformation and cognitive, helping clients transform their operations and services to enhance their effectiveness and efficiency.

The KPMG network has invested more than US\$ 1 billion as part of a multi-year investment program focused on technology and developing innovative new services.

No two clients are alike. Nor are the challenges and opportunities they face. There are no short answers or packaged solutions. We provide our clients with tailored approaches based on our deep expertise in their industries and markets. Our approaches address their most significant challenges while also allowing them to seize the tremendous opportunities being presented by disruptive technologies.

The dynamics of our workforce are also changing. There are the unique expectations and priorities of Millennials on the one hand, and on the other the new skill sets required across the workforce, especially skills related to technology. To ensure we retain a team of extraordinary people, we are also transforming our internal learning and development journey. [Read more in Human Capital.](#) **[Read more]**

“We anticipate and develop professionals and products to meet customers’ future needs.”

This has been the secret to our success.”

Cecílio Schiguematu,
Lead Partner, Tax

What we offer to our clients

For clients' every challenge and opportunity, solutions that combine our expertises to deliver real results.

G4-4 | G4-8



“Our sector leaders are committed to understanding key market trends in Brazil and leveraging KPMG’s global connections to deliver the best solutions for each customer.”

André Coutinho,
Lead Partner, Markets

INNOVATION

Strategies that combine technology, D&A and deep global business insights to help our clients grow, cut costs, achieve compliance and manage business risks.

MULTIDISCIPLINARY TEAMS

Professionals with in-depth knowledge in finance, technology, tax and management deliver synergistic solutions to meet the needs of clients in every market.

TAPPING INTO GLOBAL MARKETS

Expertise and capabilities to help global clients expand their businesses overseas and in Brazil.

AUDIT

Quality, transparency and integrity in audit services designed to help *enhance the reliability* of information prepared by clients for use by investors, creditors and other stakeholders.

TAX

Our expertise and experience help clients *anticipate and respond to changes in the tax environment,* supporting adequate governance.

ADVISORY

Our multidisciplinary approach across Risk Consulting, Management Consulting and Deal Advisory *supports our clients in strategic decision-making and projects.*

REGIONAL PRESENCE

Our offices are structured to meet the specific needs of each region in Brazil. Our services are also offered to clients in broader Latin America and can leverage synergies with other member firms.

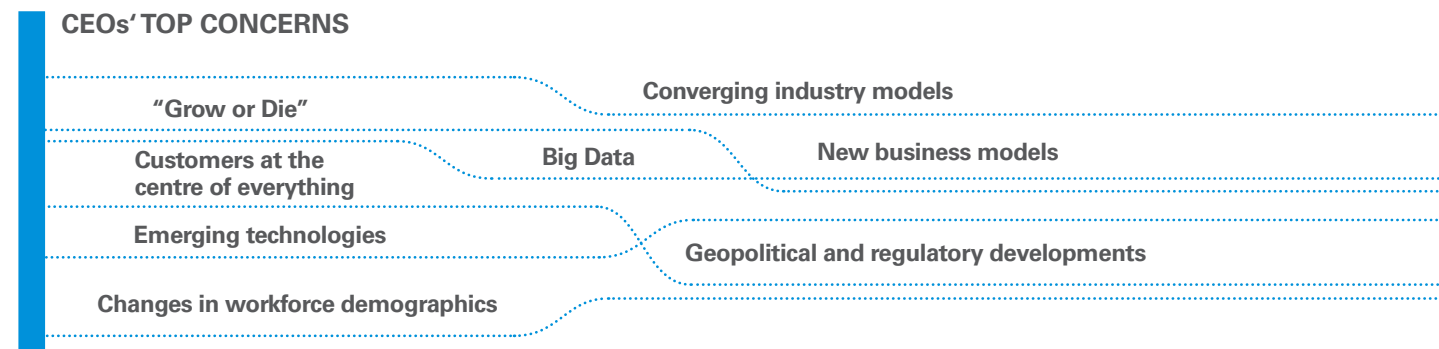
GLOBAL EXCELLENCE

We work with KPMG’s leading subject-matter experts globally to enhance engagement quality.

CLIENT RELATIONS

We work shoulder to shoulder with clients, supporting their decisions and promoting and helping to implement new practices.

FINANCIAL SERVICES



KPMG AS THE CLEAR CHOICE

Our specialist teams are led by partners who combine global expertise, practical project execution experience at leading financial institutions, and relationships with key players, agencies and regulators.

Our focus is on anticipating and addressing market needs through products and business approaches that help our clients address every opportunity and disruptive change in their industry. Digital transformation, new business models with fintechs and techfins, new blockchain applications, customer experience, governance and risk management are some of the key areas in which we are delivering superior results.

Case DIGITAL VISION DRIVES OPERATIONAL EFFICIENCY AND PRODUCTIVITY AT A LEADING INSURANCE COMPANY

Background

One of Brazil's leading insurers sought KPMG's assistance in developing an operational efficiency programme to help it deliver its 2020 vision.

Innovation

In the first two years of the program, we designed and implemented a new operating model for policy writing and broker support based on an innovative technology platform and new customer service and policy processing workflows.

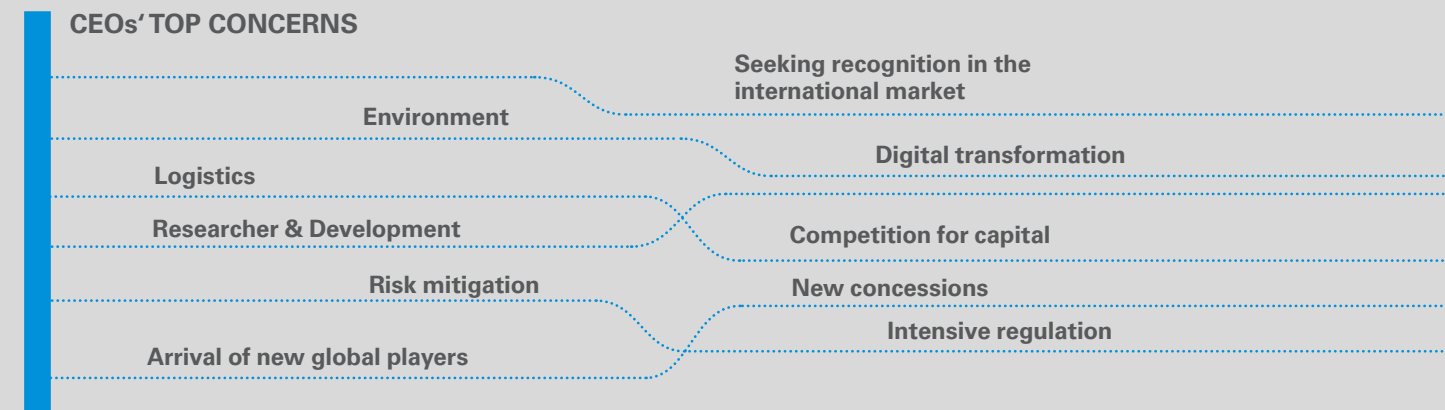
This first wave developed a Future-State Operational Efficiency Model focused on a digital vision and aligned with the value attributes in the client's Vision 2020.

Real results

In four years, 52 projects were implemented with a high degree of concurrence (18 projects simultaneously). The most important legacy from the programme is a flexible, replicable, and scalable operational model with a standardized policy writing process and a robust customer service tool. Material revenue losses due to bureaucratic rejections are being remedied by medium-term initiatives addressing the root causes of the problem.

A dashboard monitoring interactions with insurance brokers shows positive indicators: 30% of chat service effort has been automated and interaction rates have decreased by 10%; broker support FTEs have declined; conventional policy writing productivity has improved by 50%; and electronic policy transmission has increased to 98%.

ENERGY AND NATURAL RESOURCES



KPMG AS THE CLEAR CHOICE

In the **Mining** industry, from small and middle-sized mining companies to large mining corporations, and from early exploration to mine closure, KPMG in Brazil has specialist Audit, Tax and Advisory professionals for every requirement.

KPMG's **Oil & Gas** practice is one of the largest in Brazil, with professionals specialized in both exploration and supply chain operations to help clients respond immediately and effectively to opportunities and challenges in the industry.

In the **Electric Power** segment, we are the leading auditors and provide a range of Deal Advisory and Tax services to many of the leading players in the industry.

Case DIGITAL TRANSFORMATION DELIVERS EFFICIENCY, PRODUCTIVITY AND IMPACT MITIGATION IN O&G

Background

A leading Oil & Gas player was seeking a consulting firm with proven experience in transformation processes with a focus on digital. We had previously provided audit and accounting consulting services to this client, and had a track record of high-quality delivery. This, coupled with the expertise of our multidisciplinary Tax and Advisory team and the support from the Global team working with this account in other countries, confirmed us as their best choice. Another differentiator was the pragmatic approach we proposed, as the client required a range of deliveries as early as the first month of the project.

Innovation

We implemented an efficiency-focused approach spanning governance, management and redesign/optimization of manual and repeatable processes based on intelligent automation.

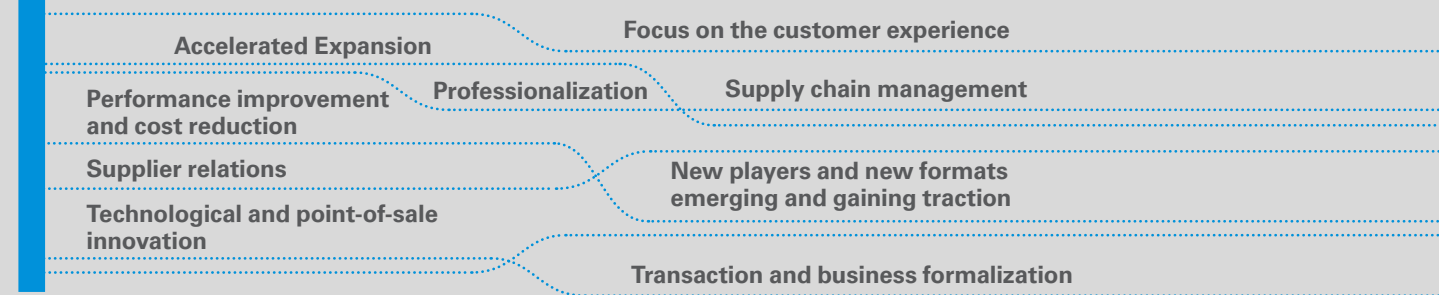
Real results

The value we delivered to the client includes increased productivity, reduced social and environmental impact, cost reduction, improved operational efficiency, error reduction, teams freed up for intelligence work with a strategic/tactical focus, and improved operational safety.

The project established KPMG as the client's innovation partner and opened doors for process automation and robotization in other of the client's businesses, including in front-office processes, delivering significant gains of scale. It has also given us strong credentials to work with other players in Brazil undergoing extensive digital transformation across their businesses.

CONSUMER MARKET & RETAIL

CEOs' TOP CONCERNS



KPMG AS THE CLEAR CHOICE

Our multidisciplinary Retail team is dedicated to supporting our clients' growth strategies.

Combining an in-depth understanding of the retail industry with strong local and global market expertise, we help our clients address challenges and seize opportunities through our expertise across innovation, processes, tax planning, M&A, business models and formats, and store, product and service portfolios.

Case A SCIENTIFIC PRICING APPROACH HELPS A COSMETICS COMPANY RETURN TO PROFIT

Background

A multinational client in the cosmetics industry had seen profitability and sales volumes decline in its market.

Innovation

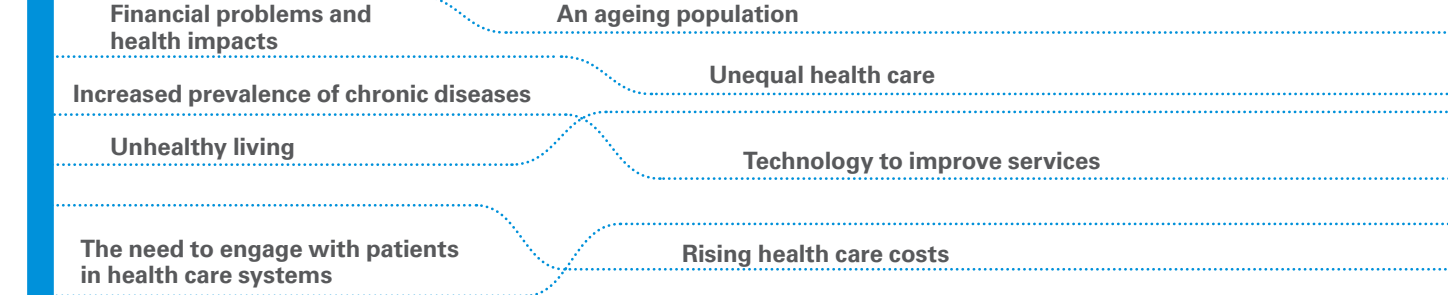
We developed a scientific pricing approach for one of its portfolios extensively using data & analytics, dashboards and financial modelling to take account of all variables affecting the final consumer price, including discounts, promotions and taxes.

Real results

As a key deliverable, the client created a new Pricing function using a more scientific approach and revisited its pricing strategy for the portfolio we had reviewed. We expect a proportionate impact on margins once the process changes are fully implemented.

HEALTHCARE AND LIFE SCIENCES

CEOs' TOP CONCERNS



KPMG AS THE CLEAR CHOICE

Supported by KPMG's Global Healthcare Centre of Excellence and member firms across five continents, our local team has the expertise to compare scenarios, economies and the business models used around the world and design and implement projects that can make public and private health care providers in Brazil become more sustainable.

Our experience shows that a typical healthcare provider can become around 15 percent more efficient purely through operational, administrative and workforce improvements, especially in four main areas: the workforce; patient experience and satisfaction; developmental projects; and management/leadership skills.

Our team is prepared to develop solutions to these and other needs that can help clients enhance their business performance and the trust their customers have in them.

Case KPMG HELPS CLIENT MONITOR SOYBEAN ROYALTY CAPTURE

Background

A major international player in the agri-tech industry needed a solution to ensure the integrity of its value capture and royalty collection processes for soybean technology.

Innovation

In 2016, we developed a proprietary, high-tech model for monitoring agricultural activities using the company's technology, in a project involving 500 KPMG professionals from different locations.

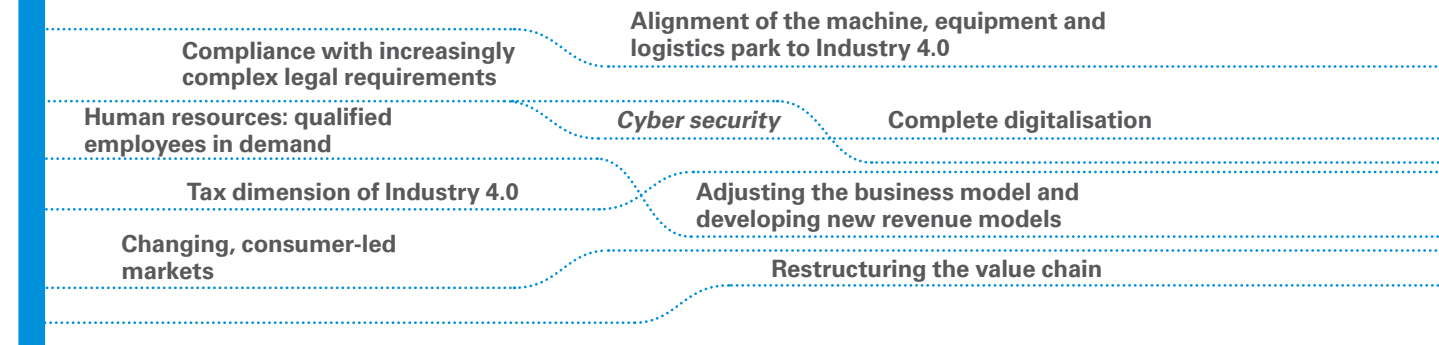
The client now uses tablets and an android app to collect information, which can be monitored on a secure website with user-restricted access.

Real results

In the 2018 crop year, we will also work on a pilot to improve the performance of the company's royalty model. In addition, KPMG is offsetting the project's GHG emissions by planting native saplings in the region of Altamira, contributing to the client's sustainability programs in partnership with the not-for-profit organization Green Initiative.

INDUSTRIES

CEOs' TOP CONCERNS



KPMG AS THE CLEAR CHOICE

Companies have different needs and pace at each stage of their life cycle. Our professionals are prepared to assist at any stage: this includes reviewing, structuring projects for and designing strategies to deliver real results across their operations.

Because the advantages of Industry 4.0 are immense — lower costs resulting from material stock, logistics and handling, shorter throughput times and lower shortage rates — we have advised many clients in in-depth chain-wide reviews toward implementing projects in this direction.

Case R&D TAX INCENTIVE ADVISORY (LEI DO BEM)

Background

Our clients in Brazil and around the world are experiencing a real digital revolution driven largely by the emergence and proliferation of start-ups. Many have implemented new business models using technologies that exponentially increase their productivity, competitiveness and profitability.

Innovation

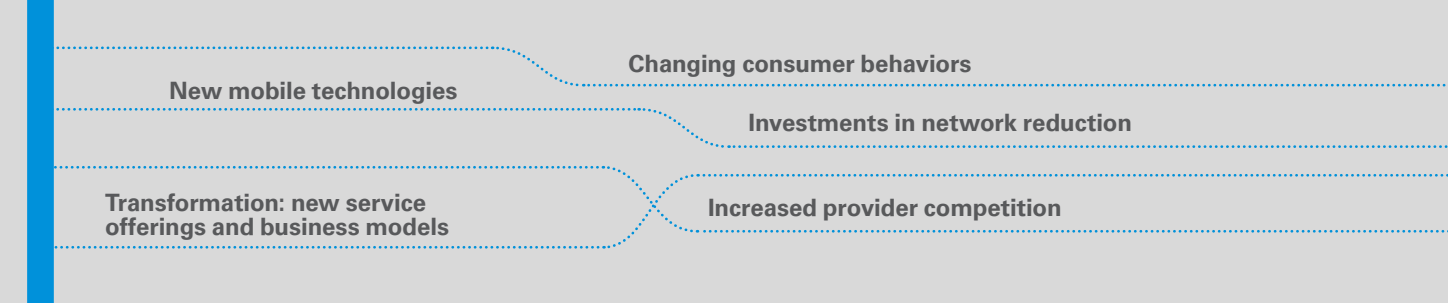
We train professionals (mainly production engineers) to work with our process and tax consultants in aligning clients' investment and innovation projects with the requirements of Act 11,96/2005 (*Lei do Bem*). Our challenge is to provide solutions allowing clients to recover part of their investment by reducing their IRPJ and CSLL tax payments. Tax credits can amount to as much as 34% of the R&D investment.

Real results

For one of our clients — a large Brazilian insurance company — the tax benefit was awarded for an RD&I project that transformed its traditional insurance policy sales model. Uniquely in Brazil, the platform allows customers to customize and purchase insurance and interact with the insurance company without the assistance of brokers or other employees.

TECHNOLOGY, MEDIA & TELECOM

CEOs' TOP CONCERNS



KPMG AS THE CLEAR CHOICE

We combine industry expertise with global experience to offer our clients insights that help them deal with complex business models, looking beyond current challenges to anticipate the potential (positive and negative) implications of changing strategies and technologies.

Our transformation projects help clients design and implement innovative and sustainable changes that add real value to their business.

Case A CHANNEL STRATEGY FOR A TELECOM CARRIER

Background

A large telecom carrier engaged us to provide business intelligence to support decision-making at its sales departments. We were selected because on our ability to solve business issues and manage multidisciplinary teams in an environment involving significant operational and strategic complexity.

Innovation

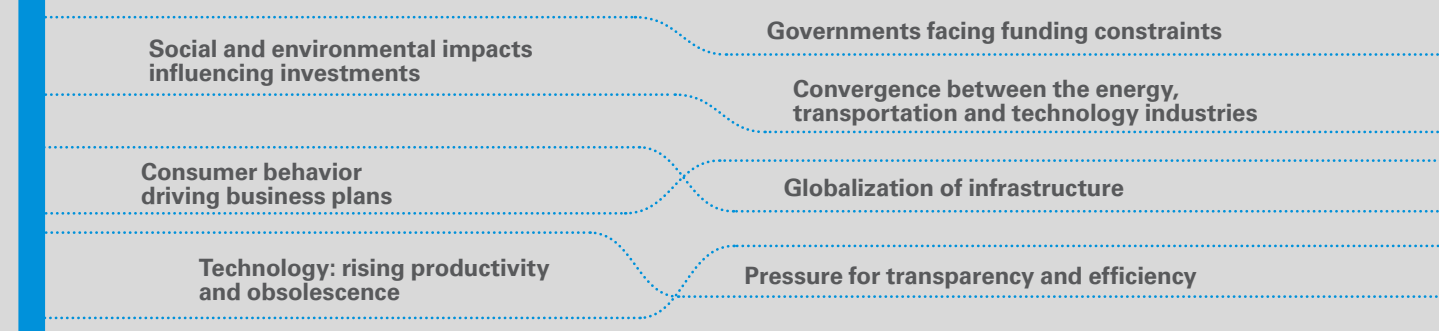
Our approach included extensive use of data analytics and quantitative analysis methods to capture business opportunities not yet addressed by existing channels and redefine compensation models for business partners to ensure economic sustainability and strategic alignment with the carrier's business interests. For this project, we structured multidisciplinary Advisory — Deals and Management Consulting — and Tax teams based in Brazil and other countries.

