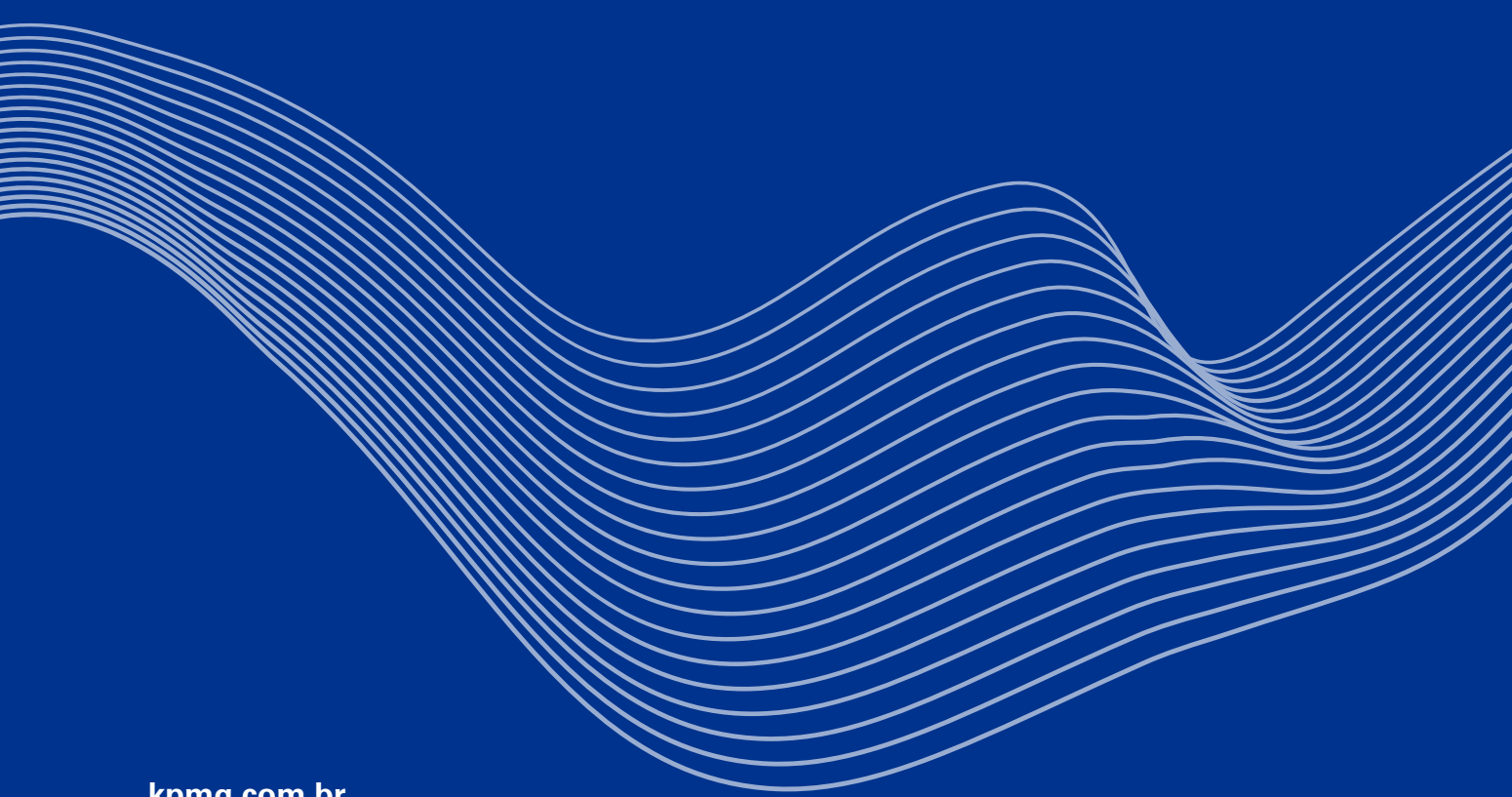




Sustainability Report 2018/2019



Highlights

DIGITAL TRANSFORMATION

Inside and outside of KPMG

LEAP

an ecosystem consisting of **10,000 startups** ready to serve our clients

KPMG Lighthouse our environment of technology solutions development

COMUNITY INVESTMENT

Sharing resources and expertise for the development of broader society

R\$ 2.2 million in social projects, campaigns and *pro bono* services

R\$ 3.4 million in events for more than **4,000 people**

PEOPLE

A growing talent pool, and diversity enhance our quality and respect for the individuality

IN BRAZIL

4,288 professionals  **+3% FY2017**

40% of our professionals have been promoted

R\$ 28,9 million invested in training and development  **+20% FY2017**

DIVERSITY

We are **even stronger together**

48% of women on our team

More women in leadership **30%**

725 trainees  **+9% FY2017**

R\$ 403,000 invested in the Inclusion & Diversity Committee

RECOGNITION

Building trust in us as The Clear Choice

95%* of our clients would recommend our services * of 2018 satisfaction survey respondents

The media trust our insights: we were consulted as a source for

5,635 news reports

16 awards local and international

1,800 executives C-Level participated in our events

FINANCIAL PERFORMANCE

Growing in a crisis

KPMG International **US\$ 28.9 billion**  **+7,1% FY2017**

KPMG in Brazil **R\$ 1.3 billion**  **+9% FY2017**

ENVIRONMENTAL PERFORMANCE

Awareness, eco-efficiency and carbon neutrality

Carbon neutral: 10,242 units carbon-neutralized

15.8 tonnes of waste recycled

22% growth in the demand for sustainability services

100% of eco-efficiency goals surpassed

FACILITIES
Workplace KPMG **synergies and quality of life**

72% of our professionals are already benefiting from this new concept

SERVICES

Accelerated renewal

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

ONE AMERICAS

Making our performance **Stronger**

All member firms from America working together to expand the solutions provided to our clients

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Foreword

GRI 102-32 | 102-48 | 102-50 | 102-51 | 102-52 | 102-53 | 102-54 | 102-55 | 102-56

Nine years ago, we made a commitment to publish KPMG in Brazil Sustainability Report on a yearly basis, and in accordance with the Global Reporting Initiative (GRI) standards.

Since then, a lot has been learned and many have been the positive effects noticed inside and outside of KPMG.

That is the reason why we make every effort to prepare this report and involve all organizational levels in systematizing and analyzing the data included in the report. The information presented in the report is preliminarily validated by our Global Sustainability Services team, and finally approved by our Executive Committee. The external and independent assurance of the report is then performed by Green Domus.

This edition describes the first cycle in which the report was prepared in accordance with **GRI Standards: Core** option, focusing on the most material topics 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

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

REPORTING PERIOD

This Report refers to the financial year of KPMG in Brazil, from October 1, 2017 to September 30, 2018.

Financial information, however, is presented for the calendar year (January 1 to December 31, 2018) 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, in order to enable comparability, 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.

VERSION

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 ASSURANCE

Green Domus.

We hope you find our report useful and informative.

Luciene Magalhães

Partner, Head of the Human Capital Subcommittee

Eliane Momesso

Senior Manager – Corporate Citizenship, Inclusion & Diversity

DATA SOURCES

13
operations
functions

75
data sheets

15
interviews

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

50
national and international
KPMG and third-party
publications

Dozens of people are required to compile this report. Take part in it! We welcome your contributions; please share your feedback, questions, suggestions or critiques via email: comunidade@kpmg.com.br or phone +55 (11) 3736-1228.



Message from the Chairman

GRI 102-14

2018 was the year when innovation transformed our solutions center.

Everyone ended 2018 with many stories to share. This was an (in) tense year, with many ups and downs in the overall scenario, many lessons learnt and significant changes implemented. And all of these factors coincide with my first year leading KPMG in Brazil.

I was very proud to see how our people proved to be, once more, extraordinary in what they do. In light of the magnitude of the events that took place and the ones that are still happening, we rely on our maturity to rejuvenate and reinvent ourselves, and enhance the trust our people, clients and communities place in us.

KPMG has been a preferred partner for our clients of Audit, Advisory and Tax services for more than 100 years of operation in Brazil and abroad.

So, why change?
We have to change because the scope of the challenges our clients face, as well as the pace at which these challenges need to be tackled, has changed dramatically. In a world of volatility, uncertainty, complexity and ambiguity, we need to draw on continuous transformation to succeed.

This has been our main focus in the last few years. In 2018, as a result of this incredible legacy,

our efforts in this direction took off and made all the difference. We transformed our business, offerings, operations, services, and people, aiming at meeting the requirements posed by current and future challenges faced by our clients and communities. We were able to do it growing by 9% during such period. And this makes us very proud, taking into account the outlook forecast by the market.

Digital transformation: technology and innovation

In addition to a range of technologies that we have implemented to streamline our management and communication processes, we also invested heavily in innovating our service offerings.

In a partnership with Distrito, we created **LEAP**, which is an open innovation platform connecting more than 10,000 startups at different maturity levels that work together to develop unconventional solutions aimed at addressing issues of all nature.

The experience of being part of an innovation and transformation ecosystem which follows agile methodologies represents a great leap and source of renewal for KPMG in Brazil. New business, capabilities, partners, perspectives, products and





approaches to hire and develop our people appear every day.

Another important novelty is the newly launched **Lighthouse**, a hub that brings together the best innovation resources (technology solutions and people) and operates in Brazil and abroad to develop new integrated solutions that our offices and clients can leverage. Lighthouse is also a gateway to new generations, who are changing how KPMG and the market operate.

The experiences of our clients with our technology products and services are also changing. The **Ignition Center**, which will be operating soon, will enable our clients to interact with the best technology solutions and understand how they can achieve their business purposes.

In Audit, **KPMG Clara** has enabled us to take a leap in terms of the deployment of D&A and cognitive tools to deliver work at even higher quality standards.

Transforming our people: innovation, quality and commitment

We are unable to conduct a digital transformation on such a large scale, as the one we are currently conducting, without transforming the people involved. This year, our development strategy regarding this matter is more extensive and detailed.

On the one hand, we put in place a more dynamic and comprehensive set of strategies focused on **developing** our talents, by using several learning approaches, which are anchored in experiences gained on-site, with colleagues, and enabled by

varied technology solutions. A new **performance assessment cycle**, more transparent, dynamic and entirely linked to our KPMG Story, is changing the way people deal with their own performance.

On the other hand, we focused on praising and welcoming the **Millennials**, who are our essential partners on this journey to rejuvenate our service offerings and our culture. To that end, we implemented innovative approaches to attract and hire them, and manage their talent development. This learning has had a contagious effect on KPMG as a whole, and our **dress code** as well.

As a result of the technologies currently available and the desire that people have of wasting less time in the traffic, we implemented the **telecommuting** pilot project. In view of the positive results obtained regarding effectiveness and people experience, we decided to extend this project to all professional categories and offices in Brazil.

Finally, we set ourselves the challenge of further developing our diversity policy, by promoting more reflection and initiatives in order to consolidate our positioning as a diverse and respectful environment, which offers career opportunities to everyone.

Transforming our market approach: solutions center

Strengthening **One Americas** project promotes an even more effective integration among KPMG's member firms based in the continent. Accordingly, we have been able to provide

our clients with more robust and consistent solutions, and offer our people more mobility opportunities abroad.

In Brazil, more specifically, our **sector leaders** consolidated their standing, both inside and outside of KPMG, as the leading experts to discuss and rethink the market. They work shoulder to shoulder with Lighthouse to develop our products, focusing on providing our clients with technology and innovation.

Outlook for the next cycle

Aiming at consolidating even more our standing as The Clear Choice to meet any type of our clients' requirements, we are very well structured in terms of services quality and delivery, and closely aligned with the innovation and technology needs of each industry.

However, we cannot afford to relax our concentration, nor take this positive scenario for granted. We will sail through any type of wind, always seeking to take our services and products to the next level in terms of excellence and relevance.

Sustainability as the foundation of everything

Everything we are transforming, both inside and outside of KPMG, is linked to our sustainability policies, which have been translated into the development of our Intellectual, Human, Financial, Social and Relationship, Natural, and Manufactured capitals.

In 2018, our global environmental commitment celebrated its 10th anniversary. This fact made us revisit all we had achieved so far,

and deepen this commitment.

I would like to invite each one of you to read this report and learn about our materiality matrix, stakeholders and key initiatives focused on inspiring confidence and empowering change, thus providing the foundation of what we understand as sustainability.

Thank you very much for one more year shared with KPMG in Brazil.

We hope you find our report useful and informative.

Charles KriECK

Chairman, KPMG in Brazil

We will sail through any type of wind, always seeking to take our services and products to the next level in terms of excellence and relevance.



ABOUT KPMG



This is KPMG. This is how we deliver.

KPMG International
KPMG in Brazil

Our relentless focus on integrity and quality

Risk and quality management

- Laying the foundations for quality
- Creating a global quality framework
- Delivering quality in the early stages of our work
- Innovating in the audit processes
- Equipping our people with the right capabilities and resources to enable them to perform the best work
- Monitoring the quality level of the services provided by KPMG's network

Governance and leadership

KPMG International
KPMG in Brazil



This is KPMG. This is how we deliver

Innovation. Passion. Expertise. Global mindset

GRI 102-2 | 102-6 | 102-16

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

Our shared vision is to be The Clear Choice in the services we provide. The foundation of this vision is the high quality applied to all aspects of our business and the **commitment to make a positive contribution to the success of our clients, the development of the broader society, and the strengthening of the KPMG International (KPMGI) network of member firms.**

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 innovation, deep expertise and a global mindset combined with passion and working shoulder-to-shoulder to deliver actual 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.



A KPMG INTERNATIONAL

GRI 102-1 | 102-2 | 102-3 | 102-4 | 102-5 | 102-7

KPMG is a global network of professional firms providing Audit, Tax and Advisory services. We have **207,000 professionals** working at member firms in **153 countries** worldwide.

The member firms of the KPMG network are independent and affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG International licenses the KPMG trademark, 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.

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.

As a result of the **One Americas** consolidation, member firms of KPMG International’s network based in this continent work together to provide integrated services to our clients.

KPMG member firms collaborate across the globe,

addressing clients’ demands,
making bold decisions
on investing for growth,
and creating the
best experiences
for our professionals.

The future.
Delivered together.

We work shoulder-to-shoulder with our clients in 153 countries.

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** 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.

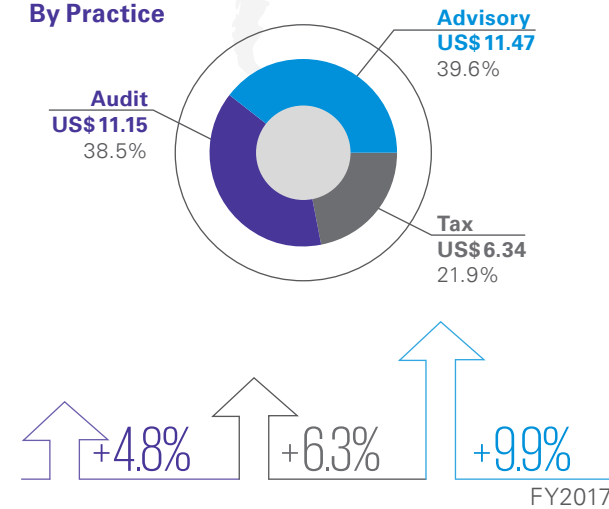
KPMG International Combined Global Revenues 2018

The KPMG network achieved consistent results in the fiscal year of 2018, which reflects the passion and innovative thought that our professionals bring to the market.

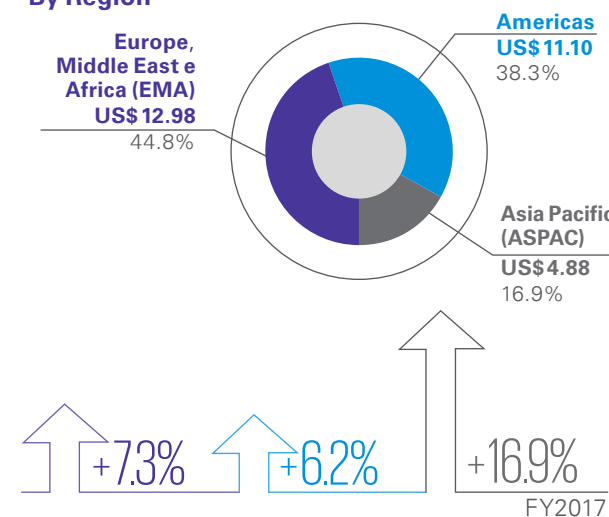
In addition to the work carried out by our extraordinary people, investments in technology and strategic alliances have enabled us to grow in all geographies and service lines.

KPMG INTERNATIONAL 2018 (in billions of USD)

By Practice



By Region



US\$ 28.9 billion
+ 7.1% growth rate
FY2017

Visit **KPMG Global Review 2018** and learn more about KPMGI work.



KPMG IN BRAZIL

GRI 102-1 | 102-2 | 102-3 | 102-5 | 102-6 | 102-7

KPMG in Brazil operates in **22 cities** in 13 states and the Federal District and has **more than 4,000 professionals**.

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.

Our professionals demonstrate passion for what they do and deliver innovative solution to our clients.



24
offices
in 22 cities

4,228
professionals

5,247
clients

across Brazil,
including private companies from all industries, government bodies and mixed private-state-owned companies, 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



Our relentless focus on integrity and quality

Building trust each day, every day

GRI 102-16 | 102-17 | 102-25 | 103-1 | 103-2 | 103-3 | 205-1 | 205-2 | 419-1

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

GRI 205-1

Building confidence in each stakeholder is an absolute imperative for our business and our reputation. Trust has to be earned every day, in each attitude, in each service we deliver, so that we can achieve our goal of being the most trusted service provider in our industry.

The foundation of this work is quality. This is what encourages us to seek constant innovation processes, so that we may attain increasingly higher quality standards. This concentrated, coordinated and consistent effort encompasses all aspects of our practice – our values and knowledge, methodologies, continuous training and enabling

technologies – underpinned by an integrity and responsibility culture shared by all KPMG International member firms.

Our commitment to quality is even more important when we refer to Audit services, as they laid the foundations for KPMG to develop its business and consolidate its position in the global market. Our responsibility to the clients, capital markets, investors and stakeholders consists in delivering high-quality audits on which everyone can rely on.

For this reason, **quality and governance are key issues in our business model.**

RISK AND QUALITY MANAGEMENT

LAYING THE FOUNDATION FOR QUALITY

Our integrity culture is underpinned by a strong set of values, global policies, codes of conduct and processes that enable the right attitudes and behaviors to permeate throughout the network, starting from the very top, and being communicated in a transparent manner to the stakeholders.

Tone at the top

As a global network, we recognize that a straightforward and firm central leadership is required to set the Tone at the Top and provide the guidelines to the entire network. The quality of the audits delivered in all member firm jurisdictions is the responsibility of our local and international leaders.

Code of conduct

Our commitment to integrity and quality is deeply

ingrained in KPMG's values. Our values determine how we do things. They shape our diverse and inclusive culture and consolidate our commitment to an appropriate personal and professional conduct. And it is in our **Code of Conduct** that they are described.

Quality Control System

The KPMG Global Quality & Risk Management Manual strengthens the Tone at the Top and the Code of Conduct by setting out guidelines, policies and procedures that provide our professionals with guidance on how to act with integrity, skepticism and objectivity, perform their duties diligently and comply with applicable laws, regulations and the highest professional standards, provide good advice, and strictly maintain our independence.

In order to audit many of the major organizations in the market,
we have developed a multidisciplinary approach that brings together technology and experts with deep understanding of the industry in which each client operates.



Code of conduct

GRI 102-16



QUALITY AND RISK COMPLIANCE

- We are committed to encouraging the delivery of a high quality service, and the use of KPMG methodologies and procedures, in compliance with professional standards.
- We exert our best efforts to protect our Organization and strictly comply with legal proceedings when we are faced, during the course of our work, with suspicious transactions involving alleged corruption, money laundering and terrorism financing.
- Our business relationships are previously assessed and, where necessary, reassessed, aiming at being in line with the regulations and ethical and quality standards we follow.

INDEPENDENCE

- We maintain our independence by following the spirit as well as the letter of the rules, regulations and standards.

GIFTS AND ENTERTAINING

- We only offer and accept appropriate gifts and entertaining which are in keeping with a professional services firm and comply with Brazilian law.

CONFLICTS OF INTEREST

- We do not allow bias, conflicts of interest or undue influence of others to override professional or business judgments.
- We identify, mitigate and manage conflicts of interest before, during and after commencement of an engagement.

PROTECTING INFORMATION

- We protect our partners', employees' and clients' confidentiality and only use their information for proper and authorized business purposes.
- We comply with all KPMG policies and procedures which exist to ensure information remains secure.
- We respect intellectual property – of KPMG and our competitors.

COMPETING FAIRLY

- We promote KPMG's services honestly and compete fairly.

PEOPLE

- We are committed to equality and champion a culture that is free from moral and sexual harassment, discrimination and bullying.
- We treat everyone with respect and dignity, and respect other people's values.
- We value, celebrate and create an inclusive environment where everyone can thrive.
- We value work/life balance.
- We respect the code of conduct of our clients.

RESPONSIBLE CORPORATE CITIZENSHIP

- We act as a responsible corporate citizen, playing an active role in global initiatives relating to climate change, sustainability and social development.
- We aspire to the ten principles of the UN Global Compact.
- We work with others to create stronger communities.
- We encourage corporate citizenship.

ANTI-BRIBERY AND CORRUPTION

- We do not accept or offer bribes, or enter into corrupt practices.
- We do not tolerate illegal behavior, or behavior which is generally regarded as unethical, by our professionals, clients, suppliers, public officials.

PERSONAL DATA

- We respect individuals' privacy and the confidentiality of their personal data. We do not use personal information other than for the purposes for which it was obtained, in accordance with data protection laws.

INSIDER TRADING

- We prohibit the use of inside information for insider trading, market abuse and personal purposes.

