

## Development

Our Development actions are based on the principles of the Global Development Initiative (GDI), which focuses on promoting social justice and supporting sustainable projects. The aim is to collaborate in improving living conditions in our communities through initiatives on different fronts.

### **Pro bono services or compensation**

<GRI EC8>

Among our most important initiatives is the provision of pro bono audit services to tertiary sector organizations that contribute to mitigating or solving social challenges. Our services incorporate professionalism into management, and credibility and transparency into the financial statements of these institutions.

This work is subject to the standard procedures for acceptance of clients and the same methodology, quality and independence offered to paying clients. The amount for the services provided is paid by the Corporate Citizenship team to the KPMG in Brazil area responsible for the service and the organization benefited agrees to undertake an initiative previously agreed as compensation for the services provided.

Tertiary sector organizations benefited by pro bono/compensation services in 2013:

- Ação Comunitária – São Paulo (R\$ 44 thousand)
- Associação Portaldajuda – São Paulo (R\$ 15 thousand)
- Fundação Gol de Letra – São Paulo and Rio de Janeiro (R\$ 60 thousand)
- Instituto Ling – Porto Alegre (R\$ 17 thousand)

### **Private social investment**

Private social investments are another front aligned with our strategy of promoting social development. In addition to the recurring projects previously described under Education, also noteworthy is KPMG's global partnership with UNICEF. In Brazil, in 2011, this partnership led to the creation of an online database containing key social statistics related to children and teenagers, geared to students, researchers and the general public. The website, called InfoCriança, is available for free and came online in 2012.

Also in 2012, the partnership between KPMG in Brazil and UNICEF led to our supporting the Platform for Urban

Centers, which develops concrete actions to ensure children's rights are upheld in accordance with the principle of the Statute on Children and Adolescents. The goal is to mobilize municipal governments and create synergies between government policies and civil society programs for children and teenagers.

The Platform for Urban Centers is expected to set the standard for the development of similar initiatives in Brazil and globally, as it facilitates convergence between initiatives of the government and civil society, with support from the private sector, in an effective model for social development. KPMG in Brazil invested R\$ 50 thousand in the initiative and results will be monitored by the Corporate Citizenship team.

Another program involving a number of international partners, including KPMG International and 14 member firms, is Millennium Villages. This program aims to create solutions for the development of ten cities in sub-Saharan Africa facing issues such as hunger, disease and illiteracy. The initiative began in 2011 and investments of US\$ 5 thousand per year, per member firm of KPMG, are planned. In 2013, we contributed approximately R\$ 11 thousand.

## Fiscal Incentive Laws

### GRI EC4

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

#### **Instituto de Reciclagem do Adolescente (Reciclar)**

A non-profit organization whose mission is to provide professional educational and learning opportunities to young people in a position of vulnerability and social risk, which promotes their self-esteem, social inclusion and full exercise of their citizenship. The Institute benefits approximately 150 young people from the community of Jaguaré in São Paulo every year, directing them to the labor market after five years of solid humane and professional training. **Investment:** R\$ 20 thousand via FUMCAD.

#### **APAE SP – “Paths to inclusion”**

This project seeks to create opportunities for young people with intellectual disabilities to develop the skills needed to find jobs. **Investment:** R\$ 20 thousand via FUMCAD.

#### **Associação Anhumas Quero-Quero**

Develops initiatives for the cultural, social, psychological, cognitive and affective development of 180 children and adolescents from impoverished neighborhoods in Campinas. The project improves the quality of life of these children and helps turn them into good citizens. **Investment:** R\$ 4 thousand via FUMCAD.

#### Social Investment via fiscal incentive laws (R\$)

2013	2012	2011
283,072	400,364	143,877

#### **Cultural Book – The Earth, Water, Air and Fire Program: “Fire and Man”**

A series of four books which aim to show man’s interaction with these four elements of nature. We published the third book in the series, “Man and Water” in 2013, which was given to our clients as a year-end gift. **Investment:** R\$39 thousand via the Rouanet Act and R\$364 thousand via private investment.

#### **Cultural Project 2013 Dance Season at the ALFA Theater**

Supports cultural development and relations with the Organization’s clients. **Investment:** R\$ 200 thousand via the Rouanet Act and R\$ 20 thousand via private investment.



### **Voluntary work**

In addition to working in the Junior Achievement programs, our professionals can also participate in two other activities that occur annually. On KPMG Community Day, we encourage our professionals from all offices in Brazil to engage in corporate citizenship actions aimed at understanding the specific needs of our communities.

We also offer the Trainee Challenge, launched in 2008 as part of the Training Program for newly hired trainees. The goal is to integrate them into KPMG's corporate citizenship culture and challenge them to cater to the various needs of our communities. They engage in activities such as donating blood, helping the elderly, adolescents and children, education, revitalizing common areas in public and private institutions, environmental awareness, amongst others. The Trainee Challenge was not held in 2013 due to a change in the training schedule. However, we are currently considering a new approach so the Challenge can be re-introduced into our agenda in 2014.