Real results

Greater penetration in regions where the carrier previously had no presence, improved sales process efficiency and better alignment of business partner incentives with the carrier's commercial strategy.

GOVERNMENT & INFRASTRUCTURE

CEOS' AND GOVERNMENTS' TOP CONCERNS



KPMG AS THE CLEAR CHOICE

Drawing on vast experience of providing services to key sectors of government, government agencies, the public sector and private companies operating in the infrastructure industry, our professionals cut through the complexity of everyday challenges to provide well-supported insights and clear, value-added strategies.

Multidisciplinary teams provide specialist assistance across Advisory, Tax, Audit, Accounting and Compliance throughout the life cycle — development and strategy, business transformation, funding, capital management, anti-fraud investigation, tax management, compliance with international regulations — of projects and megaprojects involving urban development, mobility and security.

Case PPP TOOLKIT: IMPROVING EFFICIENCY FOR ONE OF BRAZIL'S LARGEST SOUTHEAST STATE GOVERNMENTS

Background

Following a ten-year Public-Private Partnership (PPP) Program, the government of one of the largest states in Southeastern Brazil realized that the knowledge its project staff had acquired was not being retained, information exchange with private partners was not transparent and efficient, and tender specification information was not being provided consistently to all bidders. We were engaged to conduct an assessment and establish a standardized and efficient PPP modelling process.

Innovation

We developed clear processes for each project stage and translated them into a PPP Handbook, a Project Finance Model Toolkit and a "Partnership Portal," a public digital platform providing information on tender notices, public consultations and hearings, documents available, and a step-by-step procedure for project modelling, approval, bidding, contracting and oversight.

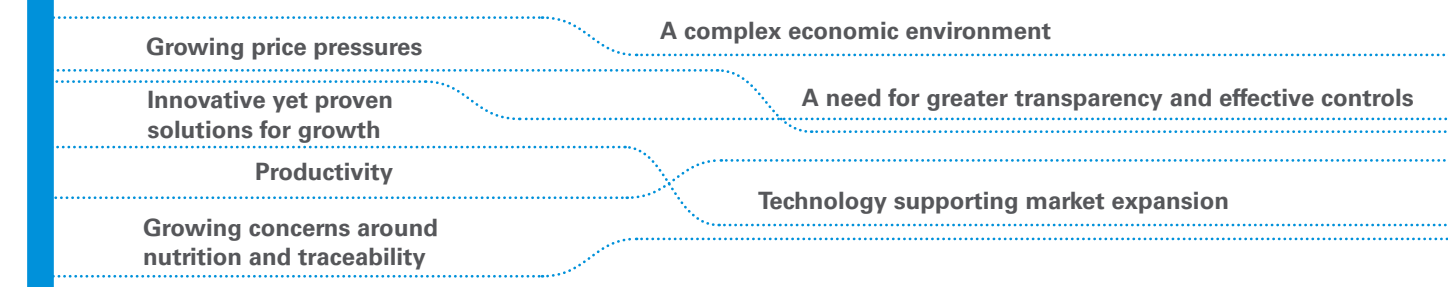
This has provided benefits to: government officials and agencies, by helping them organize information and use a clearer and more efficient approach to managing the different stages of a project; private partners, which can now easily submit proposals, interact and obtain available information through the Partnership Portal; and members of the public, by allowing them to track project progress.

Real results

Having agile and clear processes consolidated on a single multi-stakeholder platform has increased public servant productivity, transparency and competition in contracting processes within the State's PPP Program, accelerating investments in infrastructure that have delivered benefits to citizens and the State's economy.

AGRIBUSINESS

CEOs' TOP CONCERNS



KPMG AS THE CLEAR CHOICE

In this industry environment, having support from professionals who understand not only the business, but also broader local and global trends, can enhance efficiency while also providing the strategic insights needed to address challenges and seize opportunities in each agribusiness segment.

Our team of agribusiness experts can assist in improving productivity and optimizing performance through an assessment of needed infrastructure and technology investment, management improvements and process redesign, leveraging its Audit, Tax and Advisory expertise and innovative technology.

Case STRATEGIC AND OPERATIONAL MANAGEMENT TRANSFORMATION AT A SUGAR AND ETHANOL PLANT

Background

Faced with strong sugar-cane price pressures in the domestic and international market, a major Brazilian sugar and ethanol player (with a capacity to process 10 million tonnes of sugar cane) engaged KPMG to develop a solution to improve operating cost management and increase productivity.

Innovation

Following an in-depth assessment, KPMG successfully delivered a novel approach to managing current processes that drew on its best-practice methodology, experience from similar engagements, deep insight into the client's industry and, especially, a highly skilled, multidisciplinary team of subject-matter experts engaged in delivering the project and assisting the entire client team.

Real results

Our team helped the client reduce operating costs, enhance transparency, strengthen leadership focus on operating and financial results, align core and supporting functions, and improve strategic, tactical, and operational planning.

These outcomes were achieved using tools such as: MPC (Maintenance Planning and Control), TPM (Total Productive Maintenance), WCM (World Class Maintenance), PDCA, Root Cause Analysis, analysis of industrial losses in sugar and ethanol production, procurement and strategic purchasing process redesign, inventory and logistics process reviews, and initiatives at strategic and tactical governance levels such as multi-year planning, S&OP, and executive management and leadership committees.



Risk and quality management

Our relentless focus on quality

G4-14 | G4-41 | G4-56 | G4-57 | G4-58 | G4-PR3 | G4-PR4 | G4-PR7 | G4-PR8 | G4-SO3 | G4-SO4

“
The market, society, the media and regulators are seeking greater transparency and assurance about companies’ activities. As auditors, we are partners in this process, providing consistent and clear information about our clients’ operations.”

Carlos Pires,
 Lead Partner, Audit

Our business relies on the trust we earn for our practices and services. Our stakeholders recognize integrity and professionalism as two principles that are material to our performance.

This has led KPMG International to develop a culture of integrity based on risk and quality management that is implemented firm-wide, including in Tax and Advisory.

Our continuous efforts to improve the quality of our engagements are anchored in:

- » our culture of integrity
- » the performance of extraordinary professionals
- » support from our methodologies and processes.

Our **Risk Management and Quality** function is primarily responsible for overseeing the implementation and monitoring the effectiveness of risk management policies related to the professional services we provide.

KPMG’s **Quality Control System** sets out guidelines, policies and procedures that help our professionals to act with integrity, skepticism and objectivity, to perform their duties diligently and to adhere to applicable laws, regulations and professional standards. The KPMG Global Quality & Risk Management Manual sets out rules that all member firms and their professionals must adhere to.

Our approach to audit quality

OUR CULTURE

<p>Quality — everyone’s responsibility</p> 	<p>Global policies</p> 
<p>Culture of consultation</p> 	<p>Ethics & independence</p> 





OUR PEOPLE

<p>Recruitment</p> 	<p>Continuous development & coaching</p> 
<p>Performance & reward</p> 	<p>Resourcing</p> 

OUR APPROACH

<p>Consistent methodology</p> 	<p>Robust challenge & review</p> 
<p>Effective communication</p> 	<p>Innovative tools & technology</p> 

OUR MONITORING

<p>Quality & compliance programs</p> 	<p>Root cause analysis</p> 
<p>External feedback and dialogue</p> 	<p>Remedial actions</p> 

Public Trust: KPMG in Brazil is one of the three only audit firms globally to have received a PCAOB “all clear” inspection report

In December 2017, KPMG in Brazil reports were inspected against the Public Company Accounting Oversight Board’s (PCAOB) stringent requirements given all-clear approval.

PCAOB inspection is required for all firms issuing audit reports on US-listed companies and evaluates the quality and consistency of the opinions and information presented in those reports.



Tone at the top

Means that KPMG's leadership demonstrates quality, ethics and integrity and communicates its commitment to clients, stakeholders and society at large.

OUR CULTURE

Quality as a shared responsibility

Our culture is underpinned by a strong set of values and supporting policies and processes that enable the right attitudes and behaviors to permeate throughout the network, starting from the very top. We promote a culture in which consultation is encouraged and recognized as a strength.

Global policies A number of global steering groups support and drive the execution of our strategy and business plan (Global Audit, Tax and Advisory Steering Groups and the Quality & Risk Management Steering Group), working closely with regional and member firm leadership to:

- » establish and communicate appropriate audit and quality/risk management policies.

- » enable effective and efficient processes to promote audit quality
- » proactively identify and mitigate critical risks.
- » consider audit quality issues, including those arising from quality performance and regulatory reviews.

The procedures and policies that underpin our work in respect of these principles are set out in three documents: Code of Conduct, Global Marketing Compliance Guidelines (GMC) and Global Quality and Risk Management Manual (GQ&RM).

Other documents and guidelines require our professionals to comply with the requirements and rules established by local

authorities — including the Federal Accounting Board, the Brazilian Independent Auditors Institute, the Accounting Standards Committee, the Brazilian Securities Commission, the Brazilian Central Bank, the Private Insurance Authority, the Brazilian Private Pension Authority, and the National Private Health Insurance Agency — and international authorities — including the Public Company Accounting Oversight Board, the US Security and Exchange Commission and the International Federation of Accountants.

The contents of these documents are transmitted to our professionals through our leadership, memorandums, training, technical meetings and on the intranet.

PUTTING OUR VALUES INTO PRACTICE

Our Code of Conduct translates our values into commitments to our professionals, network, communities and clients.

It defines who we are and how we conduct ourselves, and stresses that all our professionals are personally responsible for demonstrating the professional conduct and integrity required of their function and level of responsibility. **G4-56**
[Read more]

COMMUNICATING TRANSPARENTLY

Our Global Marketing Compliance Guidelines (GMC) and Global Quality and Risk Management Manual (GQ&RM Manual) establish guidelines we must follow to ensure global brand consistency, maintain ethical and effective communication with our stakeholders, mitigate reputation risks and manage client expectations on services provided, by communicating clear and objective information.

All communication and marketing material prepared by KPMG is revised by qualified professionals accredited in GMC.

In the period covered by this report there were no instances of non-compliance or warnings related to our regulations or codes. **G4-PR7**

100%
of the work
carried out by
KPMG is based on
strict risk
verification.

G4-S03



OUR PROFESSIONALS

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

- » Support our professionals in being objective, ethical and professional.
- » Encourage our staff to address ethical and professional concerns without fear of retaliation.
- » Invest in developing our 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 healthy working environment.
- » Provide flexibility between professional/ private life.
- » Implement a fair approach for compensation.

CLIENTS OF MEMBER FIRMS

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

- » Deliver high-quality services to clients, in line 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 information for appropriate professional purposes.
- » Promote member-firm services honestly and in complete fairness.
- » Forbid bribery and acts of corruption by professionals and never tolerate illegal or unethical conduct by clients, suppliers or authorities.

OUR COMMUNITIES

Markets, locations, authorities and companies in which or with which we operate and to which we are committed.

- » Enhance the role of the accountancy profession and inst confidence en the global capital market.
- » Help improve operation 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 globally, and uphold the ten principles of the United Nations Global Compact.
- » Work with other companies, governments and charities to build stronger communities.

OUR NETWORK

The organizational structure that connects KPMG International's member firms around the world.

- » Accept appropriate clients and only accept an engagement if we can complete it to our high standards of quality.
- » Work with clients, suppliers and subcontractors that meet KPMG's main ethical standards.
- » Improve quality by developing and applying KPMG methods and procedures.
- » Handle challenging situations correctly by using the professional ethics and consulting experience of KPMG personnel to draw the right conclusions.
- » Always strive to protect and enhance the KPMG brand and reputation.
- » Keep assets and resources secure and only use them for appropriate commercial purposes.

100% of required professionals

in training courses on Independence, Acting with Integrity and Combat to Money Laundering.

ZERO-TOLERANCE APPROACH TO BRIBERY

We prohibit involvement by our employees in any type of bribery. Our zero-tolerance approach extends to our dealings with stakeholders, including clients, suppliers or public officials.

Our anti-corruption policies and rules are described in the KPMG Code of Conduct (available on the intranet and as printed copies delivered to all employees as part of the induction process) and in our Acting with Integrity training content.

KPMG in Brazil's anti-bribery procedures and controls are tested as part of a Risk Compliance Checklist (RCC) Review process. In 2017 the RCC Review tested our policies and procedures on matters such as suppliers, bribery, gifts, presents, facilitation payments and donations. These tests identified no instances of misconduct.

All professionals are required to take training covering corruption, bribery and money laundering. **G4-SO4** KPMG also includes anti-corruption and anti-bribery clauses in all contracts with vendors. Our Supplier Code of Conduct also addresses this matter.

ENSURING INDEPENDENCE IN AUDIT

Auditor independence in relation to the client is a complex issue and one of the pillars of professional and regulatory rules and standards. Accordingly, it is taken very seriously by KPMG.

We have detailed independence policies and procedures established in our Global Quality and Risk Management Manual (GQ&RM Manual) that incorporate the requirements of the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), as well on-line systems that facilitate compliance with those requirements:

On-line systems include Sentinel™, which must be used for every prospective engagement to identify potential independence and conflict-of-interest issues in accordance with local and global standards. Our policy requires us to decline the engagement when the system identifies existing or potential conflicts of interest that cannot be resolved.

Training and Confirmation KPMG's independence procedures and policies are transmitted to our professionals through mandatory and supervised training, carried out on hiring and on an annual basis, including case studies and real-world examples illustrating the independence of KPMG and our professionals.

At the same frequency, they are also required to electronically confirm their understanding of and commitment to comply with applicable ethics and independence standards and policies, and KPMG's Code of Conduct.

Specialist advice In addition to training courses and on-line systems, our professionals receive advice on independence matters from the Ethics and Independence team and the Global Independence Group.

Web-based independence compliance system This system is used to monitor compliance with our investment policies by partners and managers and by KPMG's member firms. The system contains a list of public stock corporations, their branches and financial institutions and the types of securities they issue.

Partners and managers use the online system to record any movements in individual investments and to evaluate whether they are restricted. The system automatically notifies them if their investments subsequently become restricted.

Member firms are required to maintain a record of their investments, professional pension funds, any borrowing

and capital financing transactions, and custodial, trust and brokerage accounts that hold member-firm assets. **G4-41**

Audit partner rotation In conformity with applicable regulations—which limit the number of years in which lead partners may provide audit services to the same client—we conduct auditor rotation also as a way of supporting transition and succession plans and the sustainability of the business. **G4-41**

Attendance levels among active professionals¹ required to attend training on Independence, Acting with Integrity, and Money-Laundering **G4-SO4**

	Independence ²			Acting with Integrity ³			Anti-Money Laundering ⁴		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
Non-managers	2,604	2,632	2,367	3,123	3,071	2,425	2,579	2,644	2,371
Managers	608	578	545	623	575	568	596	557	521
Partners	328	314	294	333	314	298	321	303	279
Interns	-	1	2	5	4	2	-	1	2
Total	3,540	3,525	3,208	4,084	3,964	3,293	3,496	3,505	3,173
	100%			100%			100%		

¹Active professionals: Professionals in the categories above are not required to attend training if they were in Mobility or on leave during the relevant year.
²Professionals required to attend: partners, managers, professionals and client-facing technical staff interns, and administrative function heads.
³Professionals required to attend: partners, managers, non-managers and interns, except some specific positions without access to the KPMG network.
⁴Professionals required to attend: technical departments and the leadership of administrative departments

“
We invest consistently in internal security policies and hardware and software technology to mitigate and prevent risks.”

Carlos Munhoz,
Lead Partner, Risk Management

EVALUATING PROSPECTIVE CLIENTS AND ENGAGEMENTS

Policies and processes for evaluating prospective clients and engagements, and the continuance of ongoing engagements, help us to maintain the quality of the services we provide and protect our reputation and brand.

Client & Engagement Acceptance Continuance (CEAC) is an online system that helps to manage and document this strict policy for client and engagement acceptance and continuance, including due diligence checks and searches of public information about the business and owners of the potential client, including financial strength, manager reputations, the type of deliverable and engagement risk. Anti-money laundering legislation has led us to include system parameters to identify the ultimate beneficiaries of our services, which are supported by an internal whistleblowing policy for reporting concerns of this nature. **G4-41**

Sentinel™ aids the due diligence process and addresses matters such as independence, identification, prevention of conflicts of interest, and applicable standards.

The process also includes an assessment of the skills and experience of our professionals to ensure we assign the right people to deliver the engagement.

In addition, specific procedures are used to identify and evaluate threats to independence for prospective audit clients that are public interest entities, including a review of any non-audit services provided to the client and of other relevant business and personal relationships (financial, commercial, etc.). KPMG’s online system Independence Checkpoint was introduced to automate and standardize the work flow due to the growing number of public interest entities and as part of mandatory auditor rotation in some countries (including Brazil).

A prospective client or engagement is declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional standards and KPMG policies, or if there are other quality and risk issues that cannot be appropriately mitigated.

An annual re-evaluation is performed on all audit clients and engagements. Re-evaluation is also required where there are changes in a client or engagement risk profile (specific integrity issues or circumstances that may interfere in the engagement).

DRAFTING CLEAR AND APPROPRIATE ENGAGEMENT LETTERS

G4-PR3

Service labelling information in our field of activity is the information and specifications presented to clients in our engagement letters. Our procedures require the following information to be included in our engagement letters:

- » The scope of work — the scope and purpose of KPMG’s engagement, and the limitations of our engagement and deliverables, all of which are discussed and agreed with the client.
- » A description of deliverables.
- » The engagement schedule — to be agreed with the client and clearly documented in the engagement letter.
- » Client responsibilities for providing information, assistance to KPMG and in decision making.
- » Fees – the basis for determining fees for our services, the methods of collection, interest on late payments and the payment currency.
- » Limitations on KPMG’s liability—when permitted by legal or regulatory requirements, limits on liability should be included in our engagement letter.

Guidance on drafting KPMG engagement letters is provided in the Global Quality Risk Management Manual (QRMM-Global) available on the intranet to all professionals.

MAINTAINING THE CONFIDENTIALITY OF INFORMATION

G4-PR8

KPMG has information security policies and procedures that govern the confidentiality of our clients’ and professionals’ information. We have also established technical requirements for Information Technology systems to better protect information. As part of our information security policy, all computers have data encryption software and password-protected access.

Within Risk Management, KPMG in Brazil has a National IT Security Officer (NITSO) that handles instances of data privacy and information security violations in accordance with local regulations and global policies on internal controls to maintain the confidentiality of KPMG in Brazil’s, clients’ and former clients’ information.

Our professionals undertake to protect information confidentiality and immediately report any incidents, which are recorded and investigated by the NITSO. All employees are required to attend Data Privacy and Information Protection Basics e-learning sessions. Reminders about our procedures are provided through regularly issued memorandums. Knowledge of, and compliance with, this commitment are confirmed annually by means of an electronic statement.

In 2017 we documented ten incidents involving theft of backpacks containing copies of

client documentation, all of which were notified to the relevant Engagement Partners and, when applicable, to the relevant clients.

ADDRESSING ETHICS AND QUALITY MATTERS

KPMG’s Hotline In support of our commitment to integrity and ethics, we provide a channel, operated by an independent service provider, for anonymously reporting on potential violations — suspected or proven — of KPMG’s policies or laws, regulations and standards. **G4-58**

The Hotline is available to all our professionals, clients and third parties.

Litigation Handles any judicial and administrative claims. During the period covered by this report, we were not subject to any award arising from disputes related to our services. **G4-PR4**

In the period covered by this report, KPMG in Brazil did not incur any sanctions or fines as a result of any reviews, nor were any corruption cases reported through our monitoring tools. **G4-S05 | G4-S08**

OUR PEOPLE

How our professionals deliver quality

Our professionals are responsible for how we interact with stakeholders. They are therefore central to ensuring the effectiveness of our Quality and Risk Management Program.

We recruit, develop and assign talented people, who have passion and purpose as well as deep expertise and innovative minds to deliver quality services.

RECRUITING PROFESSIONALS AT ALL CAREER STAGES

Our recruiting strategies focus on professionals at the beginning as well as at more advanced stages of their careers. This ensures we can keep step with the speed of change at our clients and in their markets.

Our reputation as a stable and prestigious employer is supported by our openness both to young talents just starting their careers and to senior professionals with a long track record in the market.

ATTRACTING TOP TALENT

Employer of choice

We strive to be an employer of choice by creating an environment where our people can fulfil their potential and feel proud and motivated to give their best.

