



Making sustainable steps

**Sustainability Report
2014**

KPMG.ro



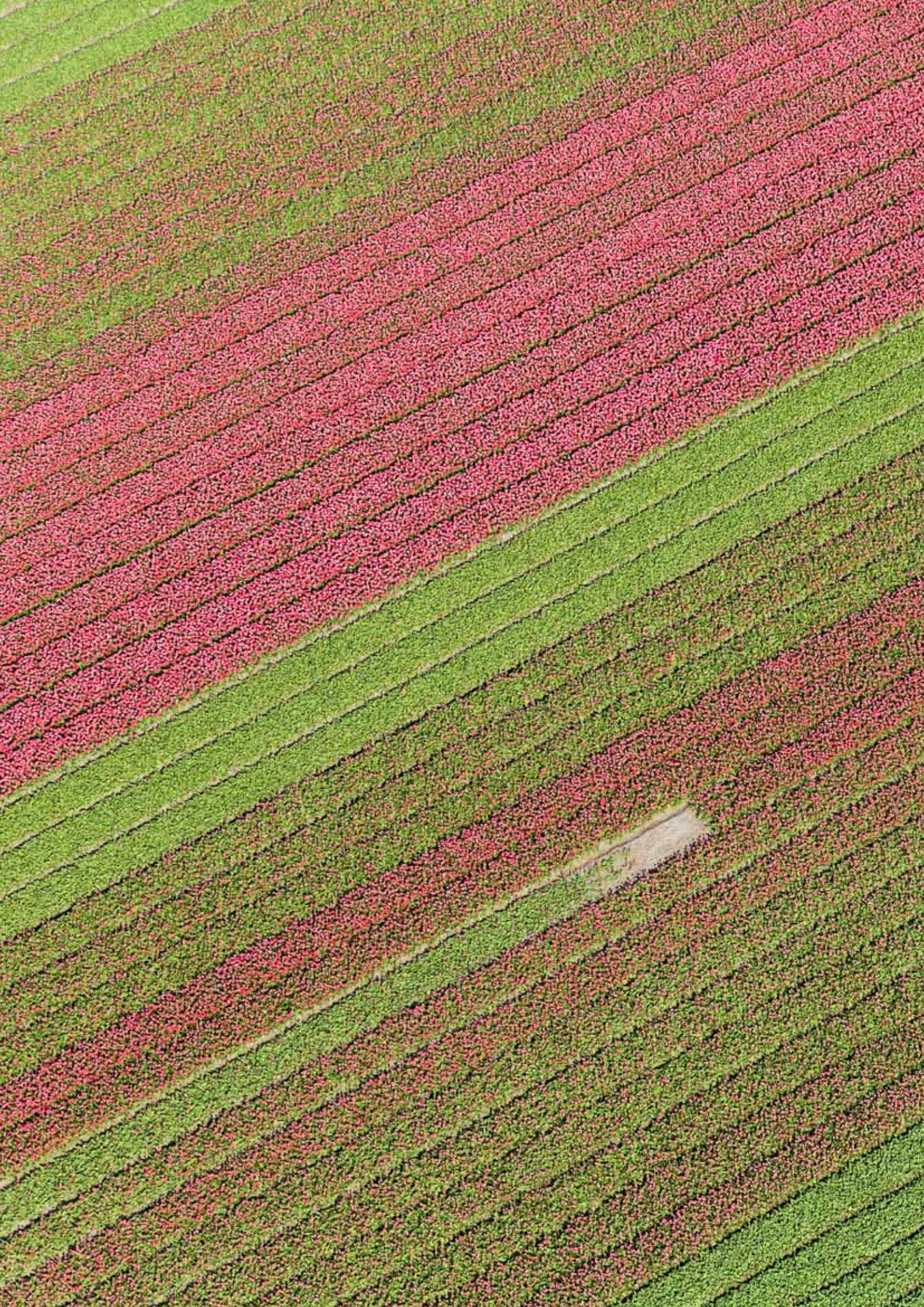




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Letter



Serban Toader

Senior Partner
KPMG in Romania

Dear Reader,

I am pleased to introduce you to KPMG in Romania's third Sustainability Report, developed in line with the latest version of the international guidelines of the Global Reporting Initiative (GRI), in which our vision of tailoring a long term sustainable business is broadly defined. We consider this publication as a step forward towards an increase in transparency, as this is our first report developed according to GRI G4 Guidelines, which give greater emphasis to materiality assessment and stakeholder engagement.

G4-1

The opinion of our stakeholders is highly important for our business, and therefore this publication also seeks to fully respond to their reasonable expectations in relation to our 2014 performance, as well as to provide insight into our future perspectives.

At KPMG in Romania, we strive to understand the entire picture and the links between the social, environmental, as well as economic forces impacting our business. As I look back at 2014 I see a mixed picture, with lots of challenges and rapid changes in the economic framework, driven especially by the international context and by national regulatory reforms. We registered sound economic performance and implemented a series of complex and innovative projects, we recruited and trained a significant number of graduates who are now part of our team of professionals, and last but not least continued our community and

environmental initiatives. However, I see 2014 as a year of unexploited opportunities for Romania, especially in terms of implementation of EU funded projects and infrastructure development. It is well known that infrastructure drives social and economic development, the key challenge remaining its affordability. Having this in mind, I genuinely hope that the lessons learned in the past will be used to write a story of development for our country.

At KPMG, we have a higher purpose, which is not limited to encouraging long term economic performance. It goes well beyond this, and aims to generate value for the community in which we operate. After 20 years operating in the Romanian market, we reaffirmed our purpose of "Inspire confidence. Empower change", stating our aim of remaining a successful organisation, increasingly meaningful and valuable for both our clients and society at large.

Looking ahead, I foresee a number of challenges driven by the EU Audit reform, both for our clients and for our business, but also significant opportunities. While in some instances the new rules will require us to exit long standing audit or tax relationships, this will also open up a huge number of potential new clients and the chance to increase our market share. Also, the new non-financial reporting requirements applicable to certain EU companies will bring some important changes in the corporate framework. Looking at the sustainability agenda in 2015, a shift of perspective governs the outlook for 2030. This September 17 Global Goals for Sustainable Development were agreed to, setting a universal framework for engagement globally to tackle poverty, build resilient cities, address climate change, deliver access to global health and empower women. Also, there is an unexpectedly high interest in the COP21 UN Climate Talks in Paris, which aim to reach

a global, legally-binding agreement to reduce carbon emissions. In this context, KPMG plays its own part in tackling climate change, and you will discover the details of our actions and achievements in this publication.

It is clear that companies are confronting rapidly-changing demands and regulatory frameworks that are affecting their business models, and need a better understanding of the value they create for society in order to protect and create long term corporate value.

Seeing this entire picture, regardless of the positive results of 2014, I am confident that our future success depends on training and retaining the best professionals. Our organisational culture is our greatest virtue, and our clients have always appreciated that our professionals have the courage to do the right thing, the expertise and the comprehensive view required for any transformation. Our clients trust us. I see this every day through the cutting edge projects they have entrusted us with in the past, and that we continue to help with.

I am proud of all KPMG professionals who have shown unsurpassed dedication, perseverance and loyalty during the last few years, but, most importantly, I am amazed by their sense of caring. Not only have they proven excellence in their professional activities, but have constantly demonstrated they are keen to make an impact in our community by getting involved in countless volunteering projects.

This report on what has been an intensive year reveals that sustainability is underpinned by our business strategy, and that our future efforts will be channelled towards our four strategic areas: Community, Environment, Workplace and Marketplace. We have made significant progress by enhancing our analysis of material topics to cover within the report and are committed to progressively improve our performance and reporting process, hoping that our stakeholders will support us in the years to come with their valuable insights.

We are continuing this sustainable journey hoping that our example will inspire other businesses and authorities to follow this path and work towards building a better world, governed by transparency and integrity.

I hope you enjoy reading this publication, which aims to provide a comprehensive and balanced image of our sustainability performance.

Yours sincerely,
Şerban Toader
Senior Partner
KPMG in Romania

A handwritten signature in blue ink, reading "Ş. Toader", on a light-colored rectangular card or paper.

Forward

We are pleased to release the third edition of KPMG in Romania's Sustainability report, disclosing the social, environmental and economic performance of the network of independent firms operating under the brand KPMG in Romania. The main change brought by this edition is the transition from the use of the Global Reporting Initiative Guidelines (GRI) G3.1 to GRI G4. Consequently, the information presented in this Report is prepared "in accordance" with the "core" option and the reporting principles under the GRI G4 Guidelines.

G4-17, G4-22, G4-23, G4-28, G4-29, G4-30, G4-31, G4-32, G4-33

This report covers all significant aspects related to the sustainability progress of the network member firms operating in Romania under the name KPMG (KPMG Romania SRL, KPMG Audit SRL, KPMG Tax SRL, KPMG Advisory SRL, KPMG Restructuring SPRL and NTMO Attorneys at Law SPRL). It covers the period from 1 January 2014 to 31 December 2014, unless otherwise stated, and does not feature data relating to other KPMG member firms. To provide context for some of the information presented, we may include brief references to KPMG International, the methodology and basis used. No significant changes to the core business, size, structure or ownership have occurred during the reporting period. However, the rebranding of our legal team in 2014 under the name NTMO Attorneys at Law was considered for determining the reporting boundary so as to include all member firms of the KPMG network in Romania.

The scope, limit and measurement methods have not changed during the reporting period.

However a restatement related to indirect emissions (resulting from electricity consumption) reported for 2013, is included in this report. To calculate 2013 indirect emissions, we used a conservative emission factor, based on the national energy mix and unprocessed data provided by the Regulation Authority for Energy. Subsequently, the relevant authority published the official value for 2013, so we recalculated indirect emissions for that year.

For comparability purposes, the indicators are presented in parallel with those for 2013. The reporting process is overviewed by the Sustainability Advisory Team of KPMG in Romania, which is experienced in providing sustainability assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. At this point, we are not seeking external assurance considering that local companies do not have the

capabilities to provide this type of service in line with ISAE 3000.

We intend to issue a Sustainability report in line with the reporting guidelines issued by GRI on a biennial basis, and enhance our communication with the key stakeholders to update our materiality assessment on a regular basis.

The structure of the report follows the main focus areas included in KPMG Romania's CSR strategy:

- Community
- Environment
- Workplace
- Marketplace

and aims to provide a comprehensive image of our CSR activities and performance.

We are committed to continuously improving our practices and would highly value your opinion in relation to this Report.

Consequently, we encourage you to take the time to share your ideas at ro-foundation@kpmg.com.

Thank you!



Who we are

G4-3, G4-5, G4-6, G4-7, G4-13

KPMG is a global network of professional services firms providing Audit, Tax, and Advisory services and industry insight to support public and private sector organisations mitigate risks and perform in the dynamic and challenging environments in which they do business. Founded in Switzerland in accordance with Swiss law, and with its headquarters in Amsterdam, KPMG International Cooperative (“KPMG International”) is the entity with which all the member firms of the KPMG network are affiliated.

KPMG International carries out business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by member firms.

There are KPMG member firms in 155 countries. Collectively, they employ more than 162,000 people.

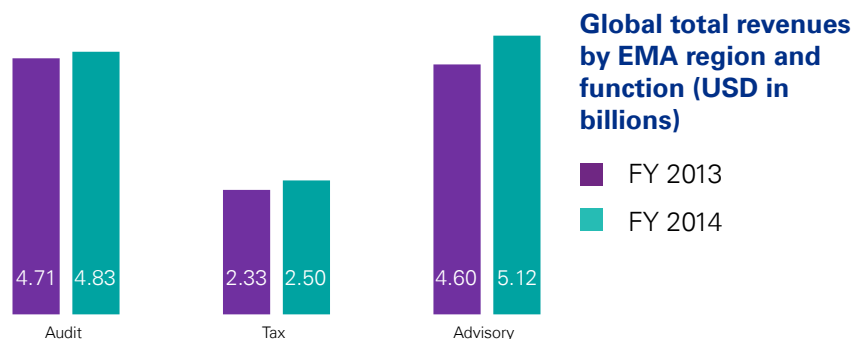
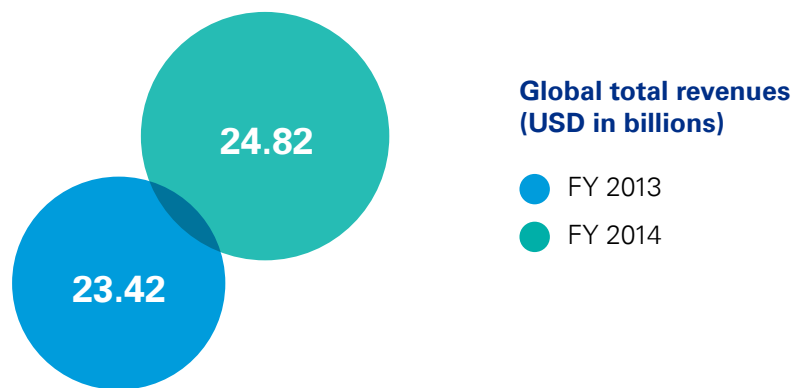


KPMG member firms comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global and regional strategies, share resources (incoming and outgoing), service multinational clients, manage risk, and deploy global methodologies and tools.

