



cutting through complexity

2014 KPMG International Annual Review

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values

leading by example

strong and successful

working relationships

respect courage

confidence

independence

trust

reputation

insight

committed to our communities

honest

Acting

with

integrity

high professional standards

global

courage

experience

trust values

integrity

skills

strong and successful

working relationships

confidence

insight

strong and successful

working relationships

insight

independence

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Unless the context otherwise requires, throughout this document "KPMG" and "KPMG network" ("we", "our", and "us") generally refers to the member firms of the KPMG network of independent firms affiliated with KPMG International, a Swiss entity that services as a coordinating entity for the KPMG network. KPMG International provides no client services.

Chairman's message

John Veihmeyer, Global Chairman of KPMG International, offers an overview of the KPMG network's performance over the past year and shares his thoughts on key developments and trends, for both KPMG and clients.



John Veihmeyer
Chairman of KPMG International

As I talk to senior executives from leading companies around the world, I consistently hear about the need to respond effectively to the challenges and opportunities that market disruption is presenting. Companies are confronting rapidly-changing demands and regulatory environments which are affecting their audit requirements and business models. KPMG has been working directly with clients and stakeholders to help assure the 'Value of Audit', and in every corner of the world, we are helping organizations transform their businesses.

At the same time, we are also transforming our own business. How we do this over the next few years will be critical to our ability to continue developing innovative solutions to help clients address their most challenging issues. We are ambitious, and have a challenging vision that will help ensure we continue to grow with our clients' needs and expectations. Our performance demonstrates that in the short-term, responding to changing market dynamics, the network has been able to accelerate

growth while continuing to make significant investments in new products and services. In this year's Annual Review, we highlight some of the important steps we are taking to ensure that KPMG brings market-leading innovations and world-class professional services to clients around the globe.

We have enhanced our governance to help ensure that we can quickly respond to changing market developments. We are collaborating globally on more strategic priorities than ever before, and doing this in a way that is driven by innovations across our practices. The unique strength of our organization and brand has proven to be critical to our success and ability to serve clients seamlessly and consistently across geographies.

Strong growth

The significant investments made over the last five years are paying off. All three of our functions saw growth over the prior fiscal year, with Advisory leading the charge (overall Advisory revenues increased by 10.4 percent), driven by particularly strong growth in Risk Consulting (12.3 percent), reflecting the more challenging risk environment our clients now face.

In the 2014 financial year, KPMG recorded growth of 6.3 percent (in local currency terms), and set a record with global revenues of US\$24.8 billion. This is a significant increase in our growth rate over 2012 and 2013, and is a testament to the success of new services, enhanced capabilities and service delivery improvements achieved over this period.

Helping our clients stay ahead

In Audit and Tax, we and our clients face a number of challenges.

We are working with clients and regulators to respond to EU audit reform

and other regulatory changes to audit. We remain committed to constantly improving the KPMG Audit. We are now in the second year of our multi-year, multi-million dollar initiative called 'Dynamic Audit'. We are continuously innovating our audit approach, including the expanded use of technology, data and analytics (D&A) and our 'Lean in Audit' methodologies, which was recognized as 'Audit Innovation of the Year' by the *International Accounting Bulletin*.

As the global debate over tax morality, fairness and the responsibility of corporations around the globe to pay their "fair share" continues, I am proud that KPMG's Tax leaders have continued to engage in this debate and champion the principles and policies which govern the tax advice we offer clients. One of the challenges is that tax systems generally reflect a regulatory environment that, in a number of ways, has not kept pace with the speed of change in business and, more importantly, ways of doing business in the digital economy.

Transforming Advisory

As the marketplace evolves, so do the challenges facing our clients. Companies are looking for more effective ways to capitalize on the opportunities that are created by these challenges. KPMG is focused on harnessing the breadth and depth of our network, geographically and functionally, to develop market-leading solutions to help companies address their most pressing challenges.

Uncertainty in many forms continues to be an issue for the companies we serve, and our Risk Consulting practice has been at the forefront of helping clients prepare for and deal with this ever-changing environment.

Companies today need an enterprise-wide perspective that helps them better navigate from strategy to transformation and implementation. KPMG continues to aggressively invest in Management Consulting and Strategy services and solutions, which bring together our unique methodology and our leading strategy consultants, including fresh insights from recently hired and acquired talent.

The disruption caused by new technologies is creating challenges that many businesses are not prepared to tackle alone. KPMG is developing and acquiring new services and products which enable us to help clients find solutions to these challenges across all areas of their business, including D&A, technology and supply chain management.

KPMG Capital*, a new investment fund created to accelerate KPMG's investments and acquisitions in D&A businesses and capabilities, has built a strong presence in the field. We were delighted to announce its first investment in Bottlenose – a leading trend intelligence company using real-time streaming data to help identify and anticipate trends. We believe KPMG Capital, which is aligned to the needs and interests of technology innovators, will continue to generate significant and scalable opportunities for KPMG.

The best people

A large part of our current and future success depends on recruiting, training and retaining the world's top talent. Around the globe, KPMG is an employer of choice. In many key markets our employee turnover is at record low levels, and our employee engagement scores reached record highs during this past year. We are committed to providing the best opportunities for graduates and experienced hires. In 2014, we hired over 54,000 new employees, more than 18,000 of whom were new graduates. In October, we brought together our

most diverse new partner group ever, welcoming over 500 newly-promoted partners from over 50 countries. KPMG remains a leading choice for graduate talent, and we were proud to be voted in Universum's 'World's Most Attractive Employers to Work For' poll of around 200,000 degree students.

Corporate citizenship

Our commitment to, and the impact we have in the communities where we live and work is central to KPMG's core values. We encourage and support all of our people in taking time away from work to support local initiatives that are important to them. We also have a number of important programs that we support around the world and you can read more about these in the Citizenship section of this report. I was especially proud of how the KPMG global network rallied to support those affected by Typhoon Haiyan in the Philippines. We signed up to support families affected by the typhoon, and raised over US\$1 million in immediate relief.

Education is a key priority for KPMG and we support educational programs from early childhood through to university students and graduates. This year saw the expansion of the KPMG Families for Literacy Program, bringing the total number of countries involved to eight, including the UK and South Africa.

KPMG International has been a signatory to the 10 principles for the United Nations Global Compact (UNGC) since 2002 and is one of the 50 inaugural members of the UNGC LEAD program, which outlines actions through which businesses around the world can achieve greater sustainability.

Strong culture and purpose

KPMG is built on a foundation of quality, trust and world-class collaboration. We take these qualities with us into everything we do and our professionals realize the responsibility that we have to uphold the values of our organization, established over our 140-year history.

We also know that our responsibility goes far beyond the companies we serve. Our people are acutely aware of the role they play in ensuring trust and integrity in every business interaction for all of our stakeholders.

We are committed to ensuring that we inspire confidence in clients and the broader capital markets. We also recognize, as a responsible business and a leading provider of professional services, our obligation to empower change for the companies we serve and in our communities. It is an obligation we fulfill by, for example, being a trusted voice in emerging economies such as Myanmar, supporting literacy by providing 2,000,000 books to schools, and helping to develop the next generation of business leaders through competitions like Enactus and the KPMG International Case Competition (KICC).

A clear strategy

KPMG has a clear vision of what we want to achieve as a network. We have taken important steps to ensure that KPMG continues to deliver market-leading, world-class professional services that are aligned with the changing needs of our clients and global markets.

For me personally, it is a privilege to represent the KPMG network and I would like to thank all 162,000 of our people for their tremendous efforts over the last year. I am excited about what we can achieve together and I see innovation and new ideas aligned to a strong sense of purpose in every corner of our business. When I meet our people I am amazed at their commitment, not just to their clients, but also to their colleagues and their communities. I believe it is our culture that truly differentiates us from our competitors. Every day our people do extraordinary things, they go above and beyond to ensure the work they do at KPMG inspires confidence and empowers change.

*KPMG Capital is an investment vehicle for KPMG member firms to invest in data and analytics tools and solutions. It is not open to third-party investment.

Strengthening our governance



Moses Kgosana

Lead Director of KPMG International and Chief Executive and Senior Partner of KPMG in South Africa

The KPMG network consists of dynamic and innovative firms around the world committed to providing seamless, high-quality service to our clients in over 150 countries. The governance model is based on the principles of openness, trust and mutual respect.

Global governance

KPMG International's governance is designed to foster collaboration and achieve global alignment across geographies and across functions. We believe that this is the best way to help ensure high-quality service to our clients.

A key component of the governance is an Executive Committee of the Board, which brings together the leaders of four major member firms and three

Regional Chairmen. The Executive Committee helps ensure strategic alignment by all the members of the KPMG network and enables more effective decision-making by the Global Board. A second key component is a Global Management Team. The Global Management Team stays close to clients and KPMG people to develop strategy in respect to our solutions and delivery models linked to current market needs. The Global Management Team is also responsible for identifying initiatives in the member firms that can benefit clients around the globe, and leveraging them within the KPMG network.

The collaboration between the Executive Committee and the Global Management Team helps ensure that member firms are fully aligned and effectively engaged with our clients around the world.

Lead Director role

As Lead Director of KPMG International, my role is to act as the liaison within the Global Board, helping to ensure our leadership remains as close as possible to our people and to clients.

KPMG is an exceptional network of high-performing member firms. The governance model builds on the strengths of the KPMG member firms and helps to ensure that our people continue to provide clients with service that meet the highest standards of quality and professionalism.

“ The **governance model** builds on the strengths of KPMG member firms and helps to ensure that our people continue to provide clients with services that meet the **highest standards of quality** and professionalism. ”

Focusing on **quality**



Larry Leva
Global Vice Chair
Quality, Risk and Regulatory

An unwavering commitment to quality and integrity in day-to-day business is fundamental to meeting our responsibilities to our clients, communities and the capital markets that we serve. We recognize the privileged position of trust that we hold, and the importance of maintaining respectful and trusted relationships with regulators, other public authorities and our wider stakeholders.