COMPLIANCE WITH OTHER LAWS, STANDARDS AND REGULATIONS

- We comply with all other laws, regulations and standards that impact the work we do, including but not limited to: laws on tax evasion, local laws and regulations when working overseas, and Freedom of Information Act.

The KPMG International Hotline or Whistleblowing Service

GRI 102-17 is a channel that is open round the clock and enables business partners, employees, clients and other stakeholders to confidentially report alleged or actual incidents of fraud, misconduct and unethical activities. Brazil: 0800 891 7391

Other countries: *Online:*

www.clearviewconnects.com

Mail: P.O. Box 11017 - Toronto, Ontario - M1E 1N0, Canada.



CREATING A GLOBAL QUALITY FRAMEWORK

In the capacity of auditors, we acknowledge that our work is essential to face the main global challenge of our times: restoring the public trust in institutions. In the capacity of independent auditors, integrity is our greatest asset. Therefore, we are continuously enhancing our governance in order to deepen the exercise of our responsibility.

Continuous improvement We have been introducing global changes into the continuous improvement process, with highlights to the creation of the Global Audit Quality Committee, which includes senior partners from major member firms, and the appointment of a dedicated global representative, i.e. the Head of Audit Quality.

Consistency The more we standardize the way we conduct our audits and the more global consistency we build into our processes and technologies, the more effective we will become to achieve high quality standards. This is the framework for our success.

Inquiry culture We encourage a strong inquiry culture, which provides support to our teams in all their decision-making processes, and is also a key factor for the audit quality.

The zero-tolerance approach to bribery Our policy prohibits the involvement of our employees in any type of bribery. We do not tolerate bribery from clients, vendors or public officials either.

Confidentiality, information security and data privacy Strict security policies and procedures guide the handling of personal and client information by our business partners and employees.

The significance of communication The open and frank communication with our clients, including management and audit committees, is a crucial aspect of our reports and quality of the services we provide.

DELIVERING QUALITY IN THE EARLY STAGES OF OUR WORK

Based on the framework and global policies structured by KPMG International, each member firm is responsible for delivering the quality of its services and maintaining the operation of quality control system.

The right knowledge set Training courses and the opportunity to exchange experience on local and international requirements, access to the international network of experts, and the opportunity to develop knowledge of specific business and industries are among the priorities to provide our people with the right knowledge for them to be ready to act.

The right clients Our client acceptance process includes policies and procedures that help

us decide whether we should accept or continue business relationships or perform a certain work. When mapping risk and conflicts of interest, these policies become crucial to our ability of providing high quality independent professional services.

High ethics and transparency standards The audit independence is one of the most relevant topics for the quality process. Subject to local and international regulatory requirements, our procedures include the delivery of periodic training programs, and the personal finance monitoring and rotation of the partners in charge of the audit.

INNOVATING IN THE AUDIT PROCESSES

Technology has been an essential ally in this process for raising the quality and consistency level in our audits. We are increasing the deployment of artificial intelligence, Data & Analytics (D&A), predictive analysis and cognitive technologies, introducing robotics into our processes and providing our people with real-time training courses and guidance.

Technology that transforms KPMG Clara, our smart, modular audit platform, has enabled us to create a new global workflow and

improve our methodology. As a result of the adoption of KPMG Clara, D&A has become an integral part of how we obtain audit evidence and how we interact with clients, delivering deeper and more comprehensive insights.

Methodology that provides consistency The audit methodology is set out in the KPMG Audit Manual (KAM) and includes additional requirements beyond the International Standards on Auditing (ISAs) to enhance the quality of our deliverables.





EQUIPPING OUR PEOPLE WITH THE RIGHT CAPABILITIES AND RESOURCES TO ENABLE THEM TO PERFORM THE BEST WORK

One of the main quality propellers is being confident that our people have the appropriate skills and experience, passion and purpose to provide high quality services.

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

Motivating using performance and rewards Our compensation and promotion policies are straightforward, simple and linked to performance assessment processes that clarify to our people what is expected from them, and what they can expect in return. KPMG's global behaviors – "Delivers Quality"; "Exercises Professional Judgment" and "Strives for Continuous Improvement" – express our values and help create a connection between our people and what is required to succeed both individually and collectively.

Continuous personal development We encourage our professionals to acquire the

right business and leadership skills, in addition to the technical ones, in order for them to perform quality work.

Lifelong Learning Each employee establishes annual development and delivery priority goals, which are linked to their performance in the provision of audit services, and development goals. The training courses bring together classroom-based, virtual training course and on-the-job performance support experiences.

Continuous on-the-job guidance and coaching Valuable learning experiences are available at the click of a mouse, where required, consisting of just-in-time coaching and learning that are aligned with job-specific role profiles and learning paths.

Continuous professional development all professionals are required to be in compliance with professional applicable standards, laws and regulations. The compliance with this requirement is included in the

annual monitoring programs of each member firm.

Global People Survey (GPS) The Global People Survey is carried out on a yearly basis to collect insights from our people which may lead us to a continuous improvement.

Talent allocation We assign the right people to each engagement based on their set of skills, professional and industry experience, and on the nature of the engagement.

Client engagement leaders Our leaders make sure that their engagement teams rely on the suitable capabilities and abilities, or check whether other experts are required to carry out the work according to professional standards, KPMG's methodology, and applicable legal and regulatory rules. In case the right professional is not available within the member firm at the time, we then involve the international network of the KPMG member firms' qualified professionals.

MONITORING THE QUALITY LEVEL OF THE SERVICES PROVIDED BY KPMG'S NETWORK GRI 205-1

The continual improvement of our audits is made 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.

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

Strict quality and compliance programs They are created at global level, and then consistently tested and followed by the network as a whole.

Root cause analysis This analysis identifies and addresses audit quality issues, thus preventing them to occur again in the future.

Effective corrective measures The Global Audit Quality Committee and Global Quality & Risk Management Committee enable KPMG International to review the results of the quality monitoring program, assess root causes and action plans member firms intend to implement and develop additional global remedial plans, when necessary.

Feedback and dialogue with regulators and clients KPMG International communicates regularly with the International Forum of Independent Audit Regulators (IFIAR) in order to discuss audit quality issues and measures we have taken to address them, based on an open, frank and transparent dialogue. In Brazil, we maintain respectful professional relations with regulators and strive to be responsive to any issues raised, within the legal time frame, through the adoption of applicable corrective measures.

Clients' feedback is also extremely important to us. We collect their feedback through direct conversations or satisfaction surveys carried out by third parties, and make continuous improvements based on this feedback.



GRI 205-3 | 419-1 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.



GOVERNANCE AND LEADERSHIP

In 2018, KPMG International performed a thorough analysis of the protocols and practices followed by the network in order to ensure that we are being consistent in terms of our audit quality, our clients experience and behaviors and values that we put

into practice in the communities where we live and work.

As a result of this analysis, our governance was refreshed aiming at emphasizing our core value that consists of “acting with integrity”.

KPMG INTERNATIONAL

GRI 102-18 | 102-22 | 102-24 | 102-26 | 102-31

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

Global Council This body focuses on top-level governance, and performs functions equivalent to those of a meeting of shareholders (despite the fact that KPMGI has no share capital and, therefore, has only members, rather than shareholders). 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. Additionally, it provides a forum for open discussion and communication among member firms. **GRI 102-26**

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. **GRI 102-26**

The 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; Professional Indemnity Insurance Committee; and the newly created Global Audit Quality 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 Chairman and includes the Global Chief Operating Officer, global function and infrastructure heads, and the General Counsel.

The Global Head of Quality, Risk and Regulatory Acts as an executive member of the senior leadership team, thus taking over global responsibility for the control and quality and risk management system, and ethics and compliance programs.

Regional Boards Each region (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 Board

Members of the Global Board of KPMG International

Bill Thomas
Chairman, KPMG International

Sikander Sattar
Chairman, KPMG EMA and Portugal

Scott Ozanus
Chairman, KPMG Americas

Honson To
Chairman, 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 Kriech [Brazil]

Elio Luongo [Canada]

Bill Michael [United Kingdom]

Jay Nirsimloo [France]

Klaus Becker [Germany]

Arun Kumar [India]

Shaun Murphy [Ireland]

Domenico Fumagalli [Italy]

Toshiya Mori [Japan]

Alison Kitchen [Australia]

Kyo Tae Kim [South Korea]

Victor Esquivel [Mexico]

Stefan Pfister [Switzerland]

Lynne Doughtie [The United States]

Ong Pang Thye [Singapore]

Hilario Albarracin [Spain]

Stephanie Hottenhuis

[Netherlands]



KPMG IN BRAZIL

GRI 102-18 | 102-22 | 102-23 | 102-24 | 102-25 | 102-26 | 102-31

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. **GRI 102-23** 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. **GRI 102-26** The Executive Committee is composed of the chairperson and up to eight partners appointed by the chairperson, generally the heads of the relevant practices. 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.

GRI 102-22

It has eight subcommittees:

FINANCE SUBCOMMITTEE

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

OPERATIONS SUBCOMMITTEE

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

COMPENSATION SUBCOMMITTEE

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

THE INNOVATION AND INVESTMENT SUBCOMMITTEE

Catalyses, evaluates, discusses and approves innovative ideas from partners related to operational aspects at KPMG in Brazil. The approved proposals are reviewed by the Executive Committee. Is composed of six partners, with periodic rotation.

PARTNERS' RIGHTS SUBCOMMITTEE

Organized on an ad hoc basis in case any partner of the firm feels that his/her rights have not been respected. It is composed of four partners, two of whom from the Executive Committee.

THE INCLUSION & DIVERSITY SUBCOMMITTEE

Prepares, approves and monitors our strategic plan and budget across four pillars (women empowerment, LGBTI+, race/ethnicity, and people with disabilities), ensuring we progress on inclusion and diversity issues both within and outside KPMG.

THE HUMAN CAPITAL SUBCOMMITTEE

Is responsible for renewing our strategies for attracting, developing, allocating, recognizing and retaining talent. It has five members—among them our partner for People, Performance & Culture—and is chaired by a business partner.

RISK SUBCOMMITTEE

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



Disciplinary Subcommittee

The Disciplinary Subcommittee investigates suspected violations of rules and policies by our professionals. It consists of heads of Business and Performance and Culture practices, the Risk Management partner and the Chairperson.

[Read more] GRI 102-25



Our sustainability strategy



Developing to create value

Sustainability governance & management

Governance
Management

Priority stakeholders

Material topics



Developing to create value

GRI 102-14

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 channel this knowledge not only into the services we offer, but also into developing our stakeholders.



Creating value for all our stakeholders is our sustainability strategy.



Sustainability governance and management

Global principles: local action [GRI 102-14](#)

GOVERNANCE

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

Corporate Citizenship, Inclusion & Diversity

Guided by our purpose, our Corporate Citizenship, Inclusion & 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, coordinates our Sustainability Report 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.

MANAGEMENT

GRI 102-14

Strategically, sustainability management at KPMG in Brazil is connected to our principles and goals:

- » Deepen our focus on the client.
- » Improve operating efficiency.
- » Expand our capabilities to innovate the services and approaches we provide for the market.
- » Retain a team of extraordinary, highly motivated professionals.
- » Ensure that the contribution delivered in each engagement is appropriately valued.
- » Continuously raise our quality and risk management standard.
- » Invest in the continuous development of our professionals.

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

POLICIES AND PROCEDURES

GRI 102-12 | 102-16

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

The **Global Corporate Citizenship** function 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

Global Compact/ UN	Sustainable Development Goals/UN	Future Role of Civil Society/ World Economic Forum	
The Carbon Price Communiqué	World Business Council for Sustainable Development	Statement on Fiduciary Duty & Climate Change Disclosure/ CDSB	Paris Pledge/ COP21

HUMAN RIGHTS

Guiding Principles On Business and Human Rights/UN	Human Rights/ Instituto Ethos
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DIVERSITY

Women's Empowerment Principles/UN	#HeForShe/UN	Business and LGBT Rights Forum	Business Initiative for Racial Equality
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ETHICS AND INTEGRITY

Partnership Against Corruption Initiative/World Economic Forum
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Read about KPMG's progress in implementing the **Global Compact Principles** in 2018. **Portuguese** and **English**.



Our sustainability strategy

Developing to create value

Translating our knowledge into sustainable approaches, which promote the development of our stakeholders, is a continuing journey.

OUR PURPOSE

Inspire Confidence. Empower change.

OUR VISION

The Clear Choice.

OUR STRATEGY

Excellence, consistency and efficiency. Long-term sustainable vision. Multidisciplinary approach. Collaboration. Passion for the client. Innovation.

OUR VALUES

We lead by example. We respect the individual. We work together. We seek the facts and provide insight. We empower our communities. We act with integrity. We are open and honest in our communication.

OUR PROMISE

We are passionate and we have a purpose. We work together with you, combining innovative approaches and deep expert knowledge to deliver actual results.

The path we travel

An internal day-to-day journey towards understanding how we can create value for all our stakeholders.

The path we help others travel

Our actions focused on inspiring and helping our stakeholders operate responsibly and develop more sustainable business models.

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.e à 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.





KPMG CAPITALS

The Capitals Matrix, developed by the International Integrated Reporting Council (IIRC), and adopted by KPMG in 2014, shows 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 [GRI 102-46](#) | [102-47](#) | [203-1](#) | [103-1](#) | [103-2](#) | [103-3](#)

	 INTELLECTUAL CAPITAL	 HUMAN CAPITAL	 FINANCIAL CAPITAL	 SOCIAL AND RELATIONSHIP CAPITAL	 NATURAL CAPITAL	 MANUFACTURED CAPITAL
MATERIAL TOPICS 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 plan Rewards and Compensation Quality of life Rewards and Benefits Organizational climate Diversity	Economic performance	Client and market relations Client satisfaction Client and/or engagement acceptance and continuity 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; Access to thought leadership. For society Ethical and sustainable business; Access to thought leadership; Stakeholder trust.	For our professionals Compensation and benefits; Career development; KPMG pride; Ethical work environment; Respect for diversity; A resume the market values; Occupational health and safety. For our clients Ethical conduct, integrity and high-performing professionals. For society Best workplace, diversity and corporate citizenship practices. Highly skilled professionals.	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 <i>Pro bono</i> services for social 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, our clients and society Any loss of quality in services provided and/or data protection could have negative impacts on the business and on public trust. The limits on the auditor role are not always clear for our communities and the market.	For our professionals Challenges in balancing their work and personal life during the <i>busy season</i> . For KPMG <i>Turnover</i> and potential loss of expertise and/or the need to invest in new staff. For our clients Behavior 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 Profit-sharing payments and job opportunities. For our clients and society Investment capacity, tax payments, job opportunities and community investment.	For our professionals, our clients and society Loss of trust if we provide services to clients facing regulatory scrutiny. Regarding the limits on the auditor role, in order to maintain our independence, we are not allowed to render certain services to the client simultaneously.	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	» Hours and amounts invested in training and development. » Trainees trained and hired. » Awards received. » Mobility program participants. » Website access and downloads and social media interaction. » Publications and events produced globally by the KPMG network.	» Number of professionals. » Educational level. » Number of promotions. » Global People Survey results. » Staff diversity data. » Health and safety targets. » Rewards and Benefits.	» Statement of Added Value. » Investment and innovation in services.	» Client Satisfaction Survey. » Media coverage. » Client acceptance and continuity procedures. » Supplier's Code of Conduct: » Number of events organized and publications produced. » Relevant memberships. » Community investment.	» Eco-efficiency goals. » A global commitment to reducing GHG emissions. » Carbon emissions neutralized. » Environmental awareness initiatives.	» São Paulo and Rio de Janeiro office buildings 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.

Priority stakeholders

Continuous engagement

GRI 102-40 | 102-42

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.

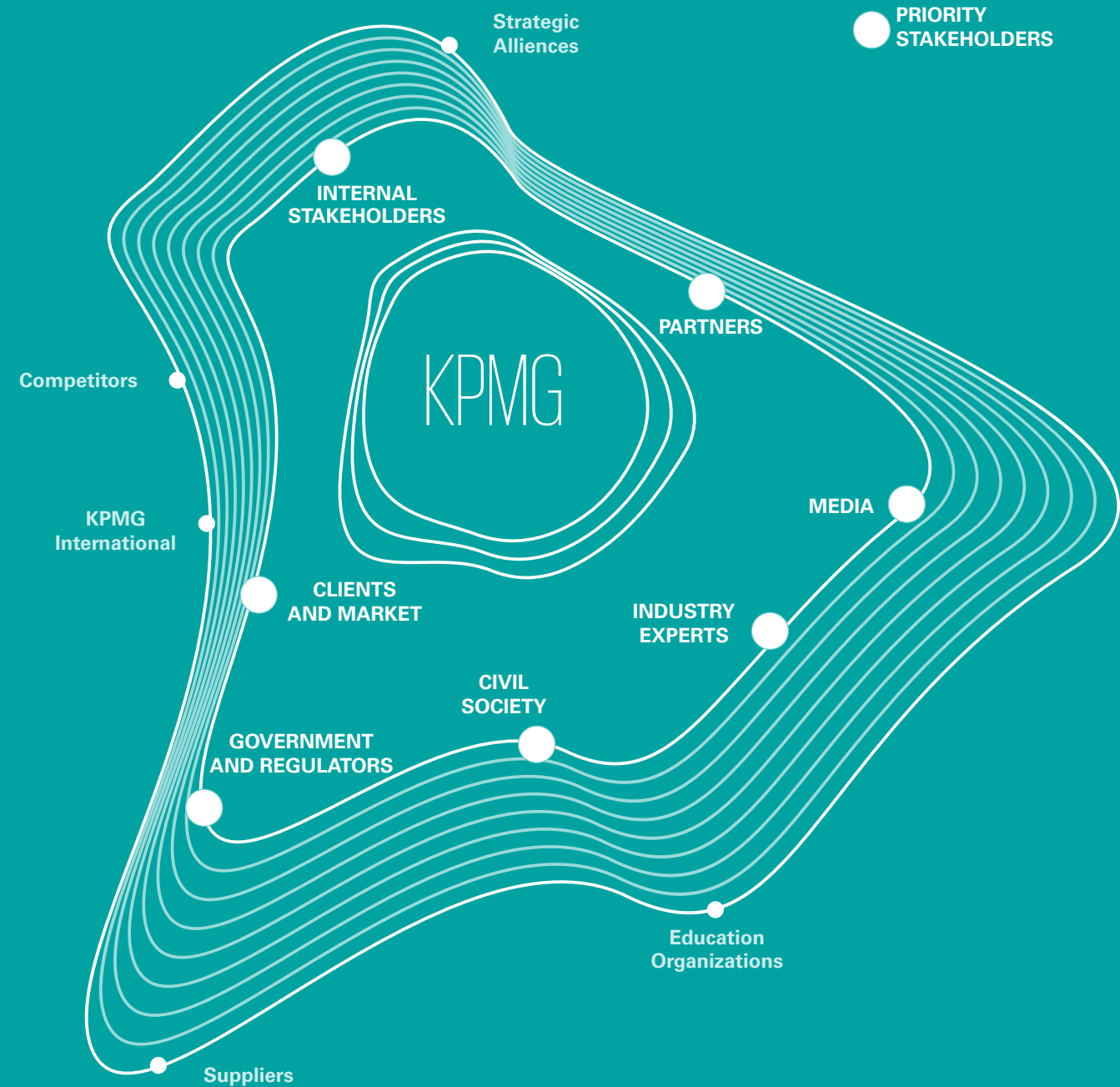
Reviews conducted in 2011 and 2014 resulted in the current group of 12 stakeholder categories, seven of which are considered **priority stakeholders** for the

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.



STAKEHOLDERS MAP OF KPMG IN BRAZIL GRI 102-40





Material topics

What is most relevant to KPMG and our stakeholders?

GRI 102-43 | 102-44 | 102-46 | 102-48 | 102-49

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 **2018**, 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 Global Sustainability Services, the review process used the KPMG Global Materiality Assessment Toolkit and Methodology **[Read more]** and two different approaches:

Direct sources

» **Analysis of data generated by the engagement channels** Kick off meeting with the reporting team (all departments that provide data to be included in the report); Climate Surveys; Client Satisfaction Surveys; Whistleblowing hotline and inputs from the Audit Committee Institute. In addition, we remained actively engaged in discussions driven by the leadership around why we are here and how stakeholders see the value of our services.

» **KPMG strategic information** Reviews of strategic business objectives 2014-2025, Public Trust Workshops with KPMG partners and interviews with 15 members of our leadership team (our 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 was no need to modify the issues addressed in the previous reporting period.






During this cycle, we reviewed the Materiality Matrix to distinguish the **Material Topics**—which are fundamental topics for the relationship between KPMG and the stakeholders— from the **Secondary Topics**—which are essential topics for the management of the former.

Regarding **Secondary Topics** they were not identified as material in the stakeholders/ materiality assessment.

Nonetheless, by addressing issues that we consider to be transversal and even complementary to the management of material topics, we have chosen to bring them into the report and provide greater transparency on the approach we have adopted in each one of them. Throughout the GRI Content Index, they are identified as a "non-material topic" to make clear the distinction between them and the material topics also reported.

MATERIALITY MATRIX: Material topics to KPMG and our stakeholders

GRI 102-44 | 102-46

	MATERIAL TOPICS	SECONDARY TOPICS
 INTELLECTUAL CAPITAL	Ethics and integrity	Governance Risk and quality management Client and/or engagement acceptance and continuance Privacy and information security
 HUMAN CAPITAL	Innovation Attracting and retaining talent	Career plan Rewards and Compensation Quality of life Organizational climate Rewards and Benefits
 FINANCIAL CAPITAL	Diversity Training and development Economic performance	
 SOCIAL AND RELATIONSHIP CAPITAL	Client and market relations Voluntary global commitments to communities	
 MANUFACTURED CAPITAL	Technologies and infrastructure that contribute to material topics	
 NATURAL CAPITAL	Voluntary global commitments to the environment	

A correlation between Material Topics and GRI Material Aspects is presented in the **GRI Content Index**.