Our investment in people focuses on performance and development, coaching and mentoring, rewards and recognition, flexible benefits and open and honest communication within our teams. This creates a culture of learning, collaboration and inclusion, supported by a shared set of common values and purpose. [\[Read more\]](#)

Our professionals' attitudes and general level of engagement are measured through a Global People Survey. We communicate and take appropriate action on the results of the survey. [\[Read more\]](#)

Diversity programs

We work hard to foster a culture of diversity and inclusion that enables us to bring together successful teams with the broadest range of skills, experiences and perspectives in an inclusive, fair and ethical environment. [\[Read more\]](#)

DEVELOPING OUR PROFESSIONALS

We have developed a range of learning solutions to communicate our Values, ensure that our professionals demonstrate those Values and develop skills and attitudes that improve the quality of and added value created by our engagements.

We offer classroom-based and virtual training courses, coaching and just-in-time learning, available at the click of a mouse and aligned with job-specific role profiles and learning paths. [\[Read more\]](#)

For Audit professionals, we provide training guides on issues that require judgement and have developed tools designed to emphasize the importance of professional scepticism.

EVALUATING AND REWARDING QUALITY

Delivering quality is among KPMG's global behaviors, which are designed to help articulate to our people what is required for success — both individually and collectively.

All professionals, including partners, are required to have annual goal setting and performance reviews in which they are evaluated on their agreed-upon goals, demonstration of the KPMG global behaviors, technical capabilities and market knowledge.

We have compensation and promotion policies that are clear, simple, and linked to the performance review process. This helps our partners and employees know what is expected of them, and what they can expect to receive in return.

Ensuring we offer the quality of service that markets and investors need and demand requires that

we have the best and brightest people.



OUR APPROACH

How we deliver audit quality

KPMG has a reputation for excellence in our engagements that is driven by a set of attributes including our commitment to ethics and integrity, the quality of our professionals, innovation and technical competence.

Audit quality is not just about reaching the right opinion, but how that opinion is reached, including consistent processes and tools, compliance with professional and regulatory standards, developing adequate skills and knowledge, encouraging a culture of consultation, innovation and technology.

APPLYING CLEAR, CONSISTENT AND UP-TO-DATE AUDIT STANDARDS

Consistent application of audit standards across the KPMG network is driven through groups of global professionals at our Global Services Centre (GSC). Our audit methodology and audit tools, developed and maintained by the GSC, are:

- » globally consistent and fully compliant with ISAs.
- » designed to be effective in all types of risk environments and economic circumstances.
- » made available to all KPMG audit professionals and required to be used where necessary for compliance, even where local auditing standards are less demanding than the ISAs.

The International Standards Group interprets international audit and accounting standards

and ensures they are applied consistently by issuing guidance spanning the entire KPMG network.

Global Topic Teams act as a central contact point for technical assistance and provide guidance on accounting and reporting practices in sector specific or specific technical areas.

Global IFRS e ISA Pannels monitor developments at the International Accounting Standards Board and International Audit and Assurance Standards Board (IAASB) to communicate changes in guidance to the Department of Professional Practices (DPP) at each member firm, which supports local audit teams.

USING TECHNOLOGY

Each of our auditors has access to a comprehensive set of KPMG methodologies and specific knowledge about each industry through eAudIT. Our audit tool evolves continually to reflect new requirements and guide our teams consistently through the audit process.

We are developing new Data and Analytics (D&A) tools creating new ways to analyse clients' financial information in order to provide a more comprehensive understanding in identifying and reviewing key issues and performing audit tests.

ASSIGNING THE RIGHT PEOPLE TO EACH ENGAGEMENT

As an essential part of evaluating

and planning new engagements, we identify partners and professionals with the experience, industry expertise and capabilities to adequately conduct the audit engagement in accordance with applicable professional rules and standards and in conformity with KPMG's methodology.

MANAGING AUDIT DOCUMENTATION

We use the KPMG Audit methodology and eAudIT to provide guidance, mechanisms for and documentation of, the supervision and control of the audit engagement. Audit documentation records the audit procedures performed, evidence obtained and conclusions reached on each audit engagement.

Alongside our document management and retention policies, eAudIT assistance teams in preparing complete audit documentation.

FOSTERING A CULTURE OF CONSULTATION

We encourage a strong culture of consultation and personnel are encouraged to consult on difficult or contentious matters.

Our Department of Professional Practices answers any queries from audit professionals and monitors relevant developments in accounting standards and rules.

Our professionals have established protocols for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution

of differences of opinion on engagement issues. Unresolved matters are escalated to other levels of the Organization.

EQCR

Our Engagement Quality Control Reviewer (EQCR) is a partner with sufficient and adequate knowledge and experience to independently and objectively evaluate the decisions and conclusions of the audit team during the preparation of audit reports.

APPROPRIATE AUDITORS' REPORTS

Auditing standards, applicable legislation and regulation largely dictate the format and content of the auditors' report. We were among the early adopters of the new IAASB requirements for audit reports, which became effective in December 2016 to provide users with enhanced information about the audit and improve transparency.

The New Auditors' Report: greater clarity and relevance

Responding to demands from clients, regulators and the market, international auditing standards have established a new reporting framework that will be effective from 2017 for CVM-regulated companies.

Audit reports are now required to be clear and informative in listing key matters in the audit, the procedures used to address them, and their results.

Because these changes are relevant not only to auditors, but also to clients and other financial statement users, we have created a program for implementation of the new framework. As part of the program, we will develop experience with the new framework, anticipate potential discussions and share insights with clients and their management.

The internal change process began in 2016 and involved training, theoretical drafting exercises, promoting our Audit Committee Institute and conducting in-depth discussions with our clients' audit committees and boards of directors. To ensure compliance with the new rules, all new reports have been reviewed by our Department of Professional Practices.

In recognition of KPMG's leadership, we have been invited to participate in raising market awareness about the new requirements at conferences and seminars organized by IBRACON and regulators to explain the new reporting requirements.

Implementation results have been more positive than expected, with clients in particular not showing a willingness to publish, often sensitive, disclosures. The new framework will ensure that shareholders, regulators, banks, suppliers and other financial statement users will have more detailed information about key audit matters, helping to build public trust.

OUR MONITORING

How we monitor audit quality

INTERNAL INSPECTIONS

We are committed to continuously improving our audits through integrated quality and compliance monitoring programs which allow us to identify quality control deficiencies, determine their causes, and develop and

implement action plans to address them.

These programs use a consistent approach across member firms, including the nature and extent of testing and reports.

Name	Timing	Focus
Quality Performance Reviews (QPR)	Annual	Quality Performance Reviews assess engagement-level performance and identify opportunities to improve engagement quality in Audit, Tax and Advisory. All partners in technical functions are reviewed at least once in a three-year cycle.
Risk Compliance Program (RCP)	Annual	A self-assessment to monitor, document and assess the extent of compliance of KPMG in Brazil's system of quality control with Global Quality & Risk Management policies and applicable legal and regulatory requirements.
Global Compliance Reviews (GCR)	At least once every three years	Conducted by KPMG International's independent global GCR team, GCRs test the completeness and robustness of our Risk Compliance Program, the status of action plans, our commitment to quality and risk management (tone at the top), the extent to which our overall structure, governance and financing support and reinforce this commitment, and compliance with policies related to providing services in preparing reports containing global information.

EXTERNAL REGULATORY INSPECTIONS

In addition to the monitoring programs within KPMG, regulatory bodies perform periodic inspections focused on audit clients subject to the applicable rules:

Name	Timing	Focus
Public Company Accounting Oversight Board (PCAOB)	At least once every three years	Compliance at our audit practice with PCAOB standards and regulations.
Brazilian Securities Commission (CVM)	Every two years (comprehensive)	This inspection evaluates our audit practice's quality control system and compliance with the standards and regulations of the Federal Accounting Board (CFC) and the Brazilian Securities and Exchange Commission (CVM).
External peer review Required by the Federal Accounting Board (CFC)	Every four years	Peer reviews are performed by audit firms of the same size. They assess the quality control system in place within the audit practice and whether audit procedures conform to applicable standards and regulations.



» In the period covered by this report, KPMG in Brazil did not incur any sanctions or fines as a result of any of these inspections. **G4-PR9**

ROOT CAUSE ANALYSIS AND DESIGNING ACTION PLANS

Based on the findings from external inspections, QPRs, RCPs, GCRs and internal quality reviews, we conduct a root-cause analysis to inform timely and adequate action plans to address identified issues.

» Considers audit quality matters raised in internal quality performance reviews and external reviews.

» Monitors progress in addressing issues related to audit quality.

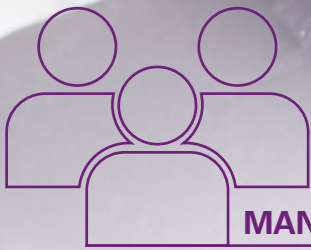
» Makes recommendations to the GASG on policy changes related to audit quality issues.

RECOMMENDING IMPROVEMENTS

Quality and Risk Management Leaders are responsible for monitoring quality and risks. Our Global Audit Quality Issues Council, established by our Global Audit Steering Group (GASG):

Human Capital

Continuing investment in our people with a focus on high performance and a deep sense of ownership and purpose.



MANAGEMENT

People management is at the heart of our strategy, driving **excellence** in our Capitals.

We are recognized internationally for our **ability to attract and develop extraordinary talents** and for our **substantial investment** in their development.

A **high performance culture** leads them to maximize their potential, while **diversity** provides a unique mix of expertise to generate innovative insights.

ASSETS

Continuous development

We invest in the quality of our services through continuing training and development.

Rewards and Benefits

We encourage healthy habits and quality of life through campaigns, benefits and a collaborative environment.

Career development

Professional achievement is recognized through a range of evaluation and feedback tools that inform each professional's career plans and development.

Diversified talent

We draw on intraregional diversity and experience to deliver a combination of expertise and innovative insights in our engagements.

New talent

We invest in new talents and expect them to adhere to our principles of professionalism and integrity.

Headlines

Where the World Wants to Work Now
LinkedIn Top Companies

15 Top Companies for Career Opportunities
Love Mondays

EF English Life Change Management Award EF Brasil

Top Companies for People Management Practices Gestão de RH

Best Firms to Work For • 7th Consulting

Top 100 Workplace Equality Index
• 35th [KPMGI] Stonewall

100 Best Companies in OHDI Gestão RH

4,104 professionals

48.5% women
in our team

1,997 professionals promoted

23.6 million invested in training and development

410,000 training hours

VALUE CREATION

For our professionals

Compensation and benefits; Career development; KPMG pride; Work environment; Respect for diversity; A resume the market values; Health and safety at the workplace.

Four our clients Ethical conduct, integrity and high-performing professionals.

For society

Best workplace, diversity and corporate citizenship practices.

Our people

4,297 employees

All people working at KPMG in Brazil at the end of financial year 2017



PROFILES OF KPMG IN BRAZIL STAFF G4-10



By Age Group	Direct Employees	Interns	Temporary Staff	Partners	Outsourced	
Up to 30	2,599	5	6	0	66	62%
30 to 50	1,124	0	1	273	101	35%
Over 50	30	0	2	64	26	3%
Total 2017	3,753	5	9	337	193	

By Gender	Direct Employees	Interns	Temporary Staff	Partners	Outsourced	
Men	1,833	3	4	282	91	51.5%
Women	1,920	2	5	55	102	48.5%
Total 2017	3,753	5	9	337	193	

The total number of outsourced professionals excludes those hired by the Audit, Advisory and Tax practices.

By Office G4-10	Direct Employees	Interns	Temporary Staff	Partners	Outsourced	
São Paulo	2,354	4	9	233	157	64%
Rio de Janeiro	479	0	0	44	14	13%
Other offices*	920	1	0	60	22	23%
Total 2017	3,753	5	9	337	193	

* Belém, Belo Horizonte, Brasília, Campinas, Cuiabá, Curitiba, Florianópolis, Fortaleza, Goiânia, Joinville, Londrina, Manaus, Osasco, Porto Alegre, Recife, Ribeirão Preto, Salvador, São Carlos, São José dos Campos and Uberlândia. Because 77% of our professionals are based in the São Paulo and Rio de Janeiro offices, we have opted to present these indicators in three categories — São Paulo, Rio de Janeiro and other offices — in accordance with GRI reporting guidelines.

Professional development

Continuous learning for extraordinary people

In the digital age we are living in, it is not only our business strategy that is changing. Our people are changing too. Digitalisation, robotics and artificial intelligence are helping us intensely transform our *modus operandi*, enabling us to customise our products and optimise the way we work.

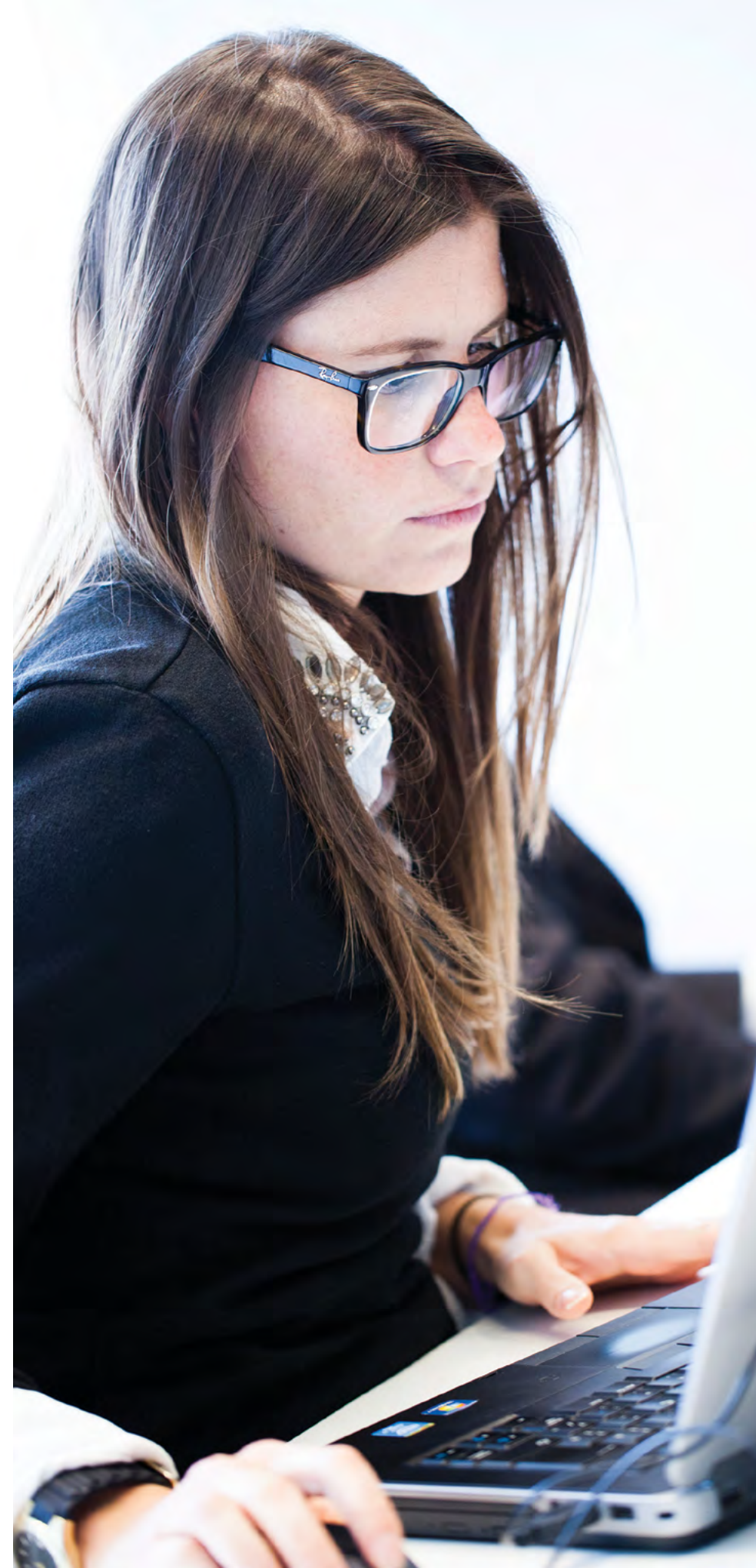
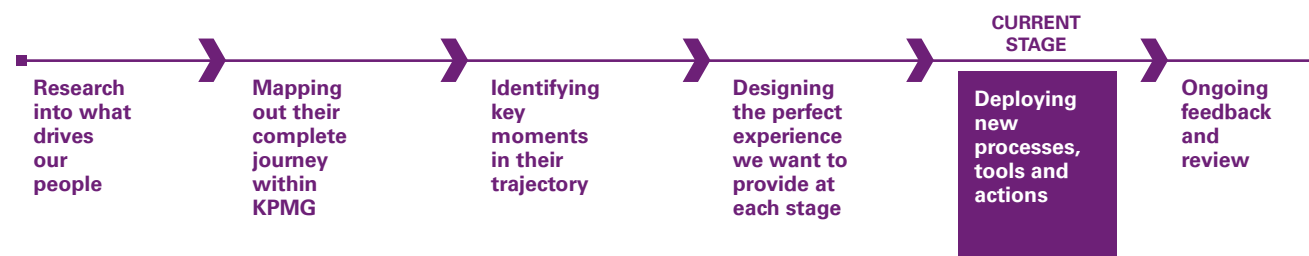
We are accordingly honing the skills of our people so they can meet these new requirements. Managing talent development is now the main challenge in human capital.

This challenge is made easier by the fact our people are used to drawing on our broad internal and external capabilities to ensure their ongoing development. Continuous learning, critical thinking, empathy and confident decision-making are skills

inherent to the culture of KPMG and our brand. We are therefore intensifying and creating greater synergy between the endeavours aiming to transform our people to wean them off former practices and instil new practices faster.

This entire endeavour is founded upon the concept of People experience, connected to our business fundamentals, especially being able to rely on extraordinary people so we can make the right choice for our clients.

PEOPLE EXPERIENCE: a new cycle of positive experiences for our people



“ We are using People Experience to create positive experiences for our professionals every day. We are looking forward to this challenge and well on the way to delivering it. ”

Marcelo de Lucca,
Partner, People,
Performance and Culture

“We are investing in special learning platforms so our people can choose how they want to learn.”

Luciene Magalhães,
Lead Partner, Human Capital

EDUCATION

Diversifying offers to meet each professional's requirements

New technology, regulatory changes, delving into new market themes, foreign language fluency and leadership. Classroom-based training, online courses, dynamic interaction with applications. Each KPMG professional has specific interests about what they want to learn and how to learn it.

The challenge now facing us is to put together a broad and diverse range of learning opportunities that meet these individual interests, optimising each professional's experience: physical activities, virtual platforms, applications and mentoring processes are a few of the alternatives being used. Physical activities predominated in 2017; we are working on a new application which will make virtual activities more dynamic, attractive, and a priority.

In 2017, we invested **R\$ 23.6 million** in training and developing our professionals, delivering an average of 100 hours of training per person, double the number of hours required by the Brazilian Federal Accounting Board (CFC).

The **KPMG Business School** is the primary platform for training courses and programs, both in Brazil and internationally. In general, these include:

Corporate training

Compulsory for all professionals. This training develops behavioural skills and disseminates corporate standards and policies, such as Risk Management, Ethics & Independence and Data Privacy.

Core training Develops technical knowledge and skills, by activity area, enhancing our standards of excellence in service provision. Mandatory for all professionals.

Professional training

Teaches concepts related to delivery methodology for each practice.

Specialist training

Covers specific subjects recommended by leaders to address professional requirements and interests

In addition to the KPMG training offering, we have a policy of reimbursing professionals for undergraduate, graduate, specialist and language training programmes that are relevant to advancing their careers.

Average hours of training per professional G4-LA9 by gender and employee category

	2017						2016		2015	
	Average Men		Average Women		Average Professionals		Average		Average	
	85h	105h	86h	110h	85h	107h	80h	85h	98h	107h
Interns	-	-	49	-	40	-	60	51	47	88
Trainees	84	102	-	100	84	101	42	107	0	130
Staff	62	107	61	116	61	111	49	75	66	82
Middle management	80	91	86	94	84	92	70	80	97	107
Partners	75	120	117	115	81	119	70	116	93	129

● Administrative team ● Tech team

Investment in learning and development

	2017	2016	2015
Training: specific investment in technical and behavioural skills	12,209,201	18,637,783	15,400,000
Funding for professional development: investments in undergraduate, graduate, language, exchange and other programs	9,304,788	8,023,000	7,200,000
Total invested (R\$)	23,696,763	26,660,916	22,600,000
Hours of training	410,000*	325,000	364,000

* We offered a total of 458,000 training hours and our professionals attended 410,000 hours of training.

Educational levels of KPMG in Brazil professionals

	2017		2016		2015	
	♀♂	%	♀♂	%	♀♂	%
Higher or university education	3,982	97	4,026	99.58	3,674	98.8
Primary/secondary education	122	3	3	0.07	4	0.1
Technologist	0	-	14	0.35	41	1.1
Total professionals	4,104	100	4,043	100	3,719	100

TRAINING ATTENDANCE

KPMG TRAINING

135,000 hours

E-learning

+ 3,000 hours

Virtual Class

+ 272,000 hours

Classroom-based

= 410,000 hours training/2017 ↑ +26% FY2016

+

FUNDING FOR PROFESSIONAL DEVELOPMENT

Our policy of reimbursing professionals for undergraduate, graduate, specialist, language and student exchange programmes encourages continuing education.