In building this trust, KPMG has one overriding focus – to be seen by our key stakeholders as consistently achieving the highest standards of quality, ethics and integrity.

We actively engage people across KPMG member firms in promoting a culture of integrity, where quality and ethical behavior are embedded as an instinctive responsibility of all of our professionals. It requires being consistent in the processes we put in place across our network, and it requires leadership to set a powerful ‘tone at the top’ in promoting a culture of integrity throughout KPMG.

You can find more about KPMG’s Values and the way we embed them in all aspects of our business.

Quality is not an abstract concept in professional services – it is a direct result of the processes, insights and integrity behind each of the services and products we provide to clients.

We strive for consistent high-quality by sharing innovations across our member firms, by developing and applying common methodologies and quality controls as well as driving a common culture through our Global Code of Conduct. In this way, we help ensure compliance with all relevant laws, regulations and standards and meet our own high expectations.

Each year we publish a *Global Transparency Report* which is designed to describe KPMG International’s system of quality control as well as our structure and governance. This *Transparency Report* informs our discussions with regulators, clients and other key stakeholders interested in KPMG’s commitment to delivering the highest-quality professional services.

“ An unwavering commitment to **quality and integrity** in day-to-day business is **fundamental** to meeting our responsibilities to our clients, **communities** and the capital **markets** that we serve. ”

Serving clients



Isabelle Allen
Global Head of Sales & Markets

Today's business environment is constantly being reshaped and businesses of every kind find themselves having to respond to disruption and volatility arising from many sources, from events such as crises and recessions, to global competition, increased regulation and disruptive technologies. As a result, traditional business models are being challenged while new opportunities are emerging.

To succeed in this world, companies need to be fast and flexible. They need to access insights and experience that extend beyond historical, geographic or industry silos. They are looking for expertise that can harness global insight and best practices along with local knowledge and resources to execute on the ground, wherever their business is taking them.

This is where KPMG operates at its best. By combining rigor and judgment with borderless collaboration and a determination to continuously improve, our professionals are helping leading organizations solve their biggest challenges, as demonstrated in the following examples.



Supporting tax compliance for a **leading multinational**



Siemens is a diversified multinational with 362,000 employees operating across virtually every country in the world. Carrying out major engineering projects globally, thousands of Siemens people are constantly on the move, working somewhere other than their home country.

This creates tremendous demands for managing tax filings and payments, and ensuring compliance with necessary work permits, visas and insurance.

Siemens selected KPMG in Germany to help automate and simplify what is a massively complex tax challenge.

“There are two objectives for Siemens from a tax perspective,” said Harald von Heynitz, KPMG lead partner for Siemens. “First, is ensuring compliance – governments around the world are giving greater scrutiny to international payments and demanding greater transparency; second, is assisting with tax planning to support the thousands of employees who are working in multiple countries every year.”

KPMG’s Global Mobility Services (GMS) technology automates a number of what were previously manual processes.

“The GMS technology enables faster, more integrated access to tax and other data,” notes Christian Baumgart, partner with KPMG in Germany and GMS technology lead. “KPMG development teams in Germany and the US have also tailored an enterprise workflow solution, so the client is able to oversee compliance services on dashboards with complete transparency and control.”

Beyond technology, Siemens values the breadth and knowledge of KPMG member firms to provide support in the more than 175 countries where they operate. “Siemens’ goal is to get the right people to the right locations as quickly as possible – something they very much have in common with KPMG,” said Uwe Nowotnick, engagement partner. “The client values our ability to be nimble and to provide a deep understanding of local country laws and requirements.”

Answering the call for the UK's largest police force



When London's Metropolitan Police Force, the UK's largest force, needed to upgrade its command and control IT infrastructure with a redesigned, future-ready system, it turned to Lockheed Martin, a global security and aerospace leader. Lockheed Martin then turned to KPMG in the UK, a leader in justice, security and defense consulting, for the business processes to make the IT redesign a success.

"The primary cause for failure of IT redesign programs is typically not technical, but rather related to business change," pointed out Andrew Jackson, lead KPMG partner for Lockheed Martin in the UK. "KPMG is providing support to complement Lockheed Martin's system design in three broad areas – improving processes, developing a business change program and providing the training."

The IT system is mission-critical for the Metropolitan Police – it is the system that impacts how all emergency calls for police assistance are handled in London. Proper training is a crucial component. The resources of the KPMG Learning Academy in the UK will be used to design and implement extensive classroom training, including scenario

planning and e-learning modules that will be developed to provide ongoing training support.

"KPMG in the UK has done significant work with about two-thirds of UK police forces. In this case, we have also worked closely with KPMG's Global Justice and Security Center of Excellence and KPMG in the US to ensure we are aligned with Lockheed Martin's requirements," said Paul Dixon, director with KPMG's Government practice in the UK.

"This is increasingly the way we work with clients such as Lockheed Martin," added Jackson. "Rather than providing services to them, we are working with them to successfully bring a stronger set of capabilities to the marketplace."

Empowering access to healthcare



Enactment of the new healthcare reform law in the US, the Affordable Care Act, created a range of new obligations for states in the US to provide access to healthcare in accordance with provisions of the new legislation.

The State of Hawaii selected KPMG in the US to modernize its systems to enable faster and more accurate processing for the increasing numbers applying for its medical assistance programs. Hawaii set an aggressive timeline for the project – with a plan to complete in nine months a

scope that might have previously taken 24 months or more.

"The key to meeting all of Hawaii's requirements, as well as the timeline, was approaching the project as a business integrator, not just a technology provider," said Craig Grivette, KPMG engagement lead for the Hawaii project.

Collaborating closely with Hawaii's dedicated staff, a fully integrated system was designed and implemented, providing online interfaces, automating program eligibility policies, managing millions of pages of documents and automating client correspondence.

"We built the solution in a private cloud architecture that our KPMG team runs for the client, while Hawaii officials and staff access and manage their eligibility business functions," added Grivette.

"Our number one priority is the health and welfare of our residents," said Patricia McManaman, Director for the State of Hawaii's Department of Human Services. "The modernization project has reduced the processing time from many weeks to a few days or less, and helped ensure that hundreds of thousands of applicants are getting the correct medical assistance. Throughout our engagement, the KPMG team has demonstrated keen insight into our business processes and worked under tight timelines to deliver a robust system for Hawaii's Medicaid beneficiaries."

With the success of the medical assistance eligibility system, Hawaii intends to expand the project to upgrade processes for all of its entitlement programs, including financial, nutritional and general assistance.

Auditing a global mining powerhouse



One of the largest mining companies in the world, Vale, is a global leader in the production of iron ore and nickel. While its headquarters and roots are in Brazil, the company is now established in more than 30 countries on five continents.

Vale became privatized in 1997, and KPMG in Brazil provided advisory support through the process and, since then, we have been providing advisory and tax services on a global basis. In October 2013, Vale selected

KPMG as its global auditor. With its far-reaching operations, a threshold requirement for Vale was that their auditor have qualified resources in all of the countries where they operate in order to meet the requirements of a complex global audit. This helped to distinguish KPMG, according to Manuel Fernandes, global lead partner with KPMG in Brazil, "KPMG member firms have the necessary presence in important countries for Vale, from Canada and Australia to Indonesia, Mozambique and New Caledonia."

There has also been a great deal of collaboration among KPMG professionals, with global mobility playing a crucial role. "For example, we have had a director from KPMG in

Canada who is very experienced with base metals join our team in Brazil, and one of our Brazil firm managers is currently working on the client team with KPMG in Mozambique," according to Fernandes.

Vale also values the long experience of KPMG in Brazil in the resources sector, as well as the capabilities of KPMG's global mining sector team. "KPMG has 14 mining centers in 11 countries around the globe, so throughout the world, KPMG is able to provide Vale with the depth of insight required in this extremely complicated sector," said Wayne Jansen, KPMG Global Head of Mining.

Advising one of Africa's fastest-growing companies



Already one of the largest conglomerates in Africa, the Dangote Group continues to strategically expand its business lines and footprint across the continent. While its first listing on the Nigeria Stock Exchange only came in 2005, Dangote's market cap reached US\$25 billion at the end of 2013, with an aggressive goal to be a US\$100 billion business by 2020.

KPMG in Nigeria is playing an increasingly integral role in helping Dangote achieve its ambitious expansion plans. This has

included advising on the conversion to International Financial Reporting Standards (IFRS) for all of its listed companies in Nigeria; the design and implementation of policies, procedures and internal controls; and internal audit and risk management functions for the cement business which represents 80 percent of the Group's current revenues.

"We have helped put in place a business and operating model for Dangote Cement, not just for Nigeria, but across Africa, creating regional operating business units with structures for the company's geographic locations," said Kunle Elebute, KPMG lead partner for Dangote.

Technology is central to Dangote's business processes – KPMG in Nigeria

has joined with KPMG in India to implement an ERP system to enable more transparent, consistent and efficient processes everywhere Dangote Cement operates. After rolling out the system in Nigeria, Ghana, Senegal, South Africa and Zambia, it will now be implemented in an additional 10 countries to keep pace with the expansion of Dangote Cement's business across Africa.

"We understand Dangote's operations in Nigeria and across Africa," said Elebute. "We also don't hesitate to bring new ideas and expertise that we think can bring additional value to their business. Our role is to help the company achieve its aspirations to become the largest conglomerate on the African continent and one of most valuable businesses globally."

Leading insights



Innovating the **future of audit**

Innovation is not always a concept associated with audit. Innovation, however, is at the heart of our strategy for responding to the unprecedented challenges and opportunities we face as auditors.



Larry Bradley
Global Head of Audit

We are changing how we operate, being proactive in listening to our stakeholders and embracing technology and new processes that are enabling us to make audit more relevant and to continue to raise the bar on quality.

