



# KPMG in Malaysia: Our Sustainability Story 2016

**Sustainability Report 2016**

**We Inspire Confidence and Empower Change**



# Unlocking Our Sustainability Story

– About this Report –

This inaugural sustainability report, we call “*Our Sustainability Story 2016*” (the “Report”), marks an important milestone for KPMG in Malaysia (the “Firm”) to embark on the journey of sustainability reporting. The aim of this Report is to communicate our initiatives in monitoring and managing the performance of these sustainability matters relevant to our operations.

Our reporting period is from 1 January 2016 to 31 December 2016, unless otherwise stated. The Report primarily covers the operations of the Headquarters of KPMG in Malaysia, located at Petaling Jaya (“PJ Office”), across all lines of services and support functions, i.e. Audit, Advisory, Tax and Business Support services. For future reporting, we aim to expand our scope to progressively cover other offices located in Malaysia.

This Report has been prepared with reference to the Sustainability Reporting Guide and Toolkits published by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and Global Reporting Initiative (“GRI”) Standards.

This Report describes the journey of KPMG in Malaysia and our people (our “employees” or “KPMG-ians”) towards sustainable development. We invite you to explore the Report and learn about our sustainability progress as we lead the Firm towards our vision of being ‘*The Clear Choice*’.

*The images in this Report closely resemble and represent our messages across the content of each page.*

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# A Message from our Managing Partner – Datuk Johan Idris

I am pleased to present our inaugural sustainability report i.e. Our Sustainability Story 2016, which provides a window into how we are working towards achieving our sustainability aspirations. KPMG launched a people centric-global initiative called KPMG Purpose themed - *KPMG. We're here for a Purpose*, on 30<sup>th</sup> April 2015. Equipped with the tagline, “*Inspire Confidence and Empower Change*”, we believe that success is beyond doing well only at your job. We take a long-term strategic view of sustainability and build it into the key value creation levers for businesses and society at large. Our sustainability aspirations is anchored on *Our Story*, as a key sustainability enabler that unifies our *Purpose, Values, Vision and Strategy*.

The world around us is changing rapidly. The traditional roles of auditors and advisors are evolving and will be redefined. Although KPMG is looking firmly to the future, we are in all modesty also aware that a number of legacy issues from the past continue to affect the public perception of the broader professional services sector.

There are huge opportunities in the plans by which we aim to develop impactful client propositions, that will support us in realising our strategic growth.

We value our role as professional services provider that is able to create a difference in the lives of people across the global communities.

We believe that integrating economic, environmental and social objectives in our business activities is critical for the growth and success of the Firm. This Report focuses on three areas, namely our role as *Trusted Advisor, Employer of Choice* and *Good Corporate Citizen* at the places that we operate in.

We highlight our efforts to deliver excellent professional services to our clients by having a structured system of risk management and embracing technological innovations whilst showcasing what we are doing to provide our employees conducive work environment where they can stay inspired, motivated and give their best. Finally, we touch upon how our investments in communities and environmental management are bringing value to society.

We are excited about our sustainability journey and look forward to sharing with you our progress in embracing sustainability in delivering our services.



# Our Sustainability "Game Plan"

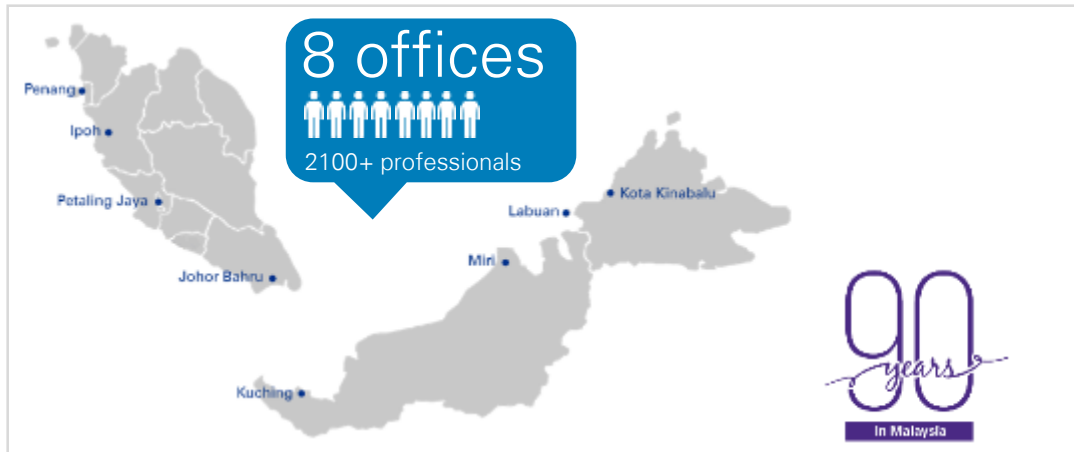
## Our Sustainability Governance

The original Malaysian Firm was established in year 1928. In year 2017, we have more than 100 Partners and Directors with over 2,100 employees located across eight offices.

KPMG in Malaysia goes to market by line of business or industry, serving all of the key sectors across our economy. This focus allows our professionals to understand our clients' needs rapidly, within the context of their specific business and the broader sector in which they operate.

At KPMG in Malaysia, our leadership structure is headed by the Executive Committee ("EXCO") which is responsible to set the strategic direction for the Firm to create value in the short, medium and long term. The EXCO is supported by a wide assortment of professionals across the streams of Audit, Tax, Advisory and Business Support Services i.e. Sustainability Working Streams.

The People, Performance and Culture Department ("PPC") and our Governance & Sustainability Department ("G&S"), collectively, act as the Secretariat, to assist EXCO to facilitate corporate sustainability reporting activities. This is illustrated in **Diagram 1** on the following page.



As at October, 2017



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# Our Sustainability "Game Plan" (cont'd)

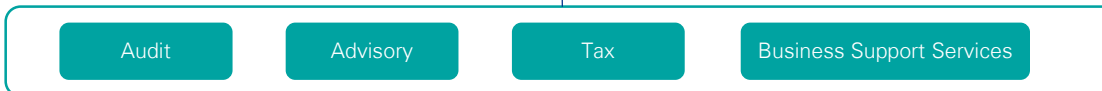
## Executive Committee



## Secretariat



## Sustainability Working Streams (across various divisions)



\*RMP & EIP: Risk Management and Ethics & Independence Partner  
 \*\*PPC: People, Performance & Culture Department

Diagram 1: Our sustainability governance structure





## Our Story : Paving the Way for Value Creation

During the year, we embarked on a journey to **weave Our Story**, involving all Partners, professionals and support staff. We have held numerous dialogue sessions with Partners, professionals and support staff to discuss our *Purpose, Values, Vision, and Strategy*.

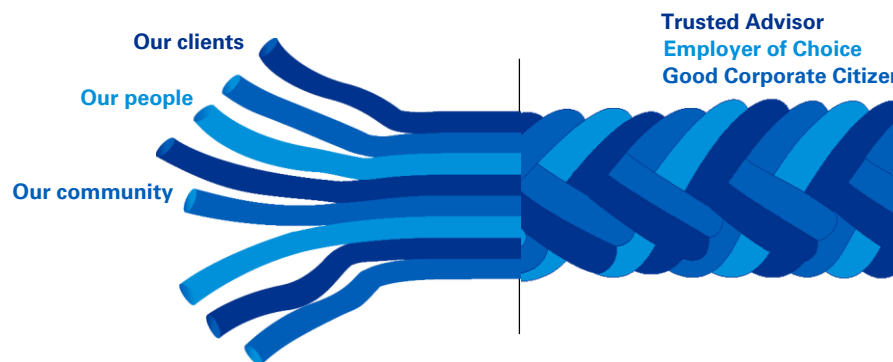
*Our Story* helps us to deepen our sense of *Purpose* and *Values* we make to society and our markets. Our professionals are expected to upload our *Values* in daily interactions and exercise the commitment towards – “*To leave the Firm better than we found it*”.

Our people recognise the responsibility that comes with this sense of *Purpose*. That is why everything we do is underpinned by a **shared set of Values** that guide our every action, none more so than our focus on integrity.

At KPMG in Malaysia, we inspire confidence and empower change in all we do for **clients, our people and community** at large - and this serves as a key enabler, on our journey to become **The Clear Choice** in delivering our professional services in the markets we serve and the communities we represent.

*We inspire confidence and empower change*

*Why is KPMG in Malaysia is the Clear Choice*



**Our clients** – our team of professionals work with passion and purpose every day and are expected to deliver quality results. It means working with a team who understands that the work we do impacts the markets we operate in.

**Our people** – it provides a sense of pride that our professional services helps to build confidence in the capital markets and strengthen the economy – helping to drive progress and prosperity in the societies in which we operate in.

**Our community** – it provides confidence that in all we do, individually or collectively, we look to make a lasting, positive impact on society, our communities and the wider world.

This is what makes us different.

# Our Sustainability “Game Plan” (cont’d)

## Our Story : Paving the Way for Value Creation (cont’d)

In line with the United Nations (“UN”) 2030 Agenda for Sustainable Development Goals (“SDGs”), Malaysia announced the Eleventh Malaysia Plan for 2016 – 2020. It is the last phase of the Malaysian 2020 Vision and includes six Strategic Thrusts, i.e. (1) Enhancing inclusiveness towards and equitable society; (2) Improving wellbeing for all; (3) Accelerating human capital development for an advanced nation; (4) Pursuing green growth for sustainability and resilience; (5) Strengthening infrastructure to support economic expansion; and (6) Re-engineering growth for greater prosperity.

Viewing *Our Story* through the sustainability lens, **Diagram 2** demonstrates our steps forward to act on the SDGs and the strategic thrusts of the Eleventh Malaysian Plan through our role in the society as a **trusted advisor**, **employer of choice** and a **good corporate citizen**.

As a **trusted advisor**, we constantly thrive to build public trust via continuous collaboration with our stakeholders and to allow our clients see a difference in us by driving a relentless focus on quality and excellent service.

As an **employer of choice**, we place great emphasis on attracting and developing the leaders of tomorrow who are extraordinary, by advocating an inclusive and engaging work environment.

As a **good corporate citizen**, we take into account the long term sustainable view to minimise the environmental impact arising from our activities whilst creating positive impact to the community.