KPMG Romania SRL, KPMG Audit SRL, KPMG Tax SRL, KPMG Advisory SRL, KPMG Restructuring SPRL and NTMO Attorneys at Law SPRL (herein after referred to as "KPMG Romania", "KPMG in Romania", "our company", "our firm") are Romanian limited liability companies and member firms within the global KPMG network.

We opened our first office in 1994 and in 2014 we employed more than 764 people, including both local and expatriate staff, in Bucharest, Timisoara, Cluj, Iasi, Constanta and Chisinau (Republic of Moldova).

Our headquarters is in Bucharest, Victoria Business Park, DN 1, no.69-71.



KPMG Way

G4-56

Vision

We will build and sustain our reputation as the best firm to work with by ensuring that our people, our clients, and our communities achieve their full potential.

Culture

The KPMG culture is rooted in our values. Our integrity and policy of open and honest communication builds trust and cooperation, while our flexibility and diversity creates a culture in which people share knowledge freely, bringing out the very best in each other. Our culture extends beyond good business practice. We are also recognized for the efforts we make to alleviate poverty, support education and protect the environment.

Inspiring confidence, empowering change.

Our purpose is our legacy. It is the sum of our individual ambitions translated into actions at the level of the firm. Why is our purpose so important? We have reached a certain degree of maturity as a business, and with

maturity comes, first and foremost, responsibility. Simply put, because we have a huge impact on everyone we come into contact with—our colleagues, our clients, and our community. All of us have shared values, which bring us together and are the basis of what we do. If we focus

closely on our shared values, we will work well together within our teams and throughout the firm. If we stay close to our values, we will inspire confidence among our colleagues and with clients, facilitating positive change along the way.

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

Cutting through complexity

We know this and have given ourselves a focus of Cutting Through Complexity in the business world. Through Innovation, a High Performance Culture, Integrity and a mission of "Cutting Through Complexity" KPMG in Romania is ready for what we face in today's and tomorrow's world. And that means we are ready to help our clients.

Values

KPMG people work together to deliver value to clients. We believe strongly in a common set of shared values which guide our behaviour 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 member firms' 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 advisers.

We are open and honest in our communication

We share information, insight and advice frequently and constructively, managing tough situations with courage and candour.

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



Global Code of Conduct

The Global Code of Conduct defines the minimum standards of ethical conduct that KPMG requires of its personnel. Compliance with the Code of Conduct assists with compliance with the fundamental principles of the IESBA Code which KPMG recognises as the basis for the conduct of all its staff. These fundamental principles are: integrity, objectivity, professional competence and due care, confidentiality, professional behaviour.

The KPMG Global Code of Conduct is designed to provide an understanding of the standards of ethical conduct that KPMG requires around the world. The Global Code applies to all KPMG partners and employees - regardless of title or position - and serves as a road map to help guide actions and behaviours while working at KPMG. It spells out fundamental ethical principles and highlights resources available to help partners and employees understand and uphold them.

In Romania we adopt and disseminate the KPMG Global Code of Conduct, which expresses the commitments to our stakeholders and the conduct to be adopted by our professionals to ensure ethical principles in their relations with KPMG, other professionals, clients and the community.

The original Global Code of 2005 was updated in 2012 to reflect developments in law, regulation and professional ethics, as well as our enhanced commitments to communities and acting in the public interest while delivering high quality services.

**“Our communities
are the marketplaces,
locations, authorities,
and societies in
or with which we
operate and with
which we engage.”**

KPMG Global Code of Conduct

What we do

G4-4, G4-8

“KPMG marked 20 years of operations in Romania at the end of 2014. These may be difficult times for business throughout the world - but when I look back I am reminded that we have survived tough economic times in the past also. Looking at the 20 years as a whole, we have experienced significant growth. In 20 years’ time, I am sure that we will have made even more progress and will have helped many more companies and organisations to do business in Romania. The country has the resources to do this, and we in KPMG will work hard to help achieve this success.”

Serban Toader, Senior Partner, KPMG in Romania

We provide Audit, Tax and Advisory services and industry insight to a large range of organisations from the private and public sectors.

KPMG was one of the first networks of professional services firms to align its services along industry lines and focuses on delivering high-quality, coordinated services to organisations in five key lines of business:

- Financial Services.
- Consumer Markets.
- Industrial Markets.
- Information, Communications & Entertainment.
- Infrastructure.
- Government & Healthcare.



Companies in different industries can have very different needs - that is why KPMG member firms place an emphasis on industry focus. We have specialised staff with many different skills and backgrounds, and we are flexible – we adapt our services and develop new ones to meet the

needs of clients as market conditions change. Being part of the KPMG International network, we have the opportunity to combine detailed local knowledge with the international skills and experience we can draw on from other KPMG member firms.

AUDIT

- Statutory audits
- Audits of financial statements prepared according to IFRS and other accounting standards
- Reviews of annual and quarterly financial statements
- Accountants' reports for IPOs and listings
- Business combinations assurance
- Internal controls assurance
- Revenue assurance
- Future / forecasts assurance
- Regulatory & contractual assurance
- Ethics assurance
- Sustainability assurance
- Other assurance services specifically tailored to your circumstances

TAX

- Corporate Taxation
- Indirect Taxation
- International Taxation
- Investment Incentives
- Financing of Investments
- Expatriate Tax Advice
- Withholding Taxation
- Global Income Taxation
- Transfer Pricing Assistance during investigations performed by the fiscal authorities
- Tax Disputes
- Tax Compliance Support
- Taxation of Leasing Operations
- Real Estate
- Forensic Tax Investigations
- Foreign Currency Regulation
- Local Taxes

ADVISORY

- Management Consulting Services
 - IT Advisory
 - Business Performance
 - People and Change Advisory
 - EU Advisory & Public Sector
- Risk consulting services
 - Accounting Advisory services
 - Financial risk management
 - Forensic services
 - Internal Audit
 - Sustainability services
- Legal services
- Deal Advisory Services
 - Corporate Finance
 - Restructuring
 - Transaction Services

Our services



Our people



G4-9, G4-10, G4-11

The dynamic character of our sector activity and the changing business environment we operate in raise the pressure on professional excellence. To continue delivering high quality services to our clients and ensure our long term success, we constantly have to identify and recruit the best candidates in the market. We also give a special focus to the continuous professional development of our people and support them in pursuing their career goals. We aim to retain people with appropriate skills and experience who, at the same time, resonate with KPMG values and strategic priorities.

We consider that human resources (HR) management plays a decisive role in helping drive change and business growth within KPMG. By cooperating, sharing knowledge and integrating HR thinking into our firm's strategy, we are in a much stronger position. Consequently, this enables us drive economic growth and at the same time retain and motivate the talent we have within our organisation.

The total number of employees increased compared to last year as a response to our growing business needs. Their structure by gender, employment type/contract or office remained at approximately the same levels as in the previous year, with some small variations.

We emphasise the importance of collective bargaining for responsible management. Consequently, we have started the negotiation process to draft and implement an agreement. Currently, general provisions such as non-discrimination rules, equal treatment, working program, maternity support, and remuneration, are set through the Internal Regulation, to which all KPMG employees have access and which they are required to comply with.



	Total number of employees	630	764
Total number of employees by employment type and gender			
	Full time	621	760
Men		234	283
Women		387	477
	Part time	9	4
Men		1	1
Women		8	3
Total number of employees by employment contract and gender			
	Permanent contract	588	720
Men		218	262
Women		370	458
	Temporary contract	42	44
Men		17	22
Women		25	22
Total number of employees by office and gender			
	Bucharest	539	655
Men		198	240
Women		341	415
	Timisoara	32	28
Men		12	11
Women		20	17
	Cluj	23	36
Men		9	16
Women		14	20
	Iasi	4	9
Men		0	2
Women		4	7
	Constanta	4	3
Men		2	1
Women		2	2
	Chisinau	28	33
Men		14	14
Women		14	19

* The figures presented show the number of staff at the end of the financial year (30 September)

Acting with purpose

G4-15

We believe KPMG can inspire confidence through our actions and investments, working for the benefit of people and ensure economic growth is balanced with the need to sustain our environment. It is our belief that the KPMG network, as a global corporate citizen, has a responsibility to sustain the development of the communities and the marketplaces in which member firms operate, to ensure the wellbeing of its professionals so as to contribute to a sustainable world.

Consequently, at global level we have continued our engagement and support for the following initiatives:

United Nations Global Compact (UNGC) - a principles-based initiative that aims to influence the creation of a more sustainable and inclusive global economy. The Global Compact's ten principles resonate highly with the KPMG Values, which define member firms' culture and commitment to the highest standards of personal and professional conduct. Therefore, since 2002 KPMG International has striven to perform the commitments established by the compact.

Women's Empowerment Principles (WEP) – a joint initiative of the Global Compact and the United Nations Development Fund for Women, which offer guidance to business on how to empower women in the workplace, marketplace and community. KPMG International is a signatory of the UN's WEP providing access to a broad network for sharing policies and best practices on gender equality.

Millenium Development Goals – KPMG member firms have focused efforts around the three first goals (eradication of extreme poverty and hunger, achievement of universal primary education, promotion of gender equality and empowerment of women) and have registered support

for the Sustainable Development Goals. This new set of 17 Sustainable Development Goals (SDGs) adopted by the United Nations in 2015 will guide international development, aid and investment for the next 15 years. 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 organisations 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.

World Business Council for Sustainable Development (WBCSD) - an organisation that galvanizes the global business community to create a sustainable future for business, society and the environment.

KPMG International actively participates in the WBCSD, with KPMG professionals from across our global network. Our involvement is focused within the Social Impact Cluster, where we participate on the Board, in addition to the Redefining Value workstream, Greenhouse Gas Management and the Future Leaders Team.

KPMG International is a Strategic Partner to the World Economic Forum, helping shape initiatives, projects and task forces, and giving intellectual guidance through senior executive participation.

KPMG in Romania, as a member firm of the KPMG network, supports the external commitments undertaken by KPMG International which are envisaged by our global strategy for Corporate Citizenship.

G4-16

In Romania, KPMG contributes along other reputable companies to the promotion of a sustainable business environment. Constant changes on all fronts, from technology to economics to the regulatory framework and politics, creates a succession of challenges for both the private and public sectors, and addressing these challenges requires coordinated efforts on both sides. For this purpose, we have developed strong partnerships, and are active board members in several business associations such as: the American Chamber of Commerce in Romania, the French Chamber of Commerce, the British Romanian Chamber of Commerce, the Netherlands Romanian Chamber of Commerce, the Foreign Investors Council, as well as the Coalition for the Development of Romania (Coalitia pentru Dezvoltarea Romaniei). Our professionals serve on boards, executive committees and subject matter expert groups of several business associations, aiming to facilitate cooperation between the authorities and the business environment to support economic and social development.

KPMG in Romania is also a member of various Romanian professional bodies including the Romanian Chamber of Auditors, the Chamber of Fiscal Consultants, The Organisation of Expert and Licensed Accountants of Romania, the Association of National Expert Valuers in Romania, as well as the Romanian Environmental Association.

“Sustainability is an essential element of KPMG’s business strategy. Our responsibility to communities and the marketplace drives us to implement sustainable principles.”

Michael Hastings

Lord Hastings of Scarisbrick CBE
Global Head of Citizenship
KPMG International

Our stakeholders

G4-25, G4-26, G4-27

Our business activity strongly depends on the way our stakeholders perceive us, and so we constantly seek to enhance our communication with them, gain insights into their concerns and opinions and integrate the significant aspects of these into our business model.

We are aware of the links with our stakeholders and of their legitimate interest in our sustainability performance, and put a lot of effort into understanding the dynamics of our relationship with those that might be influenced or affected by our activity.

Our first stakeholder mapping exercise was conducted in 2012 at the CSR Steering Committee meeting, when 12 stakeholders groups were identified and further prioritized considering their impact on our business and also the potential influence of KPMG in Romania's activities on those groups.

In 2013 we continued this process and identified a new group of stakeholders, our strategic allies. Also, as a step forward in mapping our stakeholders, we performed an in depth

evaluation focused on identifying those groups that have the highest influence on our business: partners, our staff, clients & markets, Government & regulatory bodies.

Identifying these priority groups was essential for the effective management of our relationship with them, supporting the activity of our Executive Committee (ExCom) in drafting a communication plan to further engage them. The review of the stakeholders map performed by the members of ExCom and of the CSR Steering Committee in 2014 reflected that significant changes of our business, that would imply the inclusion of new groups, have not occurred.

However, we use a wide range of communication tools to constantly gain insights from our stakeholders and enhance their engagement. It is our purpose to further extend the stakeholder mapping process by involving external parties and review the current results by the next reporting period.