Core to our mission as auditors is acknowledging the responsibility we have to society and the capital markets.

Innovating with Dynamic Audit

We launched 'Dynamic Audit' last year, a multi-million dollar initiative to enhance the quality and value of the audit. At the core of Dynamic Audit is an active dialogue with our stakeholders. We have

created a unique forum called the 'Value of Audit' to hear first-hand what investors, regulators, academics and business executives want from auditors and the wider corporate reporting model. We have already held roundtable discussions in Frankfurt, Johannesburg, Singapore and Toronto, with more to follow.

Our stakeholders have told us they expect more. In particular, they are looking for a broader range of assurance on items that are currently outside statutory financial statements – such as performance indicators, sustainability and other financial and non-financial metrics that drive value for investors.



Through Dynamic Audit, KPMG will better understand the broader range of metrics that matter to stakeholders.

Expanding use of data and analytics

KPMG audits continue to be powered by cutting-edge Data & Analytics (D&A) capabilities. And we have undertaken a multi-year investment program to develop more advanced tools for faster analysis of enormous volumes of data in order to better enable turning data into audit evidence and help uncover added business insights.

Award-winning audit innovation

Another way we are innovating is by introducing 'Lean' methodologies into audits. Lean methodologies have been used for years to enhance operational efficiency and business performance, but applying Lean methodologies to the financial statement audit to help enhance audit quality and increase value is a KPMG innovation. A number of KPMG member firms are introducing Lean methodologies into their audits, and the results and responses from organizations have been extremely

positive. We are proud that our approach has been recognized as 'Audit Innovation of the Year' by the *International Accounting Bulletin*.

Helping the market adjust to audit reform

Audit reform regulation in the European Union (EU) is the most significant regulatory change affecting the audit profession in a generation. While the regulation originates in the EU, it impacts many non-EU headquartered clients, for example those with subsidiaries in Europe. We have made a significant and positive contribution to the public policy debate which took place as the European audit reforms passed through the EU legislative process. We have also focused on helping listed companies in the EU, and beyond, understand and prepare for the impact of these audit reforms.

KPMG continues to support the ongoing debate on enhanced auditor reporting and we are supporters of initiatives that will help to enhance audit quality.

“ Core to our mission

as auditors is acknowledging the responsibilities we have to society and the capital markets. ”

The Value of Audit

We believe that auditors should talk to key stakeholders to better understand their changing needs and expectations of the audit. KPMG's 'Value of Audit' is one example of the way we follow through on that viewpoint. We joined forces with *economia*, the highly respected magazine published for members of the Institute of Chartered Accountants in England and Wales, and held roundtable discussions in Frankfurt, Johannesburg, London, Toronto and Singapore, with more set to follow in other major capital markets.

These roundtable discussions bring together investors, management, audit committee members, regulators and standard-setters to join in this critical debate. Feedback from the senior stakeholders attending has been extremely positive and useful:

"I was surprised to see a major firm go beyond what the standards had set because quite often we're told that standards limit innovation ... we're delighted to see KPMG take that step beyond."

Melanie McLaren, Executive Director for Codes and Standards, Financial Reporting Council

"Part of the challenge is how do we, as capital markets, derive more value from the audit report? There is a tremendous amount of good work going on. The question is how do you bring that into a dialogue with capital market participants?"

David Smith, Head of Corporate Governance, Aberdeen Asset Management

"I don't think any economy can afford to have its directors being risk-averse. You have to take risk for reward otherwise economies won't grow. But you need to control it and that is where audit comes in."

Judge Professor Mervyn E. King, Chairman, International Integrated Reporting Council

"I think ultimately investors are the ones who should be making the decisions and should be driving a number of things, including the regulatory regime, toward making sure that everyone can feel comfortable in the capital markets."

Ian Bourne, Board Director



The rising importance of tax

In the past 12 months, we have seen the emotion of the global debate over tax morality and fairness shift to action by legislative and regulatory bodies. It demonstrates the growing recognition that many aspects of current tax systems could be improved to better reflect a global, and increasingly digital, economy.



Greg Wiebe
Global Head of Tax

Changing tax landscape

The most prominent action is taking place with the OECD (Organisation for Economic Co-operation and Development) which has been tasked by the G20 with recommending wholesale changes to global tax systems to address the 'double non-taxation' issue that can exist because of gaps in the current tax systems.

The OECD has released its Action Plan on Base Erosion and Profit Shifting (BEPS), which provides the framework to massively transform tax regulation, greatly expanding the exchange of tax information between governments. The plan is targeted for completion in 2015 and, while it may take 5 years or so to be fully implemented, the impact is already being felt.

In Europe, corporations are also facing significant disruption as a result of EU audit reform legislation that has the potential to, in most cases, prohibit a corporation's auditor from also providing

tax services. We are providing counsel on the implications of new legislation and what clients need to do to ensure they have the tax compliance and planning support they require.

Helping multinationals comply

There is increasing demand for tax services from multinationals that are navigating the incredible complexities of compliance with rapidly changing rules and regulations. These include large multinationals like Siemens, with widely dispersed workforces, as well as others that have centralized finance functions and now realize they cannot keep pace with their compliance requirements everywhere they do business without help.

Multinationals not only need to ensure they are complying wherever they operate, they also want to do it in a way that contributes value to their business and does not create additional risk. These companies increasingly find that KPMG professionals are trusted advisors who understand their strategy and global footprint, and have the right knowledge and solution sets to meet complex compliance needs.

Innovation for a data intelligence solution

Accessing and analyzing huge amounts of data is an increasing part of tax compliance and planning. KPMG innovation in data and analytics is bringing advanced capabilities to this process. KPMG's 'Tax Intelligence Solution' enables clients to access every piece of data and to understand their business in ways they could not

before. Other tax solutions allow clients to access a dashboard that shows the status of every tax filing around the world, all managed by KPMG professionals.

Moving tax

The scale and complexity of global tax systems demands professionals who are experienced working across borders and have a deep understanding of international tax regimes. In 2014, approximately 300 KPMG tax professionals took on mobility assignments, and we expect that to continue to increase in coming years. As a result, we are able to mobilize teams to help ensure the right resources are in the right locations to serve global, regional and local clients.

“ Accessing and analyzing huge amounts of data is an increasing part of tax compliance and planning. KPMG innovation in data and analytics is bringing advanced capabilities to this process. ”

Leading the tax debate



Jane McCormick
Head of Tax
KPMG in the UK

The debate around corporate tax is complex and has often been polarizing, with implications that go beyond business to society as a whole. We took the decision early on that this is an area where we have great insight and should take a lead. Our focus is not only on our own role as tax advisors, but how business overall can be more active participants in what has become a very public debate.

In October 2014, KPMG in the UK launched a project we are calling 'Tax for the Common Good', where we are bringing together a range of thinking – from business, politicians, NGOs and, ultimately, the public – to create a dialogue about what constitutes responsible tax policy and behavior in today's world.

We are hosting a series of face-to-face roundtable discussions in London and creating an online forum to encourage stakeholders to consider and voice their perspectives. In 2015 we will publish a white paper that summarizes the findings, in order to widen and sustain the dialogue.

To date we have been encouraged by the response from clients, the business community and tax authorities, and have had enthusiastic participation in the first of our roundtables. Operating tax systems for the common good is something we should all aspire to, and we believe that stakeholders coming together, through projects such as ours, can make a meaningful contribution in realizing this goal.



Reinforcing our position as **trusted advisors**

Across our Management Consulting, Transactions & Restructuring and Risk Consulting practices we continue to invest and innovate, striving to consistently be the clear choice for clients.



Mark A. Goodburn
Global Head of Advisory

Many of the world's largest and most prominent organizations continue to demonstrate their confidence in KPMG, inviting us to shape their most transformative and strategic initiatives.

Helping clients transform their businesses

Business transformation has risen to the top of the business agenda. In a recent KPMG survey of more than 900 executives of multinational organizations, 93 percent said they were in some stage of changing their business models. It is a recurring theme among the CEOs and executives we meet with at leading companies around the world. These leaders understand that business models have to evolve to be successful in the face of accelerating globalization, innovation and technology disruption, regulatory change and the rise of the socially connected and empowered consumer.

Clients are looking to KPMG to help them navigate through these volatile times, to shape their plan for change and to deliver innovative new services that can enable greater growth and enhanced performance.

Investing in innovation

KPMG continues to make strategic investments to develop new services and capabilities, recruiting new experts and acquiring businesses with market-leading ideas and technology, in order to address clients' most pressing issues as they transform their business models and operations.

As just one example, the need to better optimize data is one of the leading drivers of changing business strategies – virtually every business we speak with believes they are not managing their data or their analytics as well as they could. The costs, risks and opportunities in data (structured and unstructured, internal and external) have never been greater. Clients need actionable insights that help them understand and unlock the value in their data. This demands new solutions, developed and delivered to market at a pace never seen before.

The launch of KPMG Capital* is a great example of our commitment to innovate to help meet this growing need. KPMG Capital is investing primarily in data and analytics (D&A). We believe it signals a step change in the way we work with new technology innovators.

KPMG Capital further enables us to enter partnerships with, or acquire, technology entrepreneurs in order to combine their innovation with our business expertise, sector knowledge, global reach and reputation for delivering quality services.

Our commitment to invest in innovation was further extended with this year's launch of KPMG Insights Labs, which operate on a virtual basis as research and technology development centers enabling the several thousand KPMG

D&A experts around the world to work together to deliver new products and services.

Acquisitions also play an important role in our evolution. For example, the acquisition of Cynergy Systems, Inc., by KPMG in the US brings a new strategic team that uses mobile and digital technologies to help clients re-imagine the way they deliver services to customers, employees and other stakeholders.

KPMG's position as trusted advisors has never been stronger. Our foundation in risk, operations, deals and strategy is proven, and our clients value our ability to help shape and execute their agenda in evolving times.