Throughout this Report, icons representing the relevant Strategic Thrusts of Eleventh Malaysia Plan will identify its intrinsic connection with the sustainability topics being discussed.

| Strategic Thrusts of Eleventh Malaysia Plan | Trusted Advisor<br>(refer to pp. 12-22) | Employer of Choice<br>(refer to pp. 24-36) | Good Corporate Citizen<br>(refer to pp. 38-45) |
|---|---|--|--|
| <br><br><br><br>                            |   |  |  |

**Diagram 2: Connection between our sustainability themes & relevant Strategic Thrusts of Eleventh Malaysia Plan**

**Diagram 3** on the following page, demonstrates our holistic approach in capitalising our resources (e.g. in the form of skilled resources, financials, technology, etc.) and interweaving our sustainability aspirations (i.e. *Our Story*) into our day-to-day activities to create value across economic, environment and social impact in the areas where we are operating in.

# Our Sustainability "Game Plan" (cont'd)

KPMG in Malaysia Value Creation Model

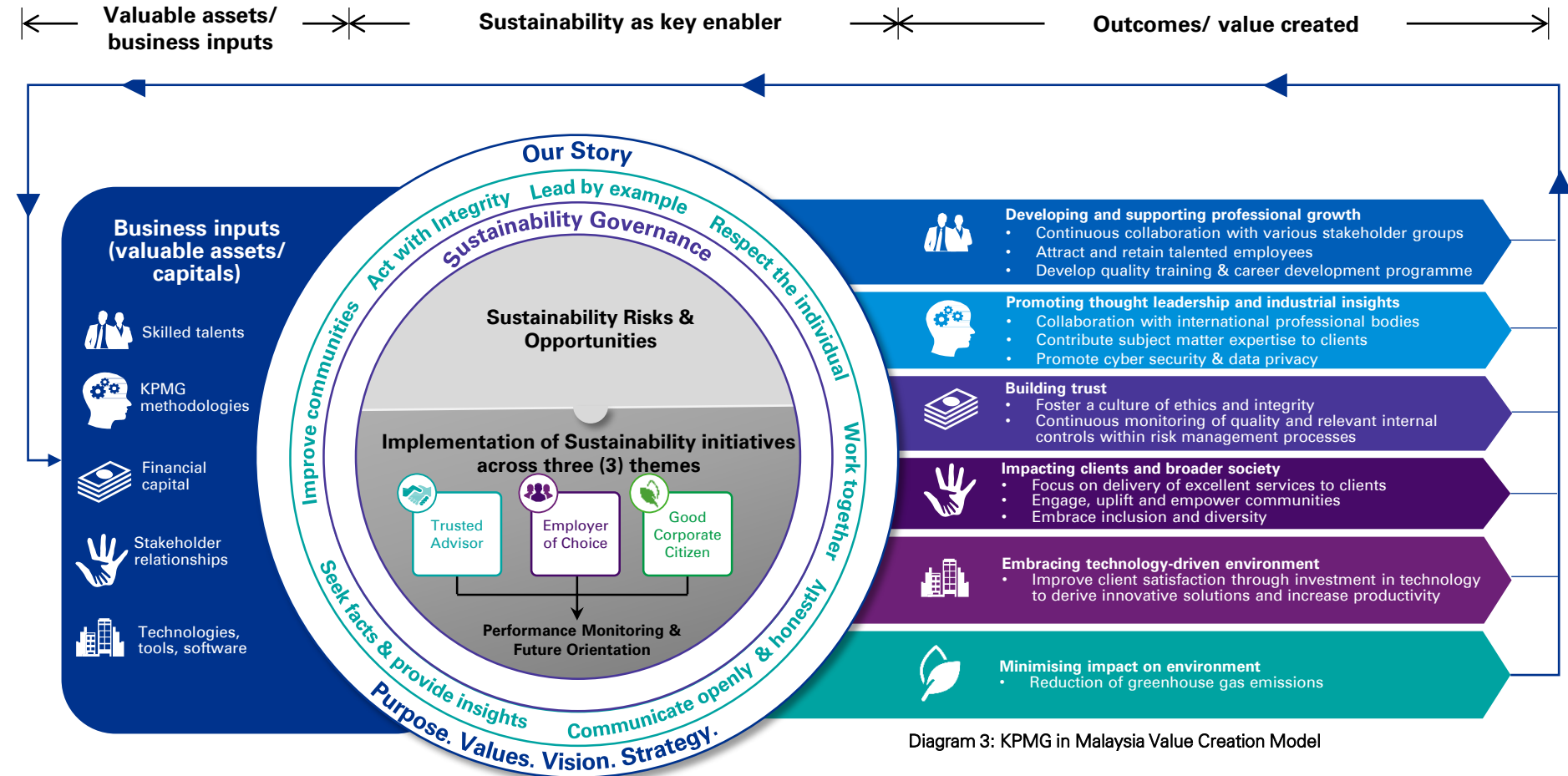


Diagram 3: KPMG in Malaysia Value Creation Model



# Our Sustainability “Game Plan” (cont’d)

## Sustainability Risks & Opportunities – Stakeholder Engagements

As a professional services firm, we are constantly connecting with an array of people and organisations, who have various degree of influence and dependence over the KPMG in Malaysia. Our stakeholders help us shape the scale and context of our services. We know our stakeholders – this understanding adds value to our professional services and is geared towards strengthening meaningful relationships with clients and people. **Table 1** below summarises our communication channels with our stakeholders.

**Table 1: Summary of Communication Channels with Our Stakeholders**

| Stakeholder Group             | Senior Management (Partners/ Executive Directors)   | Employees   | Clients   | Professional bodies/ industry associations   | Government/ regulatory bodies  | Educational institutions   | KPMG member firms   | Media  | Suppliers/ sub-contractors   | Local communities & non-governmental organisations                            |
|-------------------------------|---|---|---|--|--|--|---|--|--|---|
| <b>Communication Channels</b> | <ul style="list-style-type: none"> <li>Regular Management meetings</li> </ul>   | <ul style="list-style-type: none"> <li>Bi-annual Global People Survey</li> <li>Annual Pulse Survey</li> <li>Ongoing Upward Feedback System</li> <li>Ongoing coffee sessions with Management</li> <li>Annual performance appraisals</li> </ul> | <ul style="list-style-type: none"> <li>During the delivery of professional services</li> <li>Ongoing engagement sessions</li> <li>Management reporting</li> <li>Engagement closure meeting</li> <li>Public forums/ workshops</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing forums and meetings</li> <li>During the delivery of professional services</li> </ul>                    | <ul style="list-style-type: none"> <li>Ongoing forums and meetings</li> </ul>          | <ul style="list-style-type: none"> <li>Ongoing events/ roadshows</li> </ul>                                  | <ul style="list-style-type: none"> <li>Ongoing forums and meetings</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing forums and meetings</li> <li>Press releases</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing meetings and engagement sessions</li> </ul> | <ul style="list-style-type: none"> <li>Ongoing events and meetings</li> </ul> |
| <b>Topics</b>                 | <ul style="list-style-type: none"> <li>Client satisfaction</li> <li>Risk management</li> <li>Talent management</li> </ul> | <ul style="list-style-type: none"> <li>Career development</li> <li>Employee welfare</li> <li>Inclusion &amp; diversity</li> </ul>   | <ul style="list-style-type: none"> <li>Client satisfaction</li> <li>Cyber security &amp; data privacy</li> </ul>  | <ul style="list-style-type: none"> <li>Knowledge sharing</li> <li>Professional ethics &amp; compliance</li> <li>Professional collaborations</li> </ul> | <ul style="list-style-type: none"> <li>Professional ethics &amp; compliance</li> </ul> | <ul style="list-style-type: none"> <li>Community development</li> <li>Professional collaborations</li> </ul> | <ul style="list-style-type: none"> <li>Knowledge sharing</li> </ul>           | <ul style="list-style-type: none"> <li>Knowledge sharing</li> <li>Professional ethics &amp; compliance</li> <li>Professional collaborations</li> </ul> | <ul style="list-style-type: none"> <li>Professional collaborations</li> </ul>              | <ul style="list-style-type: none"> <li>Community development</li> </ul>       |
| <b>How Do We Respond</b>      |   |   |   |  |  |  |   |  |  |   |

**Legend:** Trusted Advisor (Refer to pp. 12-22) Employer of Choice (Refer to pp. 24-36) Good Corporate Citizen (Refer to pp. 38-45)

# Our Sustainability “Game Plan” (cont’d)

## Sustainability Risks & Opportunities – Our Sustainability Matters

In identifying our sustainability matters, we referred to various internal and external sources including industry-specific publications and disclosures by peer organisations. On top of that, we have considered our operating environment and emerging global risks associated with the industry. This includes industry-specific references and publications such as the SDGs and GRI Standards. The identified sustainability matters were further categorised into three themes, i.e. Trusted Advisors, Employer of Choice, and Good Corporate Citizen. The list of our sustainability matters are summarised in **Table 2** below, which form the basis of our disclosures in the subsequent pages of the Report.

**Table 2: Our Sustainability Matters**

| Sustainability Matters                 | Description  | Pages              |
|--|--|--------------------|
| 1. Professional Ethics & Compliance    | <ul style="list-style-type: none"> <li>Compliance with regulatory requirements (including cross-borders) &amp; internal company policies, as well as internationally recognised standards</li> </ul>   | Refer to pp. 12-13 |
| 2. Risk Management & Quality Assurance | <ul style="list-style-type: none"> <li>Risk management and quality assurance system which is aligned with our internal practices and aimed at meeting the expectations of stakeholders</li> </ul>  | Refer to pp. 14-16 |
| 3. Professional Collaborations         | <ul style="list-style-type: none"> <li>Promote local and cross-border collaborations/ working with various stakeholders, including clients and professional bodies to encourage transfer of knowledge and strengthening expertise in the relevant subject matters</li> </ul> | Refer to pp. 17-19 |
| 4. Client Satisfaction                 | <ul style="list-style-type: none"> <li>Maintain high-standard of quality services which meet the expectations of clients</li> </ul>  | Refer to pp. 20    |
| 5. Cyber Security & Data Privacy       | <ul style="list-style-type: none"> <li>Protection of data, information and intellectual property belonging to the Firm and stakeholders against cyber security breaches</li> </ul>   | Refer to pp. 21-22 |
| 6. Talent Attraction & Development     | <ul style="list-style-type: none"> <li>Training and career development programme (e.g. technical and non-technical training, sponsorships for certification programme, overseas postings or secondments across divisions within the Firm and/ or member firms)</li> </ul>    | Refer to pp. 24-27 |
| 7. Fair Employment Practices           | <ul style="list-style-type: none"> <li>Foster a fair recruitment practices by embracing inclusion and diversity</li> </ul>   | Refer to pp. 28-31 |
| 8. Employee Welfare, Health and Safety | <ul style="list-style-type: none"> <li>Create a conducive and engaging workplace to maintain employees' motivation and productivity at workplace</li> </ul>  | Refer to pp. 32-36 |
| 9. Environmental Management            | <ul style="list-style-type: none"> <li>Promote measures to manage/ reduce greenhouse gases (“GHG”) emission</li> </ul>   | Refer to pp. 38-39 |
| 10. Community Development              | <ul style="list-style-type: none"> <li>Impact on the local communities in the areas where we are operating in</li> </ul>   | Refer to pp. 40-45 |

**Legend:** Trusted Advisor (Refer to pp. 12-22) Employer of Choice (Refer to pp. 24-36) Good Corporate Citizen (Refer to pp. 38-45)



# Trusted Advisor

**Our clients see a difference in us. The public trusts us.**

Reputation and trust are highly interdependent with the quality of our services. As a multi-disciplinary firm, we constantly thrive to build public trust through continuous collaborations with our stakeholders and to allow clients to see the difference in us by driving a relentless focus on quality and delivering excellent services. In this section, we describe the impact of this as we actively manage our reputation from the perspective that public trust must be earned, that it is society that gives us our license to operate.