Our performance



In this chapter we summarize our most relevant actions at KPMG in 2018 across the six Capitals that are used or affected by our activities:

INTELLECTUAL CAPITAL

HUMAN CAPITAL

FINANCIAL CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

MANUFACTURED CAPITAL

NATURAL CAPITAL

In detailing each Capital, we outline the following:

Management

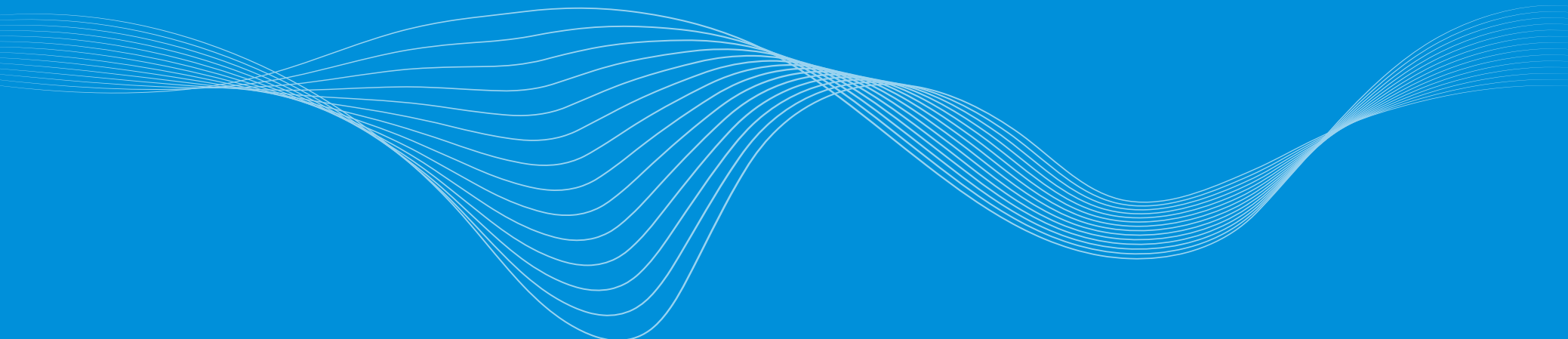
The principles that underpin the management of that Capital.

Assets

How we transform Capital into tangible assets.

Highlights

Figures and awards related to that Capital.



Intellectual Capital

Innovation drives business changes

MANAGEMENT

Intelligence and innovation are some of our Intellectual Capital trademarks, which we translate into solutions that make the difference in the lives of our stakeholders. And this inspires confidence, and empowers change.

ASSETS

Innovation to transform and meet the challenges

Strength of the network and its connections to be at the forefront of innovation

Extraordinary people to deliver extraordinary value

Quality and integrity in what we do to inspire confidence

Sharing relevant knowledge to foster development

Highlights

Leading

Auditors for
Listed Companies

5,247

clients served

Strategic partner in the ERP Cloud implementation in Latin America Oracle

Partner of the Year in Consulting and Systems Integration Cloud Innovation (KPMGI) Microsoft

Recognized as a leading service provider, earning the "Winner's Circle" designation in the HfS Blueprint Report, Smart Analytics (KPMGI) HfS Research

Best Business Partner in the Retail Industry BR Week

Best Consultancy in HR Management The Gestão RH Group

Named one of the top three global Robotic Automation service providers (KPMGI) HfS Research

Global leader in Organizational Strategy Consulting services and capabilities (KPMGI) ALM Intelligence

Leader in Procurement Operations Consulting (KPMGI) ALM Intelligence

Leader in Client Capability Development (KPMGI) ALM Intelligence

Leader in Change Management and Communications Consulting (KPMGI) ALM Intelligence

Leader in HR Operations Consulting (KPMGI) ALM Intelligence

Leader in the Microsoft Dynamics 365 Services solution for Digital Transformation (KPMGI) Forrester Research





Expertise supporting development

Innovation. Disruption. Growth.

GRI 102-14 | 103-1 | 103-2 | 103-3



LEAP's launching: our open innovation platform promotes transformative experiences to our clients.



Hack-a-ton KPMG: 55 professionals assembled to draw innovative solutions for of our clients.

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, continually learn and transform.

We are responding by **innovating, investing heavily in technology and artificial intelligence, renewing our service portfolio and delivery models, transforming our people's capability set, strengthening our focus on quality, working seamlessly across our practices and using lots of creativity.**

This is an ongoing progress process that is led by the Innovation and Investment Subcommittee in a swift manner, but respecting the learning curve limits of our people, our operating and investing capacity, the market scenario and the clients' appetite for innovation.

INTERNAL TRANSFORMATION

Innovation and creativity thrive with the inclusion of many points of view. KPMG is made up of extraordinary people with diverse backgrounds, expertise and ways of thinking. This is what fosters our innovation and creativity, which are amplified by a network of cutting-edge ecosystems, environments and hubs.

LEAP – Our Open Innovation platform to create insights and opportunities

Startups are rich innovation environments. In order to approach them, we have decided to go really further and be part of an ecosystem, called Leap, which is a platform that combines KPMG's market penetration and expertise with the agility and connection of more than 10,000 startups that are members of Distrito's platform.

By using LEAP, we are able to connect entrepreneurs,

companies, investors and universities to mindsets and innovative and transformational methodologies to solve actual and complex problems faced by large companies, create opportunities and identify trends.

With so many methodologies and technologies at hand, we are becoming even more agile and creative to find unconventional ways of solving problems.

KPMG Lighthouse – Center of Excellence in D&A

Relying on more than 100 professionals, Lighthouse is our innovation hub, which includes a tech lab, models and methodologies. It leverages its expertise in software and data engineering, advanced visualization, artificial intelligence and robotics. A unique project-focused environment, it enables, encourages and inspires technological creativity and foster inventive technology-driven solutions.

Ignition Center – An innovation environment dedicated to our clients

Located in the city of São Paulo, our first Ignition Center in Brazil will be Lighthouse's showroom.

We have accelerated the investment of US\$ 4 billion in our multi-year program, which is focused on providing technology platforms to support the development of innovative solutions for clients.

Bill Thomas,
Chairman, KPMG International

In this center, our clients will be able to explore disruptive business trends, and leverage D&A insights to create new solutions and experiment new technologies.

Transformation in Audit – KPMG Clara: our smart audit platform

Continuously innovating is essential to raise the level of quality and consistency. We have been progressively investing in technology, making more use of Data & Analytics (D&A) tools, introducing robotics into our processes and providing our professionals with real-time training and guidance.

KPMG Clara is our automated, agile, smart and scalable audit platform which takes the quality of our deliverables to a new level. It enables us to incorporate new artificial intelligence tools and predictive and cognitive analysis as they emerge and mature, thus providing our professionals with increasingly sophisticated resources.

With KPMG Clara, our audit teams can interact with clients as they have never done before, thus offering real-time communication and bringing them advanced insights as a result of a faster access to data, including more transparency throughout the process.

Tax Transformation

The digital megatrends bring dramatic changes to the way tax

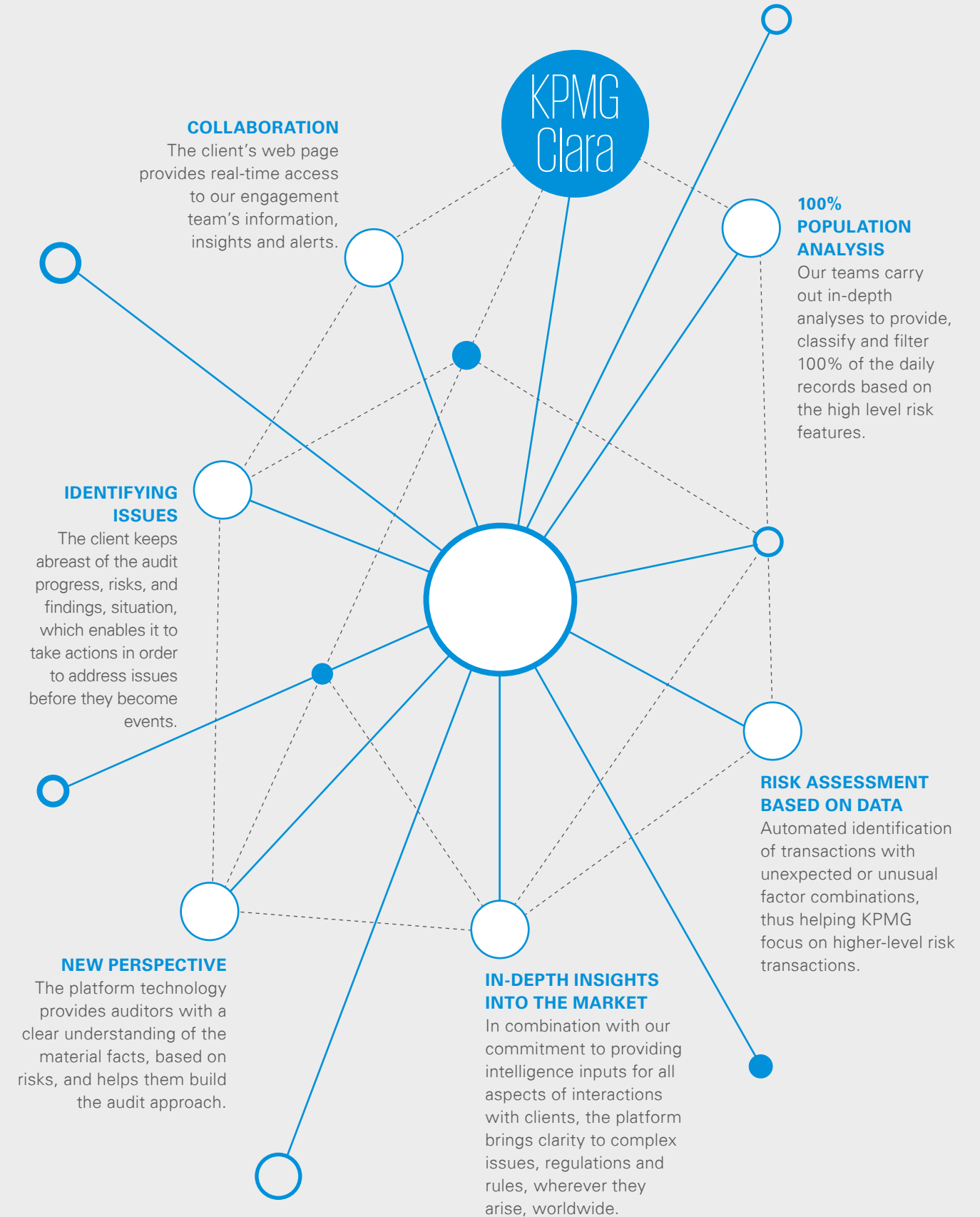
activities are being shaped. Our Tax services involve more than having tax knowledge, expertise in processes robotization to avoid mistakes, D&A technologies use to identify opportunities, machine learning to recognize undesired patterns, and Internet of Things to share real-time data.

Each year, our professionals have been devoting more time to strategic and innovation roles to design tax strategies which seize opportunities, reduce costs and provide support to our clients' business decision-making.

In Brazil, given the complexity of our tax system, these strategies become defining factors to the business profitability, since complying with tax laws and correctly interpreting benefits is a financial and strategic decision.

As technology is automating the compliance process of routine tasks and providing access to deeper levels of transactions, the path ahead shows that we will have to deal with accessory obligations previously completed by the tax authorities themselves, real-time submission of data to the National Treasury (Fisco), increase in outsourcing activities in tax departments, more effective use of automation and D&A, use of artificial intelligence to determine taxes, and blockchain, including tax data.

This is the scenario for which we have been preparing, through the deployment of highly qualified





The future
is here
and we
are ready
for it.

teams and business partners, and cutting-edge technology.

Advisory Transformation

If, on the one hand, the digital environment is driving dramatic changes in the Audit and Tax practices, on the other hand, in the Advisory practice, all of our service offerings have been redesigned to meet the future new requirements of our clients and various industries in which they operate.

Large companies need some guidance on how to devise strategies for helping them navigate this new scenario. This has been the task we have been dedicating ourselves to, with the support of strategic partnerships and the Leap ecosystem's intelligence, and our immersion in the disruptive technologies world.

Deal Advisory was one of the first practices to be profoundly transformed. With Deal Maker, we use cognitive technologies to create new negotiation terms in the digital scenario. We have programmed the system to gather M&A information/data from the Internet and establish interest relations between buyers and sellers based on investment theses. Many new businesses have been created by this multiplication of opportunities.

Client need detectors, which we have just developed, have helped companies adjust their service offerings, by anticipating significant changes in the consumers' behavior.

Tailor made consumer platforms are also on the rise. For one of our clients, specifically in the automotive industry, we developed a system that uses the

car dashboard to build the client's experience and feed the company with data on the client behavior to the company, thus bringing the clients closer to the company and inspiring their loyalty.

STRATEGIC PARTNERSHIPS

Alliances with leading innovators such as Microsoft, Oracle, IBM, ServiceNow and Workday and a wide and varied network of startups, 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 technologies, helping clients transform their operations and services to enhance their effectiveness and efficiency.

See below some highlights:

Oracle in Latin America

In 2018, Oracle recognized KPMG in Brazil as a strategic partner for implementing ERP Cloud in Latin America.

Our competitive edge was KPMG Powered Enterprise, which is a disruptive methodology that enables us to leverage cloud technologies to include an enormous amount of business assets and contents in each KPMG's project, thus creating more purposeful and effective approaches.

IBM Watson

Another milestone in the use of artificial intelligence was the development of the Cognitive Contract Reader, using IBM Watson. The platform, which is already being used by Brazilian

clients, has been trained to read contracts in Portuguese and to perform Compliance assessments and risk analyzes in large quantities of documents.

The robotization of corporate backoffice processes, together with the use of cognitive intelligence, allows an exponential gain in process efficiency and quality.





What we offer to our clients

For clients' every challenge and opportunity, we offer solutions that deliver actual results.
GRI 102-2 | 102-6

All companies recognize the need to change at least some aspect of their business. The challenge is knowing where to start. For this reason, we invest in solutions that provide clarity and guidance to the decision makers:

The Powered Enterprise is a solution to swiftly transform critical business departments (finance, procurement, HR and IT), enhancing the company's performance and generating value to it.

The Connected Enterprise is a customized digital transformation approach to be implemented across the company, from strategy to execution.

MARKETS PROGRAM
Expertise and specialized approaches to each industry and segment.

- » PRIVATE EQUITY
- » FINANCIAL SERVICES
- » TECHNOLOGY, MEDIA & TELECOM
- » INDUSTRIAL MARKETS
- » GOVERNMENT & INFRASTRUCTURE
- » CONSUMER MARKET & RETAIL
- » ENERGY & NATURAL RESOURCES
- » AGRIBUSINESS
- » HEALTHCARE & LIFE SCIENCES
- » SME MARKET
- » EDUCATION AND NON-PROFIT ORGANIZATIONS



CUSTOMERS AT THE CENTER OF EVERYTHING
Our clients know that they can rely on our smart solutions for any type of demand, whether for Audit, Tax or Advisory services.

- » **DIGITAL TRANSFORMATIONS**
With Leap's ecosystem and Lighthouse's new solutions, we combine disruptive technologies and strategies with our global experience to help our clients transform their business.
- » **ACTUAL RESULTS**
Our professionals' varied and specialized expertise in markets, technology, management, economy, finance, logistics and taxes is the foundation for achieving actual results for clients operating in all industries.
- » **CONNECTION WITH GLOBAL MARKETS**
Global expertise and structure are the main assets we place at our clients disposal in order to help our clients expand their business in Brazilian and foreign markets.
- » **WE ARE WHEREVER THE CLIENT NEEDS US TO BE**
We are always ready to meet our clients' requirements, wherever those requirements take place. Our offices meet regional requirements. With One Americas, we are even closer to all countries in that region.
- » **ENTREPRENEURIAL INITIATIVE AND ATTITUDE**
We have equipped our clients to seize current and future opportunities, make decisions and implement new practices that take their business to new levels.
- » **AGILE DECISION-MAKING**
By using D&A technologies and artificial intelligence, we are able to help our clients make quicker and more assertive decisions.



FINANCIAL SERVICES

CEOs TOP CONCERNS

- » “Grow or Die”
- » Emerging technologies
- » Big data
- » Geopolitical and regulatory developments
- » Changes in workforce demographics
- » Customers at the center of everything
- » Converging industry models
- » New business models

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.



ENERGY & NATURAL RESOURCES

CEOs TOP CONCERNS

- Digital transformation «
- Intensive regulation «
- Research & Development «
- Environment «
- Logistics «
- Risk mitigation «
- Arrival of new global players «
- New concessions «
- Competition for capital «
- Seeking recognition in the « international market

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.

Our **Oil & Gas** practice is one of the largest in Brazil, with professionals specializing 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** industry, we are the leading auditors and provide a range of Deal Advisory and Tax services to many of the leading players in the industry.



HEALTHCARE & LIFE SCIENCES

CEOs TOP CONCERNS

- » An aging population
- » Financial problems and health impacts
- » Unequal health care
- » Unhealthy living
- » Increased prevalence of chronic diseases
- » The need to engage with patients in health care systems
- » Technology to improve services
- » Rising health care costs

KPMG AS THE CLEAR CHOICE

Supported by KPMG’s Global Healthcare Center 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 three main areas: the workforce; patient experience and satisfaction; 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.





INDUSTRIAL MARKETS

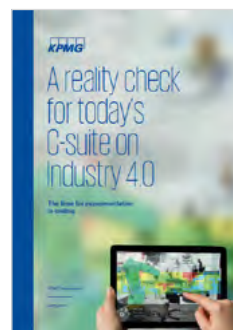
CEOs TOP CONCERNS

- Restructuring the value chain «
- Tax dimension of Industry 4.0 «
- Compliance with increasingly «
complex legal requirements
- Complete digitalization «
- Human resources training «
- Alignment of the machine, equipment «
and logistics park to Industry 4.0
- Cyber security «
- Adjusting the business model and «
developing new revenue models
- Changing, consumer-led markets «

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 actual 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 towards implementing projects in this direction.



GOVERNMENT & INFRASTRUCTURE

CEOs AND GOVERNMENTS' TOP CONCERNS

- » Convergence between the energy, transportation and technology industries
- » Pressure for transparency and efficiency
- » Social and environmental impacts influencing investments
- » Technology: rising productivity and obsolescence
- » Governments facing funding constraints
- » Globalization of infrastructure

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.



CONSUMER & RETAIL

CEOs TOP CONCERNS

- » Focus on the customer experience
- » Accelerated Expansion
- » New players and new formats emerging and gaining traction
- » Technological and point-of-sale innovation
- » Supplier relations
- » Supply chain management
- » Professionalization
- » Transaction and business formalization
- » Performance improvement and cost reduction

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.





TECHNOLOGY, MEDIA & TELECOM

CEOs TOP CONCERNS

- Transformation: new service offerings « and business models
- Changing consumer behaviors «
- New mobile technologies «
- Increased provider competition «
- Investments in network reduction «

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.



AGRIBUSINESS

CEOs TOP CONCERNS

- » Complex economic environment
- » Increasing pressure for price reduction
- » Client requirements for a higher level of transparency and effectiveness controls
- » Innovative and safe growth solutions
- » Productivity
- » Technology enabling market expansion
- » Growing concern about nutrition and food traceability

KPMG AS THE CLEAR CHOICE

In this scenario, relying on the support of professionals who not only understand the business, but also are acquainted with the local and global trends, provides effectiveness gains and the allocation of strategic expertise to meet challenges and seize opportunities in each agribusiness segment.

Our team of specialists in the industry is prepared to increase productivity and optimize results based on the assessment of infrastructure and technology investment requirements, and on processes management and redesign improvement, by leveraging Audit, Tax and Advisory expertise, and including the support of technology innovations.

KPMG's main solutions include tools geared to precision agriculture, drones, use of satellites, Big Data, Internet of Things, artificial intelligence, and cloud management systems.



SME MARKET

CEOs TOP CONCERNS

- » Family businesses: funding and investors, succession plan, governance, management improvement to internal processes, and business management
- » Startups: setting up company's operations, raising capital, expanding abroad or complying with regulatory requirements

KPMG AS THE CLEAR CHOICE

KPMG's specialists provide advisory services to entrepreneurs, family businesses and startups, irrespective of the size or stage of their business.

Relying on local and global experience in all industries, we provide a range of professional services for planning and designing strategies aimed at growth, new business development, structuring in the corporate, tax, governance, and management areas, and all the service chain related to funding and advisory services on M&A.





Human Capital



Extraordinary people drives business changes

MANAGEMENT

We are recognized both locally and internationally for our ability to attract and develop extraordinary people.

This is the essential condition for the excellence of our performance.

To achieve this, we place people management at the heart of our strategy, promote the continuous improvement to People Experience, and make substantial investment in the development of our talent.

ASSETS

Strategic, technical and human development of our professionals to add more value

Investing in quality of life for our professionals' good health.

Praising and rewarding our people for their efforts in order to obtain their commitment

Praising our diverse and intergenerational talent to build expertise and provide innovative insights

Developing new talent to contribute to the market

Highlights

4,288 professionals

48% of women in our team

40% of our professionals have been promoted

R\$ 28,9 million invested in training and development

421,000 hours of training

Top Companies 2018 - Where Brazilians dreams of working for LinkedIn

World's Most Attractive Employers 2018 (KPMGI) Universum

Best Consulting Company to Work for (KPMGI) Consulting



People management

GRI 103-1 | 103-2 | 103-3

Globally, KPMG's new Talent Strategy is in line with market requirements when creating an extraordinary experience for our people, comprising an innovative and flexible work environment, stimulated by an inclusive, ethical and collaborative culture, in which everyone learns on an ongoing basis and acts as inspiring and purposeful leaders.

order to build a consistent people experience that really maximizes the creativity and talent of people who we work with.