“ Many of the world's largest and most prominent organizations continue to demonstrate their confidence in KPMG, inviting us to shape their most transformative and strategic initiatives. ”

*KPMG Capital is an investment vehicle for KPMG member firms to invest in data and analytics tools and solutions. It is not open to third-party investment.

Going **beyond the data**

In many ways our businesses are founded on data and analytics (D&A). For the past two decades we have steadily built our specialist D&A capability and now have more than 3,500 D&A professionals within the KPMG network.



Mark Toon
CEO
KPMG Capital

In today's digital and data-intensive economy, effective management and use of data can mean the difference between business success and failure. It is calculated that more data has been produced in the past 2 years than in the rest of human history combined. Clients are grappling not only with the volume and complexity of their data, but also how to unlock the value in data and to use it as a source of competitive advantage.

Our experience shows that it takes more than sophisticated analytics to derive tangible business value from data. The KPMG difference is the combination of deep D&A skills with our business expertise to help clients unlock real, actionable insights to make transformative business decisions.

KPMG Capital: Investing in D&A

Last year, we formed KPMG Capital*, an investment vehicle created to accelerate innovation in D&A and bring services to market faster through our network of member firms.

We are making strategic investments in new assets and through alliances with world-class companies to access new technologies, knowledge, innovation and talent.

KPMG Capital's recent equity stake and license agreements with Bottlenose, for example, will bring the rich insights of real-time trend intelligence to help clients make incisive decisions based on the valuable information that real-time data streams provide.

Across the globe, significant investments in such areas as predictive analytics and customer experience analytics are adding to capabilities that clients can access, including the following:

- KPMG in the US acquired Link Analytics, a company that specializes in developing scalable business analytics applications.
- As part of its strategy to foster an ecosystem of innovation in D&A, mobile and other technologies, KPMG in the UK struck a strategic partnership with Chelsea Apps Factory, a firm specializing in mobile enterprise applications.
- KPMG in Australia acquired social media intelligence company SR7 to enhance its digital consulting services in such areas as social media risk and mitigation.

Collaborative innovation

With a growing network, we enable strong collaboration globally to help ensure that clients have ready access to knowledge, talent and resources to meet their requirements anywhere in the world.

To stimulate continued innovation in D&A, we established the KPMG Insights Labs, our global D&A innovation hubs. With locations in the US, the UK and India, the Insights Labs enable our D&A professionals to collaborate across practices and with clients to develop and test data-driven applications.

D&A is a strategic priority

D&A expertise and innovation help to benefit clients across all KPMG service lines, and we have made expanding our capabilities in this critical area one of our top strategic priorities. We are taking a number of important steps to develop the knowledge and innovative solutions for delivering insight-rich D&A solutions to help clients implement the right strategies to address critical risk, performance and growth issues.



Christian Rast
Global Head of Data & Analytics

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Investing in advanced analytics

KPMG Capital on trend with Bottlenose

KPMG Capital*, which focuses on cutting-edge opportunities in the D&A space, has invested in Bottlenose, a leading US-based company using real-time streaming data to help organizations identify and anticipate trends.

Bottlenose is a pioneer in a discipline known as ‘trend intelligence’, with cloud-based enterprise trend detection and monitoring solutions that can automatically identify patterns in streams of data from multiple sources and give businesses added insights and competitive advantage. By providing continuous analytics in real-time, the solutions can help detect emerging opportunities and threats from data trends that can affect a client’s business as they happen.

Alliance with McLaren Group offers a winning formula

KPMG in the UK has formed a strategic alliance with the McLaren Group, best known for their Formula 1 racing team, to apply McLaren Applied Technologies’ (MAT) predictive analytics and technology to a range of KPMG client issues. MAT’s sophisticated analytics and technologies are already being used today in applications as far ranging as improving pharmaceutical R&D and air traffic control systems.

MAT and KPMG will work together to develop and deliver a new range of advisory services. Applying MAT’s predictive analytics and know-how to complex business issues, such as improving the performance of an international supply chain, has the potential to help clients make a step change in the services they provide to their customers. The predictive analytic capabilities can be applied to audit as well, to potentially enhance quality and provide greater insights to management teams, audit committees and investors.

The MAT alliance builds on the KPMG strategy of investing in D&A and technological expertise by developing its own digital platforms and forming strategic alliances with key partners.



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Market expertise



Successfully helping clients meet their business challenges requires having in-depth knowledge and experience in the business sectors in which they operate. KPMG member firms bring together expertise in key segments across industries, including Financial Services; Consumer Markets; Infrastructure, Government & Healthcare; Industrial Markets; and Technology, Media & Telecommunications. This expertise enables our professionals to not only bring an informed perspective on market challenges and opportunities in a specific sector, but also to bring insights from one sector to another – sharing best practices and leading thinking. In this section, leaders of some of our fastest-growing sector practices discuss how KPMG professionals are helping clients respond to challenges in rapidly-changing markets.

Evolving **financial services models**



Jeremy Anderson
Global Head
Financial Services

The financial services industry is going through the most significant regulatory changes in half a century.

Regulators are pushing banks to improve their capital positions and to change their operating structures to address 'too big to fail' concerns. With hundreds of new regulatory initiatives at various stages of implementation, KPMG member firms are helping clients to understand the impacts on their business, and determine how their business models need to

change to better meet the needs of all stakeholders – customers, regulators, policymakers and shareholders.

Bringing multidiscipline expertise

These aren't incremental changes, and helping a client to rethink their business model requires a broad range of disciplines, including regulatory specialists, strategists, operations and



project management. Typically it will also require subject matter experts in technology and governance, as well as culture change and training. These are all areas of expertise that KPMG member firms bring to bear.

KPMG's Regulatory Centers of Excellence across the Americas, Europe and Asia bring together our rich experience so our firms can give clients a unified view of regulatory requirements. That way, at the outset, clients see the broad regulatory landscape, not just specific elements.

Enabling better use of data

One of the areas we are most focused on is helping clients better control their data, particularly for regulatory reporting purposes. Collecting, managing and processing data is increasingly dominating the banking agenda. We are helping banks meet more stringent regulatory requirements that increasingly demand data related to risk and stress testing.

Better use of data is also central to helping banks improve the customer experience. Customer expectations have changed – they want instant access to information and expect their bank to understand their needs and the services they are using. Banks who can use customer data to create value for the customer will be the ones that will win the all-important battle for the customer.

Striving to create more sustainable business models

Every financial institution today is rethinking the way it operates – balance sheets, governance, products, technology and data are all parts of the equation. Addressing all of these elements in a change program to get from where they are today to a more sustainable business model is what financial services specialists with KPMG firms are helping clients to do.

Achieving more **sustainable healthcare**

The quest for sustainable healthcare – high-quality care at affordable costs – is one of the most pressing issues that countries face today, both mature and developing economies alike.



Dr. Mark Britnell
Chairman
Global Healthcare practice

I am especially pleased to have been invited by the World Economic Forum (WEF) to join their Global Agenda Council on the Future of the Health Sector. With healthcare systems around the world coming under increasing pressure, the Global Agenda Council is an invaluable forum for systematically addressing challenges and providing support to governments and organizations that can make a difference.

My hope is that through the WEF and other like-minded organizations we can speed up the rate of healthcare innovation and create solutions to benefit people across the world.

Leading innovation

From my experience working across 60 countries in the past 5 years, I have seen first-hand that there is more that we can do, even with the limited and scarce resources in today's healthcare systems.

The work in areas such as personalized medicine and genomics offers great promise for the future. But to address the pressures that healthcare systems are under today, innovations in patient technology and workforce design can make a tremendous contribution to achieving sustainable and universal healthcare.

KPMG's Global Healthcare practice and Center of Excellence are making a difference for organizations seeking innovative approaches. Clients are able to get a broader perspective on their current issues, which can lead to more creative and effective solutions. The combination of our global mindset and expertise with local prowess means clients get the best of both

worlds – global insight translated into practical action.

A great example of this is how we helped the UK's National Health Service (NHS) build the most expansive health leadership program in the world – first creating a strategy for developing new leaders, and then establishing the NHS Leadership Academy to actually do the training.

'What Works'

Through the resources of our Global Healthcare practice, KPMG firms are expanding knowledge transfer and support to clients in the public, private and not-for-profit sectors. Under the banner of 'What Works', we are working to examine key global issues and provide insights that will help organizations transform their thinking and bring fresh approaches to creating innovative solutions.

By mixing KPMG global insights with the ideas of some of the best practitioners in healthcare and producing thought leadership to help each other tackle the challenges, important advances can be made in realizing sustainable healthcare. For KPMG and our Global Healthcare practice, it is all about 'What Works'.

Engaging with governments

Governments, both national and local, are on the frontlines of responding to the major trends driving change in the world today – from demographics, to technology, to the shifting global economy. At the same time, they must cope with austerity, doing more with less, and serve much more empowered and engaged constituencies.



Nick Chism
Global Chair
Government & Infrastructure

The challenges have become significantly more complex, and we are seeing this reflected in both the complexity and size of projects KPMG Government practices are involved with around the world. More than ever, governments cannot afford missteps. This is not only because of the intense pressure to manage costs, but also because issues of national competitiveness and legitimacy are at stake.

As a result, governments are hungry for global insights and strategic thinking to

see how other entities are addressing these issues. Insight alone isn't enough. They want an advisor that can engage at a high level on complex issues and draw on global experience, and that can also implement.

KPMG's Government practice approach is to assemble focused global teams, with specific expertise in sectors such as defense and human services, and knowledge in managing large programs, and connect these teams with our practices around the world. This enables bringing both the global insights and the local knowledge and ability to execute.

Innovative solutions

Disruptive technologies, particularly in areas such as data and analytics and cyber defense, are playing a much greater role and we are using them to develop new applications for governments. We have created city development and financing solutions that support data-based decision-making and greater cost efficiencies.

With citizens demanding greater empowerment and more transparency, KPMG Government practices in the US and elsewhere are helping design integrated service delivery systems

to support major transformations and increase satisfaction.