STAKEHOLDERS

Impacted by our activity

KPMG International
Strategic allies
Competitors
Suppliers
Education institutions
Authorities
Pro Bono beneficiaries

Who impact our activity

Partners
Clients & Markets
Our staff
Government & regulatory bodies
Professional bodies
Media
NGOs & Communities





Scaling the expectations of our stakeholders

G4-18, G4-19, G4-24

Inspired by the first stakeholder consultation process conducted for the development of the 2012 CSR Report, which brought to light 6 key topics that are of strategic importance for our performance, we extended the scope of this initial assessment to identify specific material aspects relevant for each topic. For this purpose, in 2013 we prepared a questionnaire covering all major themes disclosed in KPMG in Romania's first CSR Report, which was used to consult the opinions of a large sample of stakeholders. This questionnaire emphasized the addition of new themes relevant for our sector of activity, which derive from our responsibilities as a large service provider, as well as the rating of each topic. The dialogue with our priority stakeholders was also based on direct meetings and additional correspondence, and provided valuable information that was also considered for plotting the materiality matrix disclosed in our previous report.

Considering this year's transition to the GRI G4 reporting guidelines, which place materiality centre stage, we considered that it is of the utmost importance to concentrate both on the perception of our 2013 CSR Report as well as on reviewing the materiality matrix. Consequently, we used various opportunities such as meetings of professional associations to engage some of our stakeholders in dialogue relating to the content of our report and to evaluate whether it provides relevant information that adds value to them. As you would expect, communication



and engagement with our clients is undertaken in many ways, such as through and during our service delivery, site visits by Partners and during client events, and consequently we used these opportunities during 2014 to obtain their feedback on the CSR Report.

These views were considered when we updated the stakeholder consultation questionnaire used to gain insight into the opinions of a large pool of interested parties with respect to the selection of aspects to be included in this year's Report. According to the GRI G4 reporting guidelines, materiality is the scale of importance which warrants that a topic should be reported on. The topics for consideration in this report were identified using both internal and external factors, including our business

strategy and the main elements of the GRI reporting framework. The final list of topics was validated by ExCom and the CSR Steering Committee, which had carried out a simultaneous evaluation and also rated the importance of each aspect considering its relevance from the business strategy and the CSR action plan perspective. The reviewed materiality matrix was developed considering the scale of each topic for both our stakeholders and ourselves.

We intend to further enhance our stakeholder dialogue for non-financial reporting so that we provide relevant information that adds value to our overall performance.

2012

Key topics identified

- Ensuring good treatment of employees
- Ensuring responsible and transparent governance systems are in place
- Managing and reducing KPMG's impact on the environment
- Making positive contributions to society and communities
- Ensuring business is conducted ethically
- Providing high quality work and professional advice

2013

Interviews and questionnaires

- 14 external parties submitted answers to questionnaires
- Direct meetings with 20 external stakeholders (clients, authorities, NGOs)
- 55 questionnaires filled in by our employees

2013 Report assessment

- Dialogue with 12 clients, 3 NGOs, 2 representatives of the academic environment
- 2 focus groups with 30 employees
- 1 conference call with the members of our EMA Corporate Responsibility network

Priority themes:

- Ethics, Integrity & Anticorruption
- Economic performance
- Labour practices
- Occupational health & safety
- Remuneration
- Greenhouse gas emissions
- Pro Bono

2014

Defining the content of the 2014 Sustainability Report

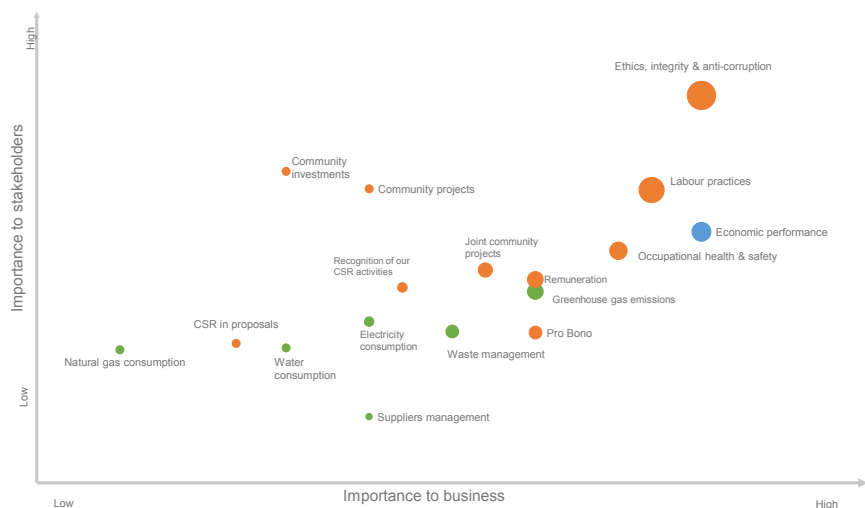
- 27 responses from external parties to the stakeholder consultation questionnaire
- 92 internal responses to the questionnaire, including management representatives
- 1 internal focus group, which 15 employees attended
- Direct meetings with 20 external parties

Reviewing the materiality matrix

- Analysis of GRI materiality guidelines, and of the GRI reporting principles for defining the Report Content
- Inputs and results of the stakeholder consultation process
- Overview of the business strategy and of the CSR action plan
- Updating the materiality matrix developed in 2013
- Validation of the reviewed materiality matrix by ExCom and the CSR Steering Committee
- Selection of GRI G4 specific standard disclosures to be included in the Report

Continuing this cycle for the next reporting period and deepening the identification of the limits of impacts related to our business activity.

Materiality matrix



G4-20, G4-21

High level material topic (2012)	Identified material aspects (2014)	Potential negative impact	Groups of stakeholders potentially affected
Providing high quality work and professional advice	Ethics, Integrity and Anticorruption Risk and quality management* Labour practices (learning & development)	Any loss of quality in the services provided might lead to negative financial or reputation impacts	KPMG professionals KPMG International Clients & markets
Ensuring good treatment of employees	Occupational health and safety Labour practices (performance development, remuneration, wellbeing)	The work and life balance of our professionals directly influences the overall performance of our company (ex. high turnover rates and potential loss of expertise might lead to increasing costs)	Our professionals KPMG in Romania
Ensuring business is conducted ethically	Ethics, Integrity & Anticorruption Client and market relations* Risk and quality management* Community investments	Reputational risks, negative exposure for our clients, employees, the company and potentially for our competitors in the case of governance systems failure.	Clients Employees KPMG in Romania Our competitors Partners
Ensuring responsible and transparent governance systems are in place	Ethics, Integrity & Anticorruption Risk and quality management Labour practices	Conflict of interest, impairment of independence, privacy & information security, client and engagement acceptance and continuity	KPMG network of member firms Clients Professional bodies Our professionals
Making positive contributions to society and communities	Community involvement Joint community projects Labour practices (wellbeing)	Affecting the trust of our stakeholders by noncommittal to one of our core values	KPMG network of member firms Local communities
Managing and reducing KPMG's impact on the environment	Greenhouse gas emissions Energy consumption Waste management	Our environmental impact is not significant. However, we have voluntarily committed to reduce our GHG emissions and adhered to the targets set under KPMG International's Global Green Initiative	KPMG network of member firms Local communities\

*Aspects raised by members of ExCom that will be included in the future reporting process. Limited information on these aspects is also covered by this publication

Governance at KPMG

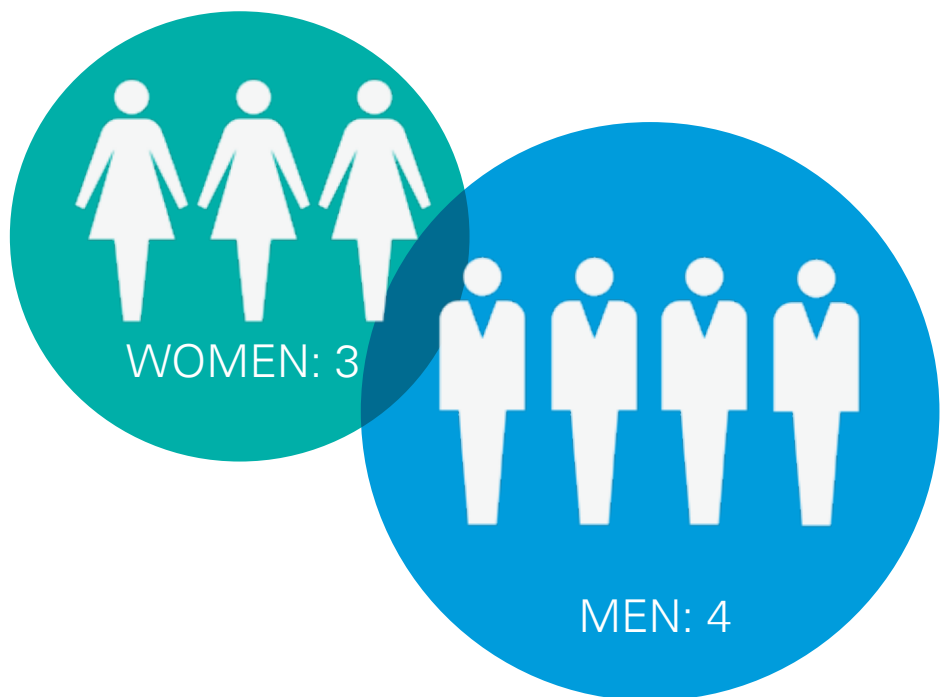
G4-34

Governance is one of the cornerstones of our strategy and its structure is designed so that we conduct our business according to the highest standards of corporate governance, based on transparency, integrity and ethics. It supports consistency of service quality and adherence to agreed values wherever in the world our member firms operate.

KPMG in Romania takes responsibility for its management and the quality of its work. The Senior Partner of KPMG in Romania, as well as the Partners and professionals of our firm undertake to act with integrity at all times.

The Senior Partner at KPMG in Romania is the principal local executive officer. The Executive Committee (ExCom), the main governance and oversight body of our firm comprises the Senior Partner and 6 partners, usually partners of the main business functions to ensure full management representation. ExCom's key responsibilities include approving long-term strategy, business plans, protecting and enhancing the KPMG brand as well as approving policies and internal regulations. As leaders of their business lines, the members of ExCom continue to exercise their responsibilities related to the services provided to our clients. Consequently, Excom does not include independent members.

Executive Committee – 7 members



This governance structure enables communication between the members of ExCom and other partners, ensuring that the needs and ideas of each function are communicated at the Committee meetings.

To support two way communication with all our employees and to gain insight into their views we have established various mechanisms such as periodic meetings by business group, PDM (Partners,

Directors and Managers)/ PD (Partners and Directors) meetings, the annual People Survey, the MyPD (My Performance Development) system, The HUB (an internal social media platform), as well as our Senior Partner's personal blog, which over time have proved to be very useful tools for the identification and implementation of innovative ideas.



OM A

How we run our CSR activities

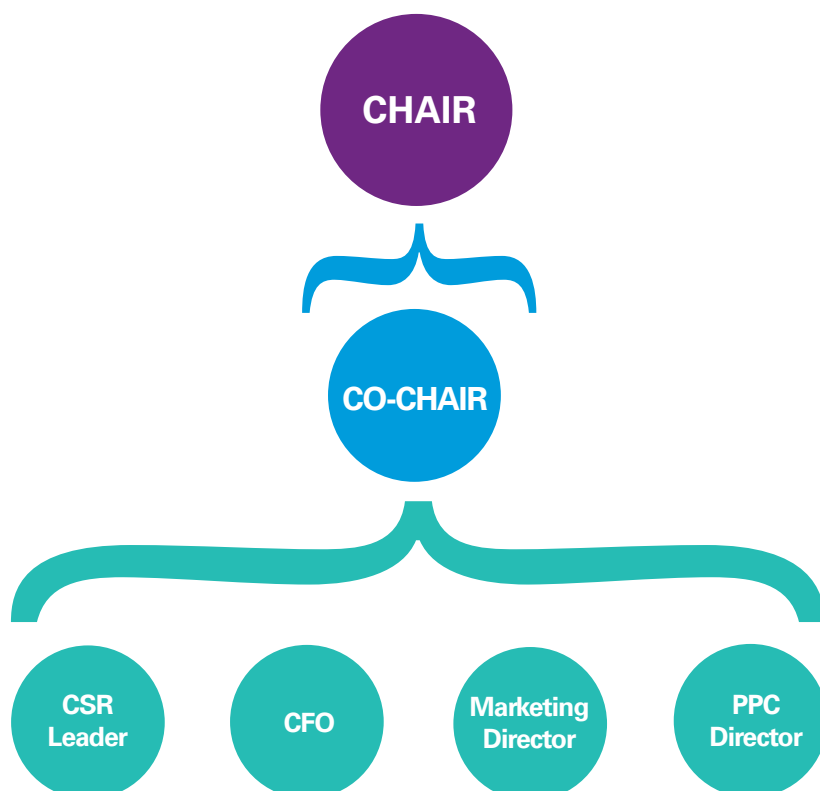
At KPMG, we strongly believe in and are committed to ethical behaviour, good treatment of our employees, sound environmental management and community engagement. Consequently, we give high consideration to CSR, which is part of our governance structure. The CSR Steering Committee of KPMG in Romania is the group responsible for CSR strategy, planning, policies, supervision and general management, including defining action plans and goals consistent with our business strategy. The members of the Committee are also involved in preparing communications on CSR related matters, including review and final approval.