The inclusion and diversity agenda is one of our top priorities, as it promotes gender equality, affirmative actions, and the respect for LGBTI+ and equal opportunities for people with disabilities.

Aiming at paving a new path, this new strategy was also developed in a different way: it was created in a collaboration with KPMG's professionals around the globe through a comprehensive engaging process, including JAM sessions, in-depth discussions about millennials, and the release of the Global People Survey information.

The People, Performance & Culture department promotes and leads all these processes; however, in practice, each one of our leaders is responsible for people management. That is why they are constantly challenged to develop their capabilities in this area.

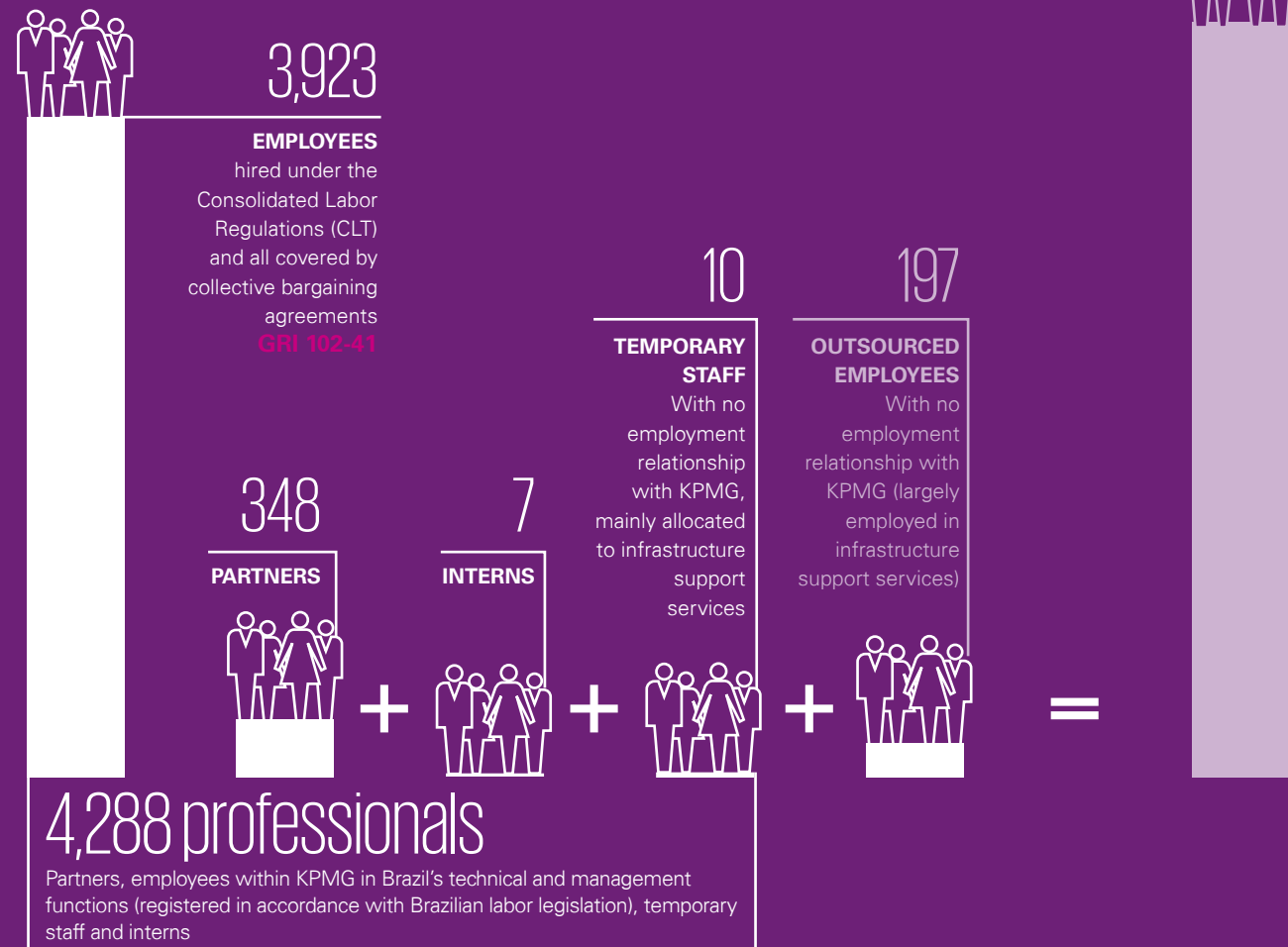
Based on this strategy, all processes for attracting, recruiting and developing talent, and assessing performance, quality of life and organizational work atmosphere, carried out at KPMG in Brazil, are being revisited in

By making these strategic choices on how to develop and provide support to our professionals, we are confident that we are following a path that will enable KPMG in Brazil to become even more successful in the market, and relevant to it.

Our people

4,485 employees

All people working at KPMG in Brazil at the end of fiscal year 2018





PROFILE OF KPMG IN BRASIL STAFF GRI 102-8 | 405-1

By Age Group	Employees	Interns	Temporary	Partners	Outsourced Employees
Up to 30	2,679	7	8	0	80
30 to 50	1,220	0	2	287	95
Over 50	24	0	0	61	22
Total 2018	3,923	7	10	348	197

By Gender	Employees	Interns	Temporary	Partners	Outsourced Employees
Men	1,950	3	6	291	104
Women	1,973	4	4	57	93
Total 2018	3,923	7	10	348	197

By Office	Employees	Interns	Temporary	Partners	Outsourced Employees
São Paulo	2,428	7	9	254	160
Rio de Janeiro	512	0	1	46	15
Other offices*	982	0	0	48	22
Total 2018	3,923	7	10	348	197

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

* 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 e 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.

By Minority Groups (%) GRI 405-1	People with disability		Afro-Brazilians		Foreigners		By working time	Men	Women	Total
	Administrative team	Technical team	Administrative team	Technical team	Administrative team	Technical team				
Interns	0	0	16.7	0	16.7	0	Work on a full-time basis	2,215	1,968	4,183
Trainees	0	4.2	0	22.4	0	0.5	Work on a part-time basis	35	70	105
Staff	5.9	0.3	28.4	24.5	0.7	0.9	Total 2018	2,250	2,038	4,288
Middle management	1.9	0	7.7	13.1	5.8	3.4				
Directors	0	0	0	4.8	5.9	3.4				
Partners	0	0	0	1.8	5.9	5.3				
Total 2018	5.3	0.9	25.3	20.4	1.5	1.6				
Total KPMG	1.6		21.2		1.5					

● Administrative team ● Technical team

Our people work to inspire confidence, pursue growth opportunities and make a positive impact that can be reflected in themselves, KPMG, the market, and the community.





Professional development

Constant learning journey for extraordinary people

GRI 103-1 | 103-2 | 103-3

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

As a result, we are adjusting our people's capabilities profile so that they can meet these new requirements. This is done by abandoning old practices and incorporating new ones in our routine, at a fast pace and in a creative, engaging and dynamic manner.

All this work is grounded in the concept of People Experience, in order for our professionals to realize its value, take part in

the learning and development processes and apply these experiences to the areas in which they work daily and to market.

This cycle is linked to the foundations of our business, especially to the one related to relying on extraordinary people so we can be The Clear Choice for our clients and our community.

In order to be the common thread to change, the way we communicate is also changing: we are communicating in a more modern, interactive, warm and light manner. In 2018, we implemented a new internal communication platform which includes a number of tools to accelerate the access to significant information, and facilitate the interaction, performance assessment and learning process.

This new approach is also reflected in the revamping of the professional development initiatives:

INNOVATING IN TRAINING AND DEVELOPMENT

KPMG Business School acts as the strategic center of our talent learning and development process. It is a producer of knowledge that promotes learning experiences geared to the profile and requirements of our internal and external clients, wherever they are and however they want to learn it.

KPMG Business School focuses its activities on the selection of relevant contents, and how they are translated into interesting, thought-provoking and agile solutions. Internal training (classroom-based and online training), in-company courses, courses available to the market and the well-known Risk University are the main areas of activity of our Learning & Development department.

Among the transformations that we have been implementing to provide more consistent and effective learning experiences, we could cite:

Digital transformation is how we can improve not only our clients', but also our professionals' perceptions of KPMG as The Clear Choice.





LEARNING & DEVELOPMENT 2018 FIGURES

More than 250 professionals registered in RUI's learning trails

23 live streaming with a record of 400 professionals trained simultaneously

44 webcasts sessions to 4,400 professionals

240 trained knowledge disseminators

Live TV transmissions

Training courses that take place four times a month. They are directly transmitted to professionals of all offices.

Webcasts

These one-hour webcasts consist of an interactive tool including the potential use of a number of voice, video and quiz resources, etc. The participants of these webcasts report satisfaction indices as high as the ones reported by attendants who participate in classroom-based training courses.

Games

We have been using this strategy because it enables us to engage a great number of people, and to receive immediate feedback from the participants on what they learnt. Managers, for example, are being trained to improve their negotiation capabilities by using a game developed in Spain. This approach has been achieving excellent results.

Virtual coach

RUI is our first knowledge bot using artificial intelligence. It sends small amounts of knowledge on a daily basis, called "knowledge pills", in the form of videos, gifs, researches,

reading materials, all in line with the courses provided by KPMG Business School and Risk University, via the professionals' smartphone.

RUI also monitors the learning process of each professional, and analyzes the information the latter is retaining by means of quiz sessions. These data obtained are used to check the level of commitment, identify learning gaps and assess the students' performance in a segmented manner (by class, region or course). [\[Read more\]](#)

It will not take long for RUI Explosion to offer an even more customized coaching, by creating learning trails related to the topics selected by the professional.

Technology We are always seeking to apply emerging technologies and equip our professionals with everything they consider significant for their individual learning trails and fieldwork. The available courses include D&A, SQL, programming, database, and image editing.

Educational levels of KPMG in Brasil professionals

	2018		2017		2016	
	Icon	%	Icon	%	Icon	%
High or university education	4,182	98	3,982	97	4,026	99.6
Primary/secondary education	106	2	122	3	3	0.07
Technologist	0	0	0	0	14	0.33
Total	4,288	100	4,104	100	4,043	100

Investment in learning and development

	2018	2017	2016
Training courses: specific investment in technical and behavioral skills	22,433,839	16,637,321	18,637,783
Funding for professional development: investments in undergraduate, graduate, language, exchange and other programs	6,479,840	7,059,442	8,023,000
Total amount invested in learning and development (R\$)	28,913,679	23,696,763	26,660,916
Time dedicated to training courses (hours)	421,000*	410,000	364,000

* We offered a total of 421,000 training hours and our professionals attended 384,000 hours of training.

TRAINING ATTENDANCE

KPMG TRAINING

141,000 hours E-learning/Webcast

+ 280,000 hours Classroom-based training courses/Live transmissions

= 421,000 hours of training/2018

+ FUNDING FOR PROFESSIONAL DEVELOPMENT

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

=

R\$ 28.9 million invested in training and development for our professionals

+20% FY2017

The Global People Survey 2018 edition reflects the significant increase in our professionals' satisfaction level regarding learning: 66% to 85%.



LEADERSHIP DEVELOPMENT
GRI 102-27

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. The most relevant courses include:

Chairman 25 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 program 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 program 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 Blue Management Institute, the Elos program provides partners a tailor-made, consistent and integrated approach to consolidate them as key players in organizational change. There are six modules, which include creative and innovative activities: competition, value

proposition, organizational 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 hands-on experience.

In addition to all the aforementioned resources, all leaders attend programs and activities to access themes such as Assessment Fine Tuning, Feedback, Knowledge Disseminators, Unconscious Bias, and Super Presentations.

87.5 average hours of training by professional, double the number of hours required by the Brazilian Federal Accounting Council (CFC).

Workshop Management Group
More than 600 managers assembled for immersion in strategic KPMG issues.



Annual average hours of training per professional GRI 404-1
detailed by gender and employee category

	2018						2017		2016	
	Average Men		Average Women		Average		Average		Average	
	87h	88h	88h	88h	85h	80h	85h	80h	85h	
	57h	91h	53h	98h	55h	94h	63h	107h	52h	85h
Interns	46	62	43	-	44	62	40	0	60	51
Trainees	-	102	51	112	51	107	84	101	42	107
Staff	54	93	52	98	53	96	61	111	49	75
Middle management	61	77	63	79	62	78	84	92	70	80
Partners	82	90	68	94	80	91	81	119	70	116

● Administrative team ● Technical team



INNOVATING IN THE TRAINEE PROGRAM

Our trainee program, known as Extraordinary Generation Program (GenExt), has always been one of the most attractive programs in the market.

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 KPMG International Case Competition (KICC).

The applicants take part in a challenging, dynamic process to develop their global capabilities to become extraordinary professionals. There is also a *performance manager* who tutors them individually in the creation, revision and assessment of their goals.

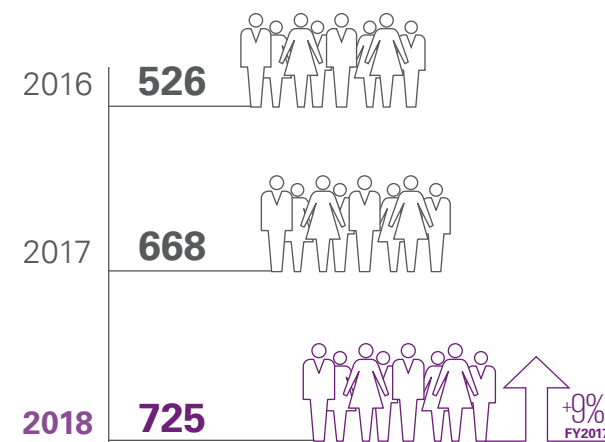
Innovation in attracting young talents

As part of People Experience, our recruitment process to attract trainees is more modern and interactive, 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.

The live transmission of online interviews and the interactive platform on which participants are challenged to clearly show us their capabilities are some of the changes that resulted in the largest number of applicants (from 70,000 in 2017 to 100,000 in 2018). This resulted in a reduced need for commuting, a more diversified applicant profile and a more agile and effective assessment.

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. KICC Brazil's winning team is hired by KPMG, and subsidized to participate in the international competition, with all expenses included.

NEW TALENTS: TRAINEES HIRED BY KPMG



THE KPMG WORLD PORTAL: was created for college students who see KPMG as the clear choice for their careers. The Portal includes news reports focused on the academic world and information about our trainee programs and initiatives involving universities. www.mundokpmg.com.br

MOBILITY AND SECONDMENT

Our inbound mobility process (on the occasions we receive professionals from other KPMG member firms) and outbound mobility process (on the occasions we send our professionals to other KPMG member firms) is increasingly expanding due to our professionals' eagerness to live new experiences and receive enhanced training.

Mobility provides each client with the most qualified assets to address their challenges, wherever

they are needed. Additionally, it enables 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 program covering all forms of temporary assignments to KPMG member firms, with professionals retaining employment in their home country. Eight types of assignments are available, ranging from three to 24 months.

Global Opportunities (GO)

	Duration	Participating professionals		
		2018	2017	2016
Global Opportunities - Long Term	12 to 24 months	11 Inbound: 3 Outbound: 8	20	15
United States Mobility Program (USMP)	18 months	2 Inbound: 1 Outbound: 1	6	1
Tax Trek	3 months	6 Inbound: 2 Outbound: 4	9	8
Global Opportunities - Short Term	Legal Trek	2 Inbound: 1 Outbound: 1	1	0
DA Swap	3 to 12 months	2 Inbound: 1 Outbound: 1	2	1
RC Swap (novo)	6 months	7 Inbound: 3 Outbound: 4	-	-
Total		30	38	25

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



Performance and talent

Dynamic career paths driven by continuous feedback and new challenges

GRI 103-1 | 103-2 | 103-3

The Global People Survey 2018 edition reflects these changes in a positive manner: Our professionals' satisfaction level with the theme of performance increased from 50% to 72%.

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 periodically using tools that enable

the identification of positive issues and areas for improvement in both technical and behavioral aspects.

As a result of our new payroll and people management system establishment, we are making significant changes in how we deal with the performance assessments. This modern and practical system, enabled for mobile devices, allowed us to make changes in the strategies for attracting talent, and in the Performance Assessment.

INNOVATING IN ATTRACTING TALENT

The processes in place to attract talent are the first touch points between new talent and People Experience. That is why these processes are prepared in compliance with our values and policies. They show those who want to work for KPMG how it feels like to be part of the Organization.

In view of the digital transformation we are now experiencing, our process for attracting and selecting talent could not remain unchanged. Among the Big Four, we are pioneers in the use the Applicant Tracking System (ATS).

This process has become more dynamic, interactive and efficient, as it enables us to map the applicants' behaviors and capabilities during their interaction with the platform.

INNOVATING IN THE PERFORMANCE ASSESSMENT CYCLE

GRI 102-28 | 102-35 | 404-3

Those who already work for the organization have also been able to notice the changes in people management practices. As a result of the new **MyPD** introduction, the Performance Assessment Cycle became more straightforward. The new MyPD also aligned, in a consistent and clear manner, the goals of all categories of professionals, from trainees to partners.

A new Balance Scorecard (BSC), including qualitative goals, has been developed for partners and directors. In addition to substantially achieving financial goals, our leaders are now assessed for the efforts they make to align their performance with KPMG's strategy of being The Clear Choice. To achieve this, the time we dedicate to our people, to our clients and to building public trust in KPMG's brand is directly linked to the BSC.

Each leader customizes his/her goals together with the performance manager, updates the tasks performed in the system, and monitors the progress of his/her scoring through an individual dashboard, the MyPD Metrics.

The performance assessment model with individual goal settings has been disseminated across the Organization. This process has fostered positive behaviors and more regular feedback, including online feedback. Many are the lessons we can extract from this experience, and especially the one of looking at the bigger picture when it comes to each one's responsibility for the Organization's overall performance.

MyPD GRI 404-3

MyPD	Employees receiving performance and career development feedback					
	% Men		% Women		% Average for categories	
Interns	50	100	50	N/A	50	100
Trainees	N/A	58	100	55	100	57
Staff	78	95	84	95	82	95
Middle Management	83	95	97	90	90	93
Partners	41	49	60	52	44	50
KPMG in Brazil average						84%

The percentage is calculated based on the number of active professionals as of 09/30/2018.
 » Performance assessments are not required for professionals hired from June 1 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 Technical team

Professionals promoted

Position	2018		2017	2016
Staff	859	898	1,757	1,826
Staff to Manager	65	53	118	86
Manager to Senior Manager	39	34	73	47
Senior Manager to Partner	27	7	34	38
Total	990	992	1,982	1,997

40% of our professionals were promoted in 2018



Hires and turnover In 2018 KPMG's hiring rate was **42%**, with **46%** of new hires at the São Paulo office.

Including voluntary terminations, our turnover rate was **30%**. Terminations were largely of professionals under 30 (**72%**). There were not significant gender-related changes in the new hires.

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.

Hires and Turnover GRI 401-1

By Office	New hires	%	Voluntary terminations	%
São Paulo	818	46	468	60
Rio de Janeiro	142	8	75	10
Other locations	819	46	230	30
Total	1,779	100	773	100

By Gender	New hires	%	Voluntary terminations	%
Men	1,032	58	391	51
Women	747	42	382	49
Total	1,779	100	773	100

By Age	New hires	%	Voluntary terminations	%
Up to 30	1,335	75	558	72
30 to 50	432	24	214	27
Over 50	12	1	1	1
Total	1,779	100	773	100

Turnover in recent years

	2018	2017	2016
Hiring Rate	42%	35%	33%
Termination Rate	18%	14%	11%
Turnover Rate	30%	21%	22%

Compensation MyPD is used as a basis for informing promotions and salary increases, as well as for the Profit-Sharing Program, 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. **GRI 102-35**

Professionals who go on maternity leave during the year receive full profit sharing payments. Additionally, KPMG advances a portion of the Profit-Sharing Program payment halfway through the year, provided that the results determined so far are in line with the predetermined metrics.

KPMG PROFIT-SHARING PROGRAM

- » **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.



THE THAISE EBESU AWARD

This Award was created in 2018 to pay fair homage to the remarkable contribution, to KPMG, of our professional Thaise Ebessu, who, even facing great difficulties, became a role model as a result of her positive attitude to life and her sense of collaboration, commitment and resilience.

This Award is a way of recognizing, on an annual basis, the contribution of professionals working in the People, Performance & Culture department who demonstrate the same capabilities disseminated by Thaise Ebessu during the time she worked with us. The nomination for this Award can be made by the department's professionals themselves.



Home Time Celebration
203 professionals recognized for their 10, 15, 20, 25, 30 and 35 years of dedication to KPMG in Brazil.



INNOVATING IN THE TALENT ALLOCATION

The talent allocation has a great influence on the lives of KPMG’s professionals, and especially on the lives of those who work in the Audit practice. This is why our main department assigns the right talent to each project, focusing on leveraging their potential in engagements which are more suitable to their profiles, thus enabling a better people experience and client experience. In 2018, the department

developed a pilot program by capturing information on individual capabilities (technical skills, educational background, language skills, knowledge of the industry etc.), thus resulting in a library of skills, which can be used for the talent allocation. In the near future, we intend to incorporate geographic criteria that enable us to allocate professionals, especially those who have small children, closer to where they live.

INNOVATING IN VALUES MANAGEMENT

KPMG’s values are our drivers, taking into account that we can only earn public trust on an ongoing basis if we live our Values in everything we do.

In 2018 we created two essential initiatives towards this goal.

The **Story Talks** are meetings which are held in KPMG’s offices nationwide to encourage our people to share with their colleagues personal accounts of how KPMG Story’s guiding principles have influenced the way

they make decisions, work and live. These meetings have proven to be a wonderful way of living our culture in practice.

Through the **Extraordinary Leaders Award** we recognize those leaders who have been role models in terms of living our values throughout the cycle, and from our people’s perspective.

By voting, each professional can nominate a leader that had an extraordinary influence in his/her life, according to his/her opinion,

sharing an event related to that leader that justifies the choice.