We have also introduced a unique Benefits Realization Tool that helps clients better manage complex projects, and to take advantage of the interdependencies that help drive benefits in large programs.

Bringing together public and private sectors

Early on, KPMG member firms were pioneers in creating public private partnerships (PPPs) – seeing that there was a pressing need for governments to collaborate more with the private sector, especially in infrastructure development. We also recognized the evolving global market for PPPs and infrastructure investment. KPMG member firms are skilled at understanding policy issues, economic rationalization of long-term decisions, as well as asset and risk management for the delivery of major infrastructure programs.

Whether for governments or infrastructure projects, global collaboration is critical and often requires the insight and skills to apply lessons learned to unique circumstances in different parts of the world.

Powering energy and natural resources

Ever-changing economic, regulatory and societal forces necessitate that energy and resource players manage and, in many instances, transform their businesses to respond to a new normal of turbulence.



Michiel Soeting
Chairman
Global Energy & Natural Resources

Turbulence in energy and natural resources markets is nothing new, but it is particularly intense today. This is due to a number of economic and market forces – including changing domestic energy policies, non-traditional sources of energy, new competitors and disruptive technologies – that are putting enormous stress on companies' operations and business models.

Driving operational excellence

Working with clients across the energy and resources spectrum, KPMG professionals are helping leading organizations focus on improving business performance, portfolio rationalization, cost reduction and, in the case of oil and gas and mining companies, finding new areas for exploration.

Technology is having a major impact on the sector. Energy and resources companies, not unlike other industries, must address issues such as cybersecurity and heightened regulatory compliance requirements, while also using technology to gain an advantage in managing large volumes of data, and to make better decisions in exploration and production.

Key to our work with these clients is our Data & Analytics (D&A) capabilities, which help to provide actionable insights in such areas as risk intelligence and power optimization using predictive and analytic tools. We're working with clients to improve performance across the value chain, where the use of both D&A and cloud-based services is providing them with key insights in areas such as business development and exploration.

Transforming strategies and business models

Many clients are seeking insights and best practices as they rethink their strategies and, in many cases, transform their businesses. Dynamics such as the massive impact of shale oil and gas, changing customers and new market entrants are forcing companies to transition to new, more nimble strategies and business models.

This is where KPMG is playing an increasingly important role, with our in-depth expertise and experience with energy and resources from a global and local perspective. Our Centers of Excellence and knowledge hubs (such as our Global Energy Institutes in Singapore, Berlin and Houston) connect clients directly with KPMG teams from around the world, and the global KPMG network provides on-the-ground industry and market know-how that is often unavailable from other strategy consultants.

The seamless approach of our network enables clients to receive consistent service wherever they operate, with access to insights and best practices globally, regionally and from a team with local knowledge and insight.



People



A network of exceptionally **talented professionals**

The KPMG network includes more than 162,000 talented professionals around the world. Our people are recognized in the marketplace for delivering outstanding professional services to leading private and public sector organizations.



Rachel Campbell
Global Head of People

Our clients value the breadth of skills and experience KPMG professionals bring to every client engagement. This includes a wealth of experience living and working in other countries and cultures.

Creating opportunities

Over the past 12 months, as our network has grown strongly, we have created almost 7,000 new jobs and recruited more than 54,000 people to join the KPMG network, and our total number of partners and staff is the highest it has ever been.

The right choice for graduates

We were delighted to be ranked, once again, as one of the top 10 of Universum's 'World's Most Attractive Employers to Work For' poll of around 200,000 degree students.

Going mobile

In the past year, more than 2,400 KPMG professionals took part in our GO global mobility program, taking on assignments in more than 95 countries across the KPMG network. We take a long-term view on global mobility, and aim to use the program to develop experience in new markets and strategic skills which will support our clients and their evolving business needs. Our approach to global mobility also allows our clients access to the best KPMG talent, wherever they may be located.

The feedback is exceptional. Our people tell us they relish the chance to broaden their business skills while living and working in another culture.



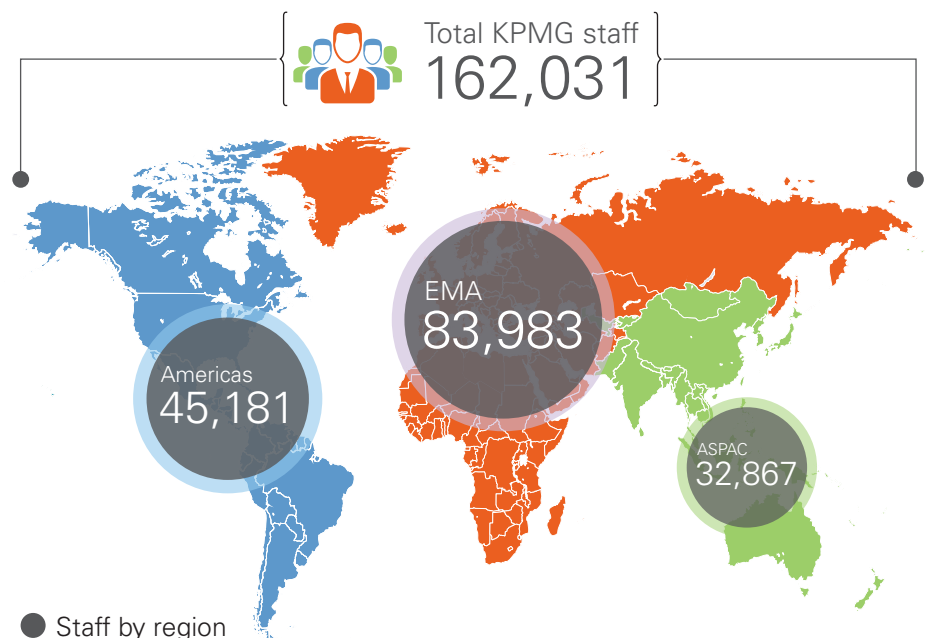
A two-way conversation

We are determined to maintain KPMG's position as a world-class employer. Our approach to people management is based on honest two-way feedback with a real focus on looking forward, both to strengthen performance in the future and to shape longer-term career plans. Our approach is thoughtful, with our people taking personal responsibility for their development and career, with the support of their manager and member firm.

We also offer partners and staff the chance to work with some of the world's leading business study organizations, including Harvard Business School, to develop their business and professional skills.

Proud to work for KPMG

Our annual *Global People Survey* gives our people a chance to tell us how they feel about working at KPMG. This year 75 percent of our people around the



world took part in our *Global People Survey* and we saw increasing levels of engagement across the network.

An exciting future at KPMG

The KPMG network is growing strongly. We are investing in our core

Audit, Tax and Advisory businesses and developing innovative new services. Our member firms have ambitious growth plans which will continue to create exciting career opportunities for exceptional professionals.

Building rewarding careers with KPMG

Four new partners, from four different regions, sat together to reflect on the opportunities they have had to build rewarding careers with KPMG – the value of KPMG’s culture, how KPMG supports communities in their countries, what it means to them to be part of a purposeful organization and the best part of their careers with KPMG.





More than 500 new KPMG partners, from 52 countries, recently gathered with Global Chairman John Veihmeyer and other KPMG global leaders to discuss the strategy, vision and broader purpose that each of them will carry forward as new KPMG leaders.

When you think about your experience to date with KPMG, what stands out?

Penny: KPMG has enabled me to expand my skills and knowledge. I have been able to learn from every assignment, and my contribution is recognized and valued.

Stephanie: I've had the opportunity to work with many different clients, and I spent two and a half years in New York on an assignment providing services to various German multinationals. There has not been a single day that was boring at KPMG and that's what I really like about it.

Mohammad: KPMG has presence in 33 of the 53 countries in Africa and there has been a tremendous opportunity for me to build relationships across borders, both professional and personal. These relationships are very useful in serving clients more seamlessly anywhere they are in Africa.

How would you describe the KPMG culture?

Stephanie: There is a culture of openness – KPMG in Germany fosters a spirit of innovation and encourages new ideas and collaboration.

Penny: The KPMG culture is one of leading by example and acting with integrity. It means that what you do and what you say are consistent.

Jorge: KPMG in Mexico has a very inclusive culture, you can feel it from your first day and it is encouraged by everyone in the firm.

What gives KPMG a strong sense of purpose?

Stephanie: Being an employer of choice for talented people requires us to play a broader role in society – this is what KPMG does.

Penny: KPMG not only builds a trusting relationship with clients, we help clients build the same relationships with their stakeholders.

Jorge: Our business is to serve not only clients and make them successful, but also to serve our communities. KPMG employees are proud that their work helps to achieve these goals.

How does KPMG support your communities?

Penny: KPMG China is very focused on supporting education. After the earthquake in 2008, we helped to rebuild three schools and each year KPMG people go to one of the schools to offer teaching support.

Jorge: We have adopted the KPMG Families for Literacy program in Mexico – we provide new books for the students in areas where new books wouldn't otherwise be available, and KPMG people go to the schools and read to students.

Stephanie: KPMG in Germany has a number of programs aimed at education. One that I like very much is where KPMG people help less-educated students in finding a job – acting as a coach in writing a CV and application letter, or rehearsing for a job interview.

Mohammad: KPMG in Nigeria adopted a school in Lagos where we have not only provided books but also helped to build a library. Our other area of focus is health – we have programs to raise money for indigent hospital patients who are unable to pay their medical bills.

What is the most valuable thing you have gained from your career with KPMG?

Mohammad: I've worked with great people and received mentorship that has helped propel my career. I feel obligated now to provide that mentorship and to help others succeed.

Jorge: KPMG has provided new experiences throughout my career that have opened many doors for me.

Stephanie: The people I have the honor to work with who inspire me and have helped me to get where I am today.