This Committee is chaired by the Senior Partner and co-chaired by a member of ExCom. It includes leaders from the finance, marketing and human resources (PPC) functions. The operational aspects are coordinated by the CSR leader, who is also part of the Steering Committee.

Periodic meetings are held, and results are assessed against the CSR action plan. Staff members who have participated as volunteers in our CSR projects are periodically invited to attend the meetings of the CSR Steering Committee.

Communication of policies, action plans and future projects to our employees is ensured through a dedicated section on our intranet page, as well as through direct communication and e-mails.

Staff feedback in relation to our CSR initiatives is periodically requested, to help us develop new and innovative opportunities in this area, as well as to encourage our employees to become increasingly involved.



Ethics, integrity and independence

G4-56

Our firm implements KPMG International policies and procedures that are based on professional standards issued by the International Ethics Standards Board for Accountants (IESBA), including International Standard on Quality Control 1. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, post-employment relationships, partner rotation, and approval of audit and non-audit services.

Our professionals are required to review their financial interests and other relationships on a regular basis to verify that they are in compliance with applicable independence requirements. This is done using a Web-based independence tracking system which contains an inventory of publicly available investment products. Partners and client facing managers are required to use this system prior to entering into an investment to identify whether they are able to do so. They are also required to maintain a record of all of their investments in the system, which automatically notifies them if their investments subsequently

become restricted. Any professional providing services to an audit client is also required to notify the Ethics and Independence Partner if they intend to enter into employment negotiations with an audit client.

All personnel are required to sign an independence confirmation upon commencement of employment. Thereafter, professionals are required to provide an annual confirmation that they have remained in compliance with applicable ethics and independence policies throughout the period. This confirmation is used to demonstrate the individual's compliance with and understanding of our firm's independence policies.

Our firm monitors the rotation of partners, and also assists them in developing transition plans that help them to deliver a consistent quality of service to clients. The monitoring of rotation is subject to compliance testing as part of national quality performance review processes.

Our integrated management system

G4-14

KPMG in Romania's high level management has committed to continuously improving the quality of the services provided, to enhance clients' satisfaction as well as to integrate best environmental and occupational health & safety practices into the Company's general management system. Consequently, we have implemented and certified against internationally recognized standards (ISO 9001:2008; ISO 14001:2005; OHSAS 18001:2008) an integrated quality-environmental-health & safety management system.

This integrated management system creates the premises that best practices for the control of services are in place and that the organisation is aware of the requirements on environmental protection and health & safety, with clear procedures to address these issues. Management commitment and support has proved to be essential for the implementation, maintenance and continuous improvement of the management system.

Effective risk management and a precautionary approach are key aspects of our management

system, as the "Preventive actions" procedure sets clear guidelines and responsibilities for identifying potential cases of non-compliance and implementing measures to mitigate risks in these areas.

In relation to the environmental impact of our activities, we periodically assess the operations that may affect certain aspects of the environment and we apply rigorous operational control to these activities. Our environmental impact in each area of our operations is quantified and mitigation measures are centralised into an action plan that is implemented according to the priorities identified.

In 2014 we received the certificates of compliance with the above mentioned standards for the integrated management system of KPMG Restructuring SPRL, which consequently became the fifth certified member firm of KPMG in Romania, after KPMG Romania SRL and KPMG Audit SRL in 2009, and KPMG Advisory SRL and KPMG Tax SRL in 2013. The certification process involves a thorough audit carried out by an independent certification body.

Each year, our management system is subject to a surveillance audit carried out by the same certification firm and in 2014 we achieved very good results, with several areas for improvement identified, but without any cases of non-compliance.

These results prove that we are in line with international best practices, we are constantly improving our performance and our employees are truly committed to providing high quality services in compliance with our internal procedures, always keeping in mind environmental and health&safety considerations.



Our economic performance

G4-DMA, G4-9

KPMG in Romania and Moldova delivered sound revenues of Euro 39.2 million for the financial year ended 30 September 2014, an 8% increase as compared to the previous financial year. These results are based on financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and cover the operations of KPMG in both Romania and the Republic of Moldova.

This growth in turnover consolidates the positive trend of the last few years, which the firm has enjoyed in spite of the difficult economic climate. In the financial year 2013-2014, the number of engagements and clients decreased compared to 2012-2013, but we succeeded in winning larger and more complex

projects as well as providing innovative solutions for clients.

The quality of services delivered, client loyalty and client acquisition, are pillars of our economic performance, including financial returns, wages and benefits for our employees, tax payments and community investments, and therefore the effects of our work are cascaded into the whole of society. This strengthens our position as a successful organisation, increasingly important for our stakeholders, which acts with integrity and diligence to achieve its business goals.

G4-EC1

Economic information (EUR '000)	FY13		FY14
Net sales	33,563	↗	33,799
Total capitalisation broken down in terms of debt and equity			
Debt	-		-
Equity	916	↗	926
Quantity of products or services provided			
Number of engagements	4,450	↘	4,350
Number of clients	1,750	↘	1,700
Direct economic value generated and distributed			
Direct economic value generated	36,451	↗	39,212
Revenues	36,451	↗	39,212
Economic value distributed	36,451		39,213
Operating costs	10,043	↗	12,583
Employee wages and benefits	17,902	~	17,900
Payments to providers of capital	8,109	↗	8,171
Payments to government (by country)	350	↘	529
Community investments	53,63	↘	30.00
Economic value retained	(0)		(0)

Management of suppliers

G4-DMA, G4-12, G4-13

Supplier Code of Conduct

Supply Chain management plays a strategic role for companies and has gained additional significance over the last few years.

We are increasingly conscious of our sphere of influence and to the extent possible we strive to motivate suppliers to deliver products and services that are aligned with our purpose, corporate values and strategy. We aim to conduct business with organisations who are also committed to acting with transparency, responsibility and integrity. This is the main driver for encouraging our suppliers to adhere to the KPMG Suppliers Code of Conduct, which requires suppliers to adopt the following principles:

Conduct and integrity

Integrity is vital for a sustainable and fruitful relationship with all KPMG suppliers. We expect suppliers to:

- Act with integrity, constantly striving to uphold the highest standards of ethical practice.
- Adhere to all applicable laws and regulations.
- Avoid any conflicts of interest and never participate in improper practices such as bribery.



Labour conditions and human rights

KPMG's policies are underpinned by a respect for each individual's dignity and internationally recognised rights. We expect suppliers to:

- Allow employees the freedom to associate and have effective ways to conduct collective negotiations.
- Provide a safe working environment and support the occupational health of employees.

- Never make use of child, forced or bonded labour.
- Treat employees fairly and not discriminate on the basis of differences such as race, colour, creed, religion, age, gender, national origin, citizenship status, marital status, sexual orientation, gender identity, disability, pregnancy, or other legally protected status.



Environment

Environmental considerations are an integral part of KPMG's business practices. We are committed to operating with due care for the environment (the precautionary principle) and we have tailored a special procurement procedure, focused on management of suppliers, which is part of our Integrated Management System. Consequently, we expect our suppliers to:

- Reduce the environmental impact of their designs, manufacturing processes, services, and waste emissions.
- Encourage the development and diffusion of environmentally friendly technologies.
- Minimise the use of hazardous substances as well as the consumption of scarce resources.

Our supply chain and suppliers management

Considering the sector we operate in, we do not have a complex and high impact supply chain. We have to maintain our independence and ensure that our service delivery is not significantly dependent on particular suppliers or subcontractors. Consequently, it could be said that we are part of our primary supply chain.

Categories of suppliers:

Training providers

Licenses (eg. software, publications)

Insurance companies

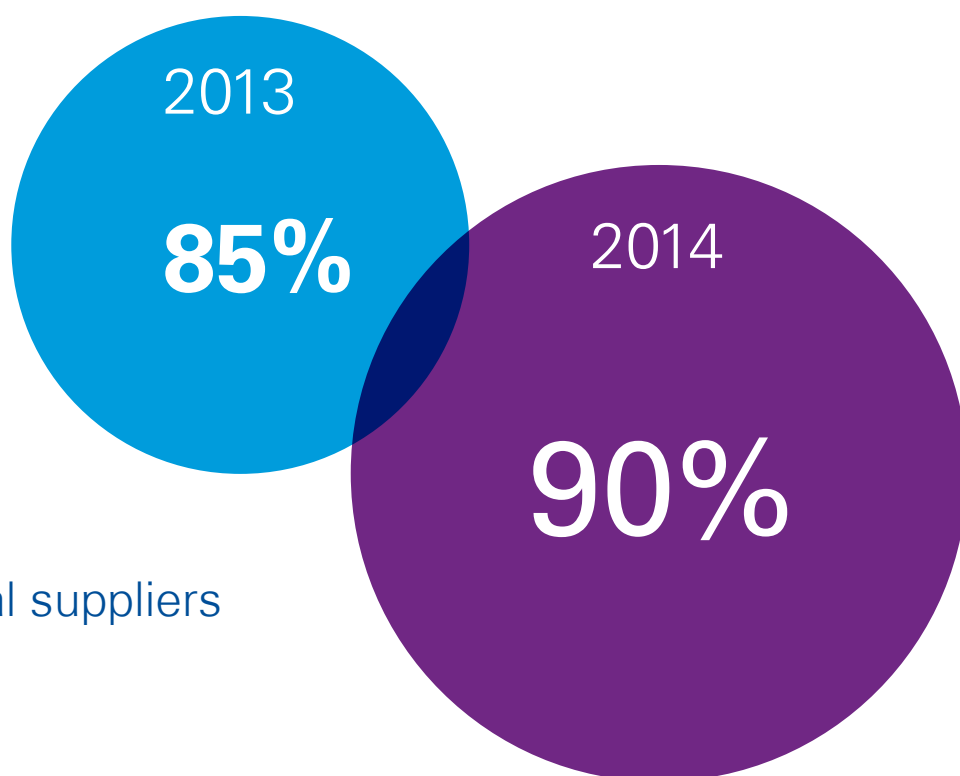
Utilities providers

Providers of services

- Travel & accommodation
- Medical services
- Office maintenance, cleaning and security
- Courier services
- Work-life balance services

Suppliers of goods

- IT equipment and accessories
- Stationary
- Catering
- Beverages



Percentage of local suppliers

G4-EC9

This report presents only aspects and results that pertain to KPMG in Romania, but we are committed to increasing our focus on the selection of suppliers.

This first step of the suppliers mapping process was conducted during 2014, when no significant changes to the selection process of our suppliers occurred, and it is our intention to further extend it. More than ever, we need to be able to articulate clearly and consistently what the quality of the goods and services we purchase means to our business, and therefore we will increase our focus on selecting suppliers that demonstrate commitment towards the highest standards of transparency and integrity.

KPMG in Romania has implemented the procurement procedure part of our Integrated Management System, which sets the general rules for purchasing goods and professional services. The procedure has been designed to ensure the availability of procurement information, quality requirements and environmental considerations related to the product/service to be purchased, as well as the transparency of procurement activities. It facilitates the control of suppliers and service providers.

Suppliers and subcontractors are assessed annually based on their performance and on the principles set within the Suppliers' Code of Conduct. These results are considered in decisions on further agreements.

We favour Romanian suppliers where possible, as part of our effort to support the national economy, as well as due to environmental considerations relating to the impact of the transport of goods.



Community

Our adopted school

We are confident that education is an important pillar for the sustainable development of every community, and that transformation and major changes in society are enabled by in depth knowledge and capabilities learned especially during the first years of life. This is what encourages us to continue our projects with School 134, the school KPMG adopted in 2010. Though there is always room for something more than one can do, we realise the positive impact that we have on the future development and perspectives of the children of this school and therefore intend to enhance our involvement.

“We lead by example” is one of our core values, and we constantly seek to inspire them strive for great results, as well as acting with integrity and a sense of responsibility and consideration. The colleagues involved in the projects developed with our adopted school are very fond of the bonds they have created with the children, who always demonstrate a winning attitude and an endless power to overcome any setback.



Easter Gifts

Sometimes we get carried away by our work and lose track of time, but the children of School 134 never forget to send us their best wishes before holidays. For the 2014 Easter they prepared unique hand-made greeting cards that entertained us and brought rainbow pieces into our Bucharest office. In May 2014, a team of KPMG volunteers paid them a thank-you visit to offer the presents that our staff and “the Easter bunny” had prepared. These small gifts were much appreciated by the children, who reminded us once more that happiness also comes from things that might seem unimportant.

Year-end award ceremony

As Aristotle said “The roots of education are bitter but the fruit is sweet”, and our main purpose is to constantly remind the children that through effort and dedication they can gain access to a wider array of perspectives.

High performance requires commitment, sustained work and effort, and KPMG in Romania continues to believe that good results deserve recognition and encouragement. At KPMG in Romania, we highly appreciate the achievements of the children from our adopted school, and always seek to be there for them at the year-end awards ceremony. Representatives of our top management and staff members attended the ceremony held on 22 June 2014 to congratulate and reward the children who had achieved exceptional results. The leadership believes that continuous KPMG

support will inspire and motivate the students to improve their marks and surpass their own performance. Consequently, the top performers of 2014 were mostly awarded interesting books to discover the adventures and experiences of famous literature characters.