### Nonrecurring programs and emergency and disaster response

Our ability to mobilize and act in response to events involving natural disasters and other emergencies positions us to contribute and bring comfort to affected people. We can also assist in managing the process of recovering affected communities through a planning system coordinated by KPMG International's global head of Corporate Citizenship.

### Results for KPMG Community Day

	2013	2012	2011
Volunteers engaged	551	950	493
Social institutions served	28	27	21
People potentially benefited	1,168	1,120	1,200

### SOS Santa Maria

We contributed R\$ 4 thousand on gelled alcohol for the victims of the tragedy in Santa Maria in 2013.

### Winter Campaign

In São Paulo, we donated R\$ 11.5 thousand to the Soup Group (Turma da Sopa), giving items such as 1,500 blankets and 825 kilos of food. Of this total, approximately 70% were donated by our professionals, in addition to 1,000 articles of winter clothing. The Soup Group assists those living in the streets who are at risk, carries out assessments and makes referrals for treatment and drug detoxification for drug-addicted individuals. In Brazil, another eight offices were mobilized in similar initiatives, benefiting local charities.

### Caring Christmas

We donated R\$ 14 thousand to the "Caring Christmas" campaign in São Paulo, which included a Christmas party for the benefited senior home and day care center, a storyteller and clowns, as well as a donation of adult diapers and educational materials for the relevant institutions.

Another 12 KPMG in Brazil offices also engaged in a number of initiatives, including parties, donation of a complete kitchen set, new furniture and utensils for a number of institutions, and personal care and food items. These offices' initiatives also included Christmas gifts offered by our professionals to 524 senior citizens and children. KPMG donated a total of 254 Christmas food parcels to charities such as AMAR, Casa Naim, Casa dos Velinhos Ondina Lobo, GAV, Banco de Alimentos and Ação Comunitária.

### KPMG Community day

KPMG in Brazil invested around R\$ 25 thousand to cover part of the expenses of each coordinator and their team in implementing initiatives at the 28 organizations benefited by our 19 offices in Brazil, which engaged the volunteers in refurbishments, recreational activities, outings, blood donation and meal donations.

## **Supplier management**

<GRI HR2 and EC6>

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, including the process of accepting clients and continuing engagements at all member firms.

Our standard draft contracts for product and service suppliers have included anti-bribery and pro-human rights provisions since 2012. In 2013, no supplier contracts were refused due to a human rights violation.

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. Because they are significant contracts, they are aligned with our principles and International Labor Organization conventions. This means they have clauses requiring employees to be hired under the Consolidated Labor Regulations or under other applicable legislation. As a routine practice, in these cases payments are only made when evidence of legal employment is provided on a monthly basis.

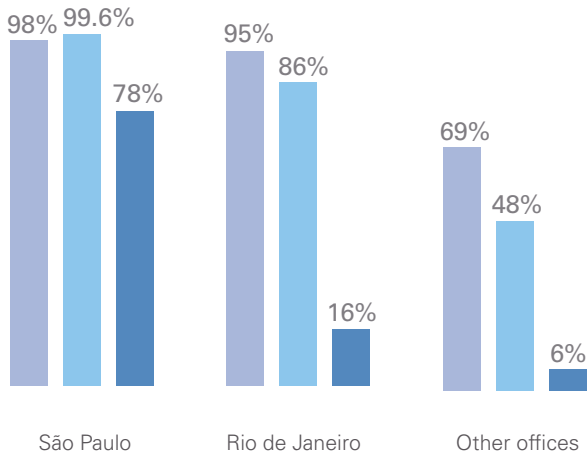
In 2013, to improve the conformity of our internal procedures to this commitment, we began mapping our key suppliers during an event called Sustainability Workshop: critical suppliers. Further workshops are planned so our internal stakeholders can define which of our suppliers are priority suppliers and how they will be monitored. Working groups are also ongoing at other member firms, with which we have exchanged experience.

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

## Percentage of purchases from local suppliers

Office (major operational unit)

<GRI EC6>



● 2011 ● 2012 ● 2013

There was a change in the calculation methodology as from 2013 aimed at the refinement, automation, and traceability of data, situation which explains the difference in relation to prior periods. The following information may be stressed:

- In 2012, the percentages are the result of the comparison between the services invoiced locally in relation to the total products and services contracted by that same region. In 2013, the percentages are the result of the comparison between the services invoiced locally (São Paulo, Rio de Janeiro and Other Regions) in relation to the total products and services contracted by KPMG in Brazil;

- In 2013, infrastructure basic services (such as water, sanitation, electricity, rent, telephone) were not considered in the calculation basis.