Citizenship



Acting with purpose for our communities



Lord Dr. Michael Hastings, CBE
Global Head of Citizenship

With the dedication of more than 162,000 people, KPMG has been able to increase its activity, building the capabilities of governments, aid agencies, civil society and businesses seeking to positively impact the world's biggest challenges and realize sustainable change.

Commitment to corporate citizenship

Working collectively with clients, we find business solutions to global issues of poverty, environmental sustainability, education and equality. We have continued our engagement and support for the UN Global Compact (UNGC), the World Business Council for Sustainable Development (WBCSD) and the Women's Empowerment

Principles (WEP). We have also extended our commitment through our Global Chairman who, at the World Economic Forum (WEF) in Davos, signed the Zero Hunger Pledge on behalf of the KPMG network. In 2014 we also published *A New Vision of Value*, a report helping our clients account for their impact by measuring costs of industry and business on the natural environment.



Importance of the Sustainable Development Goals

In 2000, the UN launched the Millennium Development Goals (MDGs), with 2015 as the target for achieving these goals on poverty reduction. The MDGs have rallied the combined efforts of governments, NGOs, foundations and businesses to not only reduce poverty, but also to empower women, embolden education and build partnerships for wider impact.

Today, the UN is completing a process to determine what global development objectives should be set post-2015, with a clear objective: to end extreme poverty by 2030. Conclusions from the process will be delivered to the UN General Assembly in September 2015 with what is anticipated to be a set of 17 Sustainable Development Goals (SDGs) which will guide international development, aid and investment for the next 15 years. The SDGs will demand solutions to provide jobs, strengthen access to electricity, ensure peaceful societies, deliver core infrastructure

investments and empower women – to name a few.

The role of business

Over the past 12 months, momentum has been building on the SDGs, particularly around the role of business.

As professional advisors we are keen to use our knowledge and market presence in supporting the success of the SDGs. Together with the UN Global Compact, we have used our expertise and sector insights to prepare an 'SDG Industry Matrix'. The Matrix will focus on how organizations can and do use their core competencies and geographic breadth to tailor alignment with the SDG agenda. The Matrix concept and draft document are already being used to convene multiple stakeholders to address the SDG agenda.

The SDGs, and the role the private sector can have in delivering them, can help galvanize the promise of responsible capitalism to a tangible obligation. Companies that pursue profit through inclusive economic

growth and job creation can help create stability and encourage the potential in all people to be fulfilled.

Acting with purpose

KPMG inspires confidence through our actions, alliances, commitments and investments, working to help lift people beyond poverty and ensure economic growth is balanced with the need to sustain our environment and uphold respect for human rights. Teams of leaders from across the KPMG network come together to build common strategies and to invest in partnerships – like Enactus, One Young World and Net Impact.

These flagship partnerships demonstrate KPMG's determination to let leaders flourish by embedding expectations that businesses with strong values will take seriously their ambition to be change-makers and not passive observers. There is no better example than the global KPMG 6-year commitment to a community of 10,000 people of Kiuyu on the tiny island of Pemba off the coast of Tanzania.

KPMG's approach to citizenship

We believe KPMG can inspire confidence through our actions and investments, working to help lift people beyond poverty and ensure economic growth is balanced with the need to sustain our environment. KPMG was named 'Sustainable Firm of the Year' by the *International Accounting Bulletin* in 2014 for a third consecutive year. Citing "strong commitment to running a sustainable business," the award recognizes the success in meeting emissions reduction targets as well as significant investment to support communities across the KPMG network. The award reinforces our belief that, as a global corporate citizen, we have a responsibility to our communities, the marketplace and our people to contribute to a sustainable world.

Advancing sustainability

"Sustainability is an essential element of KPMG's business strategy. Our responsibility to communities and the marketplace drives us to implement sustainable principles, which adds value for our clients and reflects the values of our professionals."

John Veihmeyer,
Global Chairman

We are committed to reducing our impact on the environment, addressing local environmental challenges and working with clients to advance environmental sustainability.

Our actions include: achieving ambitious emissions reduction targets; developing new approaches to account for natural and social capital; supporting collaborative projects with partners such as the UN Global Compact and the World Business Council for Sustainable Development (WBCSD); and serving as a leading provider of climate change and sustainability services for our clients.

Global Green Initiative

In 2008, KPMG International announced the Global Green Initiative (GGI), a commitment to address climate change by focusing on three pillars:

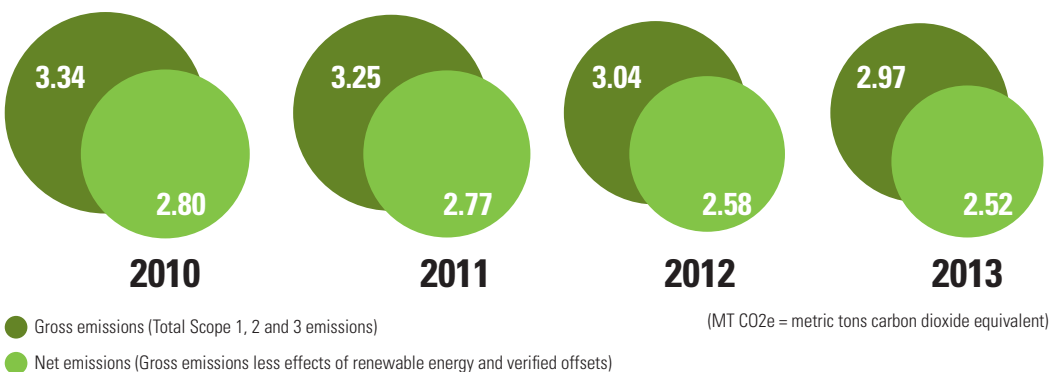
1. to measure, reduce and report KPMG's global emissions
2. to support environmental projects within our wider commitment to our communities

3. to work with our partners, employees, suppliers and clients to help them reduce their climate change impacts.

The GGI started with an ambition to reduce our combined greenhouse gas emissions per full-time equivalent (FTE) employee by 25 percent by 2010, on a 2007 baseline. We achieved this

target. A new target was set in 2011 that seeks a further 15 percent reduction in net emissions per FTE by 2015, compared to 2010. As of 2013, we have achieved a 10 percent net emissions reduction. Furthermore, 27 percent of our total purchased electricity is now procured from renewable sources.

Emissions performance (MT CO₂e/FTE)



Environmental sustainability statistics cited above are based on aggregated results of a group of KPMG firms representing 85 percent of full-time equivalent KPMG people globally, which are used to estimate total emissions from all KPMG firms.

Creating opportunity through learning

At KPMG, we understand and value the benefits of a foundation of education and lifelong learning. It can be the key to unlocking potential and helping people out of a life of poverty. That is why lifelong learning and opportunity is a central tenant of our Citizenship strategy. Through our ongoing collaboration with organizations such as Junior Achievers and One Young World, we develop the leaders we need for the future. Through programs such as KPMG's Families for Literacy, we provide new books to children in need, thereby helping to develop strong reading skills in children from low-income communities, thereby helping them achieve in school.

Enactus



Enactus World Cup champions from the North China Electric Power University with Willy Kruh, Global Chairman, Consumer Markets, and National Leader, High Growth Markets, KPMG in Canada.

Enactus continues to be a strong part of our citizenship programs around the world. We have been an active supporter and participant with Enactus for more than 13 years, helping to mobilize students to make a difference in their communities, while they also develop the skills that will enable them to become the next generation of socially responsible business leaders.

In 2014, the Enactus World Cup competition took place in Beijing. It brought together student teams from 36 countries, joined by academic and business leaders, to showcase how

entrepreneurial action can help achieve social progress within communities, including in some of the world's least-developed countries.

Among the student innovations presented were ways to create sustainable, local power generation, create saleable products from recycled materials and a project for making and selling eyeglasses for a dollar in poor communities. This was also a milestone year for KPMG's collaboration with Enactus, as we have extended our partnership for another 3 years.

The Guiding Principles for Business and Human Rights

As we continue to work to carry out our commitment to the *UN Guiding Principles for Business and Human Rights*, we will serve as a role model in helping to influence and empower communities around the world as they seek to bring meaningful change to their local societies. We seek to work with clients on a broad range of issues related to human rights through multiple service lines.

Supporting Indigenous Australians



Thomas Tuttle (second from left) of KPMG Australia with members of the Lirrwi Tourism team in North East Arnhem Land. The organization is focused on creating new economic opportunity through tourism for the Yolngu people. Photo by Kristian Laemmle-Ruff.

One of KPMG Australia's key priorities is our commitment to Aboriginal and Torres Strait Islander (Indigenous) Australians through our Reconciliation Action Plan (RAP), which outlines our public commitment to embed

reconciliation across our business. Our most recent RAP, released in December 2013, is one of only five businesses in Australia to be recognized with 'Elevate' status, the highest achievement in acknowledging the breadth and depth of an organization's engagement with Indigenous Australia.

We are focusing our energy and resources in three areas:

1. supporting economic and social development
2. recognizing and promoting the rights of Indigenous Australians, consistent with the United Nations Declaration on the Rights of Indigenous Peoples

3. inspiring leadership for reconciliation.

KPMG Australia is committed to contributing to the social and economic development of Indigenous businesses and communities. Through our honorary work (pro-bono) program, KPMG people have provided almost US\$1million worth of support to Indigenous organizations and businesses in the past year. KPMG Australia also supports sustainable procurement through our Supply Nation membership, procuring goods and services from Indigenous businesses.

Promoting inclusive development

Inclusive development seeks to ensure that all people benefit from economic and social development. This is fundamental to our work and can be seen in our approach to tackling poverty with our commitment to the Zero Hunger Challenge; promoting financial inclusion through client services and community initiatives; issuing collaborative research with the World Economic Forum (WEF) on topics related to development, such as *The Future Role of Civil Society*; and improving disaster resilience by enhancing preparedness and supporting affected people.

Improving disaster resilience



Homes destroyed by Typhoon Haiyan being rebuilt by the Philippines Red Cross, benefiting from KPMG's global grant.