Listening to hundreds of stories that reinforce how KPMG Story can be implemented through simple and thoughtful attitudes, such as listening to, caring for and serving other people, and doing your best to make something work, was something really inspiring. KPMG Story is a real collection of leading value practices that everyone can access.

There have been four voting rounds to choose the stories that best represent our Values (the candidates’ names and gender have been omitted) for us to reach the winners, who, in turn, were given the opportunity to go to a dinner held with the presence of the Chairman of KPMG in Brazil in acknowledgement of their contribution



2018 EXTRAORDINARY LEADERS AWARD

561 personal accounts received

291 leaders nominated

40 winners

2018 STORY TALKS

15 cities
95 personal accounts
by 800 participants





Quality of life

Well-being at and outside the workplace

GRI 401-2

GYMPASS: physical activities for everyone. Every day.

This program allows our professionals to engage in more than 350 sporting interests at more than 6,000 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.

MYLIFE

Our quality of life program 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, practicing responsible consumption, taking a calm and relaxed approach to life.

MyLife has three pillars:

- » **Culture and Entertainment** Special programs, tours and discounts at magazine subscriptions, and artistic and cultural events.

- » **Health** Gympass, special discounts at 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 universities, restaurants, stores, hairdressers and other service providers; in addition to the classifieds on the Intranet for buying and selling products and services.

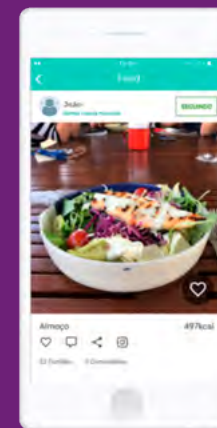
Walking and jogging group

Since 2013, this initiative has supported professionals in São Paulo and Rio de Janeiro participating in marathons and races. These professionals receive coaching in preparation for the Sugarloaf Marathon.

We also offer a 50% reimbursement of the entry fee and support during the marathon race, including a massage service and breakfast.

DIETARY EDUCATION PROGRAM

With the support of periodic communications and Ticket Fit—which is an application that helps people change habits and monitor personal goals—we have been able to help our professionals exercise more, pay attention to the dietary reeducation, drink more water and eat more natural products.



HEALTH AND SAFETY

GRI 403-1 | 403-3 | 403-4

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

Occupational safety management is the responsibility of our **Safety Labor** 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), Occupational Health Surveillance (PCMCO) and Ergonomics Analysis programs, internal surveys (CIPA and SESMT) and initiatives developed by an independent consultancy firm are communicated through e-learning sessions, tips and campaigns available on our internal platform.

RISKS AND SAFE BEHAVIOR

Since 2016, our Labor Safety department, working with the KPMG medical clinic team 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.

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.

Running and Hiking Group in action





BENEFITS

GRI 401-2 | 201-3

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.

In order to carry out the materiality analysis required for this report, we considered benefits as relevant aspects to meet the expectations of our Human Resources, which is of strategic importance for the success of our business.

The **KPMGPrev** pension plan is established in accordance with applicable regulations, has formal and documented management, structure and guidelines. KPMGPrev is considered one of the main benefits provided to our professionals, because it values their financial sustainability and well-being.

Our Pension Plan, KPMGPrev, is established in accordance with current standards and has formal and regulated management, structure and guidelines. It is considered one of the main benefits offered to our professionals, as it values their financial sustainability and well-being.

The entity has administrative, financial and patrimonial autonomy, aiming to complement the benefits provided by the official social security.

The resources of the pension plan are audited by an independent company. Its strategy is profitability based on average market indicators,

under variations in the performance of the financial market and the country's economy.

News and guidelines on it are periodically forwarded to participating professionals to ensure up-to-date and uncomplicated information.

In Portal Prev, they have access to all documents and can monitor the fund's profitability, its balance, payment statements for retirees and the annual performance report. Doubts can be clarified through a specific channel or direct contact with the team of Benefits.

Benefits provided GRI 401-2

Rewards and Benefits	Beneficiaries
Fitness centers	All professionals who work either under employment contracts subject to the CLT or under rules set forth in the company's bylaws
Health insurance	All professionals
Dental insurance	All professionals
Nursery allowance	A nursery allowance is payable to all single mothers and fathers employed under the Consolidated Labor Regulations (CLT) or under our local collective-bargaining agreement.
Wedding gift	All professionals employed under the Collective Labor Regulations who have been working at KPMG for at least one year
Birth gift	All professionals
Check-up	Professionals who work under rules set forth in the company's bylaws (Partners)
Drugstore facility	All professionals who work either under employment contracts subject to the CLT or under rules set forth in the company's bylaws
Payroll loans	All professionals employed under CLT and Apprentices
Parking	Rio de Janeiro: Managers to Partners. Other offices: Leads to Partners
Graduate education incentive	Managers and Senior Managers
Language learning incentives	All professionals, except "E" level positions and temporary employees*
Profit Sharing Program	All professionals hired under the Consolidated Labor Regulations, conditional upon meeting performance targets and eligibility requirements
Financial incentive for professionals fluent in English	All professionals from the technical and operating functions (except "E" level positions and senior managers), hired under the Consolidated Labor Regulations (CLT) who have achieved sufficient scores on the proficiency test (TOEIC)
Undergraduate education incentive	All professionals, except Apprentices
KFleet (corporate fleet)	Managers and Senior Managers
Private Pensions	All professionals who work either under employment contracts subject to the CLT or under rules set forth in the company's bylaws
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 GRI 201-3

Name	KPMG PREV
Plan type	Others - variable contribution
Participant contribution (voluntary)	5% to 10% of basic salary
KPMG contribution (compulsory)	8% of the amount exceeding the Pension Unit (R\$ 4,948.00)
Level of participation in plan	National/Mensal contributions and Annual financial disclosures
KPMG contribution for financial year (R\$)	R\$ 18 millions
Closed-end fund?	Yes

INNOVATING IN TELECOMMUTING

We are continually alert to the flexibility needs and changes in the marketplace. Therefore, in 2018, we implemented a pilot project involving 500 professionals. In view of the positive results obtained from the pilot project, we are about to make the system available to 98% of our professionals. However, back office main departments may not be included in this initiative.

It is a straightforward process: our professionals register to use the telecommuting technology and their managers assess the possibility of implementing this telecommuting system, and the frequency in which it will be used. Most of our professionals are familiar with working out of the office, situation which makes the transition to this work model easier.

INNOVATING IN THE DRESS CODE

As a result of the creation of Leap and Lighthouse, we are challenging ourselves to bring new talent profiles to KPMG, revisit our services and redesign career opportunities. This has naturally made our dress code more flexible and suitable to the new times.





Organizational climate

Actively listening drives continuous improvement

The Engagement Index (EI) reached 83 points in 2018.

The **Global People Survey (GPS)** is the main tool we use to obtain feedback from our professionals, trainees and partners on various topics. Based on the GPS results we develop action plans to increase satisfaction and productivity levels, thus building a better Organization every day.

Our annual Global People Survey is developed by an independent international service provider. All member firms of the KPMG network have to conduct this survey.

Since the last reporting period, we have been using a strategy that transforms the proposed changes arising from the GPS results into tangible and actionable initiatives

for the Organization to gain agility and transformation visibility.

The significant initiatives implemented in 2018 as a result of the feedback obtained from the FY17 GPS include the Extraordinary Leaders Award, the Public Trust Workshop, the Story Talks, the Corporate Citizenship new Platform and Road Shows, the 8+8 Voluntary Work Policy, and the Language Proficiency Additional Allowance for the Operations department.

Results from the Global People Survey – Brazil 2018

The GPS chart brings some new elements when compared to the previous year charts. We have removed the KPMG Story

topic, split Performance from Compensation and Reward, and added the Focus on Client topic.

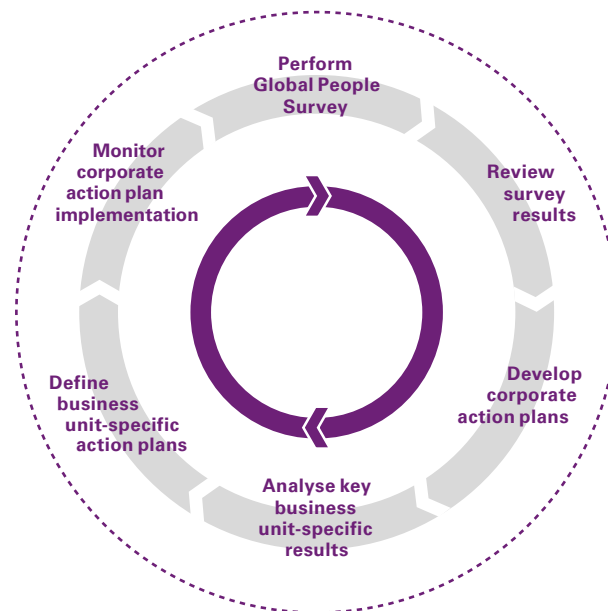
Additionally, up to 2017, we used the Employee Engagement Index (EEI) to measure the global engagement level of our people, based on Leadership, Career Development, Performance, Compensation and Reward questions.

In 2018, we enhanced the EEI by releasing the **Engagement Index (EI)**, which enables us to obtain more comprehensive and accurate perceptions of *people experience*, including: **Commitment** (being rationally, emotionally and behaviorally committed to KPMG); **Qualifying/Enabling/Supporting** (a work environment that provides support to productivity and performance); and **Motivating** (physical, interpersonal and emotional well-being within the work environment).

The Global People Survey 2018 was carried out last October with the participation of 3,308 professionals (87%).

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.

GPS PHASES



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.



Inclusion and diversity

Strong individually. Even stronger together.

GRI 102-8 | 102-12 | 103-1 | 103-2 | 103-3 | 401-3 | 405-1 | 405-2

Respecting individuality and developing the ability of empathy 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 they have different backgrounds, points of view, 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 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.

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..

***“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 fulfill 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



CID:
All together,
inspiring
the best in
each other.

INCLUSION AND DIVERSITY COMMITTEE

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

In 2018 we reinforced the Inclusion & Diversity Committee (CID) operation, in its four fronts: Women, LGBTI+, Race/Ethnicity and People with Disabilities. CID prioritizes these four pillars of diversity because we believe it is urgently needed to change the mindset and behavior towards them both inside and outside of KPMG.

Each pillar has two leaders, who are in charge of developing a three-year work plan, consisting of a talent pipeline and development, internal policies and organizational culture, communication and events.

CID also received support from important leaders—the Chairman of KPMG in Brazil, the South America COO and the Human Capital Leader in the Executive Committee— through two-hour monthly meetings, and from the allocation of a specific budget to initiatives that include events, benchmarking studies and communications.

We know that creating a corporate culture guided by Inclusion and Diversity is a journey that is constantly evolving. We are aware of our limitations. To start with, this includes the challenge of reconciling beliefs that each professional brings from different backgrounds with the nature of our activities, which, in most cases, require higher education, analytical and communication skills, mastery in a second language, and flexibility to work in different locations, with diverse teams. We know that all these factors may become quite challenging to many profiles of people working at our Organization.



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 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). **GRI 102-12**

Ratio of basic salary of women to men* GRI 405-2

Category	2018		2017		2016	
	Administrative team	Technical team	Administrative team	Technical team	Administrative team	Technical team
Interns	1.00	1.00	1.00	1.00	1.00	1.00
Trainees	1.00	1.00	1.00	1.00	1.06	1.01
Staff	0.96	0.95	0.91	0.90	0.98	0.92
Middle management	0.97	0.96	0.88	0.98	0.82	0.97
Directors	1.05	0.98	0.90	0.96	1.15	0.99

*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 2018/Administrative Team:

- Interns: 1.00 = means the base salary of women is equal to men's.
- Staff: 0.96 means the base salary of women is 96% of (or 4% less than) men's.

● Administrative team

● Technical team

Making our women professionals achieve equal opportunities and win respect across the Organization is a journey to which we dedicate ourselves every day, aiming at helping them conquer new territories.

Estela Zanata,
Partner and KNOW leader at KPMG

#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.

**RETURN TO WORK AND RETENTION RATES
AFTER MATERNITY/PARENTAL LEAVE GRI 401-3**



¹24 women and 4 men are now on leave and should return during the financial year 2018/2019, and will then be included in the return rate. ²All professionals who returned to work after parental leave up to 09/30/2018 were included in the calculation of the Retention Rate.

Six-month maternity leave and 20-day parental leave

We offer all professionals employed under the Brazilian Labor Code (CLT) a six-month maternity leave and a 20-day paternity leave as a way of providing them with support at such important moment which is becoming a parent (through delivery or adoption). If the mother and father are partners, maternity leave can at the couple's discretion be divided between the mother and the father on different dates.

In order to legally enjoy the benefit, the parents have to attend an Active Parenthood course offered by our Corporate Citizenship, Inclusion and Diversity department.



KPMG Meeting on Women's Empowerment / Goiás



Internal event reinforces the importance of networking



Follow KNOW



Internal Campaign for LGBTI International Pride Day +



Event for Voices allies (LGBTI+ and family members) during the 2nd Diversity Meeting

LGBTI+ VOICES

This initiative 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.



Follow Voices

We act to build a work environment and community where all of our professionals feel confident that they can be themselves, and that they will receive all the the support required, in order to enjoy the best opportunities life has to offer them.

Ramon Jubels and Anderson Dutra,
Partners and Voices leaders in KPMG



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 compromise ethnic representation and real inclusion.**

Franceli Jodas and Marília Melo, Partners and EBONY leaders at KPMG



RACE AND ETHNICITY/EBONY

Gives a platform to race and ethnicity issues to increase the number of Afro-Brazilians 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 Afro-Brazilians at KPMG, especially in leadership positions.
- » **External involvement to expedite the inclusion of Afro-Brazilian 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

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 Labor Prosecutors' Office, our Corporate 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. At the end of 2018, **67 professionals with disabilities** worked for the Organization: 31 on the Technical Team and 36 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

During the course of our journey, we learned that talking about differences is important to create a truly respectful and inclusive environment.

Eliete Ribeiro and Ronaldo Rodrigues, KPMG partners and Buddies program leaders



As we give these groups represented by CID comfort and opportunity to express themselves, we can notice very positive results:

more confident and engaged people, a more collaborative work environment, increased innovation and creativity, and greater appreciation of our brand in the marketplace.

Patrícia Molino,

Partner at KPMG and Head of the Inclusion and Diversity Committee

MAIN HIGHLIGHTS IN 2018:

- » **3rd KPMG Inclusion and Diversity Meeting:** speakers from KPMG and partner companies and NGOs spoke about inclusion and diversity to 213 people. This event was divided into three periods: in the morning it was geared to the external audience; in the afternoon to the internal audience; and in the evening to the Voices' allies, when a cocktail reception and discussions about LGBTI+ issues within the families took place.
- » **Diversity Month:** Drama performances by Oficina dos Menestréis and massages provided by massage therapists with visual impairment at São Paulo and Rio de Janeiro offices.
- » **E-learning:** The Diversity & Inclusion, Active Parenthood, and Unconscious Bias e-learning were completed by 1,732 professionals in 2018.
- » **Voices Initiatives:** The Voices Allied workshops were held at six KPMG offices aiming at emphasizing the inclusive culture and encouraging leaders to tear down diversity barriers, and at promoting mentoring programs for LGBTI+ people, sponsoring and joining the Companies and LGBTI+ Rights Forum, disseminating internal awareness campaign initiatives and encouraging the active participation in external events.
- » **KNOW Initiatives:** Events and campaigns such as the KNOW Meetings, which have gathered professionals from inside and outside KPMG; CID Discussions: about harassment and violence against women; #PressforProgress global campaign on the International

Women's Day; #eupossonaKPMG Campaign, showing how capable our women professionals are; Networking Day, aiming at bringing women professionals closer to their men leaders; and a speech on Women's Career and Protagonist Role.

- » **Buddies Initiatives:** Workshops on how to deal with the challenges posed by inclusion issues were organized for members and leaders who have people with disabilities in their teams. The **Program for Attracting Trainees with Disabilities**, focused on promoting the inclusion of people with disabilities in the technical practices (Audit, Tax and Advisory)— that face the greatest difficulties to hire professionals with the right qualifications— helped Buddies enter into a partnership with the Talento Incluir consulting company to recruit 50 professionals. After concluding the process, 32 people had been hired. These young professionals are monitored individually, and our focus is on developing and retaining talent, through Talento Incluir, the leader of the business practice involved in the hire, and the Corporate Citizenship, Inclusion & Diversity department.

- » **Ebony Initiatives:** During the breakfast meetings held with the Chairman, the participants could discuss about opportunity equality, empowerment and professional recognition issues. The Race Diversity booklet was released in a partnership with Zumbi dos Palmares College and encourages more companies to speed up their racial inclusion processes in the workplace.



Event held by WCD in partnership between KPMG and Bloomberg



Breakfast with Ebony Allies



Internal Campaign by Day Against Racial Discrimination

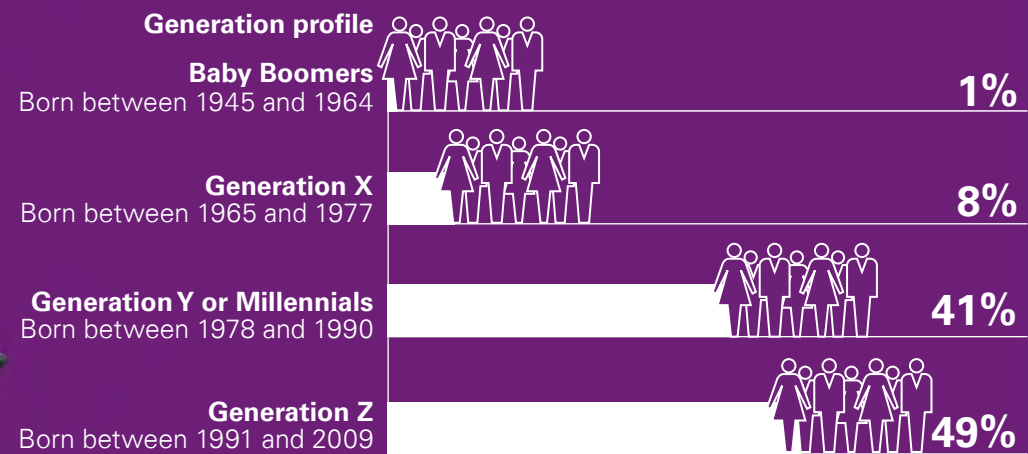


Launch of the Booklet held in partnership with Zumbi dos Palmares College





KPMG POPULATION



Diversity in figures GRI 102-8 | 405-1

Breakdown of KPMG in Brazil professionals by age and gender (in %)

Position	Up to 30				31 to 50				Over 50			
Interns	67	33	0	100	0	0	0	0	0	0	0	0
Trainees	100	0	50	50	0	0	0	100	0	0	0	0
Staff	63	38	50	50	68	32	50	50	63	50	0	100
Middle management	0	100	49	51	55	45	34	66	0	66	25	75
Partners	0	0	0	0	24	76	17	83	0	83	16	84
Total	63	37	50	50	64	36	35	65	63	65	16	84

In January 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 Technical team

LOCAL SOURCING OF SENIOR LEADERSHIP

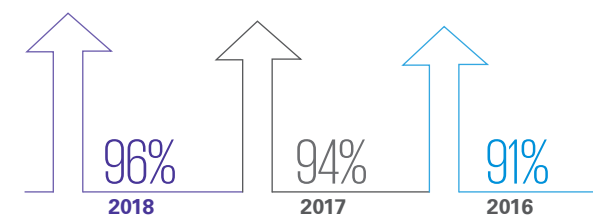
GRI 202-2

One of the ways in which we promote diversity and the development of our communities is by hiring local talent, especially for leadership positions at important operating units.

Local hiring GRI 202-2

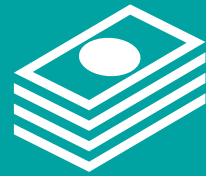
Location	Partners working in their home States		
	2018	2017	2016
São Paulo	73%	72%	73%
Rio de Janeiro	65%	74%	76%
Other states	53%	49%	49%
Brazil	96%	94%	91%

PERCENTAGE OF BRAZILIAN LEADERS (PARTNERS)





Financial Capital



Leadership drives business changes



Highlights

R\$ 1.3
billion revenue

R\$ 565
million in employee wages and benefits

R\$ 287
million in payments to government

9%
growth

ASSETS

Strategic management to generate growth and soundness

Long-term vision to strengthen and promote a sustainable development

Ongoing and smart capital investment to innovate and operate in a sustainable manner

Focus on integrity and quality to reduce risks

Recognizing professionals' efforts aiming at promoting commitment

Investing in our communities to promote development

MANAGEMENT

Our financial strength is anchored in the professionalism and integrity that underpins our management of KPMG in Brazil. Our boldness is what makes us innovate and grow continuously.



Financial results

Anticipating market demands supports continuing growth

GRI 102-7 | 103-1 | 103-2 | 103-3 | 201-1 | 201-4 | 203-1

Our vision of becoming **The Clear Choice** for our clients and the market is what drives our positive financial results. In these results lies a complex underlying equation: 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.

Managing the elements of this equation is part of the **strategic planning** and **management efforts** of our local leadership, in direct alignment with KPMG's strategies and principles.

As a result of these efforts, we managed to grow despite the challenges initially posed by a 2018 volatile scenario. We were able to maintain the pace of our investments, which, as a consequence of our **strategic vision**, are being translated into great business opportunities. The **maximum effectiveness** in every detail of our operation has also contributed to reduce operating costs for the period, despite the investments made in renovating our offices.