Visiting the Antipa Museum

Visiting the “Grigore Antipa” National Museum of Natural History, one of the oldest research institutions in the field of biodiversity and public education, is one of the projects developed for the children of School 134. This project was postponed from our previous action plan, mainly due to a controversial exhibition that was not suitable for their age group. We organised this visit on 12 November 2014 for 34 children of School 134, as well as for some of our staff members who volunteered to join the group, and we are still unsure who enjoyed this experience more - our volunteers or the children.

Christmas Carols

The joyfulness of Christmas was brought into our Bucharest office by the children of School 134 on 18 December 2014. They enthusiastically put on a show with carols, dances and theatre scenes, which they had carefully rehearsed and their laughter filled the building when they opened the presents that Santa’s Elves had carefully placed under the Christmas tree. For sure everyone received the perfect gift as the elves had given the children’s letters to Santa.



KPMG Foundation

“Happy Hour” events

We continued the series of “Happy Hour” events launched in 2013 that proved to be a good opportunity to engage our staff in the community projects that KPMG supports through the KPMG Foundation. Not only have these events contributed to internal networking and been a good opportunity for our colleagues to discover common interests, but also they have a significant role in raising funds for the implementation of various projects aimed at supporting the communities in which we operate.

Created in June 2011, the KPMG Foundation has the role of:

- Providing a framework to support collective giving, both of money and time, among our people.
- Planning and reviewing KPMG’s contributions to our communities by monitoring our performance.
- Celebrating the collective philanthropic efforts of KPMG and its people.

Trinkets fair

Apparently there is no link between finance and hand crafting or law and Ikebana, but our colleagues found a way to use the same amount of passion they put into their work to manufacture wonderful trinkets and flower arrangements for the “Trinkets fair”. This event was organised by KPMG’s Advisory and Infrastructure teams on 24 February 2014, and our colleagues had prepared intensively to demonstrate their skills. Their joint effort was much appreciated as the “sales record” hit a high, all funds being donated to KPMG Foundation.

“Zacuska Day”

This event has proved to be very successful and is much enjoyed by our colleagues, and for sure it will become a tradition. So on 5 November 2014 we organised the second edition of this event to celebrate autumn crops and enjoy the lovely homemade specialities that the volunteers of KPMG Foundation prepare for this season.

It is a real test of will power, as it is difficult not to try all the tasty types of zacuska, jam, homemade bread, cookies and pastry. This year, our colleagues gave special consideration to product presentation and wrapping and one of our conference rooms was completely transformed for a couple of hours into a wonderful traditional shop. The money collected on this occasion was directed towards our Foundation.

Winter warm up

This Happy Hour event was organised for the second year in a row by the Tax department in Romania to raise funds for the social projects promoted by the KPMG Foundation. On 18 December 2014 KPMG’s Tax advisors practiced their pastry cook skills and brought homemade chocolate, cookies, cakes and apple punch to the office to be sold to support the KPMG Foundation’s future projects.

Making an impact in our community

Support for United Way

United Way Romania (UW), a well-known organisation which supports projects in education, social and economic integration and health, is a valuable partner of KPMG in Romania and we are always highly motivated to contribute to those initiatives that are meaningful for the life of the community.

Our cooperation with UW has intensified since 2012, when we began providing pro bono accounting services. It seems very natural that our professionals have a strong affinity with the causes promoted by this foundation, as they have an in depth understanding of the challenges faced by both UW and the organisations that it supports, gained by working closely for many years now in providing pro bono services. It is good to see that our professionals emphasise these causes and feel strongly motivated to use their expertise and skills to make a positive change in the community.

The Senior Partner of KPMG in Romania is one of the “leadership” donors of this foundation and some KPMG professionals provide monthly or quarterly financial contributions to UW.

We had the opportunity to meet the children from “Inocenti” Foundation one of the partners supported by UW, when they visited our Bucharest office for a trick or treat session at Halloween.

They received accolades for their costumes, as well as the traditional treat that goes with the holiday.

In 2014, we supported “The Day of Action”, a global project organised by UW to aid local non-profit health and human service organisations, by promoting children’s education. This event took place on 21 June, and volunteers and people from the organisations supported by UW met to play Scrabble in a park in Bucharest. Twelve volunteers from KPMG in Romania joined this activity, which was a magnificent opportunity for them to relax and recall memories of their childhood.

Sixteen staff members from KPMG in Romania volunteered to provide assistance to United Way for the second assessment phase of the projects submitted by various NGOs for funding. After the first phase of the selection process, 29 out of 57 eligible projects went forward to the second stage. The volunteers from KPMG continued their involvement and participated in this second assessment phase, between 21 March and 4 April 2014, when project applications previously selected were reviewed and the organisations that submitted the applications were visited. Once all sites had been visited and project evaluation forms filled in by each volunteer, a final meeting of the Allocation Committee was held and 22 projects were selected for financing in 2015.

Santa's Elf

This was one of KPMG in Romania's most successful charity initiatives in 2014, as more than 100 staff members volunteered to help Santa bring gifts to disadvantaged children supported by the Foundations Teach for Romania and Inocenti, as well as to children from our adopted school 134. The KPMG volunteers enjoyed reading the letters that the children had written to Santa and made sure that every checklist was complete, and that the present was nicely wrapped and delivered on time. Moreover, our beautifully decorated Christmas tree looked wonderful with such a lot of presents around it, and it was very nice to see those who entered into our office and the smile which came over their faces when they noticed this idyllic corner.

Easter fair

From 14-16 April 2014, an Easter fair was hosted in the Bucharest office of KPMG in Romania to support four NGOs and to provide KPMG staff with the opportunity to choose unique hand-made Easter gifts. All products exhibited at the fair (Easter eggs, greeting cards, decorations and much more) were manufactured by the NGOs which KPMG in Romania chose to help, with proceeds from the sales going to these organisations:

- Association Touched Collection – fights to prevent child abandonment, assists children abandoned in hospitals and children with severe health conditions.
- Association Valentina Romania – provides after-school support to children, including food and clothes donations as well as assistance in improving their living conditions (e.g. repair work on their homes, work reintegration workshops for women etc.).

In 2014 we gave our professionals the chance to identify a cause or project they would like to contribute to and we supported projects in many areas such as social enterprises, rural development, culture, and health.

- Providenta Foundation– aims to provide better educational opportunities for children from poor families.
- Hraniti copiii (Feed the Children) Association – runs various projects focussing on improving the quality of life and prevention of family abandonment and school drop-out of socially and economically disadvantaged people, as well as on raising awareness of this issue

Donation of old computers

KPMG in Romania donated 63 old computers to the Ateliere fara Frontiere Association, which managed their recycling. The funds obtained by selling this IT equipment to a specialised recycling company were used to support the Association's projects, which are focused on providing education to disadvantaged children.

Financial support for social causes

Sometimes it can be difficult to decide which cause to support and what to leave aside, especially when there are a lot of interesting projects designed to solve challenges that the community is facing. Our purpose is to endorse and give our support to those causes that we believe in and which we consider can make a significant contribution to social value creation.

We also had the opportunity to gain an insight into the mission of many organisations doing valuable work, like the Romanian Fencing Federation, the Association for Community Relations as well as the Regina Maria, Musata Armana, Pact, Help Autism, Kinderzukunft – Rudolf Walther – Timisoara and Light into Europe Foundations. Our total financial support for some of the projects led by these organisations was around Euro 3,500.

Supporting education

Student of the year

NTMO, the associated law firm of KPMG in Romania, and the KPMG Foundation systematically support the development of young law professionals, and through our involvement in the national “Student of the year” competition, which aims to encourage and spark creativity and originality among the academic community.

This project, which has become very popular over the last few years, brought together for its 2014 edition participants from five state universities in the country, including Bucharest. Daniela Nemoianu, Executive Partner of KPMG in Romania and Coordinating Partner of NTMO, was part of the jury assessing the applications submitted under the theme “Legislative proposals to enhance research and innovation in Romania.” At the competition Gala held on 29 May 2014, our NTMO colleagues awarded the students who had given excellent answers on this theme, and who had demonstrated forward thinking.

Young talents

“It’s not enough for a country to give birth to talent; it must also know how to keep it alive.” Nicolae Iorga

The “Young talents” program implemented by the Princess Margareta of Romania Foundation aims to offer access and equal opportunities for talented people from disadvantaged backgrounds, through financial support and promotion of their talent. We consider this initiative very important for restoring the real values of our



society and encouraging young gifted people to nurture their talent. Though our business activities do not normally bring us into contact very much with the cultural environment, we strongly believe that it is fundamental for maintaining the identity of our country to support such initiatives and to contribute to removing any potential barriers in the way of remarkably talented artists, and so we contributed to this program in 2014.

Job Shadow Day

We consistently encourage activities focused on learning and emphasise the important role education plays for the development of our society. Consequently, in spring 2014 we again supported Junior Achievement Romania for the 12th edition of Job Shadow Day, a program that provides high school students an accurate perspective of business life, in order to support them in identifying

their interests and potential career opportunities. During this edition, 4 high school students “shadowed” our professionals for one day, and had the chance to discover the “backstage” details of a career in audit or consultancy services. We are confident that they appreciated this chance and, though we cannot choose for them, we are sure that by providing guidance towards asking the right questions before deciding what to do after graduation we will have helped them follow a path that combines their personal skills and interests with technical knowledge. We also highly appreciate those that bring passion into their work and value the opportunities to give guidance to the young generation to help them discover the career that best fits their interests and give them the chance to turn into remarkable professionals.

Competing for good causes

KPMG Charity Football Tournament

This event was the initiative of the KPMG football team, who started this project out of enthusiasm and willingness to support the participation of disadvantaged children from the Sfantul Dimitrie Foundation in sport programmes. On 28 June 2014, KPMG's Charity Football Tournament managed to attract participants from another 7 large companies, as well as former KPMG employees who were there to support our football team. Though the competition was fierce, all the participants valued the opportunity to play for the cause promoted and to meet remarkable people at other companies that had joined the competition. The end of the day and the awards ceremony was very touching as the children from Sfantul Dimitrie were there to congratulate all teams on their performance and ask for tips on playing football. The amounts collected were directed towards the Sfantul Dimitrie Foundation to support sporting activities for the children, and all the costs for the event were covered by KPMG in Romania.

Tennis for People

For the 4th year in a row, KPMG supported the "Tennis for People Tournament" organised by the Princess Margareta of Romania Foundation. This important event raises funds to support 55 disadvantaged children of the Generatii Community Centre. This year's edition was held from 26 to 28 June 2014.



Six KPMG volunteers participated in this tournament and our KPMG colleague Sandra Fetea was congratulated by Her Royal Highness Princess Margareta of Romania for her exceptional result in singles matches. Sandra, a very passionate tennis player who has been training since childhood, won 2nd place.

Bucharest International Marathon

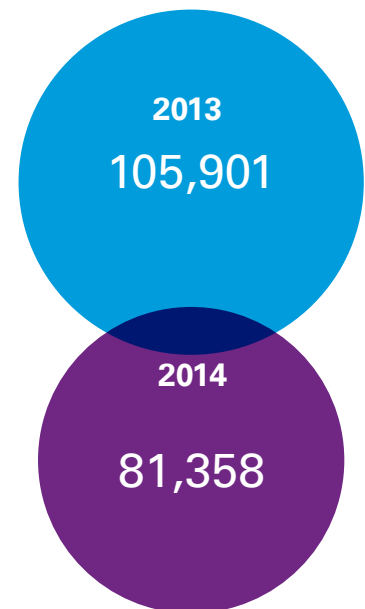
On 4 - 5 October 2014 Bucharest hosted the 7th edition of the Bucharest International Marathon, the largest annual road race held in Romania. We continued to support the mission of Hospice Casa Sperantei, a charity organisation providing palliative care to terminally ill patients, and 12 KPMG volunteers ran in this competition as part of the Hospice team. The KPMG Foundation paid the subscription fee for 11 out of the 12 registered volunteers.

Pro Bono

Pro Bono assignments are one of KPMG's most important initiatives to support the community, allowing our employees to develop and build on their professional skills, while at the same time promoting the values of our company. Maintaining our independence and integrity at all times is crucial for our business, and consequently all Pro Bono engagements are subject to KPMG's internal risk management procedures, similarly

to fee generating projects. In 2014 we developed a Pro Bono Policy, providing guidelines on the issues to be considered for the assessment of these opportunities.

Though 2014 was a busy year, full of innovative and complex projects, our professionals dedicated time to support more than 25 not for profit organisations improving their performance and adding credibility and transparency into their financial statements.