=

R\$ 23.6 million invested in training and development



PERFORMANCE & DEVELOPMENT (P&D)

Fostering outstanding careers

Our P&D function offers opportunities to achieve a balance between specialist skills and the behavioral skills and experience professionals need to both develop in their positions and progress in their careers.

A development plan is crafted based on performance assessment results (MyPD, My360 and Agility) and where a professional is in their career at KPMG (Staff, Lead, Manager or Partner).

The Performance & Development department contributes to KPMG's strategic objectives, strengthening our vision and values and delivering innovation, excellence and quality.

Our training offering includes:

- » Feedback
- » Instructor Training
- » New Managers
- » New Directors
- » New Partners
- » Leadership Development Program
- » Commercial Technology Forum
- » Super Presentations
- » Business Network Program
- » Leadership Towards Becoming The Clear Choice
- » Are you ready?
- » Elos Programme
- » Mentoring

100% DIGITAL ENGLISH: LEARNING INNOVATION

An international language school is giving English language lessons to our staff by way of a completely digital platform. Activities tailored to the ability and skills of each student, recorded classes with native speaking teachers and virtual classes with teachers and students from several countries make the process more dynamic and convenient for the student. 70% of the 738 enrolled employees achieved the engagement targets we set in 2017.

LEADERSHIP DEVELOPMENT
G4-43

Members of KPMG’s senior leadership attend exclusive international training and development courses developed by KPMG in Brazil and delivered by renowned universities or specialist consultants to prepare them for leadership succession:

Chairman 75 A group of 25 leaders in each of KPMG’s three major global regions, all aspiring to key positions within the Organization. The group meets every quarter to discuss important issues and leadership responsibilities. The programme has a duration of one year and a half and also involves CEOs from other firms and external consultants, in an environment that is conducive to sharing professional experience.

Latin America Leadership Development Program (LALDP) A three-module strategy and leadership programme held at Georgetown University (Washington) for partners in Latin America, the United States and Canada who have between three and five years of experience in their positions and are key to the development and future of their member firms.

Elos Program Created in partnership with BMI, the Elos program provides partners a consistent and integrated approach to consolidate them as key players in organisational change. There are six modules, which always include creative and innovative activities:

competition, value proposition, organisational essence, strategic delivery, essential leadership and performance catalysts.

Are You Ready? An indoor and outdoor program developed for KPMG by Fundação Dom Cabral to meet the current requirement of KPMG and the market for the pursuit of leadership, delivery and innovation. There are three modules: leadership and people management; innovation and the modern world, each of which has a day dedicated to theory and another to practice.

GENEXT – TRAINEE PROGRAMME
Driving the careers of our young talent

Our trainees program has always been a standard setter in the market. In 2017, it became even more attractive following the launch of the Extraordinary Generation Program (GenExt), which permits young people to exert greater control over their careers.

GenExt is the umbrella KPMG uses to promote initiatives at universities, provide career guidance to high school students and six recruitment programs throughout the year: GenExt Audit industries, GenExt Audit Financial Services, GenExt Tax, GenExt Advisory, Summer Job and KICC (KPMG International Case Competition).

There were 40,000 applicants in 2017, **668 of whom were recruited** to work at offices throughout Brazil. They participated in a challenging dynamic process which hones their overall skills to become extraordinary professionals. A performance manager also tutors them individually in the creation, revision and assessment of their goals.

Innovation in securing young talent

As part of People experience, we are reorganizing recruitment to attract people in new ways, showing young people that KPMG wants to deliver on their desire to work at companies that invest in technology and create new forms of connecting with their stakeholders.

A live KPMG presentation got the ball rolling, with more than a thousand participants across Brazil. During the interviews we invested in an application that enabled applicants to be interviewed online, following step-by-step instructions so they could be recorded on video. Less upheaval, more diversified applicants and faster assessments demonstrated that this strategy was a resounding success.

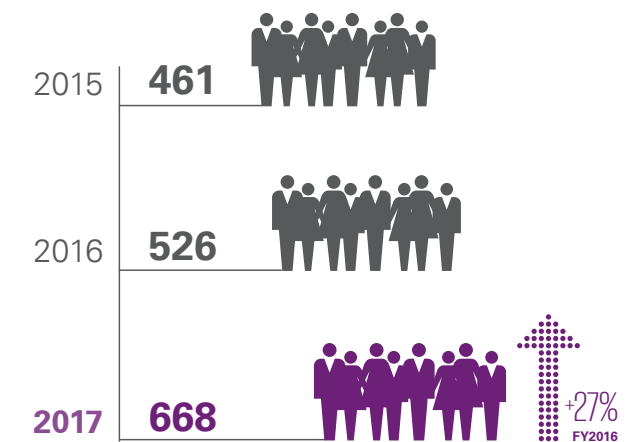
KICC is also a remarkable strategy, which selects high-performing, English-fluent applicants from several academic fields, to leverage our range of skills and capabilities that the specific markets our clients operate in require.



Diversified experiences build the professional development of partners and managers



NEW TALENTS: TRAINEES HIRED



“
 Mobility
 helps KPMG
 professionals
 keep
 continually
 up-to-date
 on methodologies and
 gain work experience
 in other markets.”

André Silva Almeida from
 our Deal Advisory practice
 in Rio de Janeiro, who spent
 six months in London



MOBILITY AND SECONDMENT

Working shoulder to shoulder with clients, wherever they need us

Professional mobility serves two purposes. The first is to provide each client with the most qualified assets to address their challenges, wherever they are needed.

The second is to enable our professionals to acquire international experience in new practices and the capabilities to meet business demands, advance their careers and develop as leaders.

Global Opportunities (GO) is a programme covering all forms of temporary assignments to KPMG member firms, with professionals retaining employment in their home country. Four types of assignments are available, ranging from three months to five years.

In 2017, KPMG in Brazil seconded and hosted **38 inbound and outbound professionals** across the programme.

Global Mobility:
 the right
 people,
 with the right
 skills, in the
 right place
 and at the
 right time for
 our clients.

Global Opportunities (GO)

	Duration	Participating professionals		
		2017	2016	2015
Global Opportunities - Long Term	12 to 60 months	20	15	24
Global Opportunities - Short Term	3 to 12 months	1	2	2
United States Mobility Program (USMP)	18 months	6	1	2
Tax Trek	3 months	8	5	11
DA Swap	3 to 12 months	2	1	-
Tax Trek LATAM	3 to 12 months	1	1	-
Total		38	25	39



Career planning and development

Dynamic career paths driven by feedback and new challenges

G4-40 | G4-44 | G4-51 | G4-LA11



To support our professionals' development, we have established a **robust career and development plan** that is aligned with KPMG's global guidelines and is based on the principles of merit and equal opportunity.

Continuous leadership feedback is a part of KPMG's culture that fosters dialogue and working closely together in our work environment. **Performance assessments** are conducted annually using tools that assist in identifying strengths and areas for improvement in both technical and behavioural aspects.

Among our senior leadership, those professionals whose performance most effectively contributes to the Organization's results are recommended as partners and are evaluated by an independent consultancy, by the members of the Executive Committee in Brazil and by Senior Partners at KPMG International.

G4-40

PERFORMANCE ASSESSEMENT

In 2017, **83% of eligible professionals** participated in the **My Performance Development (MyPD)** assessment process. MyPD is supplemented by **My360**, a global platform for feedback by superiors, peers, subordinates and

internal clients, providing inputs into our professionals' career development plans. Partners and managers across the KPMG network also participate in the **Agility** feedback programme for senior leadership.

Alongside MyPD, career guidance is also supported by Role Profiles that clearly outline requirements for each position.

MyPD G4-LA11

MyPD	Percentage of employees receiving regular performance and career development feedback (up to 30/09/2017)					
	% Men		% Women		% Average for categories	
Interns	33	0	0	0	20	0
Trainees	100	44	0	38	100	41
Staff	81	90	82	91	82	91
Middle management	90	89	87	87	88	88
Partners	84	98	80	98	83	98
KPMG in Brazil Average						83

Groups to which performance assessment apply:

- » Performance assessments are not required for professionals hired from 1 June of the current financial year or professionals who were on medical leave, in mobility programs, on unpaid leave and maternity leave for more than six months during the financial year.
- » Performance assessment is not required for catering staff, messengers, waiters, valets, interns, janitors, apprentices and temporary workers.

Administrative team Tech team

Professionals promoted (absolut numbers)

Position	2017		2016	2015
Staff	856	970	1,826	1,597
Staff to Manager	51	35	86	106
Manager to Senior Manager	28	19	47	43
Senior Manager to Partner	32	6	38	45
Total	967	1,030	1,997	1,791



48% of our professionals were promoted in 2017

HIRES AND TURNOVER

In 2017 KPMG's hiring rate was 35%, with 46% of new hires at the São Paulo office.

Including voluntary terminations, our turnover rate was 21%. Terminations were largely of professionals under 30 (74%). There was a 10% gender difference in new hires (55% men and 45% women) and a similar gap in terminations.

In cases of voluntary termination, termination interviews were held to provide an understanding of what had led each professional to decide to leave KPMG. Qualitative data deriving from these interviews is submitted to partners to inform the development of action plans focused on continual improvement of talent retention rates.

Contratações e Desligamentos G4-LA1

By Office	Hires	%	Voluntary Terminations	%
São Paulo	677	46	351	61
Rio de Janeiro	145	10	56	10
Other locations	634	44	169	29
Total	1,456	100	576	100

By Gender	Hires	%	Voluntary Terminations	%
Men	794	55	307	53
Women	662	45	269	47
Total	1,456	100	576	100

By Age Group	Hires	%	Voluntary Terminations	%
Up to 30	1,035	71	427	74
30 to 50	414	28	144	25
Over 50	7	0	5	1
Total	1,456	100	576	100

Turnover in recent years

	2017	2016	2015
Hiring Rate	35%	33%	30%
Termination Rate	14%	11%	14%
Turnover Rate	21%	22%	16%



COMPENSATION

MyPD and My360 are used as a basis for informing promotions and salary increases, as well as for the Profit-Sharing Programme, which also takes into account the general results of the Organization, the business unit and the professional.

These principles are also used to define the compensation received by partners, including the chairman, alongside criteria such as KPMG's business profitability and social and environmental targets. **G4-51**

Since 2016, professionals who took maternity leave during the year have received full profit-sharing payments.

KPMG PROFIT-SHARING PROGRAM

- » **Self-Funded** Rewards are distributed when financial targets are achieved.
- » **Transparent** The program and business performance are communicated clearly and regularly.
- » **Participatory** Professionals can track results and provide suggestions for improvement through the Employee Committee.
- » **Developmental** Rewarding the best results and individual performance.

Health and quality of life

Well-being at and outside the workplace

G4-LA2

MYLIFE

Our quality of life programme encourages our professionals to adopt healthy practices and to balance their work and personal life and physical and mental health.

Quality of life is achieved through little things that combine to provide lasting benefits in the lives of our professionals, such as walking more and driving less, trading processed foods for natural products, practising responsible consumption, taking a calm and relaxed approach to life, and seeing each other as different and complementary individuals.

MyLife has three pillars:

» **Culture and Entertainment**

Special programs, tours and discounts at artistic and cultural events.

» **Health** Special discounts at gyms and pharmacies, and an

Intranet site and awareness campaigns focusing on quality of life.

» **Facilities** Day-to-day convenience services for our professionals, such as discounts at restaurants, stores, hairdressers and other service providers; and classifieds for buying and selling products and services.

Another MyLife initiative is our **Walking and jogging group**, which since 2013 has supported professionals participating in marathons and races. Professionals in São Paulo and Rio de Janeiro receive coaching in preparation for the Pão de Açúcar Marathon. We also offer a 50% reimbursement of the entry fee and support during the marathon race, including a massage service and breakfast.

HEALTH & SAFETY

G4-LA5 | G4-LA7 | G4-LA8

In line with International Labour Organization guidelines and the standards of the Ministry of Labour and Employment, our labour practices include a set of initiatives to promote the health, safety and well-being of our professionals.

Occupational health and safety management is the responsibility of our Safety Labour department under our Human Resources Manager, and with support from members of our Specialized Occupational Health and Safety Engineering Service (SESMT) and Medical Clinic professionals.

Our Environmental Risk Prevention (PPRA) and Occupational Health Surveillance (PCMCO) programmes, Ergonomics Survey, internal surveys (CIPA and SESMT) and initiatives developed by an independent consultancy firm are communicated through e-learning sessions, Intranet tips and our corporate magazine, KPMGente.

RISKS AND SAFE BEHAVIOR

Since 2016, our Labour Safety department, working with the KPMG clinic and the CIPA Fire Brigade, has run awareness campaigns to encourage safe

behavior and disseminate procedures for responding to occupational injuries and measures to prevent occupational injuries and illnesses. The campaign is run through two-weekly Safety Tip pop-ups displayed to all staff in Brazil.

Our Internal Accident Prevention Committee (CIPA) represents 75% of KPMG in Brazil professionals and is governed by a Master Plan encompassing accident prevention and health promotion initiatives throughout the year, integrated with MyLife and our Corporate Citizenship, Inclusion and Diversity function.

G4-LA5

KPMG's scope of professional services is limited to office activities, exposing between 76% and 100% of our professionals to ergonomic risks and stress-related health issues. There are no chemical, physical or biological risks according to the hazard maps for KPMG firms within our Environmental Risk Prevention Program. G4-LA7

Requirements under our collective agreements with unions include: issuing Occupational Injury Notices, issuing uniforms to

employees, providing paid sick leave (against submission of medical examination certificates), combating child labour and Internal Accident Prevention Committees (CIPA). Of the five requirements under our most recent Union agreement, three were related to health (60%).

G4-LA8

PROMOTING HEALTH

The Medical Clinic at our main office in São Paulo, home to 64% of our professionals, has a doctor and a nurse on duty who, in addition to providing occupational and medical care, run prevention and health campaigns and compile case statistics. These indicators inform our mitigation initiatives at a national level.

GYMPASS: activities for everyone. Every day.

This program allows KPMG professionals to engage in more than 350 sporting interests at more than 6 thousand facilities in Brazil, every day.

The plan was developed after feedback from the GPS survey revealed that professionals found it difficult to exercise regularly due to time taken commuting.

With Gympass, professionals can simply access the application, select a location, interest and time, and they're good to go. In 2017, there were 1,070 registered professionals.

BENEFITS

G4-LA2 | G4-EC3

In addition to benefits such as physical wellness, health, comfort and safety, our professionals are also offered a Supplemental Pension Plan — **KPMG Prev** — that helps them plan their future.

Established and governed in accordance with applicable regulations, the KPMG Prev pension plan has formal and documented management, structure and guidelines and its by-laws and rules are available to participants on the Intranet. News and guidance is provided periodically, ensuring participating professionals are given up-to-date and straightforward information.

A specific fund exists to pay plan liabilities, with dedicated assets set aside to cover 74% of plan liabilities. The calculation base for this estimate includes total salaries and management fees.

Benefits provided G4-LA2

Rewards and Benefits	Beneficiaries
Fitness centres	All professionals
Health insurance	All professionals
Dental insurance	All professionals
Nursery allowance	Under our local collective-bargaining agreement, a nursery allowance is payable to all single mothers and fathers employed under the Consolidated Labour Regulations (CLT) All professionals employed under the Collective Labour Regulations who have been working at KPMG for at least one year
Wedding gift	All professionals employed under the Collective Labour Regulations who have been working at KPMG for at least one year
Birth gift	All professionals
Check-up	Statutory (Partners/Managing Partners)
Drugstore facility	All professionals employed under CLT and Interns
Payroll loans	All professionals employed under CLT and Apprentices
Parking	Leads to Partners
Graduate education incentive	Managers and Senior Managers
Language learning incentives	All professionals, except "E" level positions and temporary employees*
Profit Sharing Programme	All professionals hired under the Consolidated Labour Regulations, conditional upon meeting performance targets and eligibility requirements
Financial incentive for professionals fluent in English	All professionals from the technical function who provide evidence of fluency
Undergraduate education incentive	Interns to Managers
KFleet (corporate fleet)	Managers and Senior Managers
Private pensions	All professionals employed under CLT and Interns
Life insurance	All professionals
Professional Association Allowance	Trainees to Partners
Grocery tickets	Leads and Managers
Meal tickets	All professionals employed under CLT and Interns
Commuting fares	All professionals employed under CLT and Interns
Gift Cards	All professionals employed under CLT and Interns

* Group "E" positions are as follows: catering staff, valet, telephone operator, messenger, receptionist, intern, assistant, office assistant, printer operator, computer operator I and II, and reviser.

KPMG Prev G4-EC3

Name	KPMG PREV
Type	Defined Contribution
Eligible professionals (CLT Employees and Partners)	4,104
Total participants	990
Participant contribution (voluntary)	5% to 10% of basic salary
KPMG contribution (compulsory)	8% of the amount exceeding the Pension Unit (R\$ 4,800.00)
Level of participation in plan	National/Annual
KPMG contribution for financial year (R\$)	2,218,521.20
Closed-end fund? Yes/No	Yes



Organizational climate

Actively listening drives continuous improvement

Performance against KPMG's People policies and processes is measured by a **Global People Survey** (GPS), through which we:

- » Measure engagement.
- » Identify factors affecting the performance of our professionals and teams.
- » Recognize where we are faring well.
- » Identify strategic priorities and actions for improvement.

Based on the results, each department's leaders and business partners design specific action plans aimed at improving these indicators.

Up to the previous cycle, GPS surveys were performed every two years. In 2017 we replaced the survey platform, reformulated the survey metrics and changed the frequency of surveys (now conducted annually). The new platform will allow leaders to generate customized reports and make it easier to review survey data to develop action plans.

The most recent edition of the GPS survey was at the end of 2017, with **3,403** professionals responding (**83%**). Because the survey metrics have changed, we will initiate a new historical series in the current cycle to maintain comparability.

Examples of initiatives implemented in recent years as a result of the survey:

Compensation and Rewards

- » Seniority celebrations.
- » Grocery vouchers for engagement leads and managers.
- » Advance on first profit-sharing payment.
- » Gympass.
- » KFleet, a corporate car benefit that has increased total compensation for managers and is unique among the Big Four.

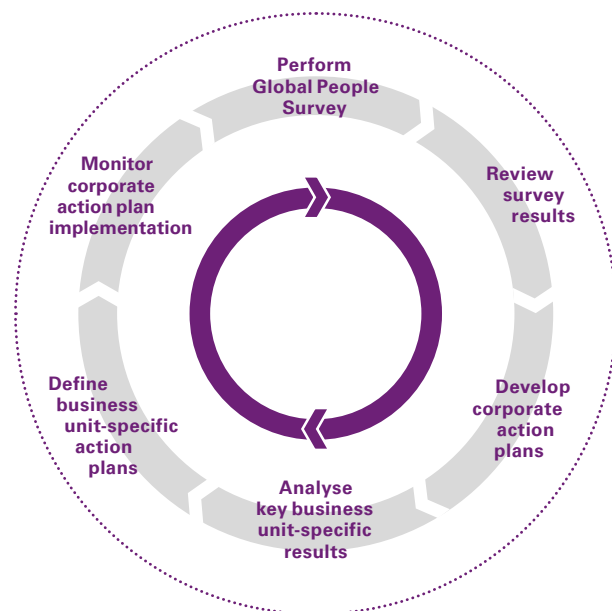
Communication

- » Regular Partner meetings.
- » Leadership breakfast.
- » New offices layout for greater integration.

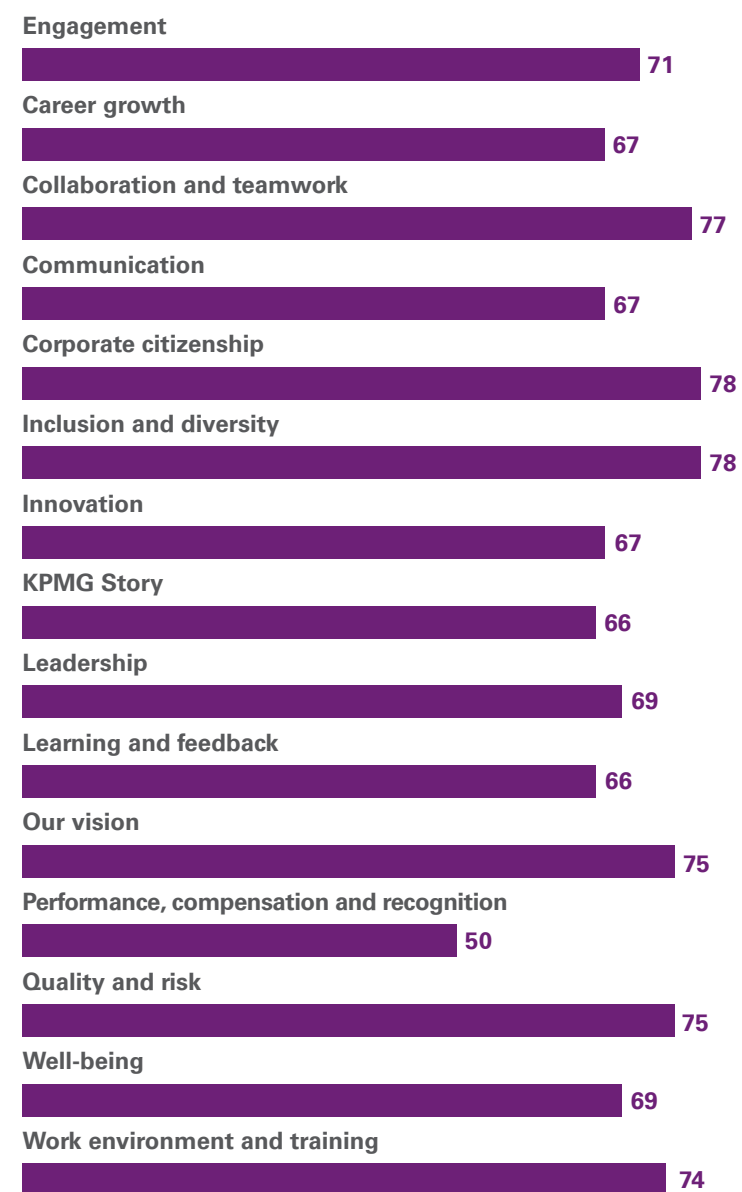
Leadership and Management

- » Vacation Management System.
- » Leadership programs for engagement leads, managers, directors and partners.
- » The Purpose Programme
- » Employee Coaching programme
- » Trainee Welcome Functions for greater integration.
- » People Working Groups with the participation of Business Partners.