We demonstrate our commitment to society by sharing our expertise in specific areas, such as cyber security. We actively seek to adapt and communicate our knowledge and insights into broad range of topics to raise awareness and encourage debate amongst society at large.



# Professional Ethics, Compliance & Integrity



As a professional services firm, reputation and trust creation would highly depend on our ability to deliver reliable and quality services. Ethics and integrity are deeply rooted within our Firm and all our professionals are expected to uphold these values in their day-to-day activities. This is in line with one of our core values – “above all we act with integrity”.

The tone for our ethical approach is set from the top, guided by the KPMG International Global Code of Conduct, Anti-Bribery and Corruption Policy and other governing policies which are implemented within the Firm, and across all member firms. Our risk management framework drives compliance, through the Firm’s internal risk management, ethics, independence quality policies and guidelines.

## Global Code of Conduct

KPMG International Global Code of Conduct (the “Code”) incorporates our *Values*, and defines the standards of ethical conduct that is required from our professionals. Upon acceptance of employment, our professionals are required to confirm that they understand and comply with the Code upon joining the Firm and annually thereafter.

“ Trust takes years to build, seconds to break and forever to repair

*Trust is Priceless – more valuable than money and/ or power. Trust can be enduring if we do the right things and in the right way. It requires time and effort.*

*Trust has never been more prevalent and relevant than it is today. It’s the heartbeat of everything we do. Our commitment towards building Public Trust not only needs to be earned by actioned upon, only then the public will respect and admire. Cherish it, keep it and never let it go.*

Datuk Johan Idris  
Managing Partner

“ I protect your lifestyle

*The Insurance and Takaful Industry in Malaysia has established itself as a pillar of the Financial Services in the country and a protector of the economic and lifestyle needs for all of us. Our work helps to enhance the trust that forms the basic foundation for growth leading to a more prosperous environment for all to enjoy.*

Loh Kam Hian  
Partner, Audit  
Chief Financial Officer

“ I helped clients to mitigate fraud risks

*I helped clients who face financial, fraud, litigation and regulatory challenges, turning around companies, managing under-performing and distressed companies and helping them mitigate risk and loss caused by fraud incidents and litigation threats is important role I play as it restores public and investor confidence.*

Tan Kim Chuan  
Partner, Advisory



## Ethical Training and Technical Support

Professional ethics and integrity is reinforced through annual independence training that is appropriate to all our professionals' grade and function. New joiners are required to complete the training within thirty days after joining the Firm and/ or prior to providing any services to our clients.

Training on the Code and ethical behavior, including anti-bribery policies, compliance with laws, regulations, and professional standards, as well as reporting suspected or actual non-compliance with laws, regulations, professional standards and policies are provided on a biennial basis. All new joiners are required to complete the training within three months after joining KPMG in Malaysia.

In addition to training, we provide leadership and guidance on independence issues to our professionals through access to experienced and knowledgeable subject matter resources within the Firm and where necessary to the Global Independence Group for further clarification.

The operational aspects of independence policies and processes are monitored through annual independence confirmations. Upon acceptance of employment, all professionals are required to sign a confirmation that they are in compliance with, and will abide by, applicable ethics and integrity related rules and policies. Thereafter, all professionals are required to sign an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year covered by the confirmation.

## Reporting Channel

As a means of promoting transparent communications, various reporting channels are made available to all stakeholders (e.g. employees, clients, regulators, professional bodies) to file any complaints, allegations or claims and non-compliance of the Code against our professionals.

The Ethics Box is a confidential reporting mechanism for issues regarding non-compliance with the Code and other non-compliance by our professionals. The examples of reports that could be made to the Ethics Box include matters related to non-compliance with relevant laws and regulations.



# Risk Management & Quality Assurance

The unprecedented pace of change in global business and regulatory environment in recent years has signified the importance of our quality and risk management efforts. At KPMG in Malaysia, our professionals are expected to live by this ethos – thus making us “*The Clear Choice*”.

We are taking substantive measures to address emerging challenges within the business ecosystem. Quality control and risk management are the responsibility of all professionals. This responsibility includes the need to understand and adhere to Firm policies and associated procedures in carrying out their day-to-day activities, across Audit, Tax, Advisory and Business Support divisions.

## Quality and Risk Management Policies

The Global Quality & Risk Management (“Global QR&M Manual”) encompasses of policies and associated procedures to guide our professionals in complying with relevant professional standards, regulatory and legal requirements and in issuing reports that are appropriate in the circumstances. These policies and procedures reflect individual quality control elements to help our professionals to act with integrity and objectivity, perform their work with diligence and comply with applicable laws, regulations and professional standards.



**I help the Firm and its people to grow successfully with quality clients and services with integrity at the heart of our actions**

*Risk Management process focuses on improving quality, consistency and the management of key risks. The Firm is committed to ensuring that we have consistent and balanced risk management policies and processes that our professionals can understand their responsibility and support, drive quality performance and enable us to manage our key risks. This responsibility includes the need to understand and comply with policies and procedures in carrying out our daily activities.*

**Alex Khaw**  
Partner, Audit  
Risk Management and Ethics & Independence



**I help our clients to succeed**

*A variety of evolving market conditions, market access and opportunities lead to an effective integration into the global value chains. This will continue to make Malaysia a strategic economic location. We help our clients to succeed by building meaningful relationships, engaging in relevant conversations and making an impact.*

**Abdullah Abu Samah**  
Partner, Audit  
Head of Markets



**I am here to help you**

*Helping audit teams perform effective and efficient audits is my key purpose. By providing technical training and tools, keeping engagement teams abreast of latest accounting standard developments and helping to resolve complex accounting and auditing issues, audit teams will be able to perform their audits effectively and efficiently, Hence helping the Firm to achieve the highest level of audit quality.*

**Thong Foo Vung**  
Partner, Audit



## Typical Engagement Lifecycle (“High-Level”)

Diagram 4 below summarises the risk management procedures applied in a typical engagement lifecycle in the Firm:

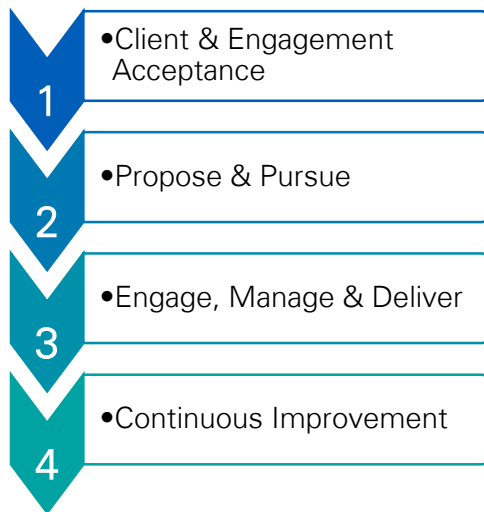


Diagram 4: Typical Engagement Lifecycle (“High-Level”)

### 1. Client & Engagement Acceptance

We recognise that rigorous client and engagement acceptance and continuance policies and processes help to protect our reputation, support our brand and are essential to provide high-quality professional services. Before accepting an engagement, we undertake an evaluation of the prospective client. We employ various proprietary systems for client and engagement evaluation process which are standardised across all member firms to help us associate ourselves with the right clients.

This involves an assessment of the prospective clients’ business, other service-related matters, background checks, its key management and significant beneficial owners.

Sentinel™, the KPMG International proprietary web-based application is used for identifying potential independence and conflict of interest issues so that these can be addressed in accordance with legal and professional requirements, prior to acceptance of an engagement. Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Prior to acceptance, processes are put in place to document and resolve any potential independence or conflict of interest issues.

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



## 2. Propose & Pursue

Upon completion of the client and engagement evaluation process, we will proceed to submit our proposals to the prospective clients.

In pursuit of prospective engagements, we may if necessary engage with the right sub-contractors to deliver wide-ranging services for our clients.

Prior to appointment of sub-contractors, we will undertake an assessment process to evaluate and identify potential conflict of interest that may arise from the sub-contractors.

## 3. Engage, Manage & Deliver

Once an engagement is confirmed and contract is finalised, we have a range of standards, methodologies, approaches and tools to support our professionals to meet the clients' expectations.

The methodologies and approaches will be further customised based on our understanding of the client's business and the environment in which it operates, whilst meeting the requirements under relevant professional bodies and regulatory requirements.

On top of that, where relevant, engagement teams shall have an Engagement Quality Control Reviewer ("EQCR"), an independent experienced professional who has appropriate experience and knowledge on the subject matter. The EQCR is responsible for performing an objective review of more critical decisions and judgments made by the engagement team.

We undertake the re-evaluation process for all clients and engagements on a periodic basis as a safeguard and consideration for continuation or withdrawal from the clients and engagements.

## 4. Continuous Improvement

A combined quality monitoring and compliance programme allows us to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans.

These include the Quality Performance Review ("QPR") programme, the Risk Compliance Programme ("RCP") and the Global Compliance Review ("GCR") programme. GCR is globally administered and consistent in their approach across member firms, including the nature and extent of testing and reporting, whilst QPR and RCP are locally administered and oversight by global.