Typhoon Haiyan was one of the most powerful storms on record, causing devastating damage to areas of the Philippines. In May 2014, KPMG signed up to support the International Federation of Red Cross and Red Crescent Societies (IFRC) under which KPMG donated US\$450,000 to aid to support 605 families affected by Typhoon Haiyan to restore, enhance, protect and diversify their livelihoods.

In total, KPMG raised over US\$1.1 million in donations across the network with just over half the funds

immediately released (mostly to the Red Cross and Oxfam) for life-saving relief activities. In addition to supporting the restoration, strengthening and protection of livelihoods of families affected by the typhoon, KPMG has contributed to programs to rebuild, using 'build back better and safer' approaches; supporting improved access to health services, water and sanitation; and promoting improved practices for disaster preparedness.

KPMG in Vietnam, Gift of Sight



Volunteers from KPMG in Vietnam commemorate their firm's 20th anniversary through the Gift of Sight program that funds critical eye operations.

2014 marked the 20th anniversary of KPMG in Vietnam. To celebrate, the firm wanted to embark on a project that highlighted their year-round passion for helping out those within their communities. Their aim was to raise enough money to provide 1,000 critical eye operations for local Vietnamese patients who needed it the most. Through a range of fundraising activities, the firm rallied together to meet the target and fulfill its commitment.

Supporting the Millennium Village



Kelly Watson

A managing partner with KPMG in the US

The Millennium Village Project (MVP) was created nearly a decade ago in 10 Sub-Saharan African countries and is a collaboration between the Millennium Promise Alliance, the Earth Institute at Columbia University and various United Nations Agencies, governments and

other organizations. With the ambition to enable and facilitate communities to achieve the Millennium Development Goals (MDGs), nearly half a million people are now seeing first-hand that change is possible.

KPMG's support for the MVP began as an initiative of our Women's Advisory Board with KPMG in the US 5 years ago. At first, we recognized that the MDGs impact women – in terms of education, maternal care and equal pay for equal work – all things our Women's Advisory Board cares about. The MVP enabled us to broaden our agenda, to engage the KPMG network on a global scale to help in a very concrete way to improve the quality of life in a specific community. In our case, it is the village of Kiuyu, Pemba, off the coast of Tanzania. Ultimately, KPMG member

firms and people in 18 countries have joined together to support the Kiuyu MVP.

The results have been overwhelming: over the past 5 years infant mortality has decreased significantly, there is electricity, improved communication links, new school classrooms and a new maternity ward and refurbished healthcare facilities. Pemba is a coastal village where income from seaweed farming has increased and catalyzed new agriculture, creating sustainable employment opportunities.

Being a good global citizen and contributing to our communities is fundamental to our purpose as an organization, and our continued support for the Kiuyu MVP has made the KPMG network a better global citizen.



KPMG and Millennium Promise delegates meeting with the government in Zanzibar to discuss the transition of the village.

Financials and organization



The KPMG network achieved strong growth and record revenues for FY14. The record-high aggregated revenues of US\$24.82 billion for the fiscal year ending 30 September 2014 represents a 6.3 percent increase in local currency terms over the previous year.

Strong results

The Americas delivered strong growth over the prior year, with revenues rising by 10.1 percent, driven by a 15.1 percent growth in Advisory revenues, an 8.0 percent increase in Tax and an 8.7 percent increase in Audit, all in local currency.

Revenues from Europe, the Middle East and Africa (EMA) grew by 4.7 percent, with strong growth in Ireland, Spain, Switzerland and the UK, as many of the region's leading economies returned to growth.

In Asia Pacific, KPMG reported revenue growth of 3.8 percent, reflecting a return to growth for some parts of the region.

KPMG has a long-standing commitment to supporting clients in

the world's fastest-growing economies and this focus drove 17.8 percent annual growth in revenues in India, 11.1 percent in the Middle East, 10.5 percent in Africa and 7.3 percent in China.

Growth in Audit, Tax and Advisory

Audit

Audit performed strongly, with member firm revenues increasing 3.8 percent to US\$10.46 billion, up from 1.2 percent growth in FY13. This growth was achieved against the backdrop of a global market for audit and assurance services which has never been more competitive and challenging. We continue to see intense price pressure on audit engagements and

the introduction of EU audit reforms is driving an unprecedented level of audit tenders.

Tax

Tax revenues grew 6.1 percent to US\$5.27 billion, up from 4.2 percent in FY13, driven by an increased demand for tax compliance and tax advisory services in the Americas, Asia Pacific and EMA.

KPMG continued to lead the way in responding to the global debate on tax morality with KPMG's publicly available *Global Tax Principles*, which are the foundation of expected standards and conduct for KPMG tax professionals to follow in their work for tax clients.



Advisory

Total Advisory revenues for the year were up by 10.4 percent, up from growth of 6.5 percent in FY13, to US\$9.09 billion, driven by:

- strengthening demand for KPMG's Management Consulting services, which delivered 9.6 percent growth
- Risk Consulting services, which grew 12.3 percent from FY13

- Transactions & Restructuring, where improving demand from all three regions delivered growth of 10.8 percent.

A leading choice for talent

We maintained our focus on recruiting top talent in FY14, recruiting a record-high 54,000 graduates and experienced hires. KPMG's global headcount grew by almost 7,000 to over 162,000

partners and staff, the highest ever across the network.

With its strong focus on training and career development, KPMG remains a leading choice for graduate talent, and was once again voted in the top 10 of Universum's 'World's Most Attractive Employers to Work For' poll of around 200,000 degree students.

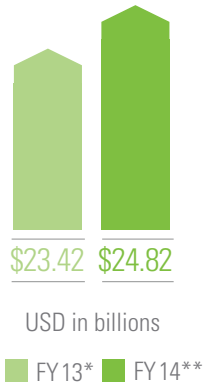
Overview on integrated reporting

KPMG works closely with the International Integrated Reporting Council (IIRC) in its efforts to promote integrated reporting as an important step towards better business reporting to address the gap between reporting content and business value.

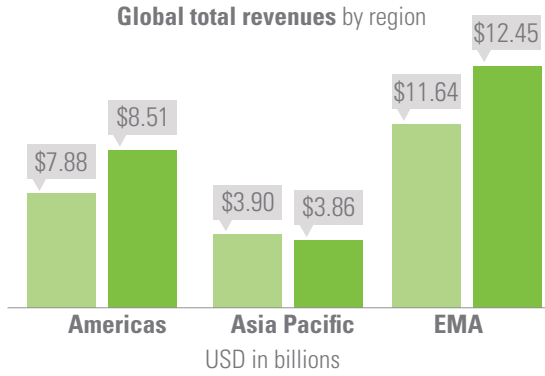
Integrated reporting enables an organization to tell its value creation story by providing financial and non-financial information on its strategy, performance and governance, in its business and social context, in a way that highlights the interdependencies of the information. Integrated reporting seeks to reflect the broad and longer-term consequences of the decisions organizations make, based on a wide range of factors, to create and sustain value. It also enables an organization to communicate in a clear way how it is drawing on all of the resources it utilizes to generate value in the short, medium and long term, helping investors to manage risks and allocate resources most efficiently.

KPMG is an active participant within the IIRC, with involvement by KPMG partners and employees across the globe.