GPS PHASES



RESULTS FROM THE GLOBAL PEOPLE SURVEY – BRAZIL 2017 (% satisfaction – on a scale of 0 to 100)



% satisfaction – on a scale of 0 to 100

KPMG is a dynamic firm that continually transforms itself, demonstrates its values on a daily basis, has highly participative leadership, fosters openness to discuss ideas, and provides the assurance from working as a team.

Touring offices: greater flexibility and convenience for KPMG professionals

Since 2016, our professionals have been given greater flexibility and convenience in documenting their work routines in a way that suits their specific needs and without having to go out of their way.



Inclusion & diversity

Strong individually. Even better together.

G4-10 | G4-LA12

Respecting individuality has been integral to our approach to creating a respectful environment that is free of discrimination, welcomes diverse opinions and safeguards the rights of each individual, regardless of their personal traits and beliefs.

This is aligned not only with our approach to corporate citizenship, but also with our core business as it underpins the three pillars of our journey to being the clear choice for our clients:

- » Our people are extraordinary because of their diverse backgrounds, perspectives, beliefs and styles.
- » Our clients see a difference in us because our quality of delivery reflects this diversity and because our policies are aligned with their initiatives in this respect.
- » Our diversity discussions and initiatives, both internally and externally, help to develop a fairer society and, ultimately, to build public trust.

We see inclusion and diversity as drivers for growth. To work at KPMG is to see the world differently, through many different perspectives and with a truly collaborative spirit. We empower

our people to be themselves and respect others. This drives creativity and helps us to improve our approach to engagements to help our clients achieve success, change and growth.

“We will work together to foster an inclusive culture. We will hire and develop diverse capabilities and build teams with the broadest range of skills, experiences and perspectives; that bring the most innovative ideas to our clients and that enable us to fulfil our purpose to be The Clear Choice.”

We will continually challenge our existing practices and assumptions and embed inclusion and diversity in all that we do. Our goal is to work together and individually to build a stronger and more successful organization for today and tomorrow.”

An excerpt from our global commitment on diversity

These principles are reinforced by our Code of Conduct, by the attitudes and behaviors of our leaders and professionals, and by our merit-based compensation and promotion policies.

Our commitment to being inclusive isn't a tactic.

It's a belief,
a celebration
of difference,
and a moral
imperative.

**It's how we work
and who we are.**

NEW INCLUSION & DIVERSITY COMMITTEE

For years in Brazil KPMG's Citizenship, Inclusion & Diversity practice, the Gender Equality Committee and KNOW have been delivering strategies and initiatives to make our Organization a more open, respectful, attractive and comfortable place for all types of talent.

In 2017 we ramped up this endeavor by bringing together our initiatives under the auspices of the recently launched Inclusion & Diversity Committee (CID), which works on four fronts: Women, LGBT+, race/ethnicity and people with disabilities.

CID prioritises these four pillars of diversity because they are commonplace in our society and we believe it is urgently needed to change the mindset and behaviour towards them both within and without our organisation. Each pillar has two leaders, who are developing a work plan for the next three years, consisting of a talent pipeline and development, internal policies and organisational culture, communication and events.



8th KNOW meeting

WOMEN/KNOW (KPMG Network Of Women)

Coordinates initiatives focused on gender equality at KPMG and fosters gender equity among our stakeholders.

KNOW includes initiatives for:

» Increasing the number of women in leadership: internal mentoring program and career-focused workshops.

» Making the workplace more comfortable for women during and after pregnancy: rescheduling of client appointments for women during and after pregnancy, six-month maternity leave, milk dispensaries and the Motherhood Blog.

» Implementing policies and good practices relating to gender equality and women's development: internal and external events, executive networking opportunities and attending events and forums such as CRC Mulher, IBEF Mulher, Movimento + Mulher 360, LIDE and Women Corporate Directors (WCD). **G4-15**



#HeForShe

We are a member of the Brazil National Committee for this global movement led by UN Women to encourage boys and men to act against the inequality faced by women and girls.

Ratio of basic salary of women to men* G4-LA13

Category	2017		2016		2015	
	Administrative team	Tech team	Administrative team	Tech team	Administrative team	Tech team
Interns	1.00	1.00	1.00	1.00	1.00	1.00
Trainees	1.00	1.00	1.06	1.01	**	1.00
Staff	0.91	0.90	0.98	0.92	0.94	0.90
Middle management	0.88	0.98	0.82	0.97	0.87	1.00
Partners	0.90	0.96	1.15	0.99	1.04	0.96

*Uses the average basic salary for each category, by gender, and states the ratio of basic salary of women to men.

Examples for interpretation of data for 2017/Administrative Team:

- Interns: 1.00 means the base salary of women is equal to men's.
- Partners: 0.90 means the base salary of women is 90% of (or 10% less than) men's.

● Administrative team ● Tech team



Encontros do KNOW

WOMEN IN LEADERSHIP



“Gender equity is a theme that involves business, positioning and survival. The challenge before us now is how to implement programs that create engagement and effective cultural change.”

Marianne Coutinho,
KPMG partner and WCD leader

RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE G4-LA3



¹ Women who are still on leave and must return in the next cycle when they will be included in the calculation of the rate of return. ²The calculation of the Retention Rate considered all professionals who returned from maternity / paternity leave up to 09/30/2016 and remained in the company for at least 12 months after the date of return.

Six-month maternity leave

We offer up to six months of maternity leave for partners. If the father is also a partner, maternity leave can at the couple's discretion be divided between the mother and the father on different dates. The policy also applies to adoption.



KPMG PARTNER RECEIVES THE WOMEN'S LEADERSHIP PRIZE
Patrícia Molino, leader on the Inclusion and Diversity Committee, received the CEBDS women's leadership prize for progress in the goals proposed by the UN Women. This recognition shows that we are on the right path to becoming a more diverse and equal Organization.

KNOW

78 women
advised in internal mentoring

163 executives
qualified as mentors



Workshop Voices Allied



Voices' representative at the 2nd KPMG Inclusion and Diversity Meeting

LGBT+ VOICES

Is dedicated to issues of sexual orientation and gender identity, with a view to including LGBT+ professionals (lesbians, gays, bisexuals, transvestites, transsexuals and other forms of sexual orientation, identity and gender expression) at KPMG and elsewhere.

- » Rede Voices and Rede Voices Allied: groups on Facebook sympathetic to LGBT+ causes and allies to create dissemination agendas and action plans.



Follow Voices

“ The Voices strategies embrace our people, our clients and our communities, nurturing an inclusive culture that permits openness and transparency in line with our vision. ”

Ramon Jubels and Anderson Dutra,
KPMG partners and Voices leaders

“ We are working to not only increase the number of people from different races and ethnicities in our staff but also to change the general mindset, knocking down prejudices that impose barriers on ethnic representation and real inclusion. ”

Franceli Jodas and Marília Melo, KPMG partners and Ebony leaders



Ebony's representatives at 2nd the KPMG Inclusion and Diversity Meeting

RACE AND ETHNICITY/EBONY

Gives a platform to race and ethnicity issues to increase the number of black people working at KPMG and in the market.

There are two pillars of action:

- » **Internal policies for attracting, retaining and valuing talent:** these bolster the diversity and number of black people at KPMG, especially in leadership positions.

- » **External involvement to expedite the inclusion of black professionals in the market:** we participated in Aliança Toda Cor (All Colours Alliance), created by a group of companies (KPMG in Brazil, Boticário, Bradesco, Dow, Microsoft and Unilever) to develop internal affirmative action and influence industries, partners and clients on race issues.



Follow Ebony

PCDs/BUDDIES

G4-15 | G4-LA3 | G4-LA13

Promotes initiatives furthering the inclusion of people with disabilities in our staff and a more diverse society. The group inherits initiatives created by the Inklusão Group and creates new ones. These include the following:

- » **Interaction and Awareness Raising:** A continuous effort involving a range of specific initiatives. A Co-working Manual for staff on appropriate ways to interact, disseminated via the Intranet, institutional videos and internal newsletters.
- » **Support:** Provided individually by our Inclusion & Diversity function and Business Partners to people with disabilities, apprentices and their managers.
- » **Hiring:** In response to a Corrective Settlement Agreement concluded by one of our member-firms with the Labour Prosecutors' Office, our

Citizenship, Inclusion & Diversity team led the Recruitment & Selection, Regulatory Affairs, HR, Learning & Development and Performance & Development functions in developing and implementing an action plan to address the challenge of finding skilled people with disabilities. In 2017 we hired 21 professionals with disabilities to end the year with a total of 55 employees with disabilities: 6 on the Technical Team and 49 on the Management Team.

- » **Accessibility:** Physical and technological adaptations are implemented with support from our IT Infrastructure Function to ensure that professionals with disabilities are well accommodated at our offices.



Follow Buddies

KPMG Inclusion and Diversity Journey Game



“ Disabilities don't make us deficient. Each of our people is extraordinary and can help to deliver the best solutions to our internal and external clients. ”

Eliete Ribeiro and Ronaldo Rodrigues, KPMG partners and Buddies leaders

“Talent is independent of gender, race, sexual orientation, gender identity or religious beliefs.

We want to instil a safe, inclusive environment at KPMG in Brazil where all can develop their potential and careers, without fear or obstacles.”

Patrícia Molino,
KPMG partner and Chair of the Inclusion and Diversity Committee



Luciene Magalhães, Lead Partner for Human Capital, presents our strategy at the 2nd KPMG Inclusion & Diversity Meeting

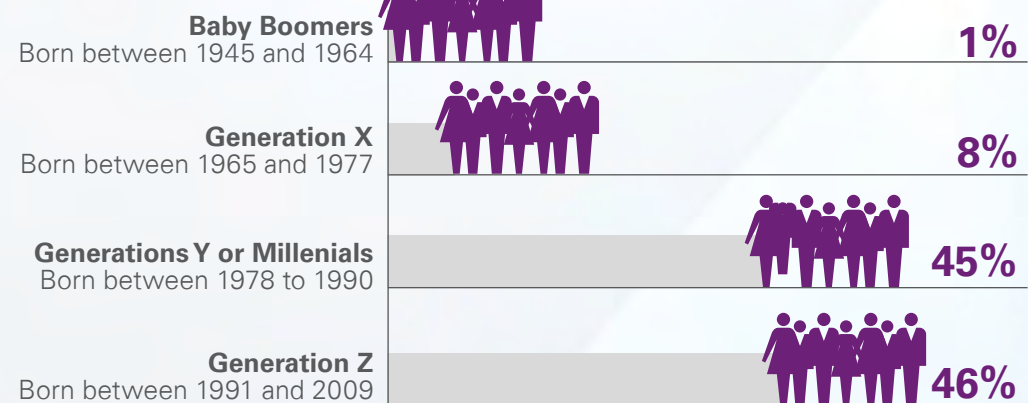
Key Inclusion & Diversity Committee highlights in 2017:

- » 2th KPMG Diversity Meeting
Speakers from KPMG and partner companies and NGOs spoke about inclusion and diversity to an internal and external audience of 206 people, using a dynamic approach that could be applied to the real world at the workplace. The reaction on social media shows the event was a success: the meeting generated 22,895 views and more than 1,540 reactions and likes on Facebook; 45,787 impressions and 1,591 post clicks on LinkedIn; and 383 likes on Instagram (as of October 2017).
- » Citizenship, Inclusion & Diversity and Voices Allied Workshops
Geared to CID and PPC members, these workshops aim to reinforce an inclusive culture and encourage leaders to address barriers related to diversity.
- » Diversity Month
Drama performances by Oficina dos Menestréis; massages provided by massage therapists with visual impairment from the company Toque de Serenidade.
- » Diversity & Inclusion E-Learning
233 professionals trained in 2017.
- » The KPMG Inclusion & Diversity Journey Game
Created by the Citizenship, Inclusion & Diversity practice, the pilot was tested on the internal public during the 2nd Diversity Meeting and will be applied in all offices in Brazil in 2018.
- » Awareness Raising
Sessions delivered by Instituto Hippocampus for our team of People, Performance & Culture coordinators and managers.



KPMG POPULATION

Generation profile



GENDER

Diversity in numbers G4-10 | LA12*

Breakdown of KPMG professionals by age and gender

Cargo	Up to 30				31 to 50				Over 50			
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Interns	60	40	0	0	0	0	0	0	0	0	0	0
Trainees	100	0	48	52	0	0	100	0	0	0	0	0
Staff	31	69	49	51	31	69	54	46	19	81	50	50
Middle management	0	0	62	38	39	61	65	35	50	50	67	33
Partners	0	0	0	0	78	22	84	16	94	6	83	17
Total	31	69	49	51	35	65	66	34	53	47	80	20

In 2016 we launched an online onboarding system that allows us to compile data on minorities. We have run internal campaigns encouraging our professionals to complete minority information, but currently do not have sufficient aggregate information to report consistently.

● Administrative team ● Tech team

LOCAL SOURCING OF SENIOR LEADERSHIP

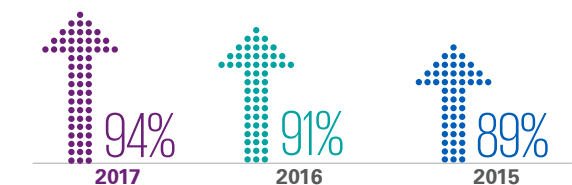
G4-EC6

One of the ways in which we promote diversity and the development of our communities is by hiring local talent.

Local hiring G4-EC6

Location	Partners working in their home States		
	2017	2016	2015
São Paulo	72%	73%	73%
Rio de Janeiro	74%	76%	73%
Others States	49%	49%	41%

PERCENTAGE OF BRAZILIAN LEADERS (PARTNERS)



Financial Capital

The value of the success we share with our stakeholders



MANAGEMENT

Our **financial strength** is anchored in the **professionalism** and **integrity** that underpins our management of KPMG in Brazil.

We want to remain a successful organization, but we want our success to return increasing value to our stakeholders.

That way, profit will always be something rightfully earned as a result of the value we create for society, and not an end in itself.



ASSETS

Strategic management

We capitalize on our partners' expertise in management, strategic planning and scenario analysis to enhance our financial resilience.

Long-term vision

We direct our services to the sustainable development of our clients' business.

Capital Investment

We provide funding to the business through debt or equity funding.

Integrity and responsibility

We strictly adhere to the principles of integrity based on an effective and comprehensive Risk and Quality Management system, which helps reduce the risks to which our business is exposed.

Headlines

R\$ 1.2
billion in revenue

R\$ 519
million in employee wages and benefits

R\$ 277
million in payments to government

7%
growth

VALUE CREATION

For our professionals
Financial rewards for services.

For our clients
Investment in technologies and knowledge supporting more efficient and sustainable management approaches.

For society
Giving back to communities through taxes, salaries, payments to suppliers and community investment.

Financial results 2017

Anticipating market demands supports continuing growth

G4-9 | G4-17 | G4-EC1 | G4-EC4 | G4-EC7

Times of economic turbulence as we experienced in 2017 reveal the strength of the equation underlying our positive financial results: our extraordinary professionals, the quality we deliver in every engagement, client satisfaction, the trust our brand has earned from the market, the global strength of the KPMG network and our commitment to leaving a legacy to communities.

These are the foundations through which we have achieved consistent growth over the years. Managing them is part of the **strategic planning** and **day-to-day management** efforts of our local leadership, in direct alignment with KPMGI's strategies and principles.

Our long-term strategy remains focused on **quality** and **innovation, with clients at the core**. Whatever the future trends, we believe these are and will continue to be a driving force in addressing our customers' challenges and expanding our market leadership. Accordingly, in recent years:

» We have continued to invest extensively in training and development. And our training efforts have been increasingly efficient, creative and focussed.

» We have retained our teams, re-managing those less in demand to better performing segments. This has ensured that our Human and Intellectual capitals remain in a state of readiness for a quick and efficient response to economic recovery.

» We have invested in structural and technological capabilities that improve integration among our teams, reducing environmental impacts, ensuring our management is seamlessly aligned with the KPMG network of member firms, and improving our technical and operational efficiency.

» We have prospected for new clients — often in partnership with other member firms in the KPMGI network — offering services that incorporate our deep expertise, while working hard to build loyalty among our long-standing clients.

» We have established alliances with leading innovators such as IBM, Microsoft, Oracle, Service Now and Workday, and have invested heavily in technologies that have enabled us to remain a step ahead of clients' needs.

These forward-looking investments have helped us navigate with greater confidence through difficult periods and retain our leadership in a number of segments.

While our strategic plan predicted higher growth rates than were able to achieve, we believe that growth of **7%** is satisfactory in a business environment such as we experienced in 2017.

Audit Growth exceeded projections (7.2%) driven by a winning strategy for auditor rotation. Since rotation was implemented in 2012, we have worked to win lost clients back the next round by digitising our processes and onboarding experts in our clients' industries. The results began to show in 2016 — when we regained our leading position as auditors of publicly traded companies — and were further cemented in 2017, when we confirmed our leadership.

Advisory We have expanded our staff and service portfolio across all areas, with a focus on digital technologies. In line with market perceptions, we have been highly successful in Deal Advisory (especially Strategic Solving and Restructuring) and Transformation

engagements. This supported **growth of 3.8%**.

Tax Substantial technology investment has kept us uniquely positioned to advise our clients in dealing with new tax and filing requirements. We have also grown our revenues from our Tax Controversy practice and Global Trade Excellence Centre (GTEC), which supports clients in import and export transactions to improve operational, tax and financial efficiency in special customs regimes. **Growth in this segment was 5.4%**.

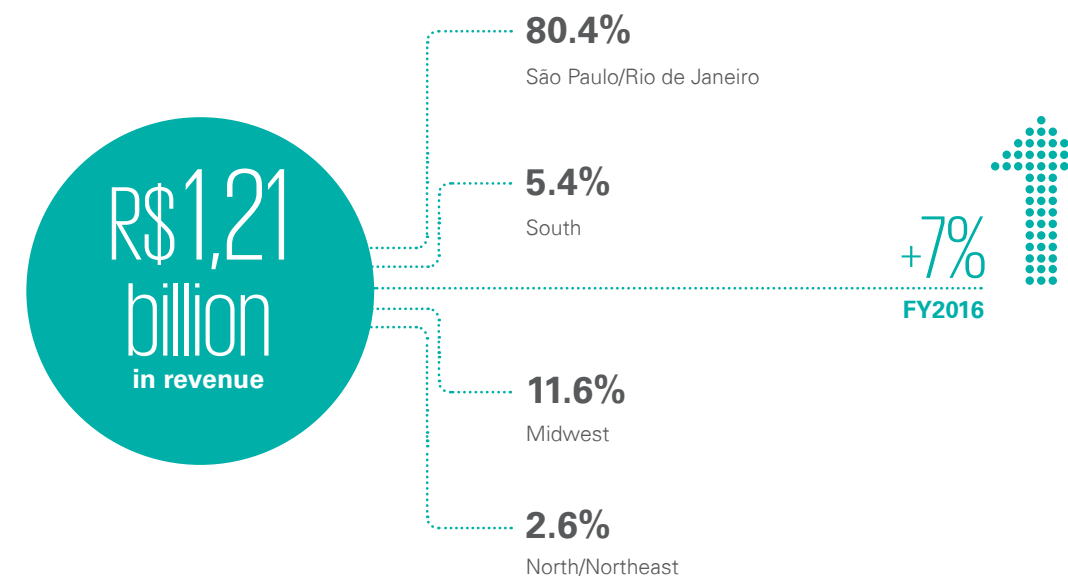
In 2018, we will continue to work diligently to ensure our business targets are met so we can expand our payments to governments and our professionals, and our investment in communities.