# Professional Collaborations



Our contribution to various industries in Malaysia does not only rely on the Firm, but fall within the shoulders of all professionals. Our Partners are members of various professional bodies, which allow them to contribute their expertise in specific subject matter for the advancement of Malaysian industries. Examples of their participation in various professional bodies in year 2016 are summarised in **Table 3** below:

**Table 3: Examples of our Partners' memberships in various professional bodies in year 2016**

| Partners                    | Memberships in various professional bodies in year 2016   |
|-----------------------------|---|
| Datuk Johan Idris           | <ul style="list-style-type: none"> <li>Chairman of Malaysian Institute of Accountants ("MIA") sub-committee on Integrated Reporting Committee</li> <li>Executive Committee and Council Member of Malaysian Institute of Certified Public Accountants ("MICPA")</li> <li>Fellow of the Chartered Institute of Management Accountants ("CIMA")</li> </ul> |
| Alex Khaw                   | <ul style="list-style-type: none"> <li>Council Member of Malaysian Institute of Certified Public Accountants ("MICPA")</li> </ul>   |
| Foong Mun Kong              | <ul style="list-style-type: none"> <li>Council Member of Malaysian Institute of Accountants ("MIA")</li> <li>Committee Member of Malaysian Institute of Certified Public Accountants ("MICPA")</li> </ul>   |
| Mok Wan Kong                | <ul style="list-style-type: none"> <li>Association of Chartered Certified Accountants ("ACCA") Malaysia Advisory Committee</li> <li>Industry Advisory Body of Kolej Damansara Utama ("KDU") University College</li> </ul>   |
| Teresa Chong Dee Shiang     | <ul style="list-style-type: none"> <li>Deputy President of Certified Public Accountant ("CPA") Australia</li> </ul>   |
| Adrian Lee Lye Wang         | <ul style="list-style-type: none"> <li>Institute of Chartered Accountants in England and Wales ("ICEAW"), Malaysia Chapter Committee</li> <li>Sunway University Industry Advisory Board</li> </ul>  |
| Siew Chin Kiang             | <ul style="list-style-type: none"> <li>Taylor's Business School Industry Advisory Panel</li> </ul>  |
| Ahmad Nasri Bin Abdul Wahab | <ul style="list-style-type: none"> <li>Adjunct Professor at the Kulliyah of Economics and Management Sciences, International Islamic University Malaysia ("IIUM")</li> </ul>  |
| Tan Kim Chuan               | <ul style="list-style-type: none"> <li>INTI International University and Colleges Advisory Board – Accounting</li> </ul>  |
| Chong Chen Kian             | <ul style="list-style-type: none"> <li>Industry Advisory Board of HELP University's Business School</li> <li>Industry Advisory Board of HELP University's Faculty of Business, Economics and Accounting</li> <li>MIA's Public Sector Accounting Committee</li> <li>MICPA's Financial Statements Review Committee</li> </ul>                             |

**Driving the growth in the government sector**  
*We are part of a team in helping to grow the Government sector services within the Advisory leading us to be well recognised by numerous Government agencies in the country. This sector contributes more than 70% of total revenue for the Management Consulting business. This has given our people numerous opportunities to increase and build their capabilities throughout the years where they are now more capable of addressing the needs of our clients ranging from economic related assignments hence making KPMG in Malaysia the most recognised advisor among the Big 4 for the Government sector.*

**Alvin Gan Seng Heng (Partner), Fadzli Abdul Wahit (Partner), Nik Anira Nik Mohd Zain (Executive Director) Advisory**

**We help to power the Energy and Natural Resources industry**  
*We work with major organisations in a variety of energy related industries to respond to business issues and trends. In Asia, and indeed globally, oil and gas companies have long prioritised exploration activities as a means to build value in their business. We have contributed to that priority.*

**Lam Shuh Siang (Partner), Abdullah Abu Samah (Partner), Muhammad Azman bin Che Ani (Partner) Audit**

**Striking a balance**  
*As consultants, we need to meet expectations; not only from our clients but also from the authorities. I often manage the expectations of both parties and achieve quality possible results – without jeopardising the harmony between businesses and the authorities.*

**Dany Oon Jin Hoe Executive Director, Tax**



## KPMG and UN Global Compact Collaborations: Transformative Impact at Global & National Level

KPMG International was involved in the integration of the 17 SDGs adopted by 193 member states of UN in September 2015. The first SDGs Industry Matrix (the “Matrix”) for Financial Services – was launched at the UN Private Sector Forum in September 2015.

The Matrix serves as a guideline for industry players to convert commercial interest stimulated by the SDGs into industry-specific activities that will advance the impact of SDGs achievement.

As a signatory of the UN Global Compact (“UNGC”) since 2002, KPMG International continues to advance these values in alignment with other organisations that are similarly committed to issues of global concern, namely building a more sustainable, inclusive future for generations to come.

At national level, the UN Global Compact Network Malaysia (“GCMY”) and KPMG in Malaysia are collaborating to develop a self-assessment tool for Small and Medium Enterprises (“SMEs”) to measure their impact and performance against the SDGs and the Ten Principles of UNGC. The tool will be online and operational in December 2017. The tool from GCMY and KPMG will also be a basis for a series of workshops in Kuala Lumpur for SMEs to develop a foundation for sustainability reporting.

“This collaboration with KPMG is about making SMEs comfortable with the idea of sustainability reporting. SMEs are critical to the Global Compact. They employ the most people, create the most wealth, and distribute it to the widest and broadest population globally. If SMEs do not understand and choose sustainability then we will never have sustainable business anywhere on the planet”

— Puvan J Selvanathan, President of GCMY – <http://www.ungcmalaysia.org>

“This initiative is aligned with the goals of the Eleventh Malaysia Plan and practical implementation of Bursa Malaysia’s Listing Requirements on Sustainability Reporting. It directly contributes to the realisation of the national sustainability agenda”.

— Kasturi Nathan, Partner, Head of Governance & Sustainability, Advisory – <http://www.ungcmalaysia.org>



## Corporate Thought Leader

In our work as a corporate thought leader, we challenge assumptions, pursue facts and provide insight and guidance. We seek to research and understand the complex business challenges faced by our clients and provide insights to inspire progressive thinking that aids in shaping future methodology.

One of the notable Thought Leadership publication is the “Cyber Security Standards Compliance: A Vital Measure to Critical Infrastructure Protection” by KPMG in Malaysia. This publication serves to provide an overview of the various approaches that countries are taking with regard to the implementation of cyber security standards, as well as the reports of implementation to the organisations and nations as a whole.

On top of sharing our expertise and insights via publications, the Firm continually organises series of executive briefings and discussions that allows public (including corporate companies) to appreciate the valuable insights and guidance in regards to regulatory changes.

## Examples of our notable contributions as a Corporate Thought Leader

### Tax Summit 2016

KPMG in Malaysia organised a series of Tax Summit 2016 across various states, both in East and West Malaysia. The Summit provides an opportunity for the participants to engage themselves in thought provoking interactive sessions and to share experiences with a network of leading business minds. The topics of discussion includes the Malaysian 2017 Budget Proposals, latest changes and development of Good and Services Tax, cybersecurity quagmire and Free Trade Agreement (“FTA”) Development.

### MFRS/FRS Update 2016/2017 Seminar

In year 2016, KPMG in Malaysia conducted a series of MFRS/FRS Update Seminar in Kuala Lumpur, Penang, Johor Bharu and Kuching. This Seminar is designed to provide finance and accounting personnel with a thorough understanding in applying the new leases standard (MFRS 16), to continue to provide new insights into complex issues arising from accounting of revenue from contracts with customers (MFRS 15) and to recap on the financial instruments standard (MFRS/FRS 9).

### Executive Briefing: Malaysian Code On Corporate Governance Update

In April 2017, KPMG in Malaysia organised an Executive Briefing on the new Malaysian Code on Corporate Governance (“MCCG”) that was released by Securities Commission Malaysia at the end of April 2017. This session involved sharing of valuable insights into MCCG and related implications across governance, risk and controls, which allows the Board members apprised of the new requirements, thus enabling them to gain strategic advantage and continue practicing effective governance.



# Client Satisfaction



Fundamental to achieving our aspiration of delivering work with the high quality to our clients is the level of commitment we place in understanding their needs and how we could help address their most pressing issues. In this highly competitive environment, quality is seen as a license to operate and we obtain said license through talent development and effective collaboration amongst our people.

## Embracing Technological Innovations

Technology-driven change, specifically the fourth Industrial Revolution ("i4.0") is sweeping through industries and economies on a global scale. New technology advances will be the "game changer", with the potential to completely disrupt an industry and workforce ecosystem – we are no way insulated from this. At KPMG, we recognise this as a strategic advantage and our investment in this area is instrumental in translating the fundamentals of our business model into value creation. With the aid of technological tools, our professionals are constantly finding ways to increase productivity, to make informed decisions in delivering our services and working towards a dynamic technology-driven future workforce environment.

## Client Portfolio Management

At KPMG in Malaysia, Partners with relevant experience and knowledge on subject matter are assigned to lead the delivery of engagements.

During the delivery of engagements, all our professionals are expected to adhere to KPMG International and KPMG in Malaysia policies and procedures, which incorporate relevant requirements of accounting, auditing, ethical and quality control standards, and other relevant laws and regulations.

In addition to that, engagement teams are provided with a range of tools and guidance to support them in meeting our clients' expectations.

## Client Engagement

An initiative alone without action would prove futile hence our professionals closely engage with our clients to understand their specific needs. This constant engagement allows for continuous communication on matters relating to clients' needs and the quality of our work, allowing us to be privy of what we are doing well and how we could improve. Clients are generally forthcoming in sharing what they feel which aids our efforts to provide quality services to them and identify areas for improvements.



### I save millions

*A well thought piece of advice has the impact of saving clients millions of Ringgit. That is the power of a tax professional and acknowledgment that my clients appreciate the value that I bring to their business.*

**Tai Lai Kok**  
Partner, Tax  
Head of Tax



### I merge cultural difference

*Bringing two different cultures together is always a challenge. I help our people understand & learn about the Japanese business culture bringing about a deeper appreciation of Japanese clients. The outcome is that we are able to service our clients better hence helping them to grow their business in our country.*

**Mok Wan Kong**  
Partner, Audit



### I serve the nation

*As an audit engagement manager for one of the world's largest oil and gas conglomerate, I am like a doctor on call, available 24/7 to provide rapid responses to client's specific needs all year round. Their success reflects the success of our nation and when I serve them, I serve the nation.*

**Ameenuddin Khali Kasman**  
Director, Audit



# Cybersecurity & Data Privacy



With the pace of which innovation is taking place globally, organisations may no longer disregard the importance of cybersecurity and data privacy. This is especially so for professional services firms such as ours which deals with a plethora of sensitive data be it ours or clients’.

