



KPMG
International
Annual Review
2006

Supporting
sustainable
communities

KPMG INTERNATIONAL

Supporting sustainable communities

Commitment to our communities is at the heart of our values. Around the world KPMG member firms are working with other companies, governments and non-government organizations (NGOs) to address poverty and make a positive difference in health and prosperity. Our commitment also helps to make KPMG a more dynamic and successful organization. Involvement in demanding front-line corporate responsibility (CR) work and project implementation enables our people to broaden their horizons, learn new skills, challenge their intellects and develop their character—all of which increases their effectiveness, motivation and contribution. The great majority of employees want to be involved.



KPMG in the Netherlands won the Managing Partners Forum Award for "Best European Corporate Citizen" for managing its environmental impact as part of the way that it does business.



KPMG in the U.K. won the Lord Mayor Award for contribution to local communities.



KPMG in the U.S. was recognized by the Center for Companies That Care "Companies That Care Honor Roll" for its commitment to employees and local community environment.



KPMG in China received the "Friend of SIFE China" Award, which is presented to outstanding individual supporters of Students in Free Enterprise China.



KPMG in the U.K. won three "Big Ticks" awards, presented by Business in the Community.



KPMG in Hong Kong was presented "The Gold Award" by the Hong Kong SAR government's Social Welfare Department's Volunteer Movement for its community service.



KPMG in the U.S. was awarded the Women's Alliance 2006 Vision Award for its contribution of nearly 10,000 work suits for the "Suited for Success" initiative.



KPMG in Singapore was awarded "Supporter of the Arts" for the fourth time (2006, 2005, 2004 and 2001) by the National Arts Council, Singapore.



DENNIS BENNETT WORKING IN SUDAN

Some individuals within KPMG member firms make extraordinary personal contributions through volunteering. For example, U.S.-based Dennis Bennett spends most of his time off in Sudan, northeast Africa, helping thousands of people get access to life-saving supplies of medicine, food and clean water.

Dennis and his wife, Diane, work through the charity they launched, Servant's Heart. On his regular visits Dennis helps to manage the relief work and takes an active part. There are many obstacles to the sustainability of the communities supported here, including war, dangerous wildlife and disease—such as leprosy—all of which make relief efforts even more remarkable.

Faced with these dangers, Dennis calls upon his professional expertise in risk management: "You simply look at all the bad things that can happen and figure out ways to control those risks," he says.

Being a responsible and active corporate citizen is about having the determination to address some of society's most serious problems. From the alleviation of poverty, disease and homelessness to providing long-term support for education, social inclusion and employment, KPMG has the opportunity to make a real and lasting difference.

We have specific targets. Through strategic partnerships with respected agencies and other global organizations we will work toward a quadrupling of our current activities in the short term. And we will support some of the world's poorest and most desperate communities by focusing on the UN Millennium Development Goals for long-term investment. This is about helping to provide relief from day-to-day issues while building enterprise opportunities that enable business to flourish—increasing employment, wealth and well-being.

The following sections describe more about what we are doing and how we are enhancing the positive effects we can have on the wider world tomorrow.

Restoring hope

Whenever the communities in which we live and work suffer terrible events we must respond, mobilizing our resources quickly to help support those in need. This commitment inspires our people to find and deliver solutions that help others get back on their feet.

The donations given by member firms and their employees to those affected by the tsunami disaster have been used to support organizations working on the front line to rebuild entire villages and schools, and to enable people to get back to work.

Along with funds, we can also use our skills and knowledge to help organizations involved in the relief effort. For example, Grace Ma from KPMG in China and Hong Kong took the opportunity—provided by KPMG—to support the tsunami relief efforts of the Hong Kong Red Cross in Sri Lanka. She helped to manage the funds, budget and administration of the Red Cross delegation. This is an example of a KPMG person applying intellectual and technical skills—those we usually provide for our paying clients—to develop a solution that works for the good of the wider community.

“Becoming Chairman of Business in the Community is one of the best decisions I have made—it has given me a whole new level of oxygen and energy, and a different and challenging lens through which to view business at KPMG.”

Mike Rake, Chairman—KPMG International

Our response to the tsunami was by no means unique. Individuals and member firms have also provided support for victims of the earthquake in Pakistan and those affected by the terrible floods in New Orleans and surrounding areas. And again, KPMG people have worked on location, supporting the relief effort through both physical effort and intellectual skills.