Our long-term strategy continues to focus on **innovation**. We believe that this strategy is, and will continue to be, our driving force to address the challenges faced by our clients, and increase our relevance in the market. To that end, in the last few years:

- » We have maintained our massive investments in developing and training our professionals. And we have done it in a more effective, creative and focused manner.
- » We have preserved our teams by allocating the less required ones at the time to serve more burgeoning markets, and bringing experts and other teams to provide support to our new services.
- » We have invested in physical and technological facilities that help us unify our teams so they can work together, minimize our environmental footprint, manage the member firm in line with the KPMG network and obtain technical and operating gains.
- » We have invested in prospecting new clients—many of which prospect together





with other member firms of KPMGI's network—and in promoting our loyalty programs for our traditional clients.

- » In a partnership with KPMGI, we have invested heavily in technology solutions which enable us to anticipate the market requirements. We have invested billions of dollars in new services, technology solutions, acquisitions and alliances, mainly based on Audit, Data & Analytics, Digital Labor, Cyber Security and alliances with leading innovators such as IBM, Microsoft, Oracle, ServiceNow and Workday.

These long-term investments have been helping us deal with issues more firmly during difficult times, and secure our leadership position in various industries. In 2018 we grew by 9%, thus increasing amount of taxes paid to government, payroll and investments made in the community.

Audit We secured our position as leaders for the publicly-held companies segment and stuck to our strategy of winning new clients, with the help provided

by a central Audit team, which provides support to all other teams in Brazil. The accelerated investment in technology has been delivering efficiency and quality gains, which has enabled us to **grow by 11%**.

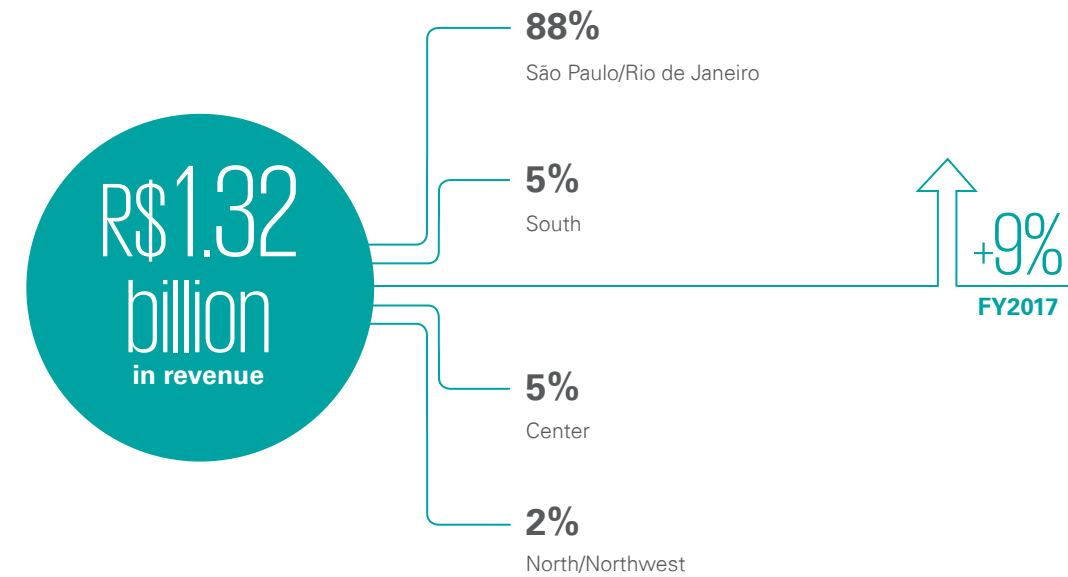
Advisory We increased our staff and revamped the services portfolio of all departments. We were particularly successful in approaches related to Anti-bribery and corporate restructuring, and transformation projects. As a result, **we grew by 8%**.

Tax We have made significant investment in technology tools over the last few years, and that is why we have been able to help our clients deal with the new requirements of the tax authorities (Fisco) and international transactions. **Our growth was 4% in the year.**

In 2019 we will continue to work in a diligent manner so that the performance of our management and investments, in addition to the efficiency measures taken, enable us to achieve our business goals. We **estimate a 9%, 12% and 9% growth** for the Audit, Tax, and Advisory practices, respectively.

THE PRACTICES' CONSOLIDATED REVENUE BY REGION* (%) GRI 102-45

Independent entities operating in Brazil under the KPMG brand



*It refers to the period from October 2017 to September 2018.

Statement of Added Value* (R\$) GRI 102-45 | 201-1 | 201-4 | 203-1

	2018	2017	2016
Direct economic value generated	1,326,244,706	1,215,405,417	1,137,360,064
a) Revenues	1,326,244,706	1,215,405,417	1,137,360,064
Economic value distributed	1,080,293,376	1,046,812,310	905,433,495
b) Operating costs	210,619,820	227,281,608	186,381,555
c) Employee wages and benefits	565,532,704	519,559,888	497,661,451
d) Payment to Capital providers	14,333,427	20,602,785	18,169,712
e) Payments to government	287,519,950	277,223,521	200,564,514
f) Community investment	2,287,474	2,144,505	2,656,262
Voluntary contributions (including pro bono) to social, environmental and cultural projects GRI 203-1	2,287,474	2,144,505	2,149,719
Contributions to social, environmental and cultural projects through Tax Incentive Laws GRI 201-4	-	-	506,542
Accumulated economic value	245,951,330	168,593,106	231,926,568

This information refers to the periods from January to December 2018, 2017 and 2016 and represents the activities of all independent entities operating under the KPMG brand in Brazil. Under the legislation in force, the independent entities that operate under the brand name KPMG in Brazil are exempt from publishing a balance sheet.



Social and relationship Capital

Engagement drives business changes



MANAGEMENT

We are here to serve our stakeholders, by seeking relationships that provide 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

Integrity and professionalism to act as catalysts for KPMG's business international reputation

Active participation in social discussions to exercise our responsibility

Sharing our knowledge to promote development

Consistent community-engaged work to promote social and mindset changes in our people

Monitoring of relationships with clients and suppliers to ensure quality and inspire confidence

Voluntary commitments to define our community-engaged work

Highlighted among **The best companies in Corporate Citizenship 2018**
Grupo Gestão RH

Highlighted in the dimension Corporate Citizenship among **The best companies in IDHO 2018**
Grupo Gestão RH

Highlights

R\$ 2.28 million
in direct community investment

R\$ 3.4 million
invested in 311 events

R\$ 737,000
invested in *pro bono* services

Clients satisfaction:

95%*
of our clients would recommend our services

*of satisfaction survey respondents

Source of

5,635
news reports

A member of

30 trade associations



Corporate citizenship

Education, development and environment

GRI 103-1 | 103-2 | 103-3 | 203-1 | 413-1

US\$ 110 million
global investment
in community impact
projects /2018

R\$ 2.28 million
local investment
in community impact
projects/2018

GLOBAL STRATEGY

Our approach to corporate citizenship prioritizes **Lifelong Learning** as a strategy to break the vicious cycle of poverty. This commitment is in line with our values, which promote our commitment to building a fairer society that creates opportunities for everyone.

Aiming at achieving the purpose of Inspiring Confidence and Empowering Change we have chosen education as a strategy to empower change. That is why 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 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 programs our member firms deliver to drive change in their communities.

We are aware of the fact that our work alone will not meet all the requirements of our communities, and that we have operating and financial investment limits; however, the one thing we do not waive is our responsibility for our contribution to improve, whether directly and indirectly, the living conditions of the communities where we operate.

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.

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]**.

Our goals for the next cycle consist of fine tuning the alignment between projects and Lifelong Learning, thus increasing the commitment of our volunteers, maintaining the investment level, reassessing the supported projects in order to monitor the effectiveness of their impacts, and extending, in the medium to long term, the pro bono services to all offices, so that they are no longer centralized in São Paulo or the South region.

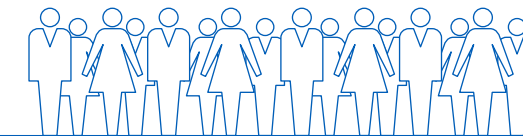
In this sense, aiming at achieving these goals, in 2018 we carried out Citizenship Road Shows in 12 offices

(Belém, Belo Horizonte, Campinas, Curitiba, Florianópolis, Goiânia, Joinville, Londrina, Manaus, Recife, Rio de Janeiro and Uberlândia) to encourage commitment and promote speeches delivered to business practices and managers, expanded the visual communication of the projects through internal marketing approaches (totem displays) across KPMG offices, developed the 8+8 Volunteer Work Policy, increased the amount of news on Citizenship shared on the corporate communication platform, held the Community Projects Circle event (Circuito do Bem) and enabled professionals to enroll independent initiatives on the Volunteer Work platform.

The results of this work include the increase in the positive perception of the Corporate Citizenship obtained from the 2018 GPS. **[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.





"LITTLE CITIZEN" PROJECT INVESTMENT IN 2018

R\$ 780,000
in direct investment

Pro bono
on project accounts

R\$ 38,000
to sponsor the **Bessan Award**, which provides secondary education grants to students with the highest achievement within the Project.

R\$ 16,000
in Christmas gifts for project beneficiaries and their families

EDUCATION

We provide support through **direct social investment** in ongoing programs and specific initiatives and encourage lifelong learning. In 2018 our investment benefited:

» **"LITTLE CITIZEN" 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 neighborhoods in São Carlos/SP. The aim is to improve self-esteem, strengthen family ties and develop students' intellect, offering them a brighter future.



Annual visit from children from the "Little Citizen" project to our São Paulo office



The winning team of the KPMG Ethics and Integrity Award (above) and the winning team of the national competition (beside)



INVESTMENT IN ENACTUS EM 2018

R\$ 80,000
in direct investment

269 hours
dedicated by our professionals

to serving on the Management Board, auditing the Competition results and advising participating teams

R\$ 18,000
for the **KPMG Ethics & Integrity Award**

R\$ 12,000
in air tickets

for the winning team to represent Brazil at the World Competition in the United States.

» **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 social empowerment, which are two principles of our environmental and social commitment. KPMG International is the official sponsor of the Enactus World Cup.

In Brazil, KPMG have supported Enactus financially since 1998. We sponsored a National Competition that gathered in

2018 2,000 university students divided into 100 teams, which developed 135 projects. The winning team, and the KPMG University Student of the Year Award winner, won air tickets to participate in the World Competition.

Additionally, we provided incentives to university students through the KPMG Ethics and Integrity Award, which relied on 40 enrolled teams. The five finalists received R\$ 1,000, and the three winners were awarded prizes ranging from R\$ 3,000 to R\$ 6,000.



INVESTMENT IN JUNIOR ACHIEVEMENT IN 2018

R\$ 255,000
in direct investment

249 volunteers
from 13 cities

2,486 hours
dedicated to the project

1,763 students
benefited



» **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 eight years we have been one of the project's national sponsors, and have encouraged our professionals to be volunteers in administering the programs.

In 2018, we conducted six programs that introduced the students to the business world, the benefits of planning in advance and setting goals and adopting innovative initiatives to meet challenges.



These innovative initiatives include: Innovation Camp, Job Shadowing for one day, Mini-company, My Money, My Business, Connected with Tomorrow, and Project Management.

» **KPMG FAMILY FOR LITERACY (KFFL)**

International initiative focused on encouraging the habit of reading to improve literacy and the learning curve. In Brazil, KFFL will be conducted by NGOs, including regular visits from KPMG volunteers, who will lead the reading circles and distribute books. Initially, 30 volunteers, who will be specially trained for this activity, will work as disseminators in the future expansion of the project to the rest of Brazil.

PRO BONO SERVICES

R\$ 737,000
in 17 beneficiary
organizations

GRI 203-1

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.

» **VOLUNTEER WORK**

At KPMG, we have always been working with the clear purpose of solving today's problems by taking into account our responsibility for tomorrow's generations.

Our 8+8 Volunteer Work Policy encourages professionals to engage in extra-curricular activities attended by students, by providing the former the opportunity to dedicate up to 8 hours of their working time per year for community projects sponsored by the Corporate Citizenship department.

In addition, some annual initiatives have already become the hallmark of our work.

KPMG Community Outreach Day

Professionals from all offices in Brazil engage in initiatives addressing the specific needs of their communities. In 2018 each initiative received R\$1,000.00 from KPMG as an initial incentive.

The teams then united their efforts to raise more funds and boost the results of their initiatives, which included recreational activities and donations to shelters and senior homes, refurbishments of NGO facilities, creation of libraries, donation of blood and books, fundraising walks and races, and recreational activities with children.

The **Campinas** office received the **Citizenship Award** for the renovation of the physical facilities of **Convívio Aparecida – Unit II**, a Non-governmental Organization. Our professionals dedicated 900 hours to the planning project, volunteer fund-raising initiatives, purchase of building materials for the renovation, and the physical renovation work itself. The main outcome was that all improvements required were performed. KPMG also granted an additional award of R\$ 5,000 to this NGO.

2nd GLOBAL CYBER DAY

In 2018, the project included 900 students from public schools in São Paulo who attended speeches delivered by KPMG's Cyber Security professionals on the use of the Internet and on cyber risks, encompassing topics such as online purchases, spams received via email, personal data protection, social media, online piracy and cyberbullying.

Member firms from 45 countries conducted similar activities during October, with impacts on millions of young people. This is another project delivering on the commitment by our business practices to improve the well-being of the communities where we live.



2018 KPMG COMMUNITY DAY

R\$ 33,000 invested by KPMG

23 organizations benefited

2,139 people reached

1,639 hours of planning and execution

158 lead volunteers

515 staff volunteers

294 volunteers composed of relatives and friends actively

Holding hands and giving big smiles: The KPMG Community Day impacts on the lives of thousands of people.



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 the cities of São Paulo and Osasco since 2006. This NGO's activities are focused on

distributing clothes and food to the homeless, and reintegrate them into society.

Christmas Outreach Professionals from **nine KPMG offices** — Brasília, Campinas, Curitiba, Goiânia, Joinville, Rio de Janeiro, São Carlos, São Paulo, and Uberlândia — distributed gifts, grocery hampers, personal care items, food and cash to charitable organizations caring for children and the elderly.

WINTER CAMPAIGN DONATIONS TO TURMA DA SOPA

2,000 blankets

1 tonne of food

More than 800 articles of clothing and shoes donated by our professionals



COMMUNITY PROJECTS CIRCLE PROGRAM (CIRCUITO DO BEM)
Increase the engagement rate in volunteer work and donations; that was the goal of the first edition of the Community Projects Circle Program (Circuito do Bem). In this event, professionals who work in the city of São Paulo were invited to learn more about ten projects sponsored by KPMG and were able to interact with the person in charge of each project to find out which would be the best way to actively participate in these projects.



Shared expertise

Contributing to our stakeholders' development

GRI 102-42

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 2018 KPMG in Brazil held meetings attended by 268 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.

ACI's publications are another important source of information for the Institute. The main publications in 2018 were the following:



Monitoring the evolution of corporate governance policies in Brazilian publicly-held companies.



Introducing the main risks disclosed by publicly-held companies.



Dealing with expectations, concerns and governance policies of Brazilian family businesses.



Comments by our partner, Sidnei Ito, on the ACI Panel and related publications.



7th Conference on Energy and Natural Resources of America

KPMG RISK UNIVERSITY

Our executive training program 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.

[Read more]

MEDIA

Following the same rising trend observed in the prior year, we increased our media exposure in 2018. We were positively cited in **5,635 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 2018 KPMG in Brazil produced **50 publications**.

EVENTS

Another way we foster the generation and dissemination of knowledge is by sponsoring and organizing events, conferences and lectures. In 2018, we invested **R\$ 3.4 million in 311 events** in Brazil.



The Future of Media



American Tax Reform for Brazilian Companies



Private Equity Latin America Forum



Client relations

Dialogue and collaboration to build lasting relationships

GRI 102-43 | 102-44 | 103-1 | 103-2 | 103-3

The core of KPMG's operation is based on quality, people, efficiency, innovation and excellence in the delivery of services. The clients, and their aspirations, challenges and opportunities, are at the heart of all of these elements.

It is this client's agenda that encourages us to develop an increasingly more diverse and comprehensive portfolio of solutions that combine our knowledge of business with new technologies emerging every day to transform the client's business and improve its performance.

The innovation culture is an essential part of this process. By anticipating changes and adopting a mindset that takes into account market disruptors as opportunities, we expand the scope and enhance the quality of our services, helping clients find new ways of solving problems and generating value.

The Clients & Markets strategy of KPMG in Brazil is in line with two key axis: the global KPMGI's strategy and the One Americas' strategy, which enable us to work

together to meet international clients' requirements. This is possible due to the partnership entered into between member firms from different countries and the work of our International Desks specialized in industries and countries.

In Brazil, the focus of our operation is on 11 strategic **market** industries. Each one of these industries is led by a highly specialized Sector Leader, who acts as a role model for all KPMG local offices, as well as for the market. Each year we increase the collaborative work between leaders to anticipate and develop solutions to meet the challenges faced by our clients.

Another key aspect of our strategy in Brazil consists of being where the client needs us to be. The regional presence is secured by our 24 offices in the country—which are very acquainted with the local markets dynamics and able to serve our clients in a fast and efficient manner—and our **Mobility** policy.

The quality of our services and engagement is one the marketing

differentials that make KPMG The Clear Choice for clients. The way we care about the quality of our services is underpinned by our values, policies and procedures which are demonstrated to the client at all stages, from the time the organization prospects for the client, and our professionals provide direct service in the field, to regular satisfaction surveys that we carry out, and the number of channels that we create to share the knowledge that circulates the KPMGI member firms network with the client.

In addition to quality, our relentless focus on integrity is an ongoing concern. As a result, we manage client and engagement acceptance and continuance based on the risks involved in these relationships, as detailed **here**.

CLIENT SATISFACTION SURVEY

Conducted annually, client satisfaction surveys help us identify the most material issues, the strengths and opportunities for improvement in our work dynamics. **GRI 102-44**

We are always striving to enhance our bond with the clients. In 2018 we performed some changes in the Satisfaction Survey categories, by including an assessment of aspects such as Communication, Knowledge, Cooperation, Focus on the Client and Critical Responses.

2,010

Survey questionnaires sent



30%

Response rate

9.3

Satisfaction rate



95% would use other services

95% would recommend KPMG



Memberships

Engaging around material issues

GRI 102-13 | 102-43

We are members of 30 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 website **[Read more]**, we provide a complete and updated list of associations and their activities.



Supplier management

Responsibility across the supply chain GRI 102-9

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 agreements with clients and suppliers. In January 2015 we implemented a **Supplier Code of Conduct** 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 centers and travel services.
- » Services involving access to confidential information about KPMG and our clients, such as archive services, lawyers and data centers.
- » The lease on our new offices in São Paulo.

For them, the engagement process involves the execution of a Non-Disclosure Agreement, a background analysis carried out by the Forensic practice and the execution of a Supplier Code of Conduct and an agreement containing human rights and anti-bribery clauses.

In the reporting period of 2018, we implemented the Supplier Portal managed by a third party to standardize our reputation and tax assessments according to the relationship level. This assessment is performed prior to closing the deal and has to be revisited as the services are rendered so that we may have a sound basis regarding the vendors' reputation, to decide whether we should hire them in the future.

All prospective suppliers are subject to

a screening process that includes an assessment for compliance with labor rights.



Our brand means trust. This is what motivates us to be the best we can every day.

Brand and reputation

Our brand is our passion

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 honored each year are also a measure of the market's positive perception of our performance. In 2018 alone, KPMG received **16 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.





Manufactured Capital



Presence
drives
business
change

MANAGEMENT

Using new technologies, providing a comfortable working environment and fostering an efficient mobility program are essential measures to encourage our professionals to deliver the best work and contribute to our environmental performance



Highlights
24 offices
Corporate
fleet
578 cars

Offices in São Paulo (Morumbi) and Rio de Janeiro: Building facilities certified LEED CS Gold®

Morumbi office: Guia Rodas seal of accessibility

ASSETS

Physical facilities designed to promote well-being, safety, and integration among our professionals

New technologies to underpin innovation, efficiency, quality, safety, agility, and mobility

Accessibility to ensure the inclusion and well-being of our professionals

Corporate car that uses flex technology

Reduction and compensation of natural resources to mitigate our environmental footprint



Physical assets

Continual office improvement

GRI 102-10 | 103-1 | 103-2 | 103-3 | 201-2

In addition to the seven offices that have undergone adaptation processes to be in accordance with the open space layout, the Vergueiro building has also undergone adaptations to be in compliance with accessibility standards

Our office in Morumbi, São Paulo, was awarded the Guia Rodas Accessibility Seal in 2017.

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. The Facilities, IT and Marketing departments are directly involved in providing the leadership with support for the implementation of improvements.

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 2018:

KPMG WORKSPACE

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

As a result of the revamped offices, we have been able to make a more rational use of the square meter used by employee, occupy more efficient buildings in terms of power and water consumption, and expand the accessibility to people with disabilities.

Our strategy determines that over the next years all KPMG offices are adapted to the workplace concept, respecting the limits of our annual investment.

To mitigate the risk of adverse impacts arising from address changes, especially for our professionals, the know-how developed by the migration of the offices has been enhanced since 2015 and used to plan the moves, involving all operations departments. Employees were notified three months in advance.

GRI 402-1

ACCESSIBILITY

We are continually seeking to make improvements to comply with NBR 9050, which regulates the accessibility requirements for employees with disabilities.

The offices located in old buildings, which have not been revamped due to the difficulties encountered, represent our major challenge.

QUALITY OF LIFE

Pieces of furniture designed according to the ergonomic standards and occasional renovations to better accommodate employees and materials are among some of the care measures that must be taken.

In the offices located in São Paulo, we provide snacks carts and vending machines with healthy food and drink options. We have also created an environment dedicated to professionals who need to follow a strict diet at our head office in Morumbi.

SAFETY

We continually invest in physical improvements to improve safety and prevent accidents. The Clean Floor project is encouraging employees to keep their desks organized and keep corridors unobstructed. All offices have a security camera system

monitoring property and incidents in the workplace.

TECHNOLOGY

Access control systems, mobile extension and the option to make conference calls on their own extension and cable TV/Corporate TV are a few of the investments made in 2018.