As we are often entrusted with sensitive data in the delivery of our services, it would be imperative for us to provide reasonable assurance to clients that our Information Technology (“IT”) systems and processes could be relied upon. In order to do so, strict protocols have been put in place to prevent data leakages or untoward incidents relating to data loss.

At KPMG, the IT Security Policies outlines the standards and requirements for handling and security of confidential information related to managing IT assets, personal and confidential information that may expose the Firm and our clients to potential risks.



### I look beyond borders

*I am passionate in advocating Malaysia as the place for talents in the cyber security and consulting space. I believe that we have the right pool of talents & capabilities to build regional center of excellence and provide deep insight to our clients. I am proud of being KPMG-ians and be able to create exciting opportunities, which help our people build their experience & develop their competencies, while solving complex client issues.*

**Dani Michaux**  
Partner, Advisory  
Head of Information Technology Advisory  
Chief Information Officer (“CIO”)  
ASEAN and ASPAC Cyber Security Lead



### I create an efficient environment for everyone

*I have been the team leader of ITS Applications development team since 2001. Our Purpose is to innovate, design, and develop in-house applications such as GST Sundry Invoice System, ARTDB, KARS (Recruitment System), Student Loan Database, KPMG Alumni System, Event Registration, Meeting Room Booking, eFilingRoom Booking, Clients & Extension List, Audit ClientDB, eTax Resource Library and etc that helps our staff manage and expedite their daily tasks hence creating an efficient environment. Though we may face challenges from time to time, my team is here with a Purpose and that is to assist the Firm by making things work better in a more efficient and comfortable environment for everyone.*

**Sam Che Wai**  
Associate Director, Business Support



## KPMG Cyber & Digital Hub

The Cyber & Digital Hub was developed with the intention of simulating cyber-attacks in order to demonstrate how we would tackle cyber security threats from a business perspective. When it comes to cyber security, prevention is better than cure and this hub demonstrates just that. In year 2016, we opened up the hub to the delegates from Ministry of Finance, Chairman of Securities Commission Malaysia, and Board of Directors and Top Management of leading public listed companies in Malaysia with the sole intention of creating awareness on the severity of cyber threats and how we could protect ourselves from such threats. This is also in line with new guidelines issued by Securities Commission Malaysia in enhancing cyber resilience of our capital market by requiring capital market entities to incorporate and implement effective governance measures to counter cyber risks and protect investors.



## KPMG Cyber Security Challenge 2016 for the leaders of tomorrow

In November 2016, KPMG in Malaysia organised the 2<sup>nd</sup> Annual Cyber Security Challenge for public and private university students in Malaysia. This event enables us to look at the ability of our local students to recognise the threats of cyber security. It is not only awareness that we are creating but a platform where the students can gain knowledge of the real threats in today's advanced technology environment. This event has welcomed the participation of students from various local and public universities across nation. Feedback from participants showed that this event was a resounding success.

## World Economic Forum ("WEF") on ASEAN 2016

In year 2016, the World Economic Forum ("WEF") celebrated the 25<sup>th</sup> anniversary of its regional summit in Asia, with Malaysia as the host country. It was the first time that its regional meeting focused specifically on the Association of Southeast Asian Nations ("ASEAN"), a decision driven by recognition that the region stands at a critical moment.

KPMG as a strategic partner for WEF on ASEAN, hosted several discussion sessions on the emerging topics, such as Artificial Intelligence & Cognitive Technology, Data & Analytics and Digital & Cyber Security. The conversations, stories and thought leadership by delegates and leaders from around the globe in WEFLIVE ASEAN were made available on various digital and social media platforms to report more audience.



# Employer of Choice

At KPMG in Malaysia, our people are extraordinary

Our people are part of our *Vision* to be 'The Clear Choice', they are our DNA. We want our people to be extraordinary – to be caring, passionate, curious and courageous in the face of challenges. To do so, we will work as a team and support each other in professional and individual growth and development. One of the key efforts in developing our professionals is through our training and career development programme. At KPMG in Malaysia, we aim to upkeep a global mindset in delivering value-added services by continuously improving the skills of our professionals.





# Talent Attraction & Development



One of the key drivers of quality is ensuring that our professionals have the skills and experience to deliver on our Vision. This requires recruitment, promotion and retention of professionals and a robust capacity and resource management processes. These processes are designed to support our professionals in career growth.

## KPMG Business School

At KPMG in Malaysia, talent development is at the top of our people agenda. We acknowledge that the cornerstone of our success is our professionals' continuous professional and personal development. It is crucial that all our professionals have the necessary business and leadership skills, as well as technical skills in order to be able to perform quality work.

Courses are available to enhance personal effectiveness and develop technical, leadership, and business skills. In addition to this, our professionals are developed further for high performance through coaching and mentoring on the job and global mobility opportunities, which are explained in the following pages.

KPMG Business School ("KBS") in Malaysia provides a globally consistent approach to learning and development to our professionals by integrating both technical skills and personal capability development. Technical skills curriculum delivers and supports the learning pathways of our Audit, Tax and Advisory divisions. Personal development curriculum focuses on helping our professionals to develop their skills, behaviours, and personal qualities – which form the foundation of a successful career.



### The Choice Is Ours

*KPMG in Malaysia gives us the opportunity to unleash our potential. The choice is really in our hands, whether we want to enjoy our work or just doing it for the sake of fulfilling responsibility. Once we start enjoying what we do, taking actions to improve our weaknesses and being honest in business relationship, you will eventually find that you are there!*

Why look far, when we have it all in KPMG in Malaysia?

**Mohd Khaidzir Shahari**  
Partner, Advisory  
Head of Risk Consulting



### I thrive in challenges

*The complexity of our work keeps me going. I cannot imagine going to work and not find any challenges. This is the place for limitless learning. There are no boundaries. Only you can hold yourself back.*

**Chan Siew Mei**  
Partner, Advisory  
Head of Advisory



### I help realise potential

*I nurture new talents, helping them to build competencies and knowledge, developing their confidence and capabilities in order for them to realise their potential to progress in their careers within the Firm.*

**Siew Chin Kiang**  
Chief Operating Officer  
Partner, Audit







## Training at KPMG

All professionals are provided with the technical training and support they need. This includes access to networks of specialists and professional practice departments. Our training programme are flexible to complement the various responsibilities and work schedules of our professionals in order to maintain their technical competence and to comply with applicable regulatory and professional development requirements. We do so by planning multiple runs of programme, arranging courses during the less busy periods of the year and tailoring programme for the specific skill sets of each function and grade. Each employee possesses their own annual training target, relevant to their job grade, profession and required skill sets. The average training hours achieved in year 2016 is presented in **Table 4** below:

**Table 4: Average Continuing Professional Education (“CPE”) hours per professional per year across the Audit, Advisory and Tax Divisions**

| Functions | 2016 Average CPE hours per professional in year 2016 |                    |
|-----------|--|--------------------|
|           | Target (CPE Hours)                                   | Actual (CPE Hours) |
| Audit     | 30   | 71                 |
| Advisory  | 20   | 25                 |
| Tax       | 20   | 20                 |

## This is How We Learn

In 2016, we launched an online training tool called the Global Learning Management System (“GLMS”). Employees utilise this tool to self-register for mandatory courses and courses that pique their interest. They can also monitor their learning progress against targets set. This tool has advanced the current training framework as employees have greater access to explore the KPMG learning platform and utilise this knowledge at the workplace. We deliver our training programme in several forms: instructor-led courses, web-based training courses (i.e. eLearnings, webinars, virtual classrooms training, etc.) conferences and seminars.



### Instructor-led Courses

Our instructor-led internal technical courses are delivered by our professionals whom are of managerial position, alongside our experienced trainers. The trainers possess expertise in the subject matter. We do not work in isolation, and this application supports that.

Each training is a familiar platform to share knowledge and relatable experiences. At the same time, trainers hone their presentation and communication skills in an open environment, as they receive challenging questions from their peers.



### Virtual Classroom

Our virtual classrooms and webinars create an avenue for our professionals to get acquainted to their colleagues from other member firms, while gaining knowledge and skills from experienced leaders and trainers from around the globe.



### Web-based Training

Web-based training courses are applied at a global level and enable the distribution of common conduct and information across all branch offices.



## Global Mobility

To encourage a global mindset and advance the experience and skills of our professionals, the Firm promotes international assignments through the Global Opportunities programme. Our professionals are granted the opportunity to work in member firms across the world, including Asia Pacific and North American regions. On the flipside, we host professionals from other member firms across various functions. This gives our professionals the opportunity to work closely with professionals from different cultures and experiences.

## Support for Professional Growth

As a registered training body, the work scope and our training courses allow our professionals to meet the requirements of their professional membership, including earning Continuing Professional Education (“CPE”) hours. In addition, we provide sponsorship programme for professionals to pursue professional qualification of their choice, including Association of Chartered Certified Accountants (“ACCA”), Institute of Chartered Accountants in England and Wales (“ICAEW”), Chartered Financial Analyst (“CFA”), to name a few. This is an active programme that enables our professionals to develop skills and to provide value-added services to our clients, meeting them at every challenge. Furthermore, the Firm conducts succession planning to support professional development of experienced professionals and enhance the sustainability of the Firm.

On the other hand, professionals who are promoted to higher designations and accept greater responsibility are supported by the Firm via knowledge sharing and relevant training. This maintains and improves the leadership quality in servicing clients and leading the workplace.



### Career Break – in pursuit of dream

*In 2016, I was given the chance to go on unpaid leave for more than 5 months. The time off allowed me to achieve my dreams – an ACCA qualification. I successfully completed 5 professional papers in the span of 5 months, and scoring 72 points for one of the advanced papers. This achievement not only helps me in my career development, it also enhances my self-esteem with tested results.*

*Furthermore, I took this opportunity to improve my lifestyle by exercising and eating healthy. I lost more than 8kg of weight!*

*Today, I'm back at work feeling more confident and refreshed. Overall, I would say that the career break has been fruitful for me both mentally and physically and I greatly appreciate the Firm for supporting my growth.*

**Alvis Wong Yung Fatt**  
Manager, Audit





### Career Break – in pursuit of personal life goals

I have been with KPMG in Malaysia for over seven years now. In 2015, I decided to take a year off from work to pursue a personal goal – which is to obtain an MBA degree. When I went to my Partner to inform him of my plans, he proposed the option of taking a Study Break instead. Both my Partner and PPC Department were very helpful throughout the process. I came back in 2016, refreshed and grateful as not only was I able to achieve my goals through the KPMG Flexi-work Programme, I am also able to continue to develop professionally with the Firm.