Estimated value of pro bono services (Euros)

Service	Number of hours 2013	Number of hours 2014	Variance
Audit	2,406	1,250	↘
Tax	585	461	↘
Advisory	129	170	↗
Total	3,120	1,880	↘

* The data presented is related to FY2013/2014 and FY2014/2015

Objective	Status	Comments
Involve more employees in volunteering activities	●	In 2014 we launched some new initiatives, such as Tree Planting and Let's Clean Up our Neighbourhood. We also increased the number of KF Happy Hour events, to diversify the range of volunteering opportunities and encourage our professionals to become involved. We consider this a long term objective, and have developed a Volunteering Policy providing a framework of good practice.
Implement a monitoring procedure for volunteering programs and start reporting the total number of volunteering hours	●	Our Volunteering Policy, launched in January 2014, enables KPMG in Romania employees to dedicate 8 hours of their working time per year to participate in volunteering projects. Given that we report community involvement projects based on our financial year, we intend to use the same approach to disclose the total number of volunteering hours. This means that only partial data is currently available for 2014, so our next report will update this information.
Increase our Pro Bono support	●	In 2014 we succeeded in increasing our community support by providing more advisory services to non-profit organisations. However, delivery of Pro Bono professional services is heavily dependent on the availability of our staff, and this is the main factor behind the significant decrease in the Audit function's involvement.
Initiate and implement more education and mentorship projects for new graduates	●	We continued our KPMG Business School programme, giving the opportunity to 135 students interested in a career in Audit to have an overview of the financial sector, gain some experience, and continue their university studies. KPMG in Romania also joined the KPMG International Case Competition (KICC), giving a team of bright Romanian students the chance to measure their knowledge and skills against global standards, in the amazing city of São Paulo.

● Achieved ● Partly achieved/In progress ● Not achieved



Environment

Management approach

KPMG is committed to making a positive impact on the environment and addressing environmental related matters. As climate change is one of the most serious challenges facing the world today, we have a strategy in this area, centred on three commitments:

- 1. Our environmental impacts:**
measuring, reducing and reporting our carbon footprint; increasing use of renewable energy; measurement of water, waste and paper; replacing high-emission energy sources with lower-emission alternatives, sustainable IT.
- 2. Community and marketplace:**
being a leading provider of Climate Change and Sustainability client services; partnering with and supporting environmental projects and NGOs; contributing via industry initiatives and thought leadership on climate change and sustainability, building efficiency.
- 3. Awareness and engagement:**
raising awareness of climate change amongst our people; encouraging commitment to improve environmental performance amongst our suppliers and clients; communicating and reporting our environmental performance, sustainable travel.

Based on these main areas of commitment to environmental protection, several strategic priorities and directions of actions have been identified and specific measures to be implemented have been proposed, within the limitations of the firm's control over the related issues:

	WITHIN CONTROL	MIXED CONTROL	OUTSIDE OF CONTROL
BUILDING EFFICIENCY	Heating & Cooling settings within office spaces (e.g. weekend /holiday HVAC settings) New leases with offices that follow energy efficient schemes (LEED, BREAM)	Purchasing renewable electricity Installation of energy efficient light fixtures/sensors Conducting energy audits of office spaces Installation of air dryers in restrooms	Common area electricity consumption Commissioning HVAC systems
RESPONSIBLE TRAVEL	Restrictions on class of air travel (e.g. premium economy/economy travel only) Training courses to reduce internal travel Promoting car-pooling and alternate modes of transportation	Using rail travel in lieu of domestic air travel	Fuel efficiency of current car fleet Fuel efficiency of airlines flown
SUSTAINABLE IT	Investment in new energy efficient equipment (e.g. EnergyStar rated) Virtualization of servers Power Management settings (e.g. reducing standby time)	Replacing internal meetings with video conferencing Pull-printing technology (paper & waste reduction) Sharing resources and software through cloud computing	Energy efficiency of current IT equipment

KPMG's CC&S Practice spends 1 Million Hours annually improving our clients' sustainability performance and has a network of more than 500 professionals located in 60 countries

Launched in 2008, KPMG's Global Green Initiative sets out the KPMG network's climate change strategy, including the ambition to reduce our global carbon footprint by 25 per cent of 2007 emissions by 2010 (phase 1) and by an additional 15 per cent by 2015, compared with the updated 2010 baseline (phase 2). Due to personnel fluctuation and for consistency reasons, these targets are set for GHG emissions per capita (FTE – full time equivalent).

KPMG in Romania has adhered to Global Green Initiative and has made a commitment to integrate the best environmental practices in its day to day activities. This requires coordination of our actions to minimise our use of natural resources and waste generation. We have continued to promote awareness on environmental issues among our employees, suppliers and clients through:

- Delivery of information related to environmental protection, our objectives, improving environmental performance and actively requesting feedback.
- Supporting actions to improve the environment among our employees and community.

To achieve continuous improvement of the environmental situation of our company, we will:

- Identify and measure the way our activities affect the environment.
- Adopt best practices and play a key role in development of innovative solutions for specific environmental problems of our economic sector.
- Perform our activities in full knowledge and in compliance with environmental regulations or other environmental requirements.
- Integrate environmental considerations and objectives into all our business decisions.
- Minimise consumption of natural resources and waste generation as much as possible.
- Set environmental targets and objectives to measure our performance.
- Organise training programs and a working schedule to support environmental objectives, targets and programs and reduce our environmental impact.
- Ensure that our environmental actions become an integral part of our business processes.

"KPMG is clear that climate change is happening and that urgent action is needed to tackle it now. The evidence is not in doubt."

Adrian King

Global Head of CC&S,
KPMG Pulse Magazine
2015

Our environmental impact

Emissions

G4-DMA

Within the materiality analysis conducted for the current report, emissions have been rated as the top environmental issue, both in the view of our stakeholders and from our company's perspective. Direct and indirect greenhouse gas emissions are reported annually by KPMG member firms, under the Global Green Initiative (GGI), a program that includes specific targets for emissions reduction.

GGI is KPMG's global response to the challenges of climate change, demonstrating our member firms' commitment to reduce their impact on the wider environment. Part of this commitment is to measure, reduce and report KPMG's combined global greenhouse gas emissions inventory, developed based on the globally recognised Greenhouse Gas Protocol of the World Business Council for Sustainable Development and the World Resources Institute. The GHG Protocol provides broad standards and guidance for companies and other organisations preparing a GHG emissions inventory, also known as a carbon footprint. The GHG Protocol categorises a company's emissions into three separate scopes:

- Scope 1: Direct GHG emissions occurring from sources that the firm owns or controls, including on-site stationary fuel combustion and fuel combustion in owned/controlled vehicles.
- Scope 2: Indirect emissions from purchased electricity arising from the generation of electricity by a third party that is consumed by the firm.
- Scope 3: Other indirect GHG emissions including business activities that are relevant to the firm's operations, but are not under the direct control of the firm, such as air travel, business travel in personal vehicles, rail travel, and purchased electricity, heating and cooling in common areas of multi-tenant leased buildings.

The KPMG GGI team reports emissions data from the KPMG network on a calendar year basis, following the "operational control" approach for setting organisational boundaries. According to

the GHG Protocol, a company has operational control if it has the full authority to introduce and implement its operating policies. For KPMG, this means only the emissions arising from activities within the operations, equipment and facilities that the firm controls, included in the Scope 1 or Scope 2 emissions. Following the GHG Protocol, the GGI includes all emissions from Scope 1 and Scope 2 activities, and selected Scope 3 indicators.

Each participating member firm collects or estimates data for all facilities under its operational control and submits that data for review and consolidation. The member firm may design its own data collection procedures; however the scope, boundaries and calculation methodologies follow the global guidance for consistency across all participating member firms. For example, KPMG in Romania reports on all required core indicators, but has the possibility to choose to adjust the scope, as necessary, for national reporting purposes.

When possible, we should obtain actual data for each environmental performance indicator, based on verifiable consumption which can be sourced to an invoice, the expense system, or other documentation. In some cases, actual data may not be available and consumption will be a data estimate. Similarly, it may not be practical or possible for a firm to gather data for every office. In such cases, we seek data for the largest office, ideally covering at least 75% of the firm's full-time equivalents (FTEs). For the remaining offices, a national average can be applied to estimate 100% coverage of the firm's emissions based on FTEs, also known as a data extrapolation. For every indicator in the data collection, the GGI team requests the percentage of data that was actual data versus data estimates.

Emission factors are identified for each environmental performance indicator (e.g. fuel and electricity consumption, used for GHG emissions calculation), for converting consumption or operational activity into carbon dioxide equivalents, to estimate our overall output of emissions to the atmosphere. Emission factors are obtained from the public information services provided by the national government or the vendor that provided the services/utilities.



Greenhouse gases emissions

	2013	2014	Variance
Net emissions/FTE	1.27*	1.07	-16%
Total emissions	795*	709	-11%
Direct emissions (scope 1 – gas/fuel consumption)	236	178	-25%
Indirect emissions (scope 2 – electricity)	333*	312	-6%
Indirect emissions (scope 3 – business related travel)	226	219	-3%

G4-EN15, G4-EN16, G4-EN17, G4-EN19

The emission factors are updated annually, but, to ensure consistency over time, they are collected from the same source. The most accurate, recent and applicable emission factor is used for each indicator.

During the data collection process, we might obtain more accurate information for a prior year, or identify missing or erroneous information. In such cases, adjustments may need to be made to ensure accuracy and comparability of data between years. All missing or erroneous information is noted and explained. An evaluation of the materiality of an error or omission is necessary to determine if a prior year adjustment is required.

By the end of 2014, KPMG had achieved a reduction of global net emissions per FTE by 10% since 2010. This brings us closer to our stretch goal

of a 15% reduction by 2015. However, achieving our ambition will remain a challenge.

As part of our involvement in the Global Green Initiative, KPMG in Romania has been implementing organisational measures to diminish its GHG emissions and we came close to the target of the first stage, achieving a 22 percent reduction in net emissions per FTE in the period 2007-2010.

We continued the implementation of various initiatives aiming to continuously reduce our carbon footprint and meet the target for the second phase. In 2014 we succeeded in significantly reducing our emissions (16% less net emissions/FTE compared with 2013), mainly due a decrease in consumption of natural gas and fuel and to emission factors adjustment, based on the most recent publicly available information on the

national energy mix, provided by the Regulation Authority for Energy (ANRE).

The reported figures are determined based on the actual consumption of electricity, natural gas, water and generated waste quantities by the Bucharest office, increased by 11% (pro-rata for FTEs of the other KPMG offices, for which we are not able to measure these indicators). Travel related data are provided by the travel agencies we work with, for all KPMG offices, covering 100% of the kilometres travelled by plane, car or train by KPMG in Romania professionals, for business purposes.

We had 27% less emissions per FTE in 2014, compared with the 2010 baseline and we have significantly exceeded the reduction target of 15% for the second phase of GGI.

Note: metric tons CO2 equivalent

* For the 2013 indirect emissions scope 2 (electricity), we took into account a conservative emission factor, based on the national energy mix and unprocessed data provided by the Regulation Authority for Energy (408 g/kwh). Subsequently, the relevant authority published the official value for the year 2013 (313 g/kwh) which means that our calculated scope 2 emissions for the year 2013 were overstated. This change influences the figures marked in the table as follows: Indirect emissions scope 2 – 333 tons instead of 434; Total emissions – 795 tons instead of 896, Net emissions/FTE – 1.27 instead of 1.44.

Energy

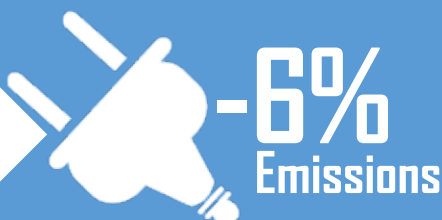
G4-DMA

Energy Consumption

G4-EN3

Electricity

	2013	2014	Variance
Consumption (Kwh)	1,062,857	997,948	-6%
Emissions (kg)*	332,676	312,358	-6%
Cost (RON)	422,982	333,995	-21%



*The emission factor has been adjusted according to the latest data published by ANRE



-29% Emissions

Natural gas

	2013	2014	Variance
Consumption (m³)	1,047,767	743,987	- 29%
Emissions (kg)	209,030	148,425	- 29%
Cost (RON)	96,603	95,985	- 1%

Due to our activity profile, which mainly involves office work and trips to our clients' premises, electricity, natural gas and fuel consumption account for most of the environmental impact we generate. Consequently, their reduction is one of the main focus areas in our initiative to diminish our carbon footprint.

We continuously raise our people's awareness of the importance of behaving responsibly in relation to the consumption of resources as well as to the fact that each individual's efforts are important for the achievement of our goals. We commit to these actions voluntarily, as we are not subject to any regulation or policy related to energy consumption or energy efficiency.

KPMG in Romania's energy consumption consists of:

- KPMG generated heating: on-site generation, natural gas boiler. The collected data relates to the volume of natural gas consumed. The emission factor for natural gas is published by the Ministry of Environment, Water and Forests.
- Purchased electricity: from the local supplier, annual emission factor provided by ANRE, based on the energy mix at national level. Transmission and distribution losses are excluded from this scope since we do not own or control the system.

Globally, we continue to achieve reductions in global energy consumption, the largest source of our carbon footprint. Since 2010, our global kWh energy usage has decreased by 4%, leading to cost savings of approximately \$4 million. Furthermore, our network of member firms continues to replace purchased electricity with clean renewable energy. Since 2010, total purchased electricity has decreased by 2.8% while renewable energy consumption has risen 5%. Approximately 27% of our energy now comes either directly from renewable sources, including on-site solar at a few facilities, or from renewable energy certificates and green tariffs.