Brasília's office inauguration



Londrina's new office



Curitiba's office inauguration



NEW WORKPLACES' FEATURES:

Full open space facilities and shared office tables

+ more interaction among teams and better organizational climate

Socializing lounge

for collaborative work in many ways more flexibility and identification with KPMG values

Accessibility

+ more inclusion opportunities

Mobile extension

+ more mobility

Modern buildings

+ more security and brand reinforcement

Furniture

ergonomic
+ more well-being and health



Corporate fleet

Comfort and recognition for our managers

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

In 2018, 567 leaders (**79% 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.



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 110 physical servers and 328 virtual servers supporting 116 systems and 5,700 laptops, as well as help desk support for fast troubleshooting. At the end of each support service, an electronic survey assesses the level of satisfaction. The satisfaction rate is 99%.

In 2018, we invested in increasing the capacity of our VPN link, by doubling the capacity of the links of all offices and updating the laptops pool.

The plans for 2019 are to robotize and automate processes that are currently performed manually by our teams, leverage more intensively cloud solutions, develop applications to access our systems and portals via cell phones and implement a chatbot for telephone service.

TELECOMMUTING

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.

KPMG CENTRAL: fast, secure file sharing

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



Natural Capital Sustainability drives business change



Highlights

100%
of eco-efficiency targets exceeded

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

22%
growth in the demand for sustainability services

Carbon Neutral:
10,242
tCO₂e neutralized

5,365
hours of sustainability education for
3,114
professionals

15.8
tonnes of waste recycled

ASSETS

Eco-efficiency and carbon neutrality goals to reduce our impact on the environment

Local and global integration to provide support to the changes that need to be made

Awareness campaigns targeting our stakeholders to expand the positive effects of sustainability

Shared knowledge to inspire new models and behaviors

MANAGEMENT

We are committed to leave the world better than we found it.

To that end, we have developed global and local initiatives aiming at reducing the impact of our footprint on the environment and promoting more sustainable business models.

Global Climate Response (GCR)

Our global commitment to climate

GRI 102-27 | 103-1 | 103-2 | 103-3 | 201-2

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.

» **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.

In addition, a global commitment to eliminate the use of single-use plastics is under research and will be implemented as from 2019, in accordance with the action plans developed by KPMGI's member firms.

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



Environmental management at KPMG: global framework, local practices

PILLARS	TOPICS/ COMMITMENTS	STRATEGIES	PROGRESS 2017-2018
GLOBAL ECO-EFFICIENCY TARGETS 2020	» ENERGY » Source 50% of our electricity from renewable sources	» Invest in the efficiency of KPMG offices and running an awareness raising campaign	» In Brazil this target has already been met (Brazil's energy mix is 81% based on renewable energy) » 5.7% reduction of consumption per capita
	» GREENHOUSE GAS EMISSIONS » 10% reduction in net emissions per full-time equivalent (against a FY2015 baseline)	» Reduce commuting through the use of technology » Neutralize annual carbon emissions » Reduce consumption of materials, water and electricity » Recycle waste materials	» 10,242 units of carbon neutralized » -23.2% disposable cups » -17.7% paper » -5.7% printed materials » 14.9 t of paper recycled » 124 Kg of batteries recycled » 770 kg of nobreaks sealed lead-acid batteries
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 courses covering all professionals	» 15 types of classroom-based and online training » 3,114 attending professionals » 5,365 hours invested
COMMUNITY AND THE MARKET	» SUSTAINABLE BUSINESS AND CONSCIENTIOUS CONSUMPTION » Encouraging our stakeholders to adopt sustainable practices and behavior	» Expand demand for sustainability services » Promote sustainability in our supply chain » Collaborate with NGOs promoting sustainability » Participate in global and national sustainability initiatives	» +22% demand for Global Sustainability services » Sponsorship of Edukatu, an online conscientious consumption education platform, reaching thousands of students » 15 local and global commitments undertaken voluntarily



Environmental management

Continual engagement helps to disseminate information and encourage changes in practices

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, quiz sessions about the movie The Age of Stupid, reached out to professionals in all of our offices. As an incentive, participants completing the training competed for two GoPro cameras and one Apple Watch.

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 program on conscientious consumption and implementing Edukatu, an online consumption education platform used by 2,000 schools in Brazil. Our sponsorship totaled **R\$ 80,000** in 2018.

LIVING GREEN GALERY

As part of the Environment Campaign, we encourage our professionals to discuss the topic of sustainability at home, with their families. They were invited to submit to vote the drawings that their children aged from 4 to 12 made regarding the 17 Sustainable Development Goals – to which we are signatories at global level. The 55 drawings submitted were voted online by almost 1,000 professionals, and four winners were chosen. The drawings were included in an e-book, which will contribute to disseminate the SDGs.



Six winners drawings.

ECO-EFFICIENCY GOALS GRI 307-1

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.

There are no non-compliance cases related to environmental laws and regulations, or claims related to environmental impacts in none of the offices of KPMG in Brazil.

WASTE DISPOSAL AND RECYCLING GRI 306-2

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 GRI 306-2

14,9 t
of paper

124 kg
of electronic appliance batteries

770 kg
of nobreaks sealed lead-acid batteries

Eco-efficiency local goals

Metric	2017		2018		FTE target for 2018	Performance against target 2018 (FTE*)	Target status	FTE target for FY 2019
	KPMG in Brazil	Per capita (FTE*)	KPMG in Brazil	Per capita (FTE*)				
Disposable plastic cups/unit	1,379,800	333.61	1,108,950	256.35	Maintain consumption FY2017	-23.2%	Exceeded	Maintain FTE FY2018 consumption
Electricity/GJ	10,896	2.63	10,747	2.48	Maintain consumption FY2017	-5.7%	Exceeded	Maintain FTE FY2018 consumption
Paper/sheets	7,595,850	1,836.52	6,535,148	1,510.67	Maintain consumption FY2017	-17.7%	Exceeded	Maintain FTE FY2018 consumption
Water/cubic meters	22,834	5.52	23,822	5.51	Maintain consumption FY2017	-0.3%	Exceeded	Maintain FTE FY2018 consumption
Printed material/sheets	11,165,477	2,699.58	11,018,187	2,546.97	Maintain consumption FY2017	-5.7%	Exceeded	Maintain FTE FY2018 consumption

The calculation of the consumption per capita of KPMG in Brazil's eco-efficiency goals uses the Full Time Equivalent (FTE) provided on an annual basis by KPMG International as a metric. In 2017 the FTE was 4,136.

We are Carbon Neutral

GRI 305-5

Our greenhouse gas emissions were neutralized in 2018 by purchasing **10,242 carbon units** from the REDD Project + Jacundá-Rondônia 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.

The neutralization is based on the numbers we present to KPMG International, which follows more conservative – as the “radioactive forcing” in the calculation of air travel – than those used in Brazil. Therefore, we neutralized 10,242 units instead of the 6,551 calculated on the local inventory.

MANAGING AND NEUTRALIZING GREENHOUSE GAS EMISSIONS (GEE)

GRI 305-1 | 305-2 | 305-3 | 305-5
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

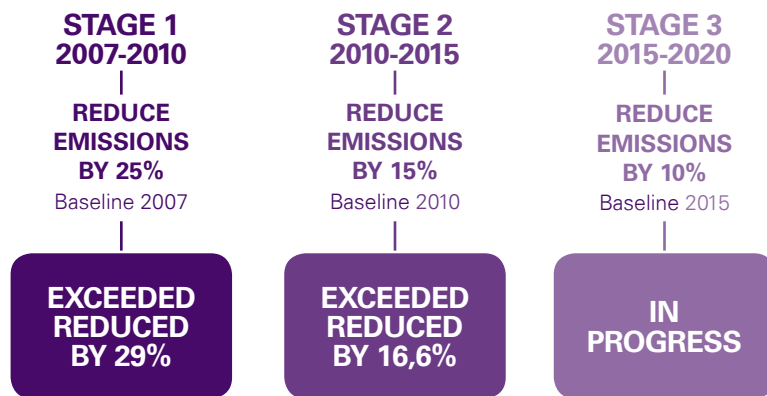
local and global commitments **[Read more]**, actively contributing to discussions around climate change and implementing new practices across the KPMGI network of member firms.

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

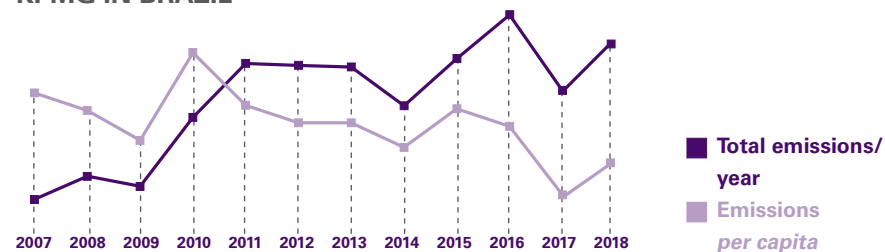
In Brazil we have undertaken a commitment to neutralize our greenhouse gas emissions since 2014. We have also compiled a Carbon Inventory since 2007 and monitor emissions annually. Our greatest impact is described in Scope 3 (indirect emissions), over which we have limited or no control.

WE HAVE BEEN MONITORING GHG EMISSIONS FOR 11 YEARS

KPMG INTERNATIONAL

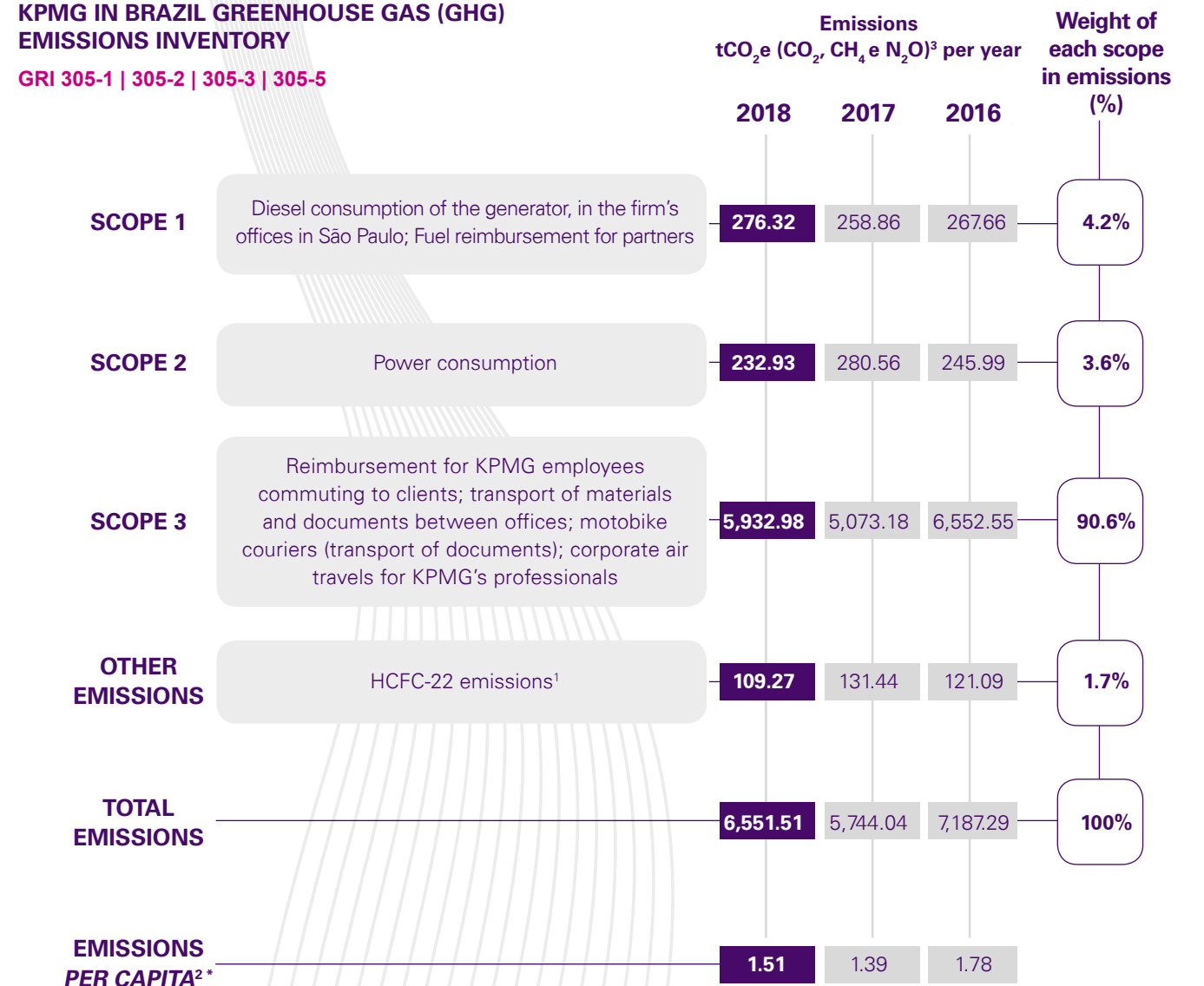


KPMG IN BRAZIL



KPMG IN BRAZIL GREENHOUSE GAS (GHG) EMISSIONS INVENTORY

GRI 305-1 | 305-2 | 305-3 | 305-5



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.

¹Following GHG Protocol guidelines, these emissions were not included in the Kyoto Protocol. ²The average headcount used in the calculation of per capita emissions is provided by KPMG International for all member firms. ³tCO₂e = tonnes CO₂ equivalent

* In 2018 we have broken our serial reduction of emissions due to the increase in the number of corporate air travel, which may be related to our participation in events and/or training.



ELECTRICITY SAVINGS

GRI 302-1 | 302-2

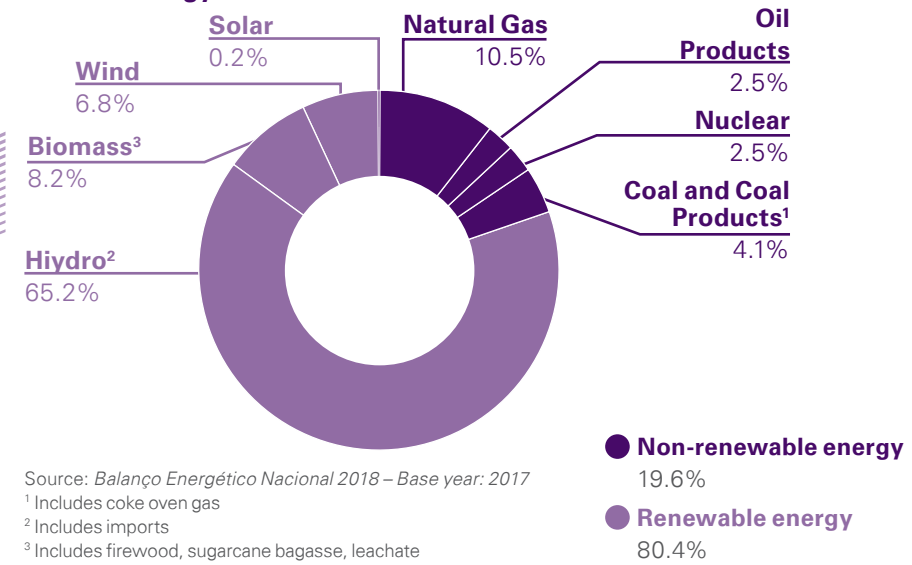
In January 2016 KPMGI announced a new global eco-efficiency target aligned with the UN sustainable development goals. By 2020, 50% of electricity purchased by member firms (scope 2) should be from renewable sources.

KPMG in Brazil already meets this target by purchasing electricity from public utilities, which source 75.5% 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.

As a result, in 2018 we successfully **reduced our per capita electricity usage at KPMG in Brazil's offices by 12%**.

Brazil's Energy Mix



Source: *Balanco Energético Nacional 2018 – Base year: 2017*
¹ Includes coke oven gas
² Includes imports
³ Includes firewood, sugarcane bagasse, leachate and other recoveries

WATER SAVINGS

GRI 303-1 | 306-1

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.

However, these initiatives have not been sufficient to reduce our water consumption per capita. In addition to meeting the challenge of changing the habits of our professionals, the capture of data from regional offices is another aspect that needs to be improved, as, today, this activity takes the average consumption between offices of same size as a basis.

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) GRI 303-1 | 306-1

	Consumo e descarte de água (m ³)		
	2018	2017	2016
Consumption	23,821.77	20,834.39	20,808.75
Waste	23,821.77	22,834.39	20,808.75
Consumption per capita	5.5	5.56	5.15
Changes in consumption 2017/2018	4.32%		
Changes in consumption per capita	-0.1%		

Sources of consumption data: Vergueiro/SP: Sabesp; Morumbi/SP: townhouse contribution; Rio de Janeiro: reference m³ consumed in Morumbi office; other offices: reference of m³ consumed in Goiânia office. In the months of August and September Goiânia office suffered a leak, resulting in an increase in disproportionate consumption, which impacted the calculation of the other units.

Power consumption - Gigajoules (GJ)

	2018	2017	2016
Within the organization GRI 302-1			
Petrol	2,594.20	2,429.51	2,423.85
Diesel	26.70	10.52	26.09
Electricity	10,807.40	10,895.38	10,721.19
Total	13,428.30	13,335.41	13,171.13
Per capita	3.13	3.25	3.26
Outside of the organization GRI 302-2			
Petrol	27,721.42	27,627.39	29,629.54
Diesel	8,440.14	8,859.50	7,598.50
Total	36,161.55	36,486.89	37,228.04

GRI 302-1: The higher petrol consumption is related to an increase in fuel reimbursement required by KPMG partners and an increase in the number of professionals in this category compared with FY 2015.



Global Sustainability Services

Intellectual Capital specializing in sustainability

GRI 201-2

Climate changes, companies' environmental liabilities, natural resources shortage, and the search for more efficient consumption and production standards: the discussions, and public opinion pressure, on sustainability topics are increasingly intense, leading companies to be ready to this scenario.

In addition to incorporating risk assessment and climate change opportunities into its business, KPMG is one of the first Climate Change and Sustainability Consulting Services Firm, with more than 20 years of experience in the field.

Our Sustainability Services practice relies on a skilled multidisciplinary team to help organizations of the most different sizes, and from the most varied industries, understand the sustainability scenario in which they operate and its related risks and opportunities, and thus plan and follow this journey.

OUR SERVICES

Sustainability assurance, verification and audit

- » Assurance and Verification of **Sustainability Reports**, Annual Reports and Social Balance Sheets.
- » **Assurance and Verification of Greenhouse Gas Inventories.**
- » **Assurance and Verification of Carbon footprint and Water Footprint.**
- » Audit of risk and environmental, social, and **health and safety** compliance.
- » Environmental, social, and health and safety **Due Diligence.**
- » Critical Review of Studies on **Life Cycle Evaluation.**
- » Verification/monitoring compliance with the commitments undertaken (Soy Moratorium, industry agreements for the implementation of **reverse logistics** systems etc.).
- » Verification and monitoring of socioenvironmental projects and campaigns.

- » Audit and Monitoring of suppliers' socioenvironmental performance.
- » Audit of **Greenbonds.**

Advisory

- » Diagnostic of socioenvironmental risks and opportunities, including those related to **climate change.**
- » Provision of support in the consolidation of information and completion of reference questionnaires proposed by the Business Sustainability Index (ISE), Dow Jones Sustainability Index (DJSI), amongst others.
- » Provision of support in the definition of socioenvironmental goals and performance indicators (KPIs).
- » Preparation and review of the business implementation **sustainability strategy** and roadmap development.
- » Formulation of socioenvironmental policies and procedures.
- » Development of waste management strategies.
- » Preparation of Greenhouse Gas and **Water Footprint** Inventories.
- » Preparation of studies and researches focused on **climate change** and sustainability issues.
- » Provision of support in the preparation of gap analyses regarding sustainability reports through the application of the **Global Reporting Initiative's** Sustainability Reporting Guidelines and the International Reporting framework for Integrated Reports developed by the International Integrated Reporting Council (**IIRC**).
- » Provision of support in defining **materiality and commitment** to the stakeholders.
- » Measurement and valuation of risks and socioenvironmental impacts (**True Value** Methodology).
- » Assessment of the organizations' maturity level in terms of sustainability and good practice, governance and management propositions.
- » Water Sustainable Management.
- » **RenovaBio.**
- » **Agro+ Integrity Seal.**
- » Provision of support in the monitoring of **socioenvironmental indicators** for industry associations.
- » **Sustainability and climate change benchmarking.**





Assurance Statement

Independent assurance statement for Sustainability Report GRI 102-56

For Senior management members and stakeholders of KPMG AUDITORES INDEPENDENTES

INTRODUCTION

Green Domus

Desenvolvimento Sustentável LTDA (Green Domus) was commissioned by KPMG to ensure its 2018/2019 Calendar Sustainability Report.

KPMG was responsible to prepare and present information about its sustainability performance in its Sustainability Report 2018/2019 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 GRI Standards provided by Global Reporting Initiative (GRI).

LEVEL AND TYPE OF ASSURANCE

The assurance process proceeded 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 Standards 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 2018/2019 Sustainability Report, documents and evidences that supported its content.

METHODOLOGY

The assurance was conducted through the preliminary assessment of information presented by KPMG on its 2018/2019 Sustainability Report and the documents which oriented its preparation. A visit was made to KPMG headquarters in São Paulo, where management information used in the sustainability report is managed. Interviews were conducted with the stakeholders involved, with focus on sustainability report directly involved staff, and collect evidences of the reported data and 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 opportunities 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 properly trained in Green Domus' Corporate Management System, which includes policies and procedures that provide the company with impersonal operation

standards 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 recommendations for improvement and adoption of best practices:

- » Provide direct and active means of communication for the company's stakeholders to express themselves
- » Deepen quantitative data management techniques required for some of the reported disclosures in order to broaden responsiveness to organizational material topics and increase the transparency and reliability of data.