DIGITAL BUDGET

A new cloud-based budget tool supports efficient management of engagement information and financial results, and allows us to correct any deviations.



CONSOLIDATED REVENUE BY REGION AND PRACTICE* (%) G4-17
Independent firms operating in Brazil under the KPMG brand



* For the period from October 2016 to September 2017.

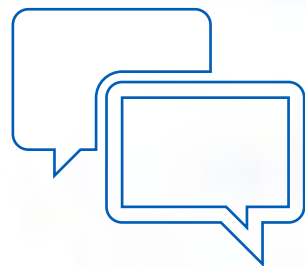
Statement of Added Value* (R\$) G4-17 | G4-EC1 | G4-EC4 | G4-EC7

	2017	2016	2015
Direct economic value created	1,215,405,417	1,137,360,064	907,706,802
a) Revenue	1,215,405,417	1,137,360,064	907,706,802
Economic value distributed	1,046,812,310	905,433,495	775,929,579
b) Operating costs	227,281,608	186,381,555	163,983,222
c) Employee wages and benefits	519,559,888	497,661,451	433,204,153
d) Payments to providers of capital	20,602,785	18,169,712	15,300,334
e) Payments to government	277,223,521	200,564,514	160,956,840
f) Community investments	2,144,505	2,656,262	2,485,030
Voluntary contributions (including pro bono) to social, environmental and cultural projects G4-EC7	2,144,505	2,149,719	2,014,014
Contributions to social, environmental and cultural projects under Tax Incentive Laws G4-EC4	-	506,542	471,016
Accumulated economic value	168,593,106	231,926,568	131,777,223

This information refers to the periods January to December 2016, 2015 and 2014, and represents the operations of all independent entities operating under the name KPMG in Brazil. Under current legislation, they are exempt from publishing statements of financial position. Data from 2015 were redefined between items b and d for better comparability.

Social and Relationship Capital

Shared resources and knowledge creating value for our stakeholders and KPMG



MANAGEMENT

Our purpose calls for us to be at service to our stakeholders in a relationship based on **professionalism, ethics** and **integrity** that creates value for all parties.

To achieve this, we translate our professionals' knowledge and expertise into **dynamic and meaningful services** that inspire confidence, strengthen our reputation and empower change in society.

ASSETS

Reputation

We catalyse the international reputation of the KPMG brand for integrity and professionalism.

Active participation

We actively participate in discussions within trade associations in our segment and regulators on our responsibilities, governance and on tax morality.

Generating knowledge

We openly share the knowledge we produce with clients, governments, regulators, associations, universities, the media and, through them, society.

Corporate citizenship

We maintain lasting partnerships with organizations that promote development and education.

Monitoring our relationships

We monitor the quality and integrity of our relationships with clients and suppliers.

Voluntary commitments

Our policies are aligned with national and international voluntary commitments to support human rights, sustainability and a low-carbon economy.



Headlines

Top Companies for HR Management
Gestão de RH

R\$1.56 million
in direct community
investment

R\$2.5 million
invested in 279 events

R\$580 thousand
invested in *pro bono* services

Client
satisfaction:

95%*
would
recommend
our services
* of satisfaction
survey respondents

Source of
4,674
news reports

A member of
58
trade
associations

VALUE CREATION

For our professionals
KPMG pride; Community engagement; Membership of industry associations.

For our clients
Access to thought leadership and services aligned with our values and our approach of working shoulder to shoulder with clients.

For society
Pro bono services for charitable organizations; Shared knowledge; Initiatives to promote tax morality, compliance and trust in the audit process; Sustainable value chains.

Corporate citizenship

Education, development and environment

G4-EC7

US\$ 105 million
Global investment in communities/2017

500,000 hours
of community work, including 100,000 hours of pro bono services.

GLOBAL STRATEGY

Our approach to corporate citizenship prioritizes **Lifelong Learning** as a strategy to break the vicious cycle of poverty. Our commitment to education extends beyond the classroom: we share our professionals' knowledge through coaching, mentoring, pro bono audits on not-for-profit organizations, as well as direct investment in education initiatives.

Our vision addresses society's real needs and the fourth of the 17 Sustainable Development Goals **[Read more]**. Our goal is to inspire an increasing number of KPMG professionals worldwide to actively participate in this journey of supporting literacy, mentoring and encouraging student engagement in learning.

Our commitment also includes our Global Climate Response, our support for responsible business, our support for the UN Guiding Principles on Business and Human Rights, and the programmes our member firms deliver to drive change in their communities.

Globally, our Corporate Citizenship team is responsible for influencing the sustainable development strategy of KPMG member firms. This board is responsible for defining, organizing and disseminating guidelines and monitoring the performance of sustainability practices at member firms, including action plans and targets appropriate to local circumstances.



1st GLOBAL CYBER DAY: the largest computer security lesson at multiple locations, according to Guinness®

Our first Global Cyber Day — a project created by our global Cyber Security and Corporate Citizenship practices to educate young people on the importance of computer security — reached out to **30,000 students in 28 countries**.

KPMG visited schools, theatres and churches to talk to young people about the Internet and cyber risks, for themes including protecting personal data, social networks, online gaming and cyber bullying. Six lectures were given at the Escola Estadual Ministro Costa Manso (São Paulo) state school to some 200 high school students.

As a result of this international endeavour, KPMG set a new Guinness World Record® for conducting the "largest computer security lesson at multiple locations". This is another project delivering on the commitment by our business practices to improve the well-being of our communities.

LOCAL STRATEGY

In Brazil, our Corporate Citizenship strategy has three pillars articulating our initiatives: Education, Development and Environment, aligned with

Lifelong Learning and Climate Response. Practices related to the environment are reported under Natural Capital. **[Read more]**

PILLARS OF KPMG IN BRAZIL'S CORPORATE CITIZENSHIP STRATEGY

CORPORATE CITIZENSHIP



Education

Helping schools and universities contribute to the progress, skills and potential of young people and children, and assist in building business and community integration.

Environment

Improving our environmental performance and working with leadership groups and our practices in support of sustainability and greater awareness among our professionals, clients and communities.

Development

Investing in social justice and contributing to the construction of sustainable ventures in the communities where we operate.

**PEQUENO CIDADÃO
PROJECT INVESTMENT
IN 2017**

R\$ 780,000
in direct investment

**Pro bono audits on
project accounts**

R\$ 36,000
to sponsor the
Bessan Award,

which provides secondary
education grants to students
with the highest achievement
within the Project.

R\$ 21,000
in Christmas gifts for
project beneficiaries and
their families

Annual visit from children
from the "Little Citizen"
project to our São Paulo
office and *Bessan Award*
grant winners

EDUCATION

We provide support through **direct social investment** in ongoing programmes and specific initiatives and encourage lifelong learning. In 2017 our investment benefited:

» **PEQUENO CIDADÃO PROJECT**

We have invested in this Project for the past 21 years, providing supplementary educational activities, trade school courses, medical and nutritional supervision, daily meals and sports and art activities to

220 teenagers from impoverished neighbourhoods in São Carlos/SP. The aim is to improve self-esteem, strengthen family ties and develop students' intellect, offering them a brighter future.



» **ENACTUS**

KPMG annually engages 30,000 college and university students from around the world to make a difference in their communities, with a focus on sustainability and empowerment.

In Brazil, KPMG have supported Enactus financially since 1998, as well as supporting the National Competition and providing incentives to University teams through the KPMG Ethics and Integrity Awards. KPMG International is the official sponsor of the Enactus World Cup.



» **JUNIOR ACHIEVEMENT (JA)** Since 2002, we have supported Junior Achievement's work with youth from public schools to stimulate their personal development and to provide a clear vision of the business world, supporting their entry into the job market. For the past seven years we have been one of the project's national sponsors, and have encouraged our professionals to be volunteers in administering the programmes.

» **INVESTMENT IN
ENACTUS IN 2017**

R\$ 80,000
in direct investment

214 hours
dedicated by our
professionals to serving on
the Management Board, auditing
the Championship accounts and
advising participating teams

R\$ 36,000
for the **KPMG Ethics
& Integrity Awards**

R\$ 18,000
in air tickets
for the winning team to represent
Brazil at the World Cup in London

» **JA INVESTMENT
IN 2017**

R\$ 245,000
in direct investment

167 volunteers
from **18 offices**

1,816 hours
dedicated to the project

1,694 students
benefited

“Our vision is that every person across KPMG can be and should be a mentor – contributing to learning and skills development.”

Lord Michael Hastings,
Global Head of
Corporate Citizenship

R\$ 580,000
in 18
beneficiary
organizations
G4-EC7

DEVELOPMENT

Our initiatives within this pillar focus on promoting social justice and supporting sustainable projects.

The aim is to help improve the conditions of our communities through the following initiatives:

» PRO BONO SERVICES OR COMPENSATION

Among our most important initiatives for communities is the provision of pro bono audit and consultancy services to non-profit organizations, incorporating professionalism into management, and credibility and transparency

into their financial statements. These services are subject to KPMG’s standard procedures for acceptance of clients and offer the same methodology, quality and independence offered to other clients.

Consideration for the services provided is paid by the Corporate Citizenship, Inclusion & Diversity or Marketing teams to the practice that delivered the services. The beneficiary organization offers a commitment in exchange for the services provided.

ORGANIZATIONS BENEFITED BY PRO BONO SERVICES IN 2017

AACD (São Paulo)	
AHK RJ – German Chamber of Industry and Commerce in Brazil, Rio de Janeiro	
AHK SP – German Chamber of Industry and Commerce in Brazil, São Paulo	
AHK – 2 nd Brazil-Germany Startup Day	
APADEV (Porto Alegre)	
AMCHAM São Paulo: Compliance Committees	
Brazilian Financial Education Association - AEF (São Paulo)	
Child Neoplasia Support Association of Parana - APACN (Curitiba)	
ABVCAP 2017 Congress	
Escola Antonieta e Leon Feffer - ALEF (São Paulo)	
Fundação Boticário (São Paulo)	
GACC (Manaus)	
Gerando Falcões (São Paulo)	
IBEF-RJ: Equilibrista Awards 2016	
Instituto Carlyle (São Paulo)	
Instituto de Reciclagem do Adolescente - REICLAR (São Paulo)	
Instituto Embraer (São José dos Campos)	
Instituto Ling (Porto Alegre)	
Total	R\$ 580,000

» VOLUNTARY WORK

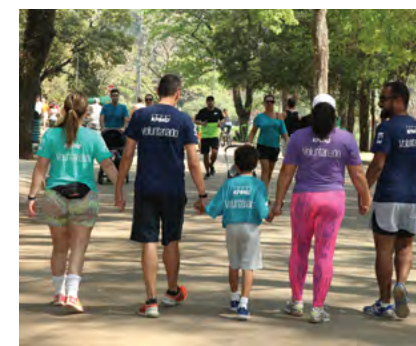
In addition to working in the Junior Achievement programmes, our professionals can also participate in two other annual initiatives that have become a tradition at KPMG.

KPMG Community Outreach Day

Professionals from all offices in Brazil engage in initiatives addressing the specific needs of their communities.

Each initiative received R\$ 1,000.00 from KPMG as an initial incentive. The teams then worked to raise more funds to further enhance their initiatives, which included support for shelters and senior homes, blood donation, fund-raising marathons, building renovations, tree planting, support for animal protection, collecting brick donations to build a sports court, cooking activities, music and magic performances.

Our **Belo Horizonte** office won the **Citizenship Award** for its work with **Casa Raio de Luz** (Associação Fraternal Amigos do Menor), where volunteers provided Word, Excel and handcraft workshops and recreational activities in a medium-term project. The organization received an additional prize of **R\$ 5,000** from KPMG.



KPMG COMMUNITY DAY 2017

R\$ 30,000
invested by KPMG

24 organizations
benefited

2,215 people
reached

1,970 hours
of planning
and execution

KPMG professionals are all smiles during KPMG Community Day activities.

KPMG COMMUNITY DAY 2017

158
lead volunteers

582
staff volunteers

283
relatives and friends



CAMPAIGNS Our professionals also mark specific occasions like Easter, Winter, children's month or Christmas by collecting and distributing donations. Emergency events involving natural disasters are evaluated and can receive our assistance.

Winter Campaign
KPMG has supported the Soup Group in São Paulo and Osasco since 2007.

Our **Goiânia, Joinville, Rio de Janeiro** and **São José dos Campos** offices participated in similar activities benefiting other local organizations.

WINTER CAMPAIGN DONATIONS TO "A TURMA DA SOPA"

1,800
blankets

1 tonne
of food

more than
1,200
articles of clothing
and shoes

Christmas Outreach
Professionals from ten KPMG offices — Belo Horizonte, Brasília, Curitiba, Goiânia, Joinville, Recife, Rio de Janeiro, São Carlos, São José dos Campos and São Paulo — distributed grocery hampers, gifts, personal care items, food and cash to charitable organizations caring for children and the elderly.

In Belo Horizonte, professionals got together to assist the office janitor to finish building and furnishing his house.



Christmas outreach in São Paulo





Shared expertise

Contributing to our stakeholders' development

G4-26

Every day, our professionals are supported by a robust database of information that is essential to delivering excellence in service and ensuring high-quality delivery.

Part of the repertoire we build across the KPMG network is made available to our stakeholders in order to enhance the debate around the complex issues we address.

Continual collaboration with the media, research, studies, debates and sponsored events provide clarity and guidance about complex issues and are some of the strategies for disseminating this expertise.

AUDIT COMMITTEE INSTITUTE (ACI)

The Audit Committee Institute (ACI) — one of our most important initiatives — is a forum for disseminating best practice in corporate governance as well as political, economic, corporate, legal and tax trends affecting our business. Maintained by member firms of KPMG International, the Institute is open to the members of the boards of directors and audit committees of companies in 30 countries. In 2017 KPMG in Brazil held meetings attended by 189 members.

Supplementing ACI activities are **GRC Forums** at all regional offices, where new market trends and insights into Governance, Risk and Compliance are discussed and shared by executives from related practices. The Forum also provides a platform for professionals in each region to network and share experience.

G4-26

KPMG RISK UNIVERSITY

Our executive training programme prepares participants to guide companies and organizations on their journey to management maturity in Governance, Risk and Compliance (GRC).

Recognized by more than 300 executives from 250 companies as an innovative learning and networking platform, since 2011 our Risk University has translated KPMG's experience using a dynamic approach supported by proprietary education materials developed by our experts, in addition to providing an opportunity to share experience.

With *Executive* (strategic approach), *Senior Level* (operational approach) and *Advanced* (for professionals certified in Executive training) classes in São Paulo, Rio de Janeiro and Belo Horizonte, the Risk University helps to raise awareness about an extremely important issue for Brazil and Brazilian organizations.

MEDIA

In 2017 our media exposure intensified. **We were positively cited in 4,674 news articles**, most of which reported on studies and research carried out by us or in consultation with our professionals as a source of reference for market assessments.

STUDIES AND RESEARCH

Our research covers a variety of topics concerning our activities and is used to update our professionals worldwide and the overall market. In 2017 KPMG in Brazil produced **36 publications**.

EVENTS

Another way we foster the generation and dissemination of knowledge is by sponsoring and organizing events, conferences and lectures. In 2017, we invested **R\$ 2,593,660** in **279 events** in Brazil.

“ We bring international practice and market leaders to share their advanced expertise with our professionals, clients, associations and regulators. This truly places our intellectual capital at the service of all stakeholders. ”

Wladimir Omiechuk,
Lead Partner, South Brazil

Client relations

Dialogue and collaboration to build lasting relationships

G4-26

Our relations with clients — and with the broader market and society—are underpinned by ethics and independence and are part of our basis for ensuring the quality of our work and the sustainability of the business.

Beginning at onboarding, our relationships are supported by direct interaction between clients and professionals on the ground, satisfaction surveys and the various channels we have created to share the

knowledge flowing through KPMG International’s network of member firms, such as research and publications, events and seminars.

Our **Client and Engagement Acceptance and Continuity** process [Read more] is a key asset for building our reputation and ensuring we deliver high quality services to the right clients. Monitoring internal and external client satisfaction is another key element.

Professionals, clients and entities’ representatives discuss a study published by KPMG



G4-26

CLIENT SATISFACTION SURVEY

Conducted annually, client satisfaction surveys help us identify the most material issues from the perspective of our stakeholders, as well as strengths and opportunities for improvement in our work dynamics. G4-PR5

With the market becoming increasingly demanding of faster and more targeted solutions, the fact that 92% of responding clients would use other KPMG services and 95% would recommend us demonstrates recognition of our quality and integrity.

Client Satisfaction Survey G4-PR5

Dimensions	2016/2017	2015/2016	2014/2015
Expectation	9.3	9.3	9.2
Technical quality	8.2	8.2	8.2
Cross-team communication	7.7	8.0	7.9
Professional conduct and service	8.4	8.5	8.5
Form of delivery	7.8	7.9	7.9
Timely delivery	7.2	7.1	6.7

We use two criteria to determine the sample of clients responding to the survey: engagements completed in the relevant financial year and clients paying fees above R\$ 50 thousand across all practices in Brazil. These are sent an e-mail questionnaire that rates us on a series of standard indicators and has a dedicated field for additional comments.

INTERNAL CLIENT SATISFACTION SURVEY

This survey is designed measure our professionals’ satisfaction with the support provided by our

Operations and Infrastructure functions and inform action plans for improvement. We did not conduct an internal client satisfaction survey in 2017.

1,594

Survey questionnaires sent



15%



Response rate

8.6%

Satisfaction rate



92%
Would use
other services

95%
Would
recommend
KPMG



Supplier management

Responsibility across the supply chain

G4-12 | G4-HR10 | G4-HR11 | G4-26

Following the commitment undertaken by KPMG International to the UN's Guiding Principles on Human Rights, the subject of human rights has featured in KPMG's strategy, also influencing relations with clients and suppliers. In 2015 we implemented a Supplier Code of Conduct **[Read more]** to further deliver on our commitment to disseminating best practices.

Supplier management is largely centralized at our Procurement department in São Paulo, which interacts with the Risk Management department to avoid any conflicts of interests involving, for example, suppliers who are also clients. However, when economically feasible, suppliers are sourced regionally for items such as cleaning services and materials.

Service contracts in São Paulo (building management and maintenance, reception, cleaning, canteen, postage, courier, technical support and security services) account for around 70% of total outsourced employees in Brazil.

We require these suppliers to properly register their employees in accordance with Brazil's legislation. Payment of these suppliers is only made

upon submission of monthly documents that provide evidence of the employment relationship.

We annually review our criteria for identifying suppliers that are critical to our business based on their potential impact on business-critical operations, our reputation or the well-being of our professionals. These include suppliers providing:

- » Benefits directly related to quality of life, such as medical and dental insurance, meals and vehicle fleets.
- » Utilities and services that are essential to our operations and that are monopolies in Brazil, such as telecommunications, water/sanitation, electricity and mail.
- » Services that are essential to our day-to-day operations, such as IT help desk services, data centres and travel services.
- » Services involving access to confidential information about KPMG and our clients, such as archive services, lawyers and data centres.
- » The lease on our new offices in São Paulo.

The engagement of the services and the annual revision of commercial relations are supported by two types of document analyses:

» For suppliers not operating on our behalf, that are not privy to KPMG confidential information and do not have resident employees, we conduct a simple background check in addition to having them sign the Supplier Code of Conduct and the contract containing human rights and anti-bribery clauses.

» For suppliers we also require government debt clearance certificates, signing of nondisclosure agreements and a DDI conducted by the forensic practice, which collects background data and checks for any involvement in corruption.

We will continue to refine these criteria during the next reporting period to better identify the risks and opportunities inherent to each supplier and design engagement and monitoring processes to create value for both KPMG and our suppliers.

In the 2017 reporting period, our Procurement and Contract Management department began designing an online supplier management process.

Memberships

Engaging around material issues

G4-16 | G4-26

We are members of 58 trade associations and actively engage with regulators, where we share insights in debates or serve on boards, executive committees and working groups to further our professions and to ensure the sustainable development of our business.

On the KPMG Sustainability Report **[Read more]**, we provide a complete and updated list of associations and their activities.

Brand and reputation

Our brand is our passion; it is what drives us to be our best each day

G4-12 | G4-HR10 | G4-HR11

The KPMG brand carries the initials of our four founders. Though from different countries and professional backgrounds, they all shared a common set of values that can be best translated as 'Inspire Confidence. Empower Change'.

For over a century, our global track record has been characterized by a forward-thinking service offering, responsible professional conduct, business integrity and helping shape a better future by sharing our knowledge with businesses, governments, the media, unions and trade associations, and voluntary sector organizations.

This combination of attributes has long sustained our position among the global Big Four and secured our prestigious position as leaders in a number of our industries.

The local and international accolades with which we have been honoured each year are also a measure of the market's positive perception of our performance. In 2017 alone, KPMG received 15 local and international awards linked to aspects such as sustainability, human rights, management, human resources and audit.

The way we enhance the KPMG brand is expressed in a set of documents and procedures that guide the actions of all member firms worldwide. **[Read more]**

The KPMG logo is displayed in a large, bold, blue font with a slight gradient, set against a white background that is part of a larger image of a window with a city view.