Najlaa MohdFadzli  
Manager, Advisory



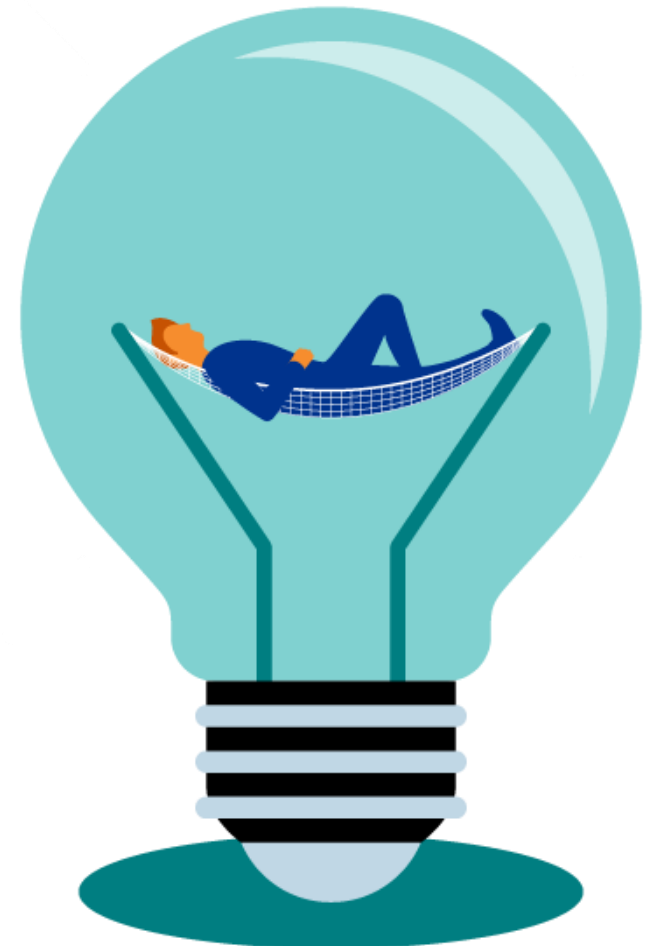
### Feedback System

We practice a culture of open and honest communication, including in the way we provide feedback to each other. Employees are encouraged to provide feedback on an ongoing basis to promote open channels of communication and to drive performance improvement on the job. We have three formalised performance feedback tools at the Firm, as detailed in the **Table 5** below.

These feedback channels are pertinent to enabling a fair and balanced performance review of professionals and to foster a culture of continuous improvement. Since the launch of our structured performance evaluation tools, our employees are more engaged in their career development and are able to aptly overturn areas of poor performance, increasing the pace of earning their responsibilities and experience exposure.

Table 5: Performance Feedback Tools at the Firm

|                                     |   |
|-------------------------------------|---|
| My Performance Development ("MyPD") | <ul style="list-style-type: none"> <li>This tool is used to set and review annual goals and to periodically garner engagement performance feedback from supervising colleagues. Employees work alongside their performance managers to set relevant career goals and monitor their progress.</li> </ul> |
| My360                               | <ul style="list-style-type: none"> <li>An online feedback tool, My360 is currently used by those who are nominated to be Partners to gather all round feedback on an anonymous from colleagues who are their supervisor, peers and subordinates.</li> </ul>   |
| Upward Feedback System              | <ul style="list-style-type: none"> <li>A relatively new process to the Firm, this tool is accessible throughout the year to enable performance improvement as employees provide anonymous feedback on staff of managerial grades and above.</li> </ul>  |





# Fair Employment Practices



In an ever-changing world, it is pertinent to firmly upkeep core values and one of our *Values* is to: *'Respect the Individual'*. We respect people for who they are and for their knowledge, skills and experience as individuals and team members. Respecting the individual includes fair treatment at the workplace and upholding their human rights.

## Our Human Rights Commitment

KPMG International is a signatory to the ten principles of the United Nations Global Compact ("UNGC") in the areas of human rights, labour, environment and anti-corruption. In 2012, KPMG International issued a Human Rights Statement consistent with the principles of the UNGC. The statement illustrates our commitment to upholding human rights of our operations. Our commitment is as follows:

*"KPMG International and member firms recognise that human rights are an integral part of corporate citizenship and we respect and support the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights: Implementing the United Nations' Protect, Respect and Remedy Framework'."*

To advocate commitment to the Guiding Principles, KPMG International and member firms practice the following:

- Undertake to avoid causing or contributing to adverse human rights impacts through their own activities and address such impacts when they occur.
- Seek to prevent or mitigate adverse human rights impacts that are directly related to their operations, products or services through their business relationships.



### Making a difference

*I'm here to make a difference to the Firm especially in the People aspect. My eventual aim is to make this an even better workplace for all of us, inspiring & motivating us to go the extra mile for the betterment of our people & in delivering more value to our clients.*

**Monsy Siew**  
Executive Director, People, Performance & Culture



### I learn new things each day

*KPMG in Malaysia has vast knowledge, various experiences, a huge diversity of people and clients, whom we can learn from in order to serve our clients better and to enable our people to develop and flourish both professionally & personally.*

**Chua See Guan**  
Partner, Audit



### Stay Grit & Graceful

*GRIT separates purpose from aimlessness". KPMG in Malaysia nurtures its people to believe in its people and teaches us that above all, there is GRIT, which is how to be single-minded in pursuit of a goal and to sacrifice for the sake of passion. I am intrigued to see how the sharing and learning from experience nurtures human governance and builds beautiful character and mind amongst KPMG-ians.*

**Kasturi Nathan**  
Partner, Advisory  
Head of Governance & Sustainability



Ten principles of the UNGC are expressed in our Global Code of Conduct, which includes our commitments to:

- Follow high standards of ethical conduct around the world
- Work with clients, suppliers and subcontractors that live up to the core ethical standards
- Act lawfully, ethically and in the public interest
- Champion an inclusive and collaborative culture that is free from bullying, discrimination, and harassment, where everyone is treated with respect and dignity



In addition, the policies and procedures that KPMG International requires its member firms to implement are consistent with the UN Declaration of Human Rights, the Guiding Principles, the International Labour Organization Core Conventions and the Organisation for Economic Co-operation and Development's Guidelines for International Enterprises. KPMG International is also a signatory to the UN Women's Empowerment Principles.

Each member firm has established a People, Performance and Culture team and a Global Inclusion & Diversity team to oversee and guide people practices at the Firm.

### Inclusion & Diversity in Our DNA

All opportunities for career development and workplace inclusion are available to all employees without discrimination. In our practice of open and honest communication, all employees have access to reporting channels. We adhere to local laws and regulations on workplace practice, including minimum wage and working hours. Remuneration and career opportunities are provided based on performance appraisal.

### Our Diverse Culture

Our heterogeneous workforce is built on 90 years of legacy in Malaysia, across 15 nationalities and at least three generations of talent in the Firm. Each employee works with an array of people with various levels of experience from different industries, including accounting, economics, banking, environmental science and engineering, regulatory, consumer products, marketing, manufacturing and IT.

**Diagram 5** on the following page presents the diverse background of our total full-time-employees, comprising of more than 2,100 people, with an average age of 26 years. With this, each professional brings a range of skills and experience to the table. This enables our delivery of value-added services, as we bring professionalism, experience and innovation to our engagements. We also integrate people with disabilities into our workforce. Workplace diversity encourages mixing of various cultures and practices which continues to improve the working experience and support the sustainability of the Firm.

## Gender Profile



## Age Profile

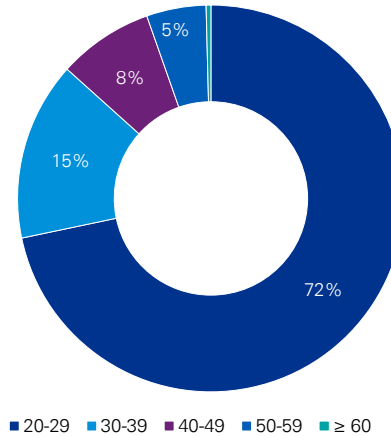


Diagram 5: Employee Profile



During my 2 years working period here, I am able to work like other employees without much difficulty. The office space is wide enough to allow me to maneuver my electric wheelchair easily. The most significant impact KPMG in Malaysia has brought to my life was initiating a firm-wide fundraiser in conjunction with Christmas in 2015 in an effort to assist my family to purchase an electric wheelchair for me so that I could move around in the office freely and independently. Without the Firm's support, I would need to rely on others to push me around and thus could not work independently like I am now. The total amount raised not only assisted in my wheelchair purchase, but KPMG in Malaysia is also looking to utilise the fund to make our office more disabled-friendly. This shows that the Firm is compassionate about the well-being of its employees and committed to ensuring people with disabilities can be employed in the Firm and able to contribute to the best of their abilities.

**Tan Bing-Xuan**  
Senior Associate, Business Support





## KPMG International Women's Day Celebration ("IWD")

On 8 March 2017, people all around the world celebrated IWD. Locally, KPMG-ians from offices all around Malaysia also showed their support to raise awareness for the meaningful gender parity cause.

In the PJ Office, a special "Breakfast Launch with Celebrities" was held to kickstart the morning before we heard inspiring words from Siew – our Chief Operating Officer, Kasturi – Head of Inclusion & Diversity and our special guests Selina Yeop Jr. – entrepreneur cum public relations ("PR") maven, author, running enthusiast and mother of three and Ning Baizura – international artist, entrepreneur and mother. Throughout the day, KPMG-ians expanded their minds and learnt new skills through the Mindfulness Talk and handmade soap workshop.

In the Kuching and Miri Office, KPMG-ians celebrated IWD with an early morning get-together where Partners shared stories about the Firm's rich history that has continuously led us on the path to be "The Clear Choice". Ladies were presented with a token of appreciation before they shared light bites together. In the Johor Bharu and Melaka offices, KPMG-ians also had an early start where three Tax Partners launched the celebration on an inspiring note as working women.





# Employee Welfare, Health & Safety



Despite the challenging work environment, we do not allow the phrase “*Work Life Balance*” to fall flat. Through open and thorough engagement channels, we engage with our employees and respond to their needs – from the bare necessities to demonstrating our appreciation to them.

Under our insurance provider, the Firm provides insurance coverage for all employees – including dental, panel general practitioner visits, and group insurance schemes, such as term life, surgical and hospitalisation coverage.

We advocate Work Life Balance through our signature initiatives such as: three-month paid maternity and three-day paternity leave, flexible working hours, one week Firm holiday where the entire Firm in Malaysia is closed for a week (and it is not deducted from our professionals’ annual leave entitlement), lactation room for mothers and dedicated pantries on each floor for all departments.