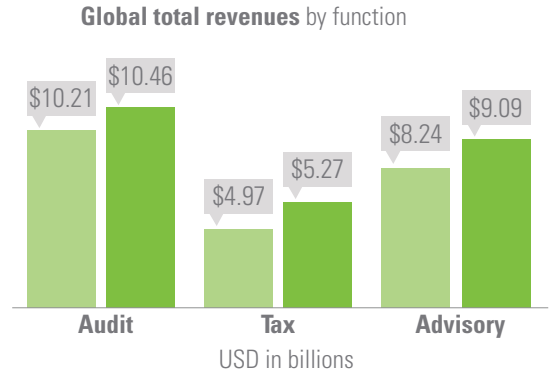
Global total revenues



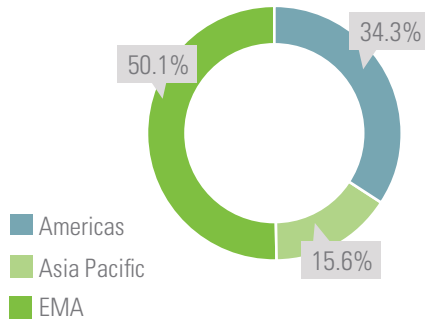
Global total revenues by region



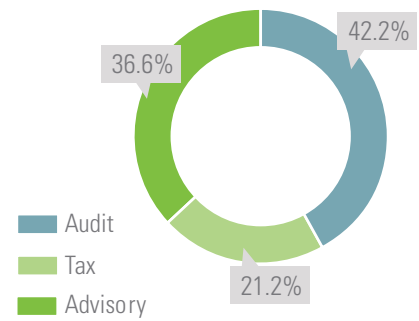
Global total revenues by function



Global total revenues by region FY14



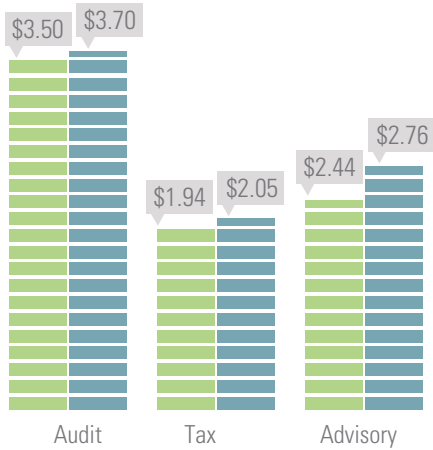
Global total revenues by function FY14



Global total revenues by region and function

USD in billions

Americas



Asia Pacific



EMA

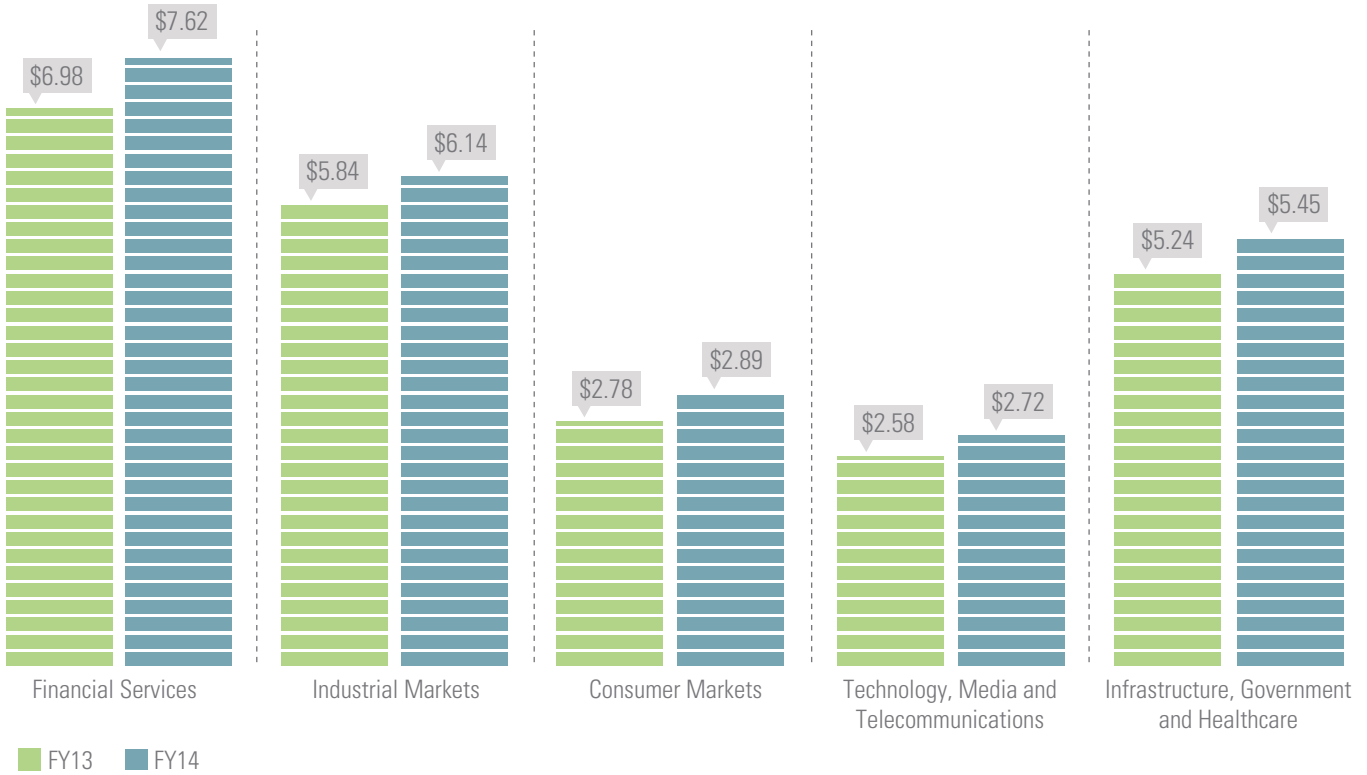


■ FY13 ■ FY14

The financial information set forth represents combined information of the separate KPMG member firms that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

Global total revenue by industry

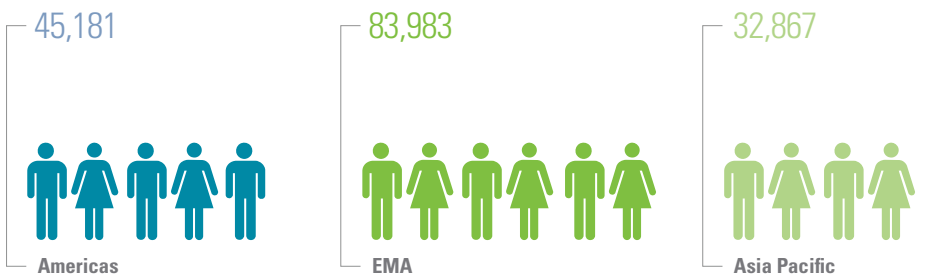
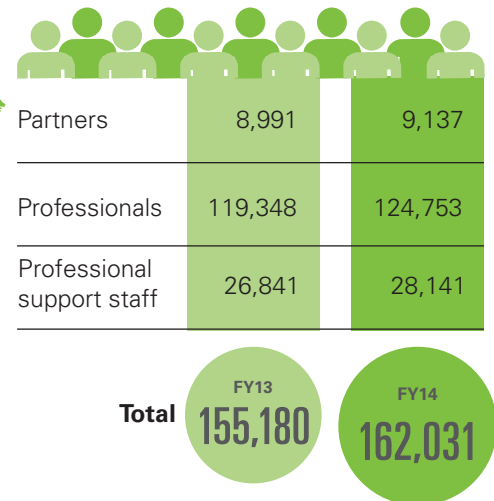
USD in billions



People by region – FY14



People



*FY13 – 1 October 2012 – 30 September 2013
 ** FY14 – 1 October 2013 – 30 September 2014

The financial information set forth represents combined information of the separate KPMG member firms that perform professional services for clients. The information is combined here solely for presentation purposes. KPMG International performs no services for clients nor, concomitantly, generates any client revenue.

Leadership

Global Board

John Veihmeyer

Global Chairman,
Chairman and CEO
in the US

John Scott

Global Deputy Chairman,
EMA Chairman, Spain

William Thomas

Americas Chairman, Canada

Tham Sai Choy

ASPAC Chairman, Singapore

Moses Kgosana

Africa

Peter Nash

Australia

Pedro Melo

Brazil

Richard Cysarz

Central and Eastern Europe

Stephen Yiu

China

Oleg Goshchansky

Commonwealth of
Independent States

Jay Nirsimloo

France

Klaus Becker

Germany

Richard Rekhy

India

Shaun Murphy

Ireland

Domenico Fumagalli

Italy

Tsutomu Takahashi

Japan

Kyo Tae Kim

Republic of Korea

Abdullah Al Fozan

Middle East and South Asia

Guillermo Garcia-Naranjo

Mexico

Stefan Pfister

Switzerland

Simon Collins

United Kingdom



Global Management Team

John Veihmeyer
Global Chairman

John Scott
Global Deputy Chairman,
Chair of Global
Management Team

Isabelle Allen
Global Head of Sales
and Markets

Larry Bradley
Global Head of Audit

Rachel Campbell
Global Head of People,
Performance and Culture

Philip Davidson
Global Chief Operating
Officer

Mark Goodburn
Global Head of Advisory

Larry A. Leva
Global Vice Chair
Quality, Risk and Regulatory

Tom Wethered
General Counsel

Greg Wiebe
Global Head of Tax

Countries

Countries in which KPMG member firms operate

Afghanistan	Czech Republic	Laos	Russia
Albania	Denmark	Latvia	Rwanda
Algeria	Dominican Republic	Lebanon	Saudi Arabia
Andorra	Ecuador	Libya	Senegal
Angola	Egypt	Liechtenstein	Serbia
Antigua and Barbuda	El Salvador	Lithuania	Sierra Leone
Argentina	Estonia	Luxembourg	Singapore
Armenia	Fiji Islands	Macedonia	Slovakia
Aruba	Finland	Malawi	Slovenia
Australia	France	Malaysia	South Africa
Austria	French Polynesia	Maldives	Spain
Azerbaijan	Gabon	Mali	Sri Lanka
Bahamas	Georgia	Malta	St. Lucia
Bahrain	Germany	Mauritius	St. Maarten
Bangladesh	Ghana	Mexico	St. Vincent and the Grenadines
Barbados	Gibraltar	Moldova	Surinam
Belarus	Greece	Monaco	Swaziland
Belgium	Guatemala	Mongolia	Sweden
Bermuda	Guernsey	Montenegro	Switzerland
Bosnia and Herzegovina	Honduras	Morocco	Taiwan
Botswana	Hungary	Mozambique	Tanzania
Brazil	Iceland	Myanmar	Thailand
British Virgin Islands	India	Namibia	Togo
Brunei Darussalam	Indonesia	Netherlands	Trinidad and Tobago
Bulgaria	Iraq	New Caledonia	Tunisia
Cambodia	Ireland	New Zealand	Turkey
Cameroon	Isle of Man	Nicaragua	Turks and Caicos Islands
Canada	Israel	Nigeria	Uganda
Cayman Islands	Italy	Norway	Ukraine
Chile	Ivory Coast	Oman	United Arab Emirates
China	Jamaica	Pakistan	United Kingdom
Colombia	Japan	Panama	United States of America
Congo (Democratic Republic of the)	Jersey	Papua New Guinea	Uruguay
Congo (Republic of the)	Jordan	Peru	Venezuela
Cook Islands	Kazakhstan	Philippines	Vietnam
Costa Rica	Kenya	Poland	Yemen
Croatia	Korea (Republic of)	Portugal	Zambia
Curaçao	Kuwait	Qatar	Zimbabwe
Cyprus	Kyrgyzstan	Romania	

KPMG Values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behavior when dealing with both clients and each other.

We lead by example:

At all levels we act in a way that exemplifies what we expect of each other and our clients.

We work together:

We bring out the best in each other and create strong and successful working relationships.

We respect the individual:

We respect people for who they are and for their knowledge, skills and experience as individuals and team members.

We seek the facts and provide insight:

By challenging assumptions and pursuing facts, we strengthen our reputation as trusted and objective business advisors.

We are open and honest in our communication:

We share information, insight and advice frequently and constructively, and manage tough situations with courage and candor.

We are committed to our communities:

We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment.

Above all, we act with INTEGRITY:

We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

kpmg.com/socialmedia



kpmg.com/app



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