Continuous efforts are made to encourage "environmental-friendly" habits for KPMG in Romania's employees (use lights only when necessary, turn off the air conditioner, unplug office equipment at the end of the day etc.) and these have led to a decrease in natural gas and electricity consumption in 2014, compared with previous years.

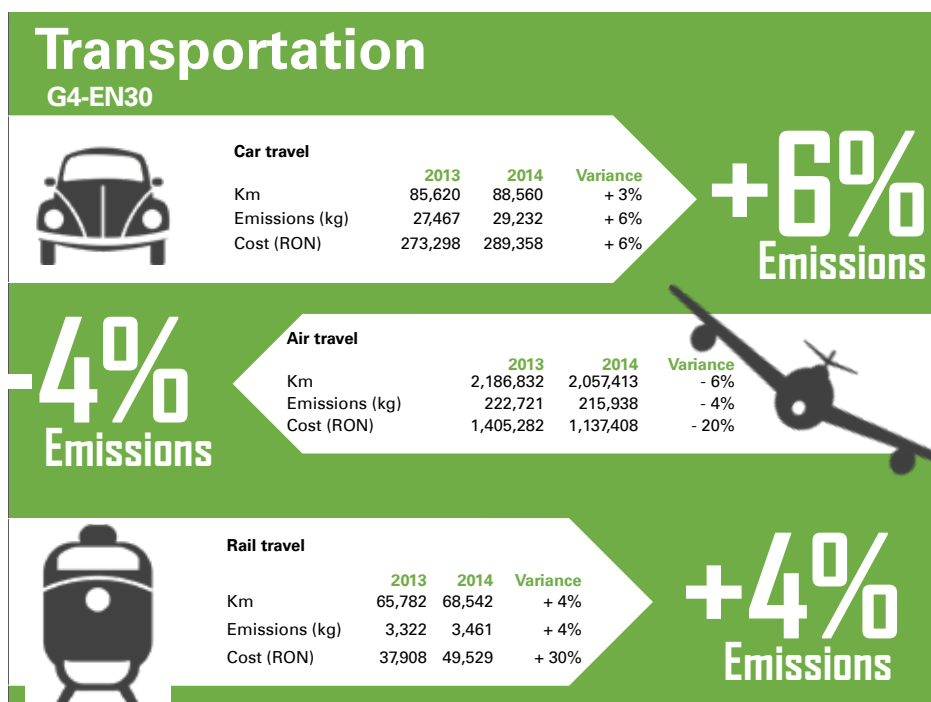
The progress we made during last few years would not have been possible without our employees' commitment.

Transport

G4-DMA

As a member of KPMG's Global Green Initiative, we monitor and report the kilometres travelled by our employees for business purposes. This includes KPMG minibuses and company cars, train and air travel. We also determine the GHG emissions generated, based on emission factors disclosed by international organisations or available in the technical specifications of the related vehicles. The main categories of means of transportation and the related approach is detailed below:

- Fuel consumed in KPMG leased or owned vehicles: KPMG owns 4 diesel cars and has a contract with a transportation company that provides 3 mini-buses for transportation of employees at the beginning and end of each working day. We collect data on the kilometres travelled using these vehicles during the reporting period and the emission factors are those specified in vehicles' technical data, with an annual ageing coefficient.
- Air travel includes all travel booked through the firm's travel agencies and/or paid by the firm for client services and internal meetings, irrespective of whether it was billed back to a client. We provide air travel data based on the class of travel (by both length of flight and service class). This method is considered the most accurate for calculating air travel emissions as it assigns the emissions from a given flight according to the portion of the plane that the seat uses. For example, a first class seat takes more space on the plane than an economy class seat and therefore the first class seat is assigned a higher emissions factor.
- The GGI uses the DEFRA emission factors, including the uplift factor, applied to direct greenhouse gases only – indirect greenhouse gases are not considered in our methodology.



- Rail travel includes all tickets booked through travel agencies and paid for by the firm for client services and internal meetings, whether or not it was billed back to a client. However, it does not include client-arranged rail travel for the firm's professionals that is paid directly by the client. The passenger kilometres travelled are provided by the travel agencies we work with and the emissions factor is calculated by using a dedicated public study on specific emissions per means of transport.

We strive to make our employees aware that every kilometre they do not travel means less GHG emissions, so we encourage them to take a responsible approach to this issue both at home and in the office.

Air travel remains our biggest challenge at global level, increasing almost 50% since 2010 to 1.6 billion kilometers in 2014. This has grown faster than headcount across the network and an upward trend continues. As a client service business, travel is frequently required to meet client needs.

However, our data also shows that approximately 42% of KPMG air travel is not client related. Actions taken in this area include enhanced monitoring of video conferencing usage, promotion of rail over air travel, expanding e-learning options, and adjusting class of travel policies for flights.

KPMG in Romania's employees travelled more by car (both company owned cars and minibuses) and train for business purposes, and this has led to a reduction in the level of emissions generated by airplane trips, the means of transportation with the largest carbon footprint. Trips to clients have been replaced whenever possible with conference calls or videoconferences. Car sharing when visiting clients or when coming to the office is common practice and an increasing number of employees have started using bicycles or motor-scooters, proving that they have become increasingly concerned about our environmental impact and are making continuous progress towards being more responsible citizens.

Effluents and waste

G4-DMA

Waste management is one of our top concerns and strategic priorities in terms of environmental protection. We work constantly to raise our employees' awareness and we encourage them to take a responsible attitude to separation of waste, both in the office and at home. We have installed special bins for waste paper collection, located near each printer and for plastic waste, in the kitchens. These bins are easily accessible and clearly marked, so employees learn to use them correctly.

Records on the amount of waste generated and managed are kept according to current legal requirements and each year a waste audit is conducted and a plan for prevention of waste generation and reduction is developed. The total quantity of waste KPMG in Romania generated decreased from 274.9 tons in 2013 to 237.6 tons in 2014, continuing the trend seen in previous years. Plastic, paper waste and WEEE (waste of electric and electronic equipment) are separately collected and sent for recycling, based on contracts with specialised companies. In 2014 we generated 31% more paper waste compared with the previous year, due to a general archiving process conducted at company level, which led to an additional amount of paper separately collected and sent for recycling.

The amount of plastic waste generated and collected increased significantly in 2014, compared with 2013. The company collecting plastic waste imposed special conditions related to the quality of waste that were not fulfilled for several months in 2013 and the related waste was considered domestic waste. Following organisational measures implemented afterwards, to enhance employees' awareness of the need to separate waste, plastic waste has been taken over by the waste management company as recyclable waste.

These achievements demonstrate our clear concern to carry out effective waste management practices and our employees' commitment to environmental protection.

Waste

G4-EN23

	2013	2014	Variance
Domestic	266.4	225.3	- 15%
Paper	4.5	5.9	+ 31%
Plastic	3.6	6.4	+77%
WEEE	0.4	0.2	- 50%
TOTAL	274.9	237.8	- 14%



Water

G4-EN8, G4-EN22

	2013	2014	Variance
Consumed ('000 l)	3,614	3,513	-3%
Discharged ('000 l)	3,614	3,513	- 3%
Cost (RON)	21,906	21,796	- 1%

Other environmental issues and their associated impact

Even though the following environmental issues have not been quantified as material for our activity by the relevant stakeholders, we continuously monitor the quantity of used water and discharged wastewater, striving to improve our processes, procedures and controls and ultimately the performance trends.

Water use and wastewater discharge

In 2014, we consumed 3,513,000 litres of water, for sanitary use alone, drawn from the municipal supply system, for all our offices. This figure represents a 3% decrease compared with 2013, indicating that the communication on the scarcity of natural resources had positive results, leading to increased awareness of the importance of responsible use of water among our employees.

Sanitary waste water goes into the municipal sewerage systems, as no KPMG office recycles or reuses water. The drinking water for our employees consists of bottled water provided by a special supplier and this is not included in the reported figures.

Disposal of waste water is carried out according to current environmental legislation.

Environmental taskforce in action

Let's clean up our neighbourhood!

KPMG in Romania joined the initiative "Let's clean up Europe!" which took place on 10 May 2014, and which was aimed at encouraging and mobilising the public to take part in the cleaning up of the environment. Enthusiastic volunteers from KPMG joined forces and cleaned an area of the Baneasa forest, located near a playground, thus making a positive contribution to the environment and to the community.

Tree planting

Over 20 volunteers, headed by Serban Toader, Senior Partner of KPMG in Romania, joined forces to plant 50 plane-trees in the Petrila Boulevard neighbourhood in Bucharest, as part of the company's commitment to environmental protection.

World Environment Day

Every year, on 5 June, World Environment Day (WED) is celebrated across the world. WED is about realising our personal responsibility and personal power to become an ambassador of positive change in the world. Our actions can create a cleaner, greener and brighter outlook for ourselves and for future generations.

We joined the EMA Corporate Responsibility initiative to support World Environment Day by organising a photo contest of pictures related to climate change. The theme was “Planet Earth is our shared island”, and focused in particular on three subthemes: The beauty of our shared island; The threats from human activities; Joint efforts for our shared island. The winner was awarded for her snapshot, aimed at raising awareness of environmental threats from human activities. This picture was displayed online and was featured in the KPMG EMA CR Calendar 2015.

Earth Hour

Earth Hour is a time when individuals, businesses and governments switch off their lights for one designated hour to demonstrate a collective commitment to protecting our planet. The annual lights out event has grown from a single-city initiative in 2007 to become the world's

largest display of environmental action, with citizens of 152 countries and territories across every continent coming together for Earth Hour 2014. This indicates a growing global movement of positive change in environmental attitudes.

KPMG has a clear position on our environmental responsibilities – we want to cut our carbon footprint and reduce the amount of resources we use. This requires a commitment from us all as individuals as well as an investment by the firm.

As in previous years, the Romania firm demonstrated its commitment to the environment by supporting Earth Hour on 29 March, when all lights in the Bucharest office were turned off for one hour (8.30-9.30pm). This initiative was aimed at raising awareness among KPMG employees about global environmental challenges, and inspiring real action to resolve climate change, at work as well as at home.

Objective	Status	Comments
Update our Environmental Policy and maintain the ISO 14001:2005 certificates	●	Due to significant up-dates of the integrated management system and following certification body recommendations, the environmental policy revision has been postponed until 2015.
Conduct more in-house projects focused on increasing our employees' awareness of the challenges of environmental protection.	●	In 2014 we continued our efforts to make our people aware of environmental protection issues, through Induction training courses and internal projects in this area: Let's clean up our neighbourhood, Tree planting, Earth Day, Earth Hour, World Environment Day
Continue our participation in the GGI and reach the GHG emission reduction target for the second period (-15% by 2015, with the 2010 emissions level as baseline).	●	In 2014 we achieved a reduction in net emissions/FTE of 16% compared with the previous year and of 27% against the baseline level (2010) thereby exceeding the target set for the period 2010-2015.
Implement measures to improve building efficiency for our offices.	●	The Cluj local office has moved to another location, a modern and energy-efficient building. No significant investments to improve building energy efficiency have been made in our main office in Bucharest, as a major refurbishment is scheduled for 2015.

● Achieved ● Partly achieved/In progress ● Not achieved





Workplace

Labour practices and good working conditions

Employment

G4-DMA

Despite the challenging economic conditions we remain focused on maintaining our valuable professionals and continue recruiting new employees to embrace our culture.

Our recruitment policy sets out clear and transparent steps for the recruitment process. The People Performance Culture (PPC) department works closely with line managers to ensure that candidates possess the right skills, competencies, technical expertise and motivation required to enable them to continue our culture of making the difference for our clients.

For the screening process, we use both internal and external tools such as written and verbal communication and psychometric tests, as our first step in the selection process. This is followed, for successful candidates, by



assessment centres where capabilities such as teamwork, creativity, business focus and acumen, are tested further under the close supervision of our line managers together with the HR business partners.

Once new hires are accepted at KPMG in Romania, they are continuously encouraged to consider their professional and personal development a priority. As mentioned before, we are constantly seeking to help our people improve their performance and give them more support to achieve their full potential. The performance

development process uses an all-round approach which holds the employee at the centre. It starts from our brand attributes and the necessary capabilities which must be displayed by our people, setting both business and personal development planning goals, and is supported throughout the process by:

- Continuous feedback.
- Quality conversations rather than lengthy completion of forms.
- Performance Managers as coaches, who support individual development aspirations






Benefits




As part of our benefits package we offer life and accident insurance coverage, health care, which also includes dental service facilities, free transport services to and from our premises and wellness facilities. These benefits are standard for both full-time and part-time employees of the firm

G4-LA1

Total number and rate of new employee hires

2013			2014		
New hires	%	Office	New hires	%	
162	30.06	Bucharest	277	42.29	
5	15.63	Timisoara	19	67.86	
12	52.17	Cluj	14	38.89	
0	0	Iasi	8	88.89	
0	0	Constanta	0	0	
5	17.86	Chisinau	14	42.42	
Gender					
69	29.36	Men	128	45.07	
115	29.11	Women	204	42.50	
Age group					
162	52.09	< 30 years	297	33.89	
21	7.17	30 - 50 years	35	7.95	
1	3.85	>50 years	0	4.55	
184	29.21	Total	332	43.46	

Total number and rates of employee turnover

2013			2014		
Employee turnover	%	Office	Employee turnover	%	
104	19.29	Bucharest	150	22.90	
5	15.63	Timisoara	14	50.00	
6	26.09	Cluj	8	22.22	
5	125.00	Iasi	2	22.22	
0	0	Constanta	2	66.67	
3	10.71	Chisinau	8	24.24	
		Gender			
5	2.13	Men	70	24.65	
118	23.87	Women	114	23.75	
		Age group			
88	28.30	< 30 years	138	18.41	
34	11.60	30 - 50 years	45	12.88	
1	3.85	>50 years	1	4.55	
123	19.52	Total	184	24.08	

*The figures are corresponding to the number of new employee hires and turnover during the financial year (1 October-30 September)

Given the volatile business environment, especially in the main cities outside Bucharest, in 2014 we registered high turnover rates for two of our offices. Although we make efforts to retain our professionals, we have to support the decisions of our employees to achieve their full potential, even if this means they leave us.