Our provisions do not stop there. Our PPC Department and Inclusion & Diversity team is always looking for new perks to support the working life of our employees. Initiatives by PPC Department throughout the year include retail and lunch discounts, health talks, festive celebrations and promotional events at the PJ Office for beauty products, clothing, sportswear and many others.

Part of being a responsible employer is the creation of an environment where our employees’ health and safety are prioritised:

|   |   |  |
|---|---|--|
| <p><b>Fire alarm testing</b><br/>Fire alarm testing and fire drills on all floors of the PJ Office building. Fire drills are conducted annually</p>             | <p><b>Monthly maintenance</b><br/>Monthly maintenance is conducted on main office facilities, including the elevators, air conditioning, other furniture and fittings</p> | <p><b>Daily shuttle for employees</b><br/>Daily shuttle for all employees to and from One Utama Dataran parking lots to the main office building</p>                         |
| <p><b>Open reporting channels</b><br/>Open reporting channels to relay information to senior management or the PPC Department on incidences or observations</p> | <p><b>Tidy workplace</b><br/>Employees practice tidy workplace conduct, alongside office cleaners who perform their duties twice a day</p>                                | <p><b>Security-related monitoring</b><br/>24-hour security personnel at the main office building, including ID pass-only access to KPMG offices and floors via elevators</p> |



## Leaving footprints

*My journey through KPMG in Malaysia is filled with twists and turns but never short of satisfaction. It is my hope that as I continue the journey of discovering an even greater KPMG in Malaysia, I will clear the path and leave footprints for the next generation of KPMG-ians to follow.*

**Foong Mun Kong,**  
Partner, Audit  
Head of Audit



## We are the champions!

*Together as a team, KPMG in Malaysia have been champions of the Inter-Accounting firm Games in 2001, 2002, 2006, 2012, the most coveted sports prize in the Malaysian accounting fraternity. We have beaten the odds, played hard and come out on top where it matters.*

**Chew Beng Hong & Kevin Foo Siak Chung**  
Partners, Audit



## I appreciate you

*Our people are the most invaluable assets of the Firm. I inculcate good working relationship with them and show appreciation of their hard work. I always believe that the way to develop the quality is by appreciation and encouragement. When people feel they are appreciated, they will see the importance, dignity and meaning in their work.*

**Elaine Cheah Fei Ting**  
Partner, Advisory

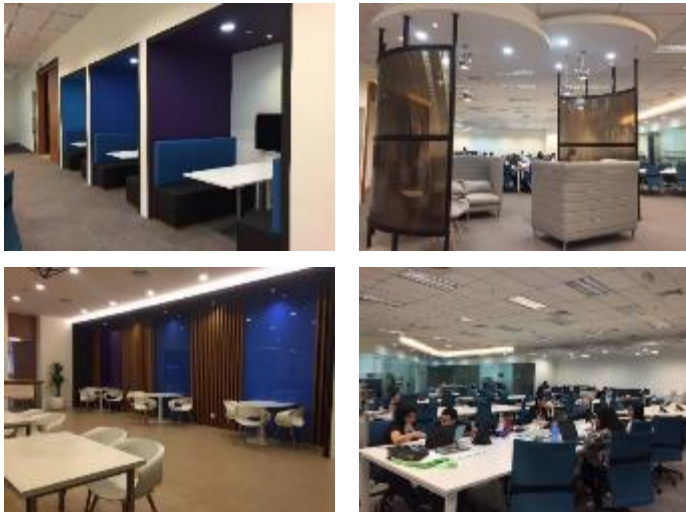






## Workplace of the Future

To support the current culture of teamwork, collaboration and varying work schedules, a new office design was launched in 2017. Some of the key features include a contemporary layout with discussion areas and open sitting.



## Supporting Super Moms at KPMG

Mothers make up one of the fastest growing segments of the workforce and at KPMG in Malaysia, we are delighted to have many amongst us. Embarking on a new chapter – The mothers welcome a bundle of joy – changes a working mother’s life in and out of the office.

The Firm is pleased to launch our newly refurbished Lactation Room – by upkeeping a comfortable environment for mothers and mothers-to-be. In addition, understanding that mothers regardless of their stage of pregnancy face different sets of obstacles, the Firm endeavours to provide as many amenities and facilities to support our employees who are going through this new exciting chapter in their lives – in spite of facing parking space scarcity in our office building.





In the sports front, the Sports Club of KPMG in Malaysia organises activities such as free yoga classes after work and invites employees to join marathon events, such as the Music Run and the Neon Night Charity Run. In addition, employees take part in the annual Inter-department Games ("IDG") and Inter-Accounting Firm Games ("IAFG") in an array of sport categories, such as tennis, futsal, basketball, netball, darts and carom.



### KPMG in Malaysia Mini Health Day

A day of health awareness, our employees listened to health talks from health professionals and received healthy goodie boxes and free health screenings.



### Earth Hour: Trash to Treasure

Our employees became creative as they represented their departments in turning household trash into clever and useful works of art.





## Engaging with Our Employees

To upkeep our *Values* at the workplace, we continuously engage with our employees throughout the year. We want to know what our employees think so we can continue to improve and support them. Apart from the performance-related engagement channels mentioned under Talent Attraction and Development section of this Report, we offer our employees various avenues for communication as summarised in **Table 6**.



Table 6: Employee Engagement Modes

|   |  |
|---|--|
| Global People Survey ("GPS") & Pulse Survey | GPS (held bi-annually) and Pulse Survey (held annually) are online tools applied firm-wide to gather employees' feedback on all areas of the workplace, including: reward and recognition, learning and development, wellbeing, corporate citizenship and employee engagement.           |
| Coffee sessions with Partners               | Throughout the year, all employees are invited to a coffee and talk session with Partners of various functions. Here, two-way open and honest communication is practiced as ideas are shared.  |
| Town halls                                  | Usually applied at department-level, these events are traditionally held on a bi-annual basis. Management briefs team members on changes during the year and the plan for the future. The platform is open to share knowledge and areas of concern.                                      |
| e-Announcements & e-Newsletters             | Our online tools and platforms inform employees of the latest updates in the Firm and from KPMG International. Employees can subscribe to newsletters related to their areas of profession or interest and share knowledge with colleagues from KPMG in Malaysia and other member firms. |
| We are all ears                             | Working together is part of upholding our <i>Values</i> . Hence, employees from all designations open their doors to conversations with their colleagues.  |



## Global People Survey (“GPS”) 2016

Over the years, our employee engagement channels have been beneficial for maintaining the welfare and career development of our employees and sustainability of the Firm. Through our employees, we are able to improve on efficiency of engagement turnaround, quality of work, talent retention, workplace practices, training programme and welfare provisions. GPS is a key feedback tool that provides us with performance data on overall initiatives at the Firm.

In 2016, our GPS had an excellent response rate with 98% of employees providing feedback. On a Firm-wide basis, we have registered an upward trend in Employee Engagement Index (“EEI”), as shown in the **Table 7** below. The Recognition and Reward dimension registered an increase of 14% in majority of the items from 2014’s GPS. The other key dimensions which contributed to the favourable EEI scores includes (1) Acting on the Survey, (2) Client Focus and Brand, (3) Inclusion and Diversity, (4) Vision and methodology, (5) Learning and Development, (6) Quality and Risk and (7) Performance Development. The foundation has been set and we will not rest on our laurels, but will continue to work on further improvements in this area in addition to others.

**Table 7: Results of GPS 2016**

|   | 2016 (% Favourable) | 2016 vs. 2015 | 2016 vs. 2014 |
|---|---------------------|---------------|---------------|
| <b>Employee Engagement Index</b><br><i>(measures the extent of pride, advocacy, satisfaction and commitment to which employees are motivated to contribute to the Firm’s success)</i> | 60                  | + 6           | + 8           |





# Good Corporate Citizen



## **At KPMG in Malaysia, we are always focused on the long-term impacts of our decisions**

That is why environmental sustainability is a core component of our corporate responsibility. Implementing environmentally sustainable principles, reducing our greenhouse gas emissions, and addressing local environmental challenges adds value to our clients and reflects the integrity and ethics of our employees.

We demonstrate our commitment in various ways such as volunteering to contribute to the community in the areas where we are operating in. Five years ago, KPMG International set a goal to cut net emissions by 10 percent per full-time equivalent ("FTE") against a 2010 baseline. We exceeded that goal by reducing our carbon footprint, which reflects active management of our direct emissions and indirect emissions from electricity consumption, air and car travel.



# Environmental Management



## Global Climate Response (GCR)

KPMG International achieved its targeted amount of reduction of greenhouse gases ("GHG") emission per full-time equivalent ("FTE") employee, as set in the Green Global Initiative ("GGI").

In year 2016, KPMG International introduced the Global Climate Response, which serves as the next evolution of the GGI with broader goals and action on overcoming climate change. The key action plans under Global Climate Response include but are not limited to the following:

- Achieving ambitious emissions reduction targets;
- Developing new approaches to account for natural and social capital;
- Supporting collaborative projects with partners such as the UNGC and the World Business Council for Sustainable Development ("WBCSD") for our clients; and
- Viewing climate change risks as those that provide significant opportunity to improve our business operations, reduce operating costs and/or offer new services to our clients.



### I am a proud parent

*A few years ago, Tax division of KPMG in Malaysia as part of its CSR activities had an adoption programme. I was extremely eager on the prospect of being a first time parent. I wanted to give everything that I did not have as a child. Sun in his face, rain at his feet and soft sweet breeze enveloping his existence. I wanted him to grow strong, free and independent to be the quality that he could ever be. Now, my little sapling has made me proud. He has grown into a majestic tree.*

**Maslinda Masseri**  
Partner, Tax





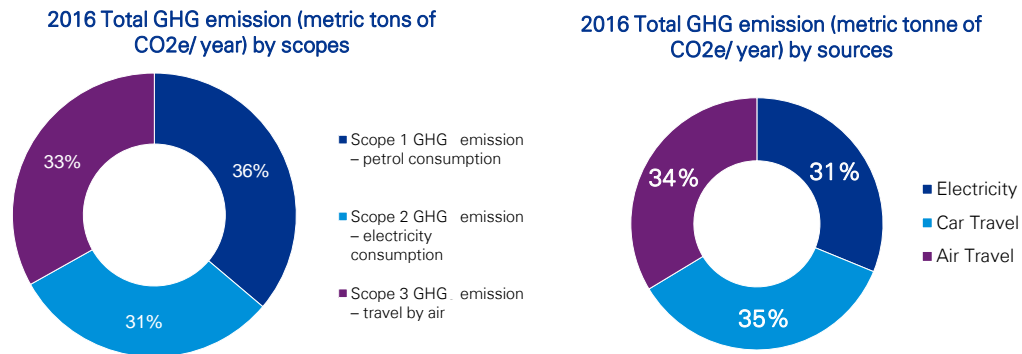
With 2016 marked the beginning of the Global Climate Response, KPMG International has set the following targets to be completed by reporting year 2020.

