

Assurance Statement

BSD Consulting performed an independent assurance process for KPMG Brazil Sustainability Report 2013, which was developed according to the Global Reporting Initiative (GRI) G3 guidelines. The third year of assurance process continues to provide KPMG's stakeholders with an independent opinion about: the quality of the report, stakeholder's engagement process, the adherence to the three principles of AA1000 Assurance Standard (2008) and the management processes for sustainability aspects.

Independence

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

Our Qualification

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

Responsibilities: KPMG Brazil and BSD Consulting

KPMG has prepared the Sustainability Report and is responsible for all its content. Our work did not include the verification of historical financial data. This assurance statement includes the confirmation of the self-declared GRI-G3 Application Level.

Scope and limits

The scope of our works covers all information included in KPMG 2013 Sustainability Report, full version, referring to the period from October 1, 2012 through September 30, 2013 (presented as 2013), and the total Emissions (CO₂e tons/year) and DVA (value added statement) data covers the period from January 1, 2013 through December 31, 2013.

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

Methodology

The approach and procedures developed during AA1000AS verification process include:

- Sustainability Report 2013 content review;
- Understanding the process of generating information for the Sustainability Report;
- Research of public information about the company and industry (media, websites and legal bases);
- Interviews with managers from key areas regarding the relevance of information for reporting and sustainability management;
- Interviews with the company's partners;
- When relevant, confronting the sustainability performance information with the company's management;
- Assessment of evidences for the selected indicators and external stakeholders consultations;
- Assessment of the evidences of external stakeholders consultations;
- Based on sample testing, confirmation of the Sustainability Report information with supporting documentation, management reports, internal controls and official correspondences.

Main Conclusions on Adherence to AA1000AS 2008 Principles

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

- The Corporate Citizenship area has broadened its initiatives involving the internal public. The team responsible for the collection of information, partners and managers from other areas and offices were invited to reflect about sustainability questions in the context of KPMG in Brazil, reevaluate the material issues, assess the previous cycle's report and discuss opportunities to improve the report and management approach.
- The Executive Committee maintained its commitment with the elaboration and revision process of the Sustainability Report. Awareness regarding the report and the concept of sustainability for KPMG can be deepened at all hierarchical levels, including the technical and administrative areas. This way, sustainability initiatives will be integrated with more consistency to everyday activities.
- The external stakeholder engagement process took place in 2011 and the results were applied again in the 2013 Report. Specific consultations with the external public did not occur in this cycle, and goals and commitments were not established for the next year. It is important to review the stakeholder map and expand the scope of the engagement with the inclusion of external stakeholders that represent KPMG's activities throughout Brazil.

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

- In 2013, the material issues were reevaluated with the internal public, including representatives from several offices. As a result, the materiality remained the same as the one presented in the 2011 cycle. However, KPMG's leadership members did not participate in the exercise, and external sources, such as stakeholder demands, position papers and media researches were not analyzed. It is important to assess the issues considering the current context of the company as well as sector dilemmas, including KPMG's new offices in the country and new stakeholders.
- The material issues for the 2013 Report are the same as the last two cycles, and are aligned with KPMG's strategy. The issues "To conduct the businesses on ethical basis," "Accountable and transparent governance systems" and "To conduct top quality services with total independence" have specific and consolidated processes to ensure compliance with the rules, including policies, codes and specific trainings, aligned with KPMG International guidelines and Brazilian regulating agencies.
- Fair treatment of employees: the calculation methodology of the Profit Share Program (PSP) was reviewed in order to guarantee a more inclusive and equal benefit between KPMG's hierarchical categories and regions in Brazil. There is an opportunity to broaden the report on indicators related to turnover and talent retention.
- Supply chain impacts: In 2013, the Corporate Citizenship area conducted an internal workshop with representatives from several areas (Procurement, Marketing, Risk Management, Climate Change and Sustainability Services, among others), to map the companies critical suppliers in relation to socio-environmental aspects. The area also maintains direct contact with OGC (Office of General Council) in order to include labor rights and human rights in all the contracts, and is structuring the supplier code of conduct based on the model used by KPMG International.
- Climate Change and Sustainability Services: In 2013, the Climate Change and Sustainability Services area incorporated a new partner-director to focus exclusively on this service, which indicates the strategic relevance and level of maturity of this type of service within KPMG's business in Brazil. Consequently, creating greater visibility towards sustainability in the company.
- Responsible Tributary Advisory: The concept of tax morality is directly linked to tributary transparency towards society, and is guiding many norms that involve clarity in the disclosure of tributary payments and taxation over organizations profits. Aligned with this concept, KPMG structured new technological services containing tools that systemize the company's information and are in accordance to new demands of electronic data management of the government.

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

- The recommendations report of the Assurance process concerning last year’s sustainability reporting cycle was disseminated to all areas involved throughout the GRI reporting process, thus communicating the opportunities and highlights identified in the Assurance assessment. There were improvements in management and consolidation of reporting information as a result of this process.
- In accordance with the verification of the information management process for the sustainability report, the internal controls referring to practices, and proportion of spending on locally-based suppliers (EC6 indicator) were improved. There was progress regarding the origin of the information which is now collected through a unique and more reliable database. The collection of this indicator is now gathering two areas, thus promoting improvement in the consolidation of the information. The management of this subject can be enhanced through increasing the local suppliers’ expenditures in all of the offices.
- There was progress in the monitoring and consolidation of information on material consumption (Indicator EN1). The information is being monitored by two areas and there was improvement regarding the data tracking for this indicator.
- The internal controls of energy consumption (Indicator EN3) can be improved. It is necessary to make progress concerning the alignment between the areas responsible for this data, in order to contribute to more accuracy in the consolidation process of this information.
- The indicator EC4 (projects with governmental incentives) and EC8 (pro-bono services) have clear evidence, but the control activities have not been designed and developed yet. It is relevant to concern with the continuity of such projects as well as the monitoring of this information, in order to guarantee accuracy and tracking of data.
- During last period, it was identified that Health and Safety Management was not yet structured. This year there was progress in this regard, with the hiring of a specialized technician in Health and Safety and the beginning of a planning process of internal campaigns and training for the employees. The programs created throughout 2013 will be implemented in 2014. The communication on Health and Safety issues can be enhanced by including more highlights on this subject in the sustainability report.
- The KPMG Brazil Sustainability report could be improved regarding the balance of the information content. It is relevant to include critical facts and events occurred during the reporting period and present the company’s position related to this facts, as a way to promote more transparency to the communication of KPMG’s management cycle.
- The implementation of specific actions with focus on commitments and goals regarding the context and outreach of KPMG’s activities in the country can contribute to enhance sustainability management and make improvements for the performance indicators.

Level of GRI-G3 Application

Following GRI-G3 guidelines, BSD declares that KPMG 2013 Sustainability Report is classified as Application Level B+. The report contains items related to the company's profile and offers a description of the management processes as well as sustainability approaches. The report provides information on all the performance indicator categories: economic, environment, human rights, labor practices, society and product. However, the report on the Strategy and Analysis (1.1) profile items can be improved.

Final Considerations

We have highlighted KPMG's efforts to improve the sustainability report by incorporating the results of the assurance process. In our view, KPMG has several procedures and practices related to material topics (ethics, independence, quality, transparency and internal staff), and is seeking to consolidate sustainability management by implementing actions aligned with other material issues, such as supply chain impacts, environmental aspects and health and safety at work. It is important to integrate sustainability practices into administrative and technical areas, also seeking to expand the engagement of external stakeholders.

São Paulo, February 28th, 2014.

BSD Consulting - Brasil