Enabling people to give their time

Along with support for disaster relief, KPMG International, member firms and our people are making a difference for communities on an ongoing basis. We are investing money, time, ideas and skills in areas such as education, people in need and the environment, and looking to develop and deliver imaginative solutions to current problems such as homelessness in the cities.

Education is a particularly appropriate area for us to support. It helps individuals, but it is also an investment in the future economic, social and cultural sustainability of a nation. Supported by KPMG in Brazil, “Pequeno Cidadao,” or Little Citizen program, shows what can be achieved. Created in 1996, Little Citizen offers extra education and training to girls and boys from poor backgrounds. Each year around 220 children benefit from additional school classes,

CR IN ACTION



KPMG International and member firms around the world supported vital efforts to help people displaced by the **Pakistan** earthquake. Donations were collected to buy temporary shelters and other relief equipment, while employees from many KPMG offices flew to the area to help.



Grace Ma from KPMG in **China and Hong Kong** helped to manage the finances and administration of the Red Cross delegation helping victims of the Asian tsunami. Using our intellectual and technical skills in this way increases the value of our support for the community.



“Pequeno Cidadao” or Little Citizen program, supported by KPMG in **Brazil** provides extra education and training to girls and boys from poor backgrounds, helping to significantly improve their opportunities.



MICHAEL HASTINGS INTERNATIONAL DIRECTOR CORPORATE CITIZENSHIP

In 2006 KPMG International appointed Lord Michael Hastings as its first International Director of Corporate Citizenship. He joined from the BBC, where he had been head of corporate social responsibility.

"Our global values are now a fundamental part of life at KPMG," says Michael, "and one of the values is 'We are committed to our communities.' We must turn that commitment into tangible actions that have a significant effect on the world.

"My job is to inspire all of our partners to see the huge opportunities good corporate citizenship can offer," says Michael, "and to enable them to develop a program of meaningful activities, not just one-off or annual events. Business, governments and employees all have high expectations of us, and we must aspire to be a leader in this area.

"We have a strong record in terms of philanthropy, but what really excites me is the prospect of KPMG people around the world building on that, and finding innovative ways to apply their technical, strategic and intellectual skills—the capabilities they provide to clients—for the benefit of the wider community."

computer lessons, medical treatment and sports activities.

Little Citizen is built on a long-term commitment from KPMG, and that has generated great results. Despite growing up in tough neighborhoods where unemployment is common, more than 90 percent of these children continue their studies once they leave the program. And many have found jobs.

KPMG in the U.K. works with local schools and education organizations too. KPMG people are given the opportunity to work with primary school children on a one-to-one basis, playing number games and reading with them to help improve literacy and math skills. KPMG volunteers are also joining the governing bodies of schools near their homes or offices, using their skills and business insight to help schools tackle budget, maintenance and direction. Other KPMG volunteers are helping to raise awareness of the commercial world among 14—19-year-old students by talking about their own careers and roles within KPMG.

Building long-term relationships

Volunteering plays a central role in our support for the wider community. It is an especially good way for us to support local organizations, and to meet and help people less fortunate than ourselves.

In Mexico, for example, an annual KPMG Help Day, "Dia Yuda KPMG," sees hundreds of KPMG people devoting time to support deserving organizations in four cities. KPMG in Germany launched a Head Teacher Mentoring Program in 2006. In Canada more than half of employees within the firm are involved in an annual Volunteers' Day. And in the U.S., 4,500 KPMG partners, employees and their families participate in local KPMG Family Volunteer Days each year. From Malaysia to Ireland, thousands of KPMG people around the world volunteer their time, helping others and gaining memorable experiences along the way.

These special days can be the start of a great relationship. Take KPMG in South Africa's support for a children's home in Johannesburg. What started with a Christmas party led to zoo visits, then the planning, financing and management of reconstruction

work on the home's swimming pool. These successes have inspired the firm to create a sustainable, long-term CR investment program called "Make a Difference."

In volunteering projects such as these we see the double benefits of good CR: We can help the wider world, and we can help to develop and inspire our great people at the same time.