- 10% Net Emission Reduction per FTE
- 60% Purchased Electricity from Renewable Energy Sources

**Table 8** and **Diagram 6** below show our total GHG emission generated from various sources in year 2016. We will continue to monitor our GHG emission to achieve the targets set by KPMG International.

**Table 8: Total GHG emission in 2016**

| GHG emission                                   | Total Emission (Metric tons of CO <sub>2</sub> e/ year) |
|--|---|
|  | Year 2016   |
| Scope 1 GHG emission – petrol consumption      | 867,734   |
| Scope 2 GHG emission – electricity consumption | 736,721   |
| Scope 3 GHG emission – travel by air           | 794,858   |
| Renewable Energy                               | 12  |
| Net emission per FTE                           | 1.18  |

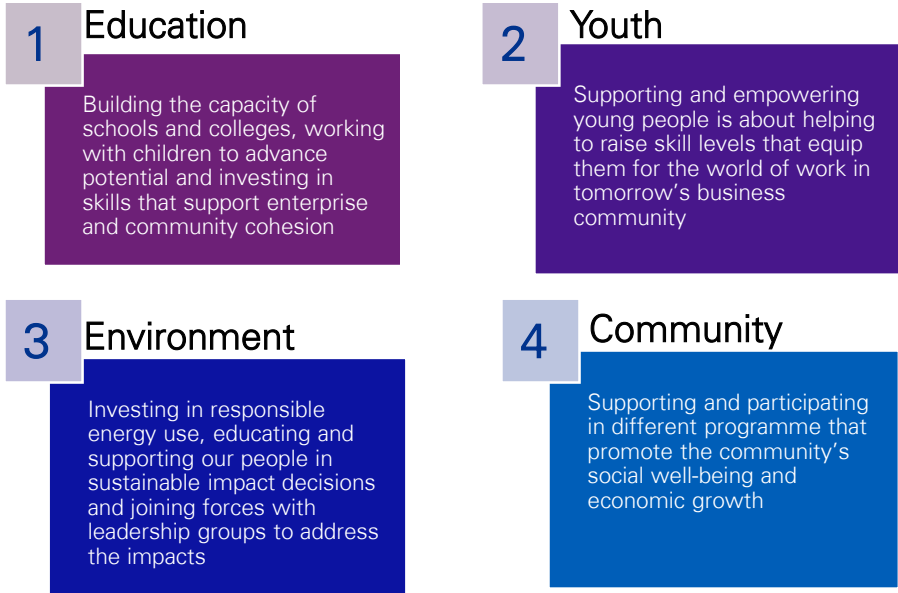


**Diagram 6: Total GHG emission by scope and source**

# Community Development



Our corporate responsibility activities are governed by the Corporate Citizenship Policy, Charitable Contributions and Sponsorship Policy and the Corporate Citizenship Process, which define the procedures to assess, evaluate and select charitable organisations to partner with. These initiatives are focused on four main areas, as shown in the **Diagram 7** below:



**Diagram 7: Corporate responsibility focus area**

In year 2016, KPMG invested an approximate amount of RM2,000,000 to the community which includes monetary donations, sponsorships (both in cash and in kind) and employee volunteering hours (a total of approximately 2,665 hours).

“ **Driving growth, guiding young talents**  
*KPMG in Malaysia has provided me with tremendous opportunities to build & grow my own career. Now it is my turn to help drive the growth of the Firm & guide young talents in fulfilling their careers. Not only that, I have been able to realize my wish to contribute back to the communities through various Corporate Citizenship initiatives that the Firm drives.*

**Neoh Beng Guan**  
Partner, Tax

“ **I kept the shine in the goldmines**  
*In the gold rush years of Mongolia. I led teams from KPMG in Malaysia, in charting new territories. Our audits of the goldmines enabled them and the Mongolian economy to forge ahead.*

**Adrian Lee Lye Wang,**  
Partner, Audit  
Head of Financial Services and People,  
Performance & Culture Department

“ **I help and enrich lives**  
*Underprivileged children. Battered women. Sprouting youths. Abandoned animals. Mother Nature. Whether it is the people we are helping to lift up, or the volunteer whom we rub shoulders with, my purpose is to leave lasting footprints in every life we come across. The work we do today directly impacts lives, looking at the bigger picture, it also inspires a generation to be the change they wish to see in our world.*

**Amelia Lim Yook Wan**  
Executive, People, Performance & Culture  
Department





## Focus Area 1: Education

### KPMG ASEAN Scholarship Programme

The KPMG ASEAN Scholarship Programme established in 2015 is a regional scholarship programme for young undergraduates in the South East Asia looking to get a head-start in their careers with a professional services firm.

The main objective of the scholarship programme is to provide opportunity to bright students from all walks of life to pursue their tertiary education. Scholars get to experience diverse learning and development opportunities and cross-border exposures through a structured programme which consists of three pillars – Professional Development, Strategic Engagement and Social Connection.

### KPMG in Malaysia & Teach for Malaysia at *Sekolah Menengah Kebangsaan ("SMK") Sungai Manggis*

To make a difference for rural school students by providing a half-day tutor sessions for Form 1 students to help them improve in the Mathematics and English subjects.



### Regional Outreach Programme

In collaboration with KPMG in Singapore, the programme sees selected volunteers travel to Elephant Village, Vietnam to bridge the rural-urban gap through education. Volunteers teach the young village children ranging from the age of 4 to 15 – English, Arts & Crafts and Mathematics. Volunteers also contribute to a fund to help build better facilities to provide a more comfortable learning environment for the children.





## Focus Area 2: Youth

### Kiwanis Breakfast – A – Child Programme

2016 marks our 6<sup>th</sup> year of collaboration with Kiwanis Club of Bukit Bandaraya to provide underprivileged school children with a hot meal and warm drink for an entire school year. In year 2016, we supported 122 children mainly from three schools – *Sekolah Kebangsaan Sungei Way*, *Sekolah Jenis Kebangsaan ("SJK") (C) Subang* and *SJK (T) Sepang*. As an extension of the programme, KPMG in Malaysia usually visits our 'adopted schools' to run educational programme about healthy living with the children to engage and leave the children with lasting footprints.



### Zoo Negara Volunteer Programme

With Education, Youth, Environment and Community being cornerstones for our Corporate Citizenship initiatives, the Zoo Negara Volunteer Programme is among many of our holistic programme that encapsulate every guiding pillar. On three separate occasions in 2016, KPMG-ians along with selected university students went to the zoo to experience a day in the life of a zookeeper to gain deeper knowledge and lend a hand in the important works related to conserving wildlife.



## Focus Area 3: Environment

### Cycle for Water – The Malaysian Leg

Launched by KPMG International, Cycle for Water saw Theo Rohfritsch cycle on his bamboo bike over 25,000 kilometres from France to New Zealand, with the message of clean water for sustainable development. En route to New Zealand, Theo cycled through Malaysia to spread the word with the aid of selected offices across KPMG in Malaysia. In Penang, a press conference was held for Theo to share his take on water issues around the globe and about his amazing journey before cycling around Penang town alongside KPMG-ians to raise public awareness for the meaningful cause.

In Petaling Jaya, Theo once again cycled alongside passionate KPMG-ians to one of our adopted schools in Taman Tun Dr. Ismail to speak to primary school kids about the water crisis.

During his time here, Theo also spoke to KPMG-ians in our very own office. The laidback casual coffee session allowed KPMG-ians to get candid and personal with the Cycle for Water ambassador. On his last day in here, Theo cycled to University of Malaya to speak to students about the cause. The talk provided the perfect platform to engage with enthusiastic students who are ready to join the bandwagon and make a difference. On the day that Theo was to end his journey in Invercargill, KPMG in Malaysia hosted a special spin class where our staff and Corporate Citizenship Partner symbolically crossed the finishing line with him.





## Focus Area 3: Environment

### KPMG Eco Dive Programme

Since the inception of the Programme in year 2007, selected KPMG-ians are trained and certified by Reef Check Malaysia ("RCM") to conduct an annual survey at Soyak Reef & Renggis Reef, both located off Tioman Island. Collaborating with RCM, we collect data that are analysed and used locally by marine park managers, nationally by fisheries and environment managers and internationally by organisations including United Nations agencies to help better track and care for coral reefs. With the passion for ocean life in the centre of our hearts, the project has been ongoing for ten (10) years. To celebrate and mark the program's milestone, the Firm has published a coffee table book which documents our journey in the past decade to be given to selected organisations and/or clients to commemorate the programme.



## Focus Area 4: Community

### Corporate Tax ("CPTX") & Global Mobility Services ("GMS") in Support of Women's Aid Organisation ("WAO")

CPTX Department organised team building activity that saw a bulk purchase of household / grocery items. The team took this opportunity to channel useful resources to WAO's childcare centre to benefit underprivileged children who have lived and witnessed abuse. On top of the existing items bought during the team building activity, the team also went on to fulfill other needs published in WAO's wish list that can be found on their official website.

On a separate occasion, the GMS team took time off their weekends to take the children under WAO's care out for a fun-filled day at a nearby park. The children reveled in the games while taking intermittent breaks with refreshments prepared by the team. Besides the outing on Sunday, the GMS team has also donated an array of essential items worth up to RM2,000 to WAO's Childcare Centre to support the growth of these innocent children.

### Risk Consulting in Support of Fungates Superflow Foundation

Early in 2016, KPMG-ians from the Risk Consulting practice participated in the initiative that was rolled out in three batches. They offered their time and skills to help prepare free lunches for the urban poor/homeless community. Their contribution provides significant support for the Foundation which relies entirely on volunteers to serve an average of 200 people in two hours. Besides preparing food to feed hungry tummies, KPMG-ians also lend a listening ear to hear about the daily struggles faced by locals and provide moral support.

Later in the year, the team initiated a firm wide fundraiser to provide aid for underprivileged school children through the Foundation. Thanks to generous contributions and support from our fellow KPMG-ians, the team successfully raised sufficient funds to provide a full set of school uniforms (including socks and shoes) to 110 underprivileged children for the coming school year (2017).





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