Natural Capital

Our commitment to leave the world better than we found it



MANAGEMENT

We undertook a **Global Environmental Commitment** in 2008 (in line with our Code of Conduct) to our vision of leaving the world in a better state than we found it, to the principle of offering services which encourage more sustainable business models and to other national and international commitments to which we have subscribed.

Since 2016, environmental management at KPMG in Brazil has been based on KPMG's **Global Climate Response**, focusing on our **environmental goals and awareness raising and engagement** with stakeholders.

ASSETS

Eco-efficiency and carbon neutrality goals

We have established impact reduction targets, and offset our emissions.

Supporting change

We subscribe to national and global commitments to empower positive change.

Raising awareness among stakeholders

We work to raise environmental awareness and engagement among our professionals, customers, suppliers and communities.

Shared expertise

Our environmental and climate change expertise is made available to our clients and broader society.

Headlines

18%

growth in demand for sustainability services

20%

GHG emissions reduction

2,638

hours of sustainability education

100%

of eco-efficiency targets exceeded

Carbon Neutral:

8,650

tCO₂e neutralized

Commitment to a low-carbon economy: Carbon Price Communiqué and the Paris Pledge for Action

Accredited by INMETRO as a Greenhouse Gas Inventory Verification Body (ISO 14065) Estufa (Norma ISO 14065)

VALUE CREATION

For our professionals
Environmental awareness and engagement.

For our clients
Sustainable business models, policies and procedures.

For society
Lower Greenhouse Gas Emissions; Carbon Neutralization, with positive impacts on biodiversity and income opportunities from sustainably managing and keeping forests intact; Resource efficiency; Awareness of sustainable practices; Access to research and thought leadership.

Global Climate Response (GCR)

Our global commitment to climate G4-43

Our global climate response is aligned with the UN's Sustainable Development Goals and has evolved to ensure that the entire KPMG network mitigates the environmental footprint of its operations and implements efficient practices and technologies in order to reduce the use of natural resources.

We also stress the importance of reporting the financial risks and opportunities posed by climate, an important step to mobilizing market forces so that capital is allocated more efficiently on the transition to a low carbon economy.

On the international front, we participated in the Financial Stability Board on Climate-related Financial Disclosures (TCFD) and believe that climate risks should be included in our reports. In this initial year of implementation, we consolidated our reporting as follows:

» **Governance – climate risks and opportunities:** Since 2010, KPMG International's Global Board has been receiving an annual update on our GCR, detailing our progress in scaling down emissions.

In light of TCFD recommendations, this update now includes potential risks and opportunities posed by climate issues for KPMG member firms. We have also created guidelines so that they can help their clients factor in the financial impacts of climate change, including the resulting challenges and opportunities.

G4-43

» **Climate risks and opportunities:** KPMGI's greatest contribution is made through its member firms, which help clients understand the potential impacts of climate change, determine the impacts of certain climate scenarios, set up management, reporting and monitoring systems and adequately disclose the financial risks posed by climate change.

Global Climate Response reinforces KPMG's environmental management in Brazil, as shown asside.

Environmental management at KPMG: global framework, local practices

PILLARS	THEMES/ COMMITMENTS	STRATEGIES	PROGRESS 2016-2017
GLOBAL ECO-EFFICIENCY TARGETS 2020	» ELETRICITY » Source 50% of our electricity from renewable sources	» Invest in office efficiency and conduct awareness campaigns	» In Brazil this target has already been met (Brazil's energy mix is 81% based on renewable energy) » 12% reduction of <i>per capita</i> consumption
	» GREENHOUSE GAS EMISSIONS » 10% reduction in net emissions per full-time equivalent (FY2015)	» Responsible commuting » Reduce commuting through the use of technology » Neutralize annual carbon emissions	» -20% <i>per capita</i> GHG emissions » 8,650 units of carbon neutralized
	» RESPONSIBLE CONSUMPTION » Establish and monitor the performance of annual local targets	» Energy-efficient Buildings » Reduce consumption of water and eletricity » Responsible Purchasing and Sustainable IT » Reduce consumption of office materials and recycle waste materials	» Main offices certified LEED CS Gold » -6.5% disposable cup » -21% paper » -6.9% printed materials » 19t of paper recycled » 50Kg of batteries recycled
AWARENESS RAISING AND ENGAGEMENT	» SUSTAINABILITY AND CONSCIENTIOUS CONSUMPTION » Driving a change in mindsets and behaviors among our professionals towards sustainability	» Organize regular and engaging events, campaigns and training covering all professionals » Expand demand for sustainability services	» 12 types of classroom-based and online training » 1,814 attending professionals » 2,638 hours invested
COMMUNITY AND THE MARKET	» SUSTAINABLE BUSINESS AND CONSCIENTIOUS CONSUMPTION » Encouraging our stakeholders to adopt sustainable practices and behavior	» Promote sustainability in our supply chain » Collaborate with NGOs promoting sustainability » Participate in global and national sustainability initiatives	» +18% demand for Global Sustainability services » Sponsorship of Edukatu, an online conscientious consumption education platform, reaching thousands of students » 15 national and international voluntary commitments

Environmental management

Continual engagement helps to disseminate information and encourage changes in practices

12 types of classroom-based and online training focused on Sustainability, Inclusion and Diversity

1,814 attending professionals

2,638 hours invested

AWARENESS RAISING AND ENGAGEMENT

The **Environmental Campaign** entailed several internal awareness training initiatives to bolster the engagement of our professionals in KPMG's commitment to sustainability.

Online training related to the Environment and Conscientious Consumption, quizzes, lectures and workshops reached out to professionals in all of our offices. As an incentive, participants completing the training competed for one hundred cultural prizes.

KPMG in Brazil sponsors and maintains **Instituto Akatu**, an organization that works to raise awareness and mobilize society around conscientious consumption for a sustainable future. In previous years our support went to helping the organization develop an e-learning programme on conscientious consumption and implementing Edukatu, an online consumption education platform used by 2,000 schools in Brazil. Our sponsorship totalled **R\$ 80,000** in 2017.

Wasting recycling G4-EN23

Type of waste	Method of disposal
Paper	Waste paper is disposed of in sealed confidential documentation boxes and recycled by a specialist firm
Batteries	Batteries are disposed of in ecological disposal boxes and recycled by specialist firms
Mobile device batteries	Batteries are disposed of in ecological disposal boxes and recycled by specialist firms

ECO-EFFICIENCY GOALS

We have set local targets to encourage the adoption of more sustainable practices at KPMG and in our professionals' personal lives. These are included in our corporate goals within MyPD, a performance assessment tool that is linked to profit-sharing payments.

In 2017 there were no reported cases of non-compliance with environmental laws and regulations (G4-EN29) or complaints related to environmental impacts (G4-EN34) at any offices within KPMG in Brazil.

WASTE DISPOSAL AND RECYCLING G4-EN23

This is the first time we are reporting on waste disposal and recycling, and therefore no comparative information is available.

For waste paper, we provide disposal boxes where our professionals dispose of confidential materials to be securely destroyed by specialist firms. For used batteries, we have engaged a specialist firm to collect and transport these materials to recycling companies in a range of industries.

WASTE RECYCLING G4-EN23

19,710kg of paper

50 Kg of electronic appliance batteries

10 mobile device batteries

Eco-efficiency goals

Metric	2016		2017		FTE target for 2017	Performance against target 2017 (FTE*)	Target status	FTE target for FY 2018
	KPMG in Brazil	Per capita (FTE*)	KPMG in Brazil	Per capita (FTE*)				
Disposable plastic cups/unit.	1,330,300	357	1,379,800	333.61	Maintain FY2016 consumption	-6.6%	Exceeded	Maintain FTE FY2017 consumption
Electricity/GJ	10,721	3	10,896	2.63	Maintain FY2016 consumption	-12.2%	Exceeded	Maintain FTE FY2017 consumption
Paper/sheets	9,951,641	2,670	7,595,850	1,836.52	Reduce 5% FY2016	-31.2%	Exceeded	Maintain FTE FY2017 consumption
Water/cubic meters	20,809	5.82	22,834	5.52	Maintain FY2016 consumption	-5.2%	Exceeded	Maintain FTE FY2017 consumption
Printed material/sheets	10,813,231	2,901.32	11,165,477	2,699.58	Reduce 5% FY2016	-7%	Exceeded	Maintain FTE FY2017 consumption

* The per capita consumption of eco-efficiency targets in Brazil uses as a measure the FTE (Full Time Equivalent) provided annually by KPMG International. In 2017, the FTE was 4,136.

We are carbon neutral*

G4-EN19

Our greenhouse gas emissions were neutralized in 2017 by purchasing 8,650 thousand carbon units from the REDD Project + Jari Amapá in accordance with the Verified Carbon Standard (VCS) and Climate, Community and Biodiversity Standards (CCBS).

Located in the Amazon Deforestation Belt, the Rio Preto Jacundá Reserve is home to 30 traditional families and vast biodiversity across its 95,000 hectares of intact forest. The community, originally founded by rubber tappers, has pioneered the development of a conservation plan for the area. Sustainable Forest Management and extraction and processing of non-timber forest products form the basis of the economy to conserve natural resources and keep local traditions alive. Maintaining the Reserve saves 397,000 tCO₂e each year.

* To calculate the CO₂e emissions to be neutralized, we used the inventory we presented to KPMG International. By following more conservative assumptions – such as the emission factor for “Radiative Forcing” in the calculation of air travel – than the used in Brazil, it increases the volume of emissions. This explains why we neutralized 8,659 CO₂e and not the 5,744 calculated in our local inventory.

MANAGING AND NEUTRALIZING GREENHOUSE GAS EMISSIONS (GEE)

G4-EN15 | G4-EN16 | G4-EN17 | G4-EN19 | G4-EN30

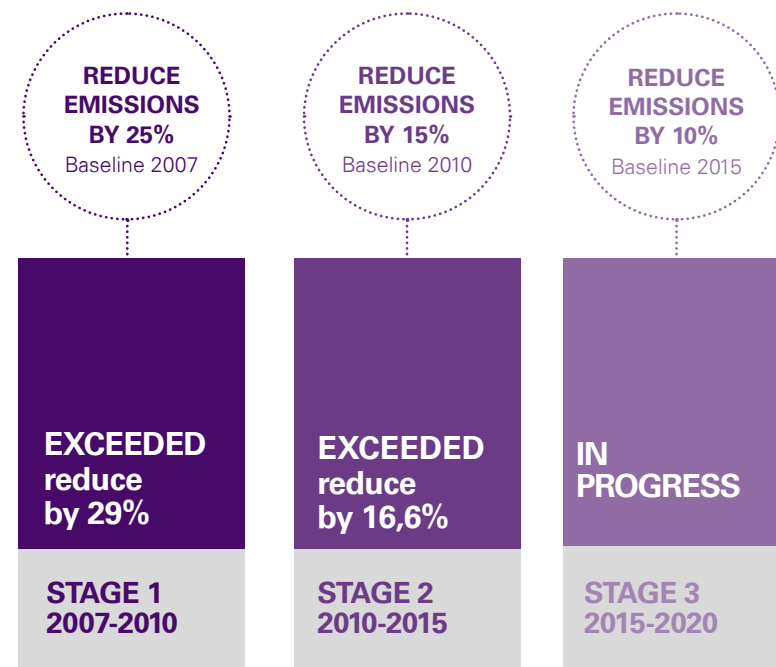
KPMG is clear that climate change is happening and that urgent action by government, business and civil society is needed to tackle it. We subscribe to the scientific view that human activity is one of the primary causes of climate change and that irreversible impacts will occur if global temperatures increase by more than 2°C above pre-industrial levels.

The World Business Council for Sustainable Development (WBCSD), of which KPMGI is a member, has established a goal of achieving net zero emissions by 2100. This is the agenda we are advancing by undertaking international commitments [Read more] actively contributing

to discussions around climate change and implementing new practices across the KPMG network of member firms.

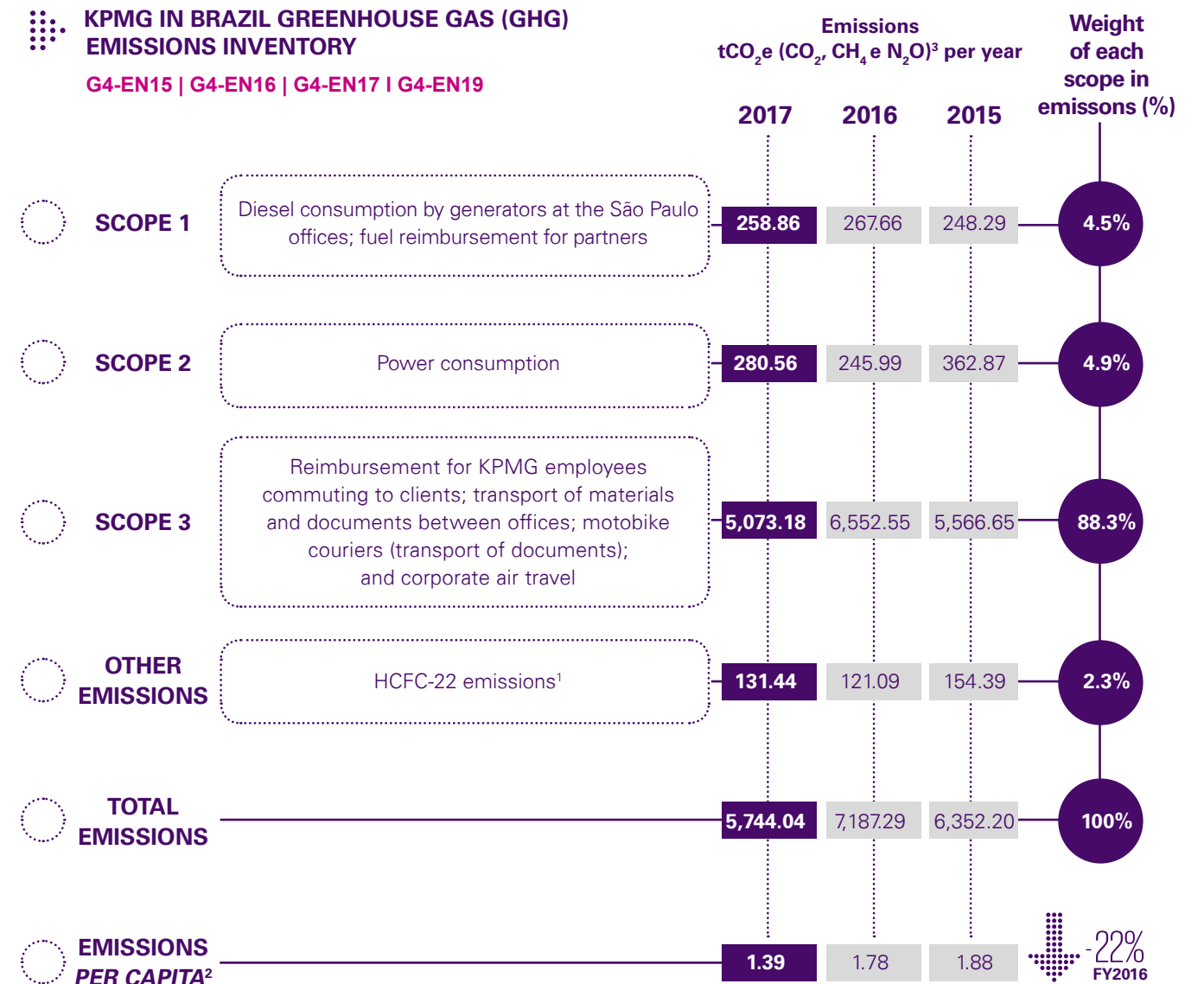
Our carbon footprint has the greatest indirect environmental impact due to the constant travel and commuting of our professionals on business.

In Brazil we undertook a commitment to neutralize our greenhouse gas emissions by 2014. We have also compiled a Carbon Inventory since 2007 and monitor emissions annually. Our greatest impact is described in scope 3 (indirect emissions), over which we have limited or no control.



KPMG IN BRAZIL GREENHOUSE GAS (GHG) EMISSIONS INVENTORY

G4-EN15 | G4-EN16 | G4-EN17 | G4-EN19



This data is for 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.

¹ Following GHG Protocol guidelines, these emissions were not included in Scope 1, as HCFC-22 gas is not included in the Kyoto Protocol.

² The average headcount used in the calculation of per capita emissions is provided by KPMG International for all member firms.

³ tCO₂e = tonnes CO₂ equivalent

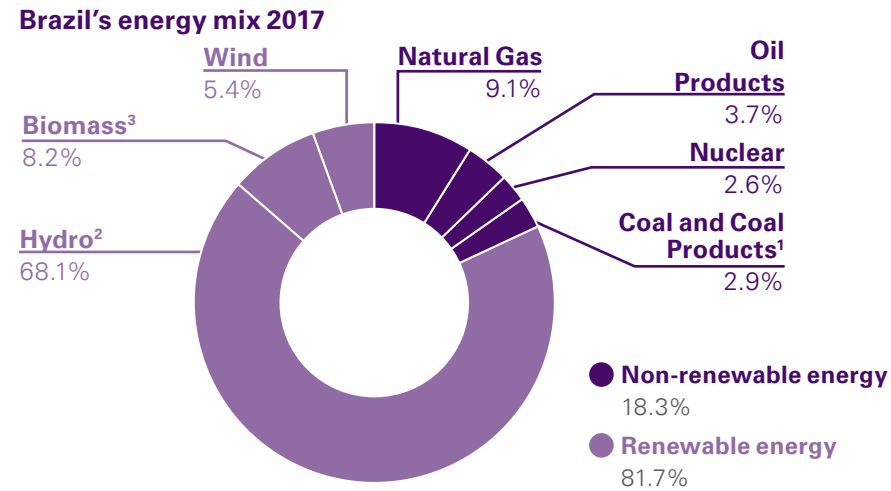
ELETRICITY SAVINGS

G4-EN3 | G4-EN4

In January 2016 KPMGI announced a new global eco-efficiency target aligned with the UN sustainable development goals. By 2020, 50% of electricity purchased by member firms (scope 2) should be from renewable sources.

KPMG in Brazil already meets this target by purchasing electricity from public utilities, which source 81.7% of electricity from renewable sources.

In addition to initiatives that encourage habits that avoid waste, we have adapted our premises to avoid unnecessary consumption (such as installing motion sensors) and we consider power consumption when acquiring new electronic equipment.



Fonte: Source: *Balanco Energético Nacional 2017* – Base year: 2016
 1 Includes coke oven gas
 2 Includes imports
 3 Includes firewood, sugarcane bagasse, leachate and other recoveries



WATER MANAGEMENT

G4-EN8 | G4-EN10 | G4-EN22

Since 2009, our facilities department has worked to improve our performance in this indicator through awareness and plumbing improvements.

Dual flush toilet kits and tap flow reducers are being installed at our offices in Brazil. In addition to water-efficient fixtures, the main office building in São Paulo, home to our largest operation in Brazil, is equipped with rainwater harvesting tanks with a capacity of approximately 432 cubic meters of water for plant watering and washing applications.

In 2016 we presented the owners of the Vergueiro building in São Paulo with a proposal to implement a system involving rainwater harvesting, a water recycling tank and an artesian well. However, the investment was ultimately not approved.

G4-EN10

The water used at our 24 offices is supplied by local public utilities and our wastewater is collected by public sewage collection systems in accordance with the environmental regulations applicable to our segment.

Water withdrawal and disposal (m³) G4-EN8 | G4-EN22

	water withdrawal and disposal (m ³)		
	2017	2016	2015
Consumption	22,834.39	20,808.75	20,516
Disposal	22,834.39	20,808.75	20,516
Consumption per capita	5.56	5.15	5.52
Changes in consumption 2017/2016	9.73%		
Changes in consumption per capita 2017/2016 (professionals G4-10)	8%		

Power consumption - Gigajoules (GJ)

Energy consumption	2017	2016	2015
Within the organization G4-EN3			
Petrol	2,429.51	2,423.85	1,973.14
Diesel	10.52	26.09	83.19
Electricity	10,895.38	10,721.19	11,079.70
Total	13,335.41	13,171.13	13,136.02
Per capita	3.25	3.26	3.53
Outside the organization G4-EN4			
Petrol	27,627.39	29,629.54	27,253.94
Diesel	8,859.50	7,598.50	11,616.15
Total	36,486.89	37,228.04	38,870.09

Global Sustainability Services

Intellectual Capital specializing in sustainability

G4-EC2

The more than 350 consultants in our Global Sustainability Services practice spend over one million hours every year helping our clients improve their environmental and social performance. This includes supporting them in reducing greenhouse gas emissions, the primary cause of global warming.

In Brazil, our team assists 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 identification and management.

Examples of our Global Sustainability Services include:

- » Assessment of risks and opportunities related to climate change.
- » Support in consolidating information and completing reference questionnaires proposed by the Business Sustainability Index, Dow Jones Sustainability Index, Carbon Disclosure Project, amongst others.