Doing what we do best

KPMG believes there is an undisputable moral and business case for its involvement in CR. One aspect is our support for global partnerships including the United Nations Global Compact, World Business Council for Sustainable Development and the World Economic Forum Global Corporate Citizenship Initiative.

We also know there's more we can do, as individuals and member firms. It is particularly important that we find new and effective ways to apply our primary skills—intelligence, insight, problem solving, financial skills, business skills—to find sustainable solutions for the issues faced by communities with real needs.

KPMG—supporting charitable giving

KPMG member firms support clients engaged in charitable giving, using our core capabilities to help them—and their grantees—meet expected levels of performance and integrity. KPMG's Global Grants Program, based in San Francisco, plays a particularly important role, supporting some 50 clients in 110 countries, including The Bill & Melinda Gates Foundation, Ford Foundation, Pfizer Foundation and The Global Fund to Fight AIDS, Tuberculosis and Malaria.

The KPMG Global Grants team has developed exceptional due diligence experience and is a successful fee-earning part of KPMG. It also uses its technical capacity to provide pro bono support to certain organizations, applying its capabilities to help them get maximum value from resources and provide high-quality reporting.

The year 2006 saw a number of emerging issues for funds and foundations, including:

- Increasing focus on risk, with anxiety about political unrest, corruption and natural disaster.
- Greater complexity in funding, with multiple partners working together.

CR IN ACTION



Sri Lanka. In 2006 hundreds of Sri Lankans made homeless by the tsunami were given the keys to their new homes, thanks to support from KPMG International and member firms. In Jaffna 50 houses were handed over and a new road constructed while more homes were completed in Matara, Kinniya, Kattankudy, Seenigama and Tricomalee villages.



Pierre Delaney is a managing director at KPMG in **South Africa**. He's also an Honorary Ranger for South African National Parks and leads KPMG's support for a fantastic elephant relocation project. This is helping Kruger National Park with the enormous job of transferring elephants to other parks, which in turn is helping to increase overall elephant numbers.



The Children's University of Zurich, **Switzerland**, supports general education with a program of events aimed at young people. Five hundred children get access to knowledge and ways of thinking outside mainstream learning. The KPMG firm is supporting the university for three years, which means that children aged between 9 and 12 can attend events free of charge.

CR IN ACTION



KPMG in **South Africa's** support for a children's home in Johannesburg started with a Christmas party. Then Bronwyn Greene from KPMG noticed the terrible condition of the home's swimming pool. KPMG planned, financed and managed the reconstruction work required to re-open the pool—a great example of KPMG people using their core skills to support the community.



Supported by KPMG **U.S.**, The PhD Project aims to increase the representation of African-American, Hispanic-American and Native American professors teaching at U.S. business schools. The Project provides information about studies and a network of peer support. Currently 450 students are involved.



Supported by KPMG **Australia** and the Australia Business Arts Foundation, adviceBank creates opportunities for people from business and the arts to work together, with the aim of achieving tangible business results for arts organizations.

“It allowed me to build on the skills that I already have but don't have the opportunity to use on a daily basis. I come back to the office refreshed and approach challenges with a new perspective.”

KPMG Employee

- Potential conflicts between governance and reality on the ground. For example, in some areas transactions are only recordable using pencil and paper, not digital technology.
- Growing requests from grantees to make support easier to receive, manage and report on.

The challenges are enormous, but so is the sense of achievement for people working on the program. Their skills and commitment are making an enormous difference to clients and communities around the world.

KPMG and the environment

The environment is one of the most important issues for our people and future recruits. Reduce, Reuse, Recycle: KPMG can and should be a leader in these areas. In acknowledgment of global climate change, we believe we must enable our people to reduce their energy consumption and use of resources, and inspire them to become advocates for responsibility.

We have much more work to do in this area, but KPMG in the U.K.'s “Responsible Consumption” program demonstrates what can be achieved. It is thorough, systematic and effective.

Responsible consumption in the U.K.:

- One and a half million travel miles saved through car sharing.
- Ninety percent of energy used in buildings derived from renewable sources.
- Twenty million fewer sheets of paper are used.
- Annual saving of around USD500,000 made, half of which has been donated to staff charities.
- Utilities Steering Group launched to look at every aspect of energy consumption, set targets and review performance.

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