CONCLUSION

Green Domus Desenvolvimento Sustentável's opinion is that the 2018/2019 Sustainability Report of KPMG is an adequate representation of the company, which relates their strategies, policies and actions with their sustainability performance.

Based on the procedures described in this assurance report, nothing has come to Green Domus

awareness that suggests that the information contained in the 2018/2019 KPMG Sustainability Report has not been originated and compiled in all material respects, and in accordance with: guidelines of GRI Standards 2016, related to the 'in accordance' essential option criteria; Principles of AA1000 AccountAbility Principles 2008; and with the records and files that served as the basis for its preparation.

São Paulo, March 14th, 2019.

Higor José V. Valle
Project Manager

Marina Dall'Anese
Lead Verifier

Nino Sergio Bottini
Independent Reviewer



GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Portuguese version of the report.

GRI - STANDARDS	DISCLOSURE	PAGE	ANSWER	
GRI 101 Fundaments 2016			Não inclui quaisquer divulgações neste relatório.	
GRI 102: GENERAL DISCLOSURES 2016				
ORGANIZATIONAL PROFILE	102-1	Name of Organization	16-19	
	102-2	Primary brands, products and services	15-19; 58-65	
	102-3	Location of headquarters	16-19	The independent member firms operating in Brazil have head offices established in accordance with their articles of association. In terms of size, the main offices are located in the cities of São Paulo and Rio de Janeiro.
	102-4	Countries where we operate	17	
	102-5	Nature of ownership and legal form	16-19	In Brazil, we have eight independent firms organized under Brazilian law.
	102-6	Markets served	16-19; 58	
	102-7	Scale of Organization	16-19	
	102-8	Employee profile	71; 93	
	102-9	Supply chain	125	
	102-10	Significant changes during the reporting period	130-131	
	102-11	Precautionary Approach		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.
	102-12	Charters, principles, or other initiatives to which the Organization subscribes	37-39; 93-101	
	102-13	Memberships	124	
STRATEGY	102-14	Statement from the Chair	9-11; 35-36; 52-57	
ETHICS AND INTEGRITY	102-16	The Organization's values, principles, standards and norms of behavior	22-23	
	102-17	The mechanisms for seeking advice on ethical and lawful behavior		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. The Hotline is available to all our professionals, clients and third parties.
GOVERNANCE	102-18	Governance structure of the Organization	28-31	



102-22	Composition of the highest governance body and its committees	28-31
102-23	Whether the chair of the highest governance body is also an executive officer	28-31
102-24	Nomination and selection processes for the highest governance body and its committees	28-31
	<p>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.</p> <p>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.</p> <p>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.</p>	
102-25	Processes to ensure conflicts of interest are avoided	30-31
	<p>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.</p> <p>Potential Client and Engagement Assessment The Client and Engagement Acceptance and Continuance (CEAC) is an online system that helps 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.</p>	
102-26	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	28-29
102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	77; 136
102-28	Processes for evaluation of the highest governance body	81
	<p>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:</p> <ul style="list-style-type: none"> » Strategic: Performance is monitored against the goals and policies adopted globally and locally. » Operational: Action Plans are submitted to the Executive Committee, through the Human Capital Head. 	

	Frequency of the highest governance body's review of impacts, risks, and opportunities	28-31	Sustainability actions are followed up and reported on in monthly meetings with the head of People, Performance & Culture.	
	The governance body that formally reviews and approves the sustainability report	7	The chairman and the 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 analyze the content in depth.	
STAKEHOLDER ENGAGEMENT	102-35	Compensation policy	81-83	
	102-40	Stakeholder groups engaged	44-45	
	102-41	Percentage of employees covered by collective bargaining agreements	68	
	102-42	Basis for identification and selection of stakeholders	44	
	102-43	Approach to and frequency of stakeholder engagement	46	
	102-44	Key topics raised by stakeholders	46-47	
REPORTING PRACTICE	102-45	Entities included in the organization's consolidated financial statements or equivalent documents	109	
	102-46	Process for defining the report content and aspect boundaries and implementation of the reporting principles for defining report content	46	<p>In this cycle, we reviewed our Materiality Matrix to distinguish between the Material Topics – which are essential for KPMG's relationship with stakeholders – and the Secondary Topics – that are fundamental to the proper management of the former.</p> <p>Regarding the Secondary Topics, they were not identified as materials in the process of consulting stakeholders and defining our materiality matrix.</p> <p>Nonetheless, by addressing issues that we consider to be transversal and even complementary to the management of material topics, we have chosen to bring them into the report and provide greater transparency under the approach we have adopted in each of them. Throughout the GRI Contents Index, they are identified as a "non-material topic" to make clear the distinction between them and the material topics also reported.</p>
	102-47	List of Material Topics identified	47	
	102-48	Restatements of information provided in previous reports	7; 46	
	102-49	Significant changes from previous reporting periods in the Scope and Topics Boundaries	46	
	102-50	Reporting period	7	KPMG in Brazil's financial year: October 1, 2016 to September 30, 2017.
	102-51	Date of most recent previous report	7	March 2017.
	102-52	Reporting cycle	7	Annual
	102-53	Contact point for questions regarding the report	7	comunidade@kpmg.com.br +55(11)3736-1228
	102-54	'In accordance' option chosen to prepare this report following the GRI Standards.	7	This report was prepared in accordance with GRI Standards: Core Option.
102-55	Índice de conteúdos GRI	5; 149-160		
102-56	Policy and current practice with regard to seeking external assurance for the report	7; 146-148	Independent assurance by Green Domus.	



MATERIAL TOPICS			
ECONOMIC PERFORMANCE (Material Topic)			
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 106-109
	103-2	Management approach and its components	106-109
	103-3	Management approach assessment	106-109
GRI 201: 2016 ECONOMIC PERFORMANCE	201-1	Direct economic value generated and distributed	109
	201-2	Financial implications and other risks and opportunities due to climate change	130-131; 136; 144-145
	201-3	Coverage of the Organization's Defined Benefit Plan Obligations	88-89
	201-4	Financial assistance received from government	109
ASPECT: INDIRECT ECONOMIC IMPACTS (Non-material Topic)			
GRI 203: ASPECT: 2016 INDIRECT ECONOMIC IMPACTS	203-1	Development and impact of investments and services supported	112-119
VOLUNTARY GLOBAL COMMITMENT TO THE ENVIRONMENT (Material Topic)			
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 136-145
	103-2	Management approach and its components	136-145
	103-3	Management approach assessment	136-145
GRI 305: 2016 EMISSIONS	305-1	Direct Greenhouse Gas (GHG) emissions (scope 1)	140-141
	305-2	Energy indirect Greenhouse Gas (GHG) emissions (scope 2)	140-141
	305-3	Other indirect Greenhouse Gas (GHG) emissions (scope 3)	140-141
	305-5	Reduction of Greenhouse Gas (GHG) emissions	141
ENERGY (Non-material Topic)			
GRI 302: 2016 ENERGY	302-1	Energy consumption within the Organization	142-143
	302-2	Energy consumption outside of the Organization	142-143
WATER (Non-material Topic)			
GRI 303: 2016 WATER	303-1	Total water withdrawal by source	143
EFLUENTES E RESÍDUOS (Non-material Topic)			
GRI 306: 2016 WASTEWATER AND SOLID WASTE	306-1	Total water discharge	143
	306-2	Waste by type and disposal method	139

ENVIRONMENTAL COMPLIANCE (Non-material Topic)			
GRI 307: 2016 ENVIRONMENTAL COMPLIANCE	307-1	Non-compliance with environmental laws and regulations	139
ATTRACTING AND RETAINING TALENT (Material Topic)			
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 69; 81-84
	103-2	Management approach and its components	69; 81-84
	103-3	Management approach assessment	69; 81-84
GRI 401: 2016 EMPLOYMENT	401-1	Total number and rates of new employee hires and employee turnover	82
	401-2	Benefits awarded	86; 88
	401-3	Return to work rates after parental leave	93; 95-96
LABOR RELATIONS (Non-Material Topic)			
GRI 402: 2016 LABOR RELATIONS	402-1	Minimum notice periods regarding operational changes	130 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.
OCCUPATIONAL HEALTH AND SAFETY (Non-material Topic)			
GRI 403: 2018 OCCUPATIONAL HEALTH AND SAFETY	403-1	Occupational health and safety management system	87 Our system has been implemented in order to meet the requirements of the Ministry of Labor Regulatory Standards # 04 (Specialized Occupational Health and Safety Engineering Service - SESMT), #05 (Internal Accident Prevention Committee - CIPA), #07 (Occupational Health Surveillance Program - PCMSO), #09 (Environmental Risk Prevention Program - PPRA), and #17 (Ergonomics), based on a clear and traceable process involving indicators management. On that basis, we have established other voluntary controls based on benchmarks or academic experiences. Risk management is performed based on the Environmental Risk Prevention Program, by applying a qualitative methodology, as our end activity does not require quantitative measurements. We maintain close communication with our professionals who work directly at the clients' facilities in order to identify risks that are different from those previously identified in our offices. However, we have never reported a case like that. In some situations, the client asks us to prepare a PPRA based on their work environment; however, as KPMG's professionals carry out administrative activities, although the environment in which they work is close to production areas, they are not exposed to occupational risks. Our health, well-being and accident prevention campaigns make use of various tools (radio, intranet, printed material, videos and training programs) to reach out professionals from all offices of KPMG in Brazil.



GRI 403: 2018 OCCUPATIONAL HEALTH AND SAFETY	403-2	Identification of hazards, risk assessment and investigation of incidents	87	<p>The Occupational Risk Prevention and Ergonomics Analysis Program provides parameters for the identification of risks. It is supplemented by a periodical inspection of our buildings and ad hoc ergonomics analyses (workstations rearrangement and delivery of ergonomics kits to help professionals with complaints about pains improve their posture while working).</p> <p>Our business activity falls within Risk Level 1, which is the lowest level of risk according to the Ministry of Labor and Employment. In terms of occupational risks, our organization is classified into the category of "no risks identified".</p> <p>The Near-Miss Report is our main monitoring tool, through which professionals report on situations that could have caused an accident within the Organization's or the client's premises. It is worth stressing the fact that investigations may also derive from confidential denouncements made through our Hotline. Police reports and medical certificates are also used as sources of information. After analyzing each situation, the Safety Labor department prepares an action plan which includes not only providing solutions for process and workplace non-compliance, but also encouraging a safe behavior, as our most significant accident indicator points out that most accidents occur during commuting.</p> <p>With respect to communications, our professionals are required to take a number of mandatory training courses on joining KPMG. One of these training courses emphasizes risks related to our end activity, including topics such as Risks in Offices, Ergonomics, Safe Behavior, and Defensive Driving.</p>
	403-3	Occupational health services	87	<p>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. The Occupational Health Service focuses on early prevention, identification and diagnosis of health problems, as well as the possible detection of work-related illnesses or health damages. Medical examinations are carried out on a periodic basis – professionals aged between 18-45 are required to go through medical examination every two years, and, the other professionals, once a year –, including evaluation of medical history (congenital or acquired disorders), vital signs and general physical condition.</p> <p>Based on the results of the professional's health profile analysis, medical advice and follow-up care instructions are given.</p>

GRI 403: 2018 OCCUPATIONAL HEALTH AND SAFETY	403-4	Employee's engagement, medical appointment, and communications on occupational health and safety.	87	<p>Of the five requirements under our most recent Union agreement, three were related to health (60%). The Internal Work Accident Prevention Week (SIPAT) is currently the main way of communication between the Occupational Safety department and our professionals. At the end of this event, professionals are required to complete a satisfaction survey. The Occupational Safety department uses the suggestions made by the participants to plan accident prevention awareness campaign activities.</p> <p>Our professionals' health needs are monitored by the Occupational Health department, by involving the HR department, a labor physician or an occupational health nurse, and immediately treated in our medical clinic or referred to medical specialists.</p> <p>The occupational safety committee's activities are developed by the Internal Accident Prevention Committee - CIPA, which is structured based on the Ministry of Labor and Employment's legislation.</p> <p>The members of this committee play an essential role in the obtainment of feedback from our professionals, mainly during the course of inspections. That is why we try to include the Organization's most different areas of operation in our strategy of indicating employees as the employer's representatives. The meetings of the Internal Accident Prevention Committee (CIPA) are held on a monthly basis to address issues previously defined and share events occurred and discuss the preparation of actions plans. The committee also prepares an annual schedule that includes topics to be covered in articles made available on the intranet.</p>
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (Non-material Topic)				
GRI 407: 2016 FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	407-1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated		<p>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.</p>
TRAINING AND DEVELOPMENT (Material Topic)				
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 69; 72-79	
	103-2	Management approach and its components	69; 72-79	
	103-3	Management approach assessment	69; 72-79	
GRI 404: TRAINING AND EDUCATION 2016	404-1	Average hours of training per year per employee by gender, and by employee category	76	
	404-2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		<p>Continuous skills development prepares our professionals for both current and future challenges, supporting their careers both within and outside of the Organization. In 2016 we provided training on how to manage careers 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.</p>



	404-3	Percentage of employees receiving regular performance and career development review	81	
DIVERSITY (Material Topic)				
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 69; 93-101	
	103-2	Management approach and its components	69; 93-101	
	103-3	Management approach assessment	69; 93-101	
GRI 405: 2016 DIVERSITY AND EQUAL OPPORTUNITY	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group and minority group membership	71; 103	
	405-2	Ratio of basic salary and remuneration of women to men	95	
GRI 406: 2016 NON-DISCRIMINATION	406-1	Total number of incidents of discrimination and corrective actions taken		No instances of discrimination were identified by our monitoring mechanisms.
ASPECT: MARKET PRESENCE (Non-material Topic)				
GRI 202: MARKET PRESENCE	202-2	Proportion of Senior Management hired from the local community at significant locations of operation	103	
ETHICS AND INTEGRITY (Risk and Quality Management; Client and Engagement Acceptance and Continuance; Information Privacy and Security) (Material Topic)				
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 20-31	
	103-2	Management approach and its components	20-31	
	103-3	Management approach assessment	20-31	

GRI 205: 2016 ANTI-CORRUPTION	205-1	Operations assessed for risks related to corruption	15; 19-20	<p>All engagements at KPMG are preceded by rigorous risk due diligence processes, which cover corruption risks.</p> <p>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.</p> <p>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). To make them consistent practices, we use the following strategies:</p> <ul style="list-style-type: none"> » KPMG in Brazil's anti-bribery procedures and controls testing as part of a Risk Compliance Checklist (RCC) Review process. In 2018 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 of our professionals are required to take periodical training covering corruption, bribery and money laundering. <p>Anti-corruption and anti-bribery clauses in all contracts with vendors, reflecting the Supplier Code of Conduct.</p> <ul style="list-style-type: none"> » Response to clients' compliance questionnaires, clarifying our processes description. <p>Training courses are mandatory for professionals from all KPMG in Brazil's offices. Therefore, there are no significant differences in the percentage of participation by region, situation which allows us to report data at local level.</p>																																																																																																											
	205-2	Communication and training on anti-corruption policies		<table border="1"> <thead> <tr> <th rowspan="3"></th> <th colspan="12">Attendance of the professionals required to do the Independence training. Acting with Integrity and Money-Laundering</th> </tr> <tr> <th colspan="4">Independence</th> <th colspan="4">Acting with Integrity</th> <th colspan="4">Anti-Money Laundering</th> </tr> <tr> <th colspan="2">2018</th> <th rowspan="2">2017</th> <th rowspan="2">2016</th> <th colspan="2">2018</th> <th rowspan="2">2017</th> <th rowspan="2">2016</th> <th colspan="2">2018</th> <th rowspan="2">2017</th> <th rowspan="2">2016</th> </tr> <tr> <th>Nº</th> <th>%</th> <th>Nº</th> <th>%</th> <th>Nº</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Non-managers</td> <td>2,812</td> <td>100</td> <td>2,604</td> <td>2,632</td> <td>3,285</td> <td>100</td> <td>3,123</td> <td>3,071</td> <td>2,746</td> <td>100</td> <td>2,579</td> <td>2,644</td> </tr> <tr> <td>Managers</td> <td>619</td> <td>100</td> <td>608</td> <td>578</td> <td>643</td> <td>100</td> <td>623</td> <td>575</td> <td>612</td> <td>100</td> <td>596</td> <td>557</td> </tr> <tr> <td>Partners</td> <td>342</td> <td>100</td> <td>328</td> <td>314</td> <td>347</td> <td>100</td> <td>333</td> <td>314</td> <td>337</td> <td>100</td> <td>321</td> <td>303</td> </tr> <tr> <td>Interns</td> <td>1</td> <td>100</td> <td>0</td> <td>1</td> <td>7</td> <td>100</td> <td>5</td> <td>4</td> <td>1</td> <td>100</td> <td>0</td> <td>1</td> </tr> <tr> <td>Total</td> <td>3,774</td> <td>100</td> <td>3,540</td> <td>3,525</td> <td>4,282</td> <td>100</td> <td>4,084</td> <td>3,964</td> <td>3,696</td> <td>100</td> <td>3,496</td> <td>3,505</td> </tr> </tbody> </table>		Attendance of the professionals required to do the Independence training. Acting with Integrity and Money-Laundering												Independence				Acting with Integrity				Anti-Money Laundering				2018		2017	2016	2018		2017	2016	2018		2017	2016	Nº	%	Nº	%	Nº	%	Non-managers	2,812	100	2,604	2,632	3,285	100	3,123	3,071	2,746	100	2,579	2,644	Managers	619	100	608	578	643	100	623	575	612	100	596	557	Partners	342	100	328	314	347	100	333	314	337	100	321	303	Interns	1	100	0	1	7	100	5	4	1	100	0	1	Total	3,774	100	3,540	3,525	4,282	100	4,084	3,964	3,696	100	3,496
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	205-3	Confirmed incidents of corruption and actions taken	26																																																																																																												
GRI 415: 2016 GOVERNMENT POLICY	415-1	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.																																																																																																											



GRI 418: 2016 CUSTOMER PRIVACY	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data		<p>We have 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.</p> <p>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.</p> <p>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.</p> <p>In 2018 we documented seven 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. We also documented two events, reported by the client, regarding the handling and submission of confidential data during the execution of the projects.</p>
	419-1	Non-compliance with social and economic laws and regulations	26	<p>There were no fines or penalties resulting from inspections or instances in our internal and external monitoring mechanisms.</p> <p>The criteria used to analyze the indicator were the following:</p> <ul style="list-style-type: none"> » Fines paid in FY 2017/2018 (from 10/01/2017 to 09/30/2018). » Cases which reached a final decision, on which there is no type of pending administrative or legal discussions, and whose possible legal notice for payments have already been received by KPMG.
INVESTMENT AND INNOVATION (Material Topic)				
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 52-57; 69-75; 130-133	
	103-2	Management approach and its components	52-57; 69-75; 130-133	
	103-3	Management approach assessment	52-57; 69-75; 130-133	
CLIENT AND MARKET RELATIONS (Material Topic)				
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 122-139	
	103-2	Management approach and its components	122-139	
	103-3	Management approach assessment	122-139	

GRI 206: 2016 ANTI-COMPETITIVE BEHAVIOR	206-1	Legal actions filed for unfair competition, against business trust or combination, and monopoly practices		No instances were identified by our monitoring mechanisms.
GRI 417: 2016 MARKETING AND PRODUCT AND SERVICE LABELING	417-1	Product and service information		<p>Service labeling 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:</p> <ul style="list-style-type: none"> » The scope of work. » A description of deliverables. » The engagement schedule. » Client responsibilities for providing information, assistance to KPMG and in decision making. » Fees. » Limitations on KPMG's liability—when permitted by legal or regulatory requirements. <p>Guidance on drafting KPMG engagement letters is provided in the Global Quality Risk Management Manual (QRMM-Global) available on the intranet to all professionals.</p>
	417-2	Non-compliance with regulations and voluntary codes concerning labeling		The litigation function 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.
	417-3	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications		<p>Our Global Marketing Compliance Guidelines (GMC) and Global Quality and Risk Management Manual (GO&RM Manual) establish guidelines to ensure global brand consistency, maintain ethical and effective communication with our stakeholders, mitigate reputation risks and manage client expectations on services provided.</p> <p>All communication and marketing material prepared by KPMG is revised by qualified professionals accredited in GMC.</p> <p>In the period covered by this report there were no instances of non-compliance or warnings related to regulations or codes.</p>
SUPPLIER SOCIAL ASSESSMENT (Non-material Topic)				
GRI 414: 2016 SUPPLIER SOCIAL ASSESSMENT	414-1	Suppliers screened using human rights criteria	125	In 2018, 875 suppliers had their services engaged, or goods bought, but KPMG's assessment process did not yet rely on analyses related to social criteria. Although there is a supplier code of ethics and a supplier code of conduct in place, in which the business partner agrees on the standards presented, we did not perform any specific analyses in order to ensure compliance with these standards.
	414-2	Number of suppliers subject to human rights impact assessments.		Although there is a Supplier Code of Ethics and a Supplier Code of Conduct in place, in which the business partner agrees on the standards presented, we did not perform any specific analyses in order to ensure compliance with these standards.



VOLUNTARY GLOBAL COMMITMENTS TO COMMUNITIES (Material Topic)			
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 112-119
	103-2	Management approach and its components	112-119
	103-3	Management approach assessment	112-119
GRI 413: 2016 LOCAL COMMUNITIES	413-1	Activities that engage the local community and include impact assessment and development programs	112-119
TECHNOLOGY AND INFRASTRUCTURE WHICH CONTRIBUTE TO MATERIAL TOPIC (Material Topic)			
GRI 103: 2016 MANAGEMENT APPROACH	103-1	Explanation of material topics and their boundaries	42-43; 130-133
	103-2	Management approach and its components	130-133
	103-3	Management approach evaluation	130-133

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General coordination

Corporate Citizenship,
Inclusion & Diversity

GRI consulting, review and compilation of disclosures

Global Sustainability Services
KPMG in Brazil

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Thank you very much!

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