- » Assessment of Greenhouse Gas emissions across the supply chain and/or by product.
- » Definition of socio-environmental Key Performance Indicators (KPI's).
- » Assessing the social and environmental performance of the supply chain.
- » Environmental assessment and due diligence.
- » Developing waste management strategies.
- » Assessing impacts on and consumption of water resources by product (water footprint).
- » Preparation and independent assurance of Greenhouse Gas Inventories.
- » Independent assurance for sustainability reports, social balance sheets, and other documents.

“ Sustainability works like a lens so that companies can understand social trends and changes that could affect corporate value and require more effective ways of managing risks and identifying opportunities. ”

José Luis Blasco,
Global Head of Sustainability Services

Manufactured Capital

Physical, material and technological assets supporting quality of service and reducing environmental impacts

Headlines
24 offices

Office in Morumbi, São Paulo: Building facilities certified LEED CS Gold® and LEED ID+C Gold®

New office in Rio de Janeiro certified LEED CS Gold®

Corporate fleet

MANAGEMENT

Excellence in delivery depends to a great extent on the **quality of the technology assets** we provide to manage and ensure the security of information that is relevant to our work. Technology assets are also critical to our innovation processes for the benefit of our clients.

Physical and mobility assets complete the equation of how we **support our professionals in delivering their best.**

All investments related to this capital are consistent with our established environmental targets.

ASSETS

Physical assets

We provide ergonomically designed, functional and comfortable office space furnished with appropriate materials to ensure the health, safety and well-being of our professionals.

State-of-the-art technology

Equipment and systems to improve engagement efficiency, information security and mobility.

Mobility incentives

Offices accessible by public transport, carpooling and a corporate car benefit contribute to better mobility.

VALUE CREATION

For our professionals

Efficiency; Integration; Information security; Occupational health and safety.

For our clients

High-quality and efficient delivery; Information security.

For society

Lower environmental impact from our offices and travel.

Physical assets

Continual office improvement

G4-13

“The new office has re-energised our team, making professional interactions more integrated, dynamic and creative, in addition to the satisfaction of bringing in clients to work with us in a modern and interactive setting.”

Manuel Fernandes,
Lead partner at the
Rio de Janeiro office

Our 24 offices in Brazil are located in cities that are business hubs in strategic regions and provide the physical and technological infrastructure required for our professionals to deliver high quality and efficient service to clients.

We invest continually in renovating and adapting our offices to improve quality of life and natural resource efficiency.

Our main offices in São Paulo and Rio de Janeiro, our largest operations in Brazil, are located in buildings that are **LEED CS Gold®** certified for reduced impact from energy and water usage.

A number of management drivers for our offices in 2017:

MORE MODERN OFFICES

Based on the same open space layout of our São Paulo offices, we have revitalised the offices in Belo Horizonte, Uberlândia and Ribeirão Preto, generating greater synergy in teams and creating areas for us to receive clients comfortably.

The Campinas and Rio de Janeiro offices have moved to new buildings in premium locations. In Rio de Janeiro operations were integrated into a single floor occupying 2,000m², in a modern

building facility certified LEED CS Gold® triple A, located in the proximity of the main roads in the downtown area and public transportation, in addition to being served by a wide range of services on the ground floor and mezzanine.

In order to mitigate the risk of adverse impacts from these changes, especially for our staff, the know-how generated by the migration of the São Paulo offices in 2015 was used to plan the moves in advance, involving all operating departments. Employees were notified three months in advance.

G4-LA4

ACCESSIBILITY

We are continually seeking to make improvements to comply with NBR 9050, which regulates the accessibility requirements for employees with disabilities. One of the main achievements was retrofitting the elevators in the offices on Rua Vergueiro, in São Paulo, to make it easier for the visually impaired to use them.

The main offices in São Paulo and Rio de Janeiro were designed in accordance with accessibility standards. Our office in Morumbi, São Paulo, was awarded the Guia Rodas Accessibility Seal in 2017.

QUALITY OF LIFE

More than 1,700 ergonomic chairs (as defined by NR17) were required for the offices that had not yet received them, thereby improving working conditions. Specific makeovers to better accommodate employees and materials also took place in the period. We created an area in the Morumbi office for professionals with dietary restrictions.

SAFETY

We continually invest in physical improvements to improve safety and prevent accidents. We integrated the fire fighting system at the Vergueiro office into the building access control. The Clean Floor project is encouraging employees to keep their desks organised and keep corridors unobstructed.

All offices have a security camera system monitoring property and incidents in the workplace.

TECHNOLOGY

Access control systems, portable ramps and the option to make conference calls on their own extension and cable TV/Corporate TV are a few of the investments made in 2017.

Pedro Melo and
Manuel Fernandes unveil the
new office in Rio de Janeiro,
overlooking Guanabara bay





Partner Jean Paraskevopoulos unveils the new office in Campinas

Information technology

Secure and efficient information management

EQUIPMENT AND SERVICES

The volume of information that our teams must access and process, both locally and globally, requires state-of-the-art infrastructure and effective hardware and software solutions. We are equipped with 93 physical servers and 248 virtual servers supporting 5,800 computers, as well as help desk support for fast troubleshooting.

HOME OFFICE

This has now become an alternative for technical professionals, giving them greater flexibility, saving time on travel to and from work and helping reduce physical area in many of our clients' operations.

To make remote working feasible, efficient and safe, we are introducing new technologies like clouding, the development of specific applications making life easier for our employees (including electronic timesheets, in accordance with requirements negotiated with trade unions), online training and sites with secure access for interacting with our clients.

“Automation, quality, predictability, efficiency and consistency have underpinned our investments in operational systems and processes to ensure the best experience possible for our staff and clients.”

Cláudio Sertório,
partner and COO

Corporate fleet

Comfort and recognition for managers

Our company vehicle benefit programme for managers, called KFleet, is the first of its kind among the Big Four.

In 2017, 598 leaders (**84% of eligible beneficiaries**) subscribed to the program, choosing from among six available used models and four new models (all flex-fuel vehicles). The fleet is renewed every 36 months with new vehicles.

••• KPMG CENTRAL: fast, secure file sharing

A highly secure, online collaborative site which connects our local teams to clients and the global network of KPMG member firms.

This makes it possible to access and monitor working documents, manage projects, share files and information with clients, suppliers and between teams.

More efficient than e-mails and safer than File Transfer Protocol (FTP) sites, KPMG Central brings together several facilities and provides a safe space for people to discuss ideas, business challenges and solutions.

Assurance statement

Declaração independente de assegução de Relatório de Sustentabilidade (GRI) G4-33

For Senior management members and stakeholders of KPMG AUDITORES INDEPENDENTES

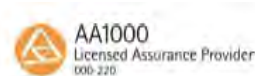
INTRODUCTION

Green Domus Desenvolvimento Sustentável LTDA (Green Domus) was engaged by KPMG to ensure its 2017/2018 Calendar Sustainability Report.

KPMG was responsible to prepare and present information about its sustainability performance in its Sustainability Report 2017/2018, as well as to present the necessary evidence for the assurance procedures; Green Domus provided the independent assurance services, systematically documented and based on evidences presented by KPMG.

ASSURANCE GUIDELINES

The assurance was proceeded based on AA1000 Assurance Standard 2008; AA1000 AccountAbility Principles Standard 2008 and Guidelines for Sustainability Reporting, G4 ersion, 2013, from Global Reporting Initiative (GRI).



LEVEL AND TYPE OF ASSURANCE

The assurance process conducted by Green Domus met the requirements of a moderate level and type 1 assurance as defined by AA1000 Assurance Standard 2008. Therefore, it ensures the adherence to the Principles of Inclusion, Materiality and Responsiveness in addition to the requirements of the 'in accordance' Essential option defined by GRI and following principles for defining content and for assuring the report's quality.

ASSURANCE LIMITS

The assurance is limited to the evaluation of information provided by KPMG on its 2017/2018 Sustainability Report and documents and evidences that supported its contents.

METHODOLOGY

The assurance was conducted through the preliminary assessment of information presented by KPMG on its 2017/2018 Sustainability Report and the documents which instructed its preparation, followed by a visit to the information centralizing unit where interviews were conducted

with the stakeholders involved, with focus on sustainability report directly involved staff, and ollect evidences of the reported information, especially at the management level of the organization.

No corrective actions were requested by the assurance team. Thus, no Assurance Protocol was made to report any adjustment follow up for this declaration. Improvement suggestions were incorporated to the recommendations of the assurance process..

INDEPENDENCE AND IMPARTIALITY

For the purposes of this assurance, Green Domus certifies that there is no relationship with KPMG that would affect the independent and impartial manner of this Statement of Assurance. All professionals involved in the assurance process are aware of and trained in Green Domus' Corporate Management System, which includes policies and procedures that provide the company with impersonal operation standard and mitigation of possible technical risks in the development of activities.

FINAL COMMENTS AND RECOMMENDATIONS

Without interfering in the positive conclusion of this assurance, Green Domus presents to KPMG the following recommendation for improvement and adoption of best practices:

» Develop a stakeholder inclusion process in order to open direct and active communication channels among those and the Organization..

» Deepen quantitative data management required for some of the reported disclosures in order to broaden Responsiveness to organizational material topics.

» For the upcoming cycles, adapt report development process in order to attend GRI *Standard Version* – published in 2016.

CONCLUSION

Green Domus Desenvolvimento Sustentável's opinion is that the 2017/2018 Sustainability Report of KPMG is an adequate representation of the company, which relates their strategies, policies and actions with their sustainability performance.

Nothing has come to Green Domus awareness that suggests the information contained in the

2017/2018 KPMG Sustainability Report has not been originated and compiled, in all material respects, in accordance with the guidelines of GRI Sustainability Report, G4 version, related to the 'in accordance' Essential option criteria, with the Principles of AA1000 AccountAbility Principles 2008, and with the records and files that served as the basis for its preparation.

São Paulo, March 24th, 2018

Higor José V. do Valle
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GRI content summary



The GRI G4 Core Content Summary below correlates the Standard GRI Disclosures with the most material issues for KPMG and our stakeholders.

In accordance GRI G4-Core option

STANDARD DISCLOSURES

STRATEGY AND ANALYSIS	PAGE	WHERE ADDRESSED/OMITTED
G4-1 Statement from the Chair	9-13; 31-37; 50-61	
ORGANIZATIONAL PROFILE	PAGE	WHERE ADDRESSED/OMITTED
G4-3 Name of Organization	16; 18	
G4-4 Primary brands, products and services	16; 18; 20-21; 52-53	
G4-5 Location of headquarters	16-20	
G4-6 Countries where we operate	16-17	
G4-7 Nature of ownership and legal form	16-18	
G4-8 Markets served	16-21; 52-53	
G4-9 Scale of Organization	16-18; 116-119	
G4-10 Employee profile	80-81; 103-113	
G4-11 Percentage of employees covered by collective bargaining agreements	80	
G4-12 Supply chain	134-135	
G4-13 Significant changes during the reporting period	152-153	
G4-14 Precautionary Approach	62	This principle relates to our core business, informing the development of our professionals, our client acceptance guidelines, and the performance and monitoring of engagements by the independent firms operating under the KPMG brand in Brazil.
G4-15 Charters, principles, or other initiatives to which the Organization subscribes	35-37; 104-109	
G4-16 Memberships	134	

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES	PAGE	WHERE ADDRESSED/OMITTED
G4-17 Entities included in the organization's consolidated financial statements or equivalent documents	7; 116; 119	
G4-18 Process for defining the report content and aspect boundaries and implementation of the reporting principles for defining report content	40-43	
G4-19 Material Aspects identified	42-43	
G4-20 Aspect Boundary within the Organization	38-39	
G4-21 Aspect Boundary outside the Organization	38-39	
G4-22 Restatements of information provided in previous reports	42-43	
G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries		No significant changes were identified.

STAKEHOLDERS ENGAGEMENT	PAGE	WHERE ADDRESSED/OMITTED
G4-24 Stakeholder groups engaged	40-41	
G4-25 Basis for identification and selection of stakeholders	40-41	
G4-26 Approach to and frequency of stakeholder engagement	40; 42; 130-135	
G4-27 Key topics raised by stakeholders	42-43	

REPORT PROFILE	PAGE	WHERE ADDRESSED/OMITTED
G4-28 Reporting period	7	KPMG in Brazil's financial year: 1 October 2016 to 30 September 2017.
G4-29 Date of most recent previous report	7	March 2017.
G4-30 Reporting cycle	7	Annual.
G4-31 Contact point for questions regarding the report	7	comunidade@kpmg.com.br +55 (11) 3736-1228
G4-32 'In accordance' option chosen	7	Core — G4
G4-33 Policy and current practice with regard to seeking external assurance for the report	7; 156	Independent assurance by Green Domus.

GOVERNANCE (Material Issue)	PÁGINA	WHERE ADDRESSED/OMITTED
G4-34 Governance structure of the Organization	22-27	
G4-38 Composition of the highest governance body and its committees	23-27	
G4-39 Whether the chair of the highest governance body is also an executive officer	26	
G4-40 Nomination and selection processes for the highest governance body and its committees	22-27; 92	
G4-41 Processes to ensure conflicts of interest are avoided	27; 62-77	
G4-42 The highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, and strategies	22-27	The guiding principles adopted by KPMG's international network of member firms are contained in our Global Code of Conduct. The Code provides guidance on strategic business decisions, the design and delivery of our service portfolio and is extensively disseminated throughout our professionals' (especially leadership professionals') development journey. Strategies and goals for each year are set by the Executive Committee, the Chairman and the COO, and are validated by the Partners' Meeting.
G4-43 Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	88; 140	

GOVERNANCE (Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
G4-44	Processes for evaluation of the highest governance body	92-93	Sustainability performance is assessed at two levels by our Corporate Citizenship, Inclusion and Diversity function, which reports directly to the head of People, Performance & Culture: » Strategy Performance is monitored against the goals and policies adopted globally and locally. » Operacional Action Plans are submitted to the Executive Committee.
G4-47	Frequency of the highest governance body's review of impacts, risks, and opportunities	23-27	Sustainability actions are followed up and reported on in monthly meetings with the head of People, Performance & Culture and in quarterly meetings with the COO.
G4-48	The governance body that formally reviews and approves the sustainability report		The chairman, COO, Executive Committee members, practice leaders and regional leaders are directly involved at two stages of the sustainability reporting process: during the initial interviews and in the final review for content validation, when they have the opportunity to analyse the content in depth.
G4-51	Compensation policy	92-95	

ETHICS & INTEGRITY (Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
G4-56	The Organization's values, principles, standards and norms of behaviour	20-21; 35; 62-77	
G4-57	The mechanisms for seeking advice on ethical and lawful behavior	62-77	
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organizational integrity	71	

SPECIFIC STANDARD DISCLOSURES

CATEGORY ECONOMIC

ASPECT: BUSINESS PERFORMANCE (Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		116-119	
G4-EC1	Direct economic value generated and distributed	116-119	
G4-EC2	Financial implications and other risks and opportunities due to climate change	148	
G4-EC3	Coverage of the Organization's Defined Benefit Plan	98-99	
G4-EC4	Financial assistance received from government	116-119	

ASPECT: MARKET PRESENCE (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		113	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	113	

ASPECT: INDIRECT ECONOMIC IMPACTS (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		38-39; 116-119; 122-127	
G4-EC7	Development and impact of investments and services supported	38-39; 116-119; 122-127	

ENVIRONMENTAL CATEGORY

ASPECT: ENERGY (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		146	
G4-EN3	Energy consumption within the Organization	146	
G4-EN4	Energy consumption outside of the Organization	146	

ASPECT: WATER (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		147	
G4-EN8	Total water withdrawal by source	147	
G4-EN10	Water recycled and reused	147	

ASPECT: EMISSIONS (Material Issue Voluntary national and global commitments)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		144-145	
G4-EN15	Direct Greenhouse Gas (GHG) emissions (scope 1)	144-145	
G4-EN16	Energy indirect Greenhouse Gas (GHG) emissions (scope 2)	144-145	
G4-EN17	Other indirect Greenhouse Gas (GHG) emissions (scope 3)	144-145	
G4-EN19	Reduction of Greenhouse Gas (GHG) emissions	144-145	

ASPECT: WATER AND SOLID WASTE (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		147	
G4-EN22	Total water discharge	147	
G4-EN23	Total weight of waste by type and disposal method	142-143	

ASPECT: COMPLIANCE (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		143	
G4-EN29	Sanctions for non-compliance with environmental laws and regulations	143	

ASPECT: TRANSPORT (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		144-145	
G4-EN30	Significant environmental impacts of transport	144-145	
G4-EN34	Complaints	143	

CATEGORY LABOR PRACTICES AND DECENT WORK

ASPECT: EMPLOYEE (Material Issue Attracting and Retaining Talent; Benefits)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		80-113	
G4-LA1	Total number and rates of new employee hires and employee turnover	94	
G4-LA2	Benefits awarded	96-99	
G4-LA3	Return to work rates after parental leave	106	

ASPECT: LABOUR RELATIONS (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		152	
G4-LA4	Minimum notice periods regarding operational changes	152	No minimum period is established in our collective bargaining agreements with trade unions. To minimize negative impacts from operational changes, we involve the different departments to establish and manage the relevant arrangements in advance and efficiently.

ASPECT: OCCUPATIONAL HEALTH AND SAFETY (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		96-97	
G4-LA5	Percentage of workforce represented in formal health and safety committees	97	
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	97	
G4-LA8	Health and safety topics covered in formal agreements with trade unions	97	

ASPECT: TRAINING AND EDUCATION (Material Issue Training and Development)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		82-85	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	84-85	
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		Continuous skills development prepares our professionals for both current and future challenges, supporting their careers both within and outside the Organization. In 2016 we provided training on career endings to prepare 15 partners who will retire within the next five years. Our retirement program includes severance payments based on age and length of service.
G4-LA11	Percentage of employees receiving regular performance and career development review	92-93	

ASPECT: DIVERSITY AND EQUAL OPPORTUNITY (Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		103-113	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group and minority group membership	103-113	

ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN (Material Issue Remuneration)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		103-113	
G4-LA13	Ratio of basic salary and remuneration of women to men	105	

CATEGORY SOCIAL - HUMAN RIGHTS

ASPECT: NON-DISCRIMINATION (Material Issue Diversity)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		103-113	
G4-HR3	Total number of incidents of discrimination and corrective actions taken		No instances of discrimination were identified by our monitoring mechanisms.

ASPECT: FREEDOM OF ASSOCIATION (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		103-113	
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated		KPMG offers freedom of association and collective bargaining to all professionals, including reimbursement for union fees. No violations of this right were identified within our Organization. We have not mapped our supply chain in this respect; however, our Supplier Code of Conduct requires freedom of association and applies to all suppliers.

ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		135	
G4-HR10	Suppliers screened using human rights criteria	135	
G4-HR11	Number of suppliers subject to human rights impact assessments	137	

ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		103-113	
G4-HR12	Number of grievances about human rights impacts		No instances were identified by our monitoring mechanisms.

CATEGORY SOCIAL - SOCIETY

ASPECT: ANTI-CORRUPTION (Material Issue Risk and quality management frameworks and systems; client and engagement acceptance and continuance)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		62-67	
G4-SO3	Operations assessed for risks related to corruption	65	All engagements at KPMG are preceded by rigorous risk due diligence processes, which cover corruption risks.
G4-SO4	Communication and training on anti-corruption policies	68	
G4-SO5	Confirmed incidents of corruption and actions taken	70	

ASPECT: GOVERNMENT POLICY (Non-Material Issue)		PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH		62-67	
G4-SO6	Total value of political contributions		A set of Quality and Risk Management standards and procedures upholds KPMG's quality, credibility and independence including by prohibiting donations to political parties. A December 2015 resolution of Brazil's High Electoral Court also prohibits donations by legal entities to political parties and candidates.

ASPECT: ANTI-COMPETITIVE BEHAVIOUR (Material Issue Client and Market Relations)	PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH	62-67	
G4-S07 Legal actions for anti-competitive behaviour		No instances were identified by our monitoring mechanisms.

ASPECT: CONFORMITY (Material Issue Ethics & Integrity)	PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH	62-67	
G4-S08 Fines and non-monetary sanctions for non-compliance with laws and regulations		No instances were identified by our monitoring mechanisms.

CATEGORY SOCIAL - PRODUCT RESPONSABILITY

ASPECT: PRODUCT AND SERVICE LABELING (Material Issue Client and Market Relations)	PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH	62-67	
G4-PR3 Product and service information	71	
G4-PR4 Non-compliance with regulations and voluntary codes concerning labelling	71	
G4-PR5 Customer satisfaction surveys	132-133	

ASPECT: COMMUNICATIONS AND MARKETING (Material Issue Client and Market Relations)	PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH	62-67	
G4-PR7 Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	65	

ASPECT: CUSTOMER PRIVACY (Material Issue Privacy and Information Security)	PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH	62-67	
G4-PR8 Substantiated complaints regarding breaches of customer privacy and losses of customer data	71	

ASPECT: CONFORMITY (Material Issue Ethics & Integrity)	PAGE	WHERE ADDRESSED/OMITTED
MANAGEMENT APPROACH	62-67	
G4-PR9 Significant fines for non-compliance with laws and regulations concerning the provision of products and services	77	

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