Training and education

G4-DMA

Learning and development is a fundamental part of who we are at KPMG in Romania. We take great pride in our people and their education and development is our highest priority.

Our aim is to improve the way knowledge is delivered and embodied, and so we are constantly seeking to adapt to new learning behaviours and needs, including: blended training courses, e-learning, virtual classrooms and online courses. These learning opportunities are now accessible on-demand and sharing the information has been customised in a more interactive way, while emphasising the importance of on-the-job training.

The number of training hours has increased as a consequence of the management's aim to widen employees' range of skills and competencies.

The professional development policy within our firm states that all our staff, irrespective of their experience or position, are required to assign annually a minimum of 20 hours to relevant professional development and learning activities and 120 hours over a three year period.

We facilitate and support staff members' participation in courses organised both locally and at regional level. We make every effort to ensure that our staff are offered opportunities to gain appropriate formal qualifications required for the job and to develop their technical competencies. We always demonstrate our interest and try to extend our curricula of training courses in order to keep our people up-to-date in their specialist area. Consequently, we have broadened our training curricula to include new courses such as Business

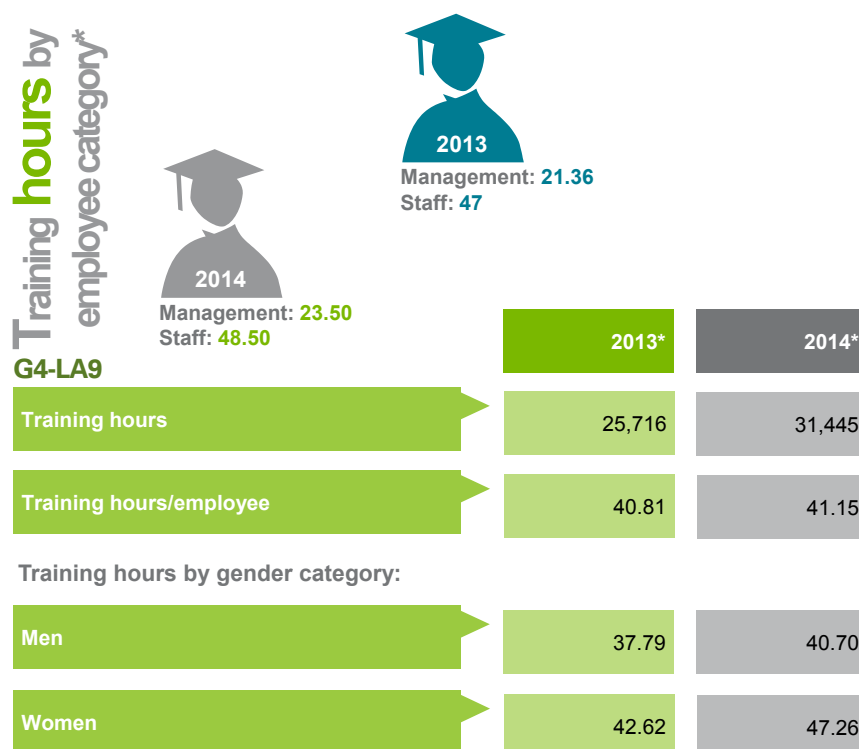
Acumen and soft skills development centres for specific groups. We have also expanded our range of soft skills courses to include new training programs such as business etiquette, personal branding, listening and questioning skills.

Accordingly, we aim to encourage close communication with our staff in relation to their training and development experience, through timely feedback at the end of each training program, and once a year through our Global People Survey.

We support our staff in obtaining membership a wide range of international and Romanian professional organisations such as the Chamber of Financial Auditors of Romania (CAFR), the Organisation of Expert and Licensed Accountants of Romania (CECCAR), the

Romanian Chamber of Tax Consultants (CCF), and the Association of Chartered Certified Accountants (ACCA). We also support our employees in obtaining relevant qualifications, such as the Advanced Diploma in International Taxation (ADIT), or certification as a Chartered Financial Analyst (CFA) or a Financial Risk Manager (FRM) etc.

In addition we provide numerous professional, technical and soft skills training courses, which support the continuous development process of our employees. All these, together with the accreditations received while at KPMG, have a direct positive impact on the careers of our professionals even if they leave KPMG.



* The figures presented are correspondent to the number of training hours recorded during the financial year (1 October 2013 - 30 September).

Equal remuneration for women and men

G4-DMA

KPMG in Romania considers that the remuneration granted to staff must reflect their level of experience, knowledge and degree of responsibility as well as competences specific to each

staff category. Regardless of gender, when developing the remuneration and bonus structures for our staff members, we take into account these elements and relate them to employees' performance.



G4-LA13

Region	FY 2013		FY 2014	
	Ratio of remuneration	Ratio of basic salary	Ratio of remuneration	Ratio of basic salary
Bucharest	0.75	0.77	0.81	0.83
Cluj	0.72	0.74	0.65	0.68
Constanta	1.30	1.25	1.21	1.20
Iasi	0.95	0.96	2.52	2.35
Timisoara	1.33	1.31	1.36	1.31
Romania	0.76	0.78	0.81	0.83

Marketplace

Joint Community Programs

Joining forces with clients

We are aware that by directly financing some initiatives meant to address important issues the immediate positive effects are enormous, but at the same time we are confident that adding long term value is strongly connected to the development of skills and abilities that enable entrepreneurship. We have seen that our efforts in the past at training several local authorities proved to be successful and consequently we have continued our involvement in this direction. Furthermore, at country level the absorption rate of Structural and Cohesion Funds represents a major challenge, and these training courses are also meant to contribute to addressing this issue by improving the level of preparedness of potential beneficiaries to access these sources of financing and to support the effective implementation of EU funded projects.

KPMG in Romania has continued the joint project organised with OMV Petrom, which was launched in 2013, aimed at supporting education of local authorities in entrepreneurship. This joint programme, Entrepreneurial Education for Local Public Administration, focuses on increasing awareness within public administration authorities, especially in rural areas in which OMV Petrom operates, in relation to local economic development opportunities. The 2014 edition was organised as a series of 3



training course modules (EU Funding Accession, Public Acquisition and Project Management) that were delivered to the target audience by the KPMG professionals, while the logistics were provided by OMV Petrom. KPMG's professionals successfully delivered these training courses to public administration employees in November 2014, providing them with a better insight into the opportunities for attracting grants and private investment, as well as with respect to the implementation of entrepreneurship projects. According to the assessment carried out by OMV Petrom based on participants' feedback, this initiative was highly appreciated by the trainees who requested more courses

Connected with culture

At KPMG, we consider that irrespective of the challenges Romanian society is confronted with, we have to recognise our national values and to support our culture. Our remarkably talented artists play a significant role in maintaining and promoting our national identity, and their efforts need to be acknowledged and encouraged.

In 2014, as we have done for many years, KPMG supported the 22nd edition of the Romanian Association of Theatre Artists (UNITER) Awards Gala, one of the most important events for theatre artists.

KPMG empowers students

Excellence Scholarships

In 2014 we continued our strategy of investments in the national education system by launching an innovative Excellence Scholarships program, aimed at inspiring and supporting the next generation of leaders.

The Excellence Scholarships are part of a wider program meant to support educational excellence, and they are aimed at students from prestigious Romanian universities: the Economic Studies Academy (ASE) Bucharest, the Babes Bolyai University in Cluj and the West University of Timisoara.

"The Excellence Scholarships Program was designed to ensure the best career start. It encourages and promotes careers in advisory and audit, and it is aimed at developing leadership capabilities, emphasising involvement in extracurricular activities. It is an investment in the future of the young generation and of our firm, considering that its beneficiaries are given the opportunity to work with us during this Program and after," comments Serban Toader, Senior Partner of KPMG in Romania.

This Program gives the students the opportunity to become financially independent starting with the first year of University, and enables them to gain valuable professional experience through mentorship and intensive training sessions with the leaders of KPMG. Excellence Scholarships are granted based on rigorous criteria



set for the entire period, and focus on motivating the students to build a career without shifting their attention from their academic results.

Under this Excellence Scholarships Program, which has a total value of 180,000 euros, twenty students with exceptional results are granted 250 euros monthly, for the entire three year period, and have the chance to work for KPMG during summer. More importantly, they are strongly encouraged to engage in volunteering projects.

We are proud of those enrolled in this Program, who have proved to be highly motivated to shape a bright future.

KPMG International Case Competition

KICC is a fast-paced annual competition, which challenges students from over 20 countries to review and develop solutions for a number of business case studies, while putting their analytical and problem solving skills to the test.

As Ada Palea, Director People, Performance and Culture states: "This competition is part of our ongoing policy to encourage outstanding education. It is a wonderful opportunity for any student to gain exposure to the business world, as it offers inside perspectives that not many have the

chance to see while still at university. It is an event that encourages creativity, rewards ingenuity, teambuilding and fair-play, and strengthens existing skills while building on new ones."

KPMG in Romania was pleased to take part for the first time in the KPMG International Case Competition (KICC), flying for the final stage to São Paulo, Brazil. Seven teams were enrolled in the national phase, dealing with case studies based on companies such as Samsung and Cadbury and they were evaluated by a jury formed by KPMG professionals.

The national phase of the contest ended with EconoMystics as the winning team. The winners were 4 young and ambitious students from the Academy of Economic Studies in Bucharest: Rareș Popescu, Maria Popescu, Andreea Orîndaru and Radu Ciobanu.

KPMG Business School

KPMG Business School is part of the Audit Delivery Academy, a special department whose purpose is to increase the efficiency of Audit projects, as well as provide students with key capabilities to perform Audit specific tasks. This approach closely follows KPMG in Romania's strategy to deliver superior services to our Audit clients, combining our highly trained specialists' input with the high output of technology processed information.

Serban Toader, Senior Partner at KPMG in Romania, explains: "At KPMG, we have always recognised the importance of getting involved in education and supporting the willingness to develop. KPMG Business School complements university studies and offers students the possibility to gain relevant and tested work experience in Audit and consultancy before graduation, and,

consequently, an important competitive advantage. I believe that, besides the direct benefit we offer to students involved in this program, there is an important benefit for our clients, because they will take advantage of services provided by professionals with training above the market level."

On 1 October 2014, KPMG in Romania hired 90 young professionals, validating our confidence in Romania's business environment and economic growth. The new professionals underwent a rigorous recruitment process, aligned to KPMG's strategy of attracting and retaining employees with the potential to develop and adapt to client needs.

KPMG Professorship

Following the example of the KPMG Foundation in the U.S., which has been sponsoring the KPMG Professorship since 1974, in 2011 we signed a cooperation agreement with the Economic Studies Academy (ASE) Bucharest. This program is aimed at supporting leading professors in their educational and research activities, thus enabling innovation and contributing to the development of a modern education system.

Serban Toader, Senior Partner of KPMG in Romania, comments: "We initiated this partnership to develop and better train students for the future challenges of the business environment. We chose a proactive approach for this partnership because we believe it is our responsibility to make our contribution to an educational system which will provide the next generations of employees and business leaders. Development of people is a critical part of our philosophy as a firm".

Market recognition



In 2014 KPMG International won the prestigious International Accounting Bulletin (IAB) Award for Sustainable Firm of the Year for a third consecutive year. This represents a recognition of the KPMG global network's success, including that of the Romanian practice, in meeting emissions reduction targets and of the commitment to further reduce net emissions by 15 percent per full-time equivalent by 2015, compared to 2010 levels.

At national level, our commitment to community projects was recognized again in 2014 by United Way (UW), during its' 10th Anniversary Gala. KPMG in Romania was awarded the

"Bronze Partner Trophy" during this ceremony, for its long term contribution to the causes supported by UW and for providing pro bono support. Two of our high level management members were awarded diplomas as members of the United Way Leadership Circle for their important contribution to United Way projects in support of Romanian communities.

For KPMG in Romania's commitment to environmental protection and its focus on environmental friendly electric equipment waste management, the Ateliere fara Frontiere Association awarded our company with the "Green Click Certificate".

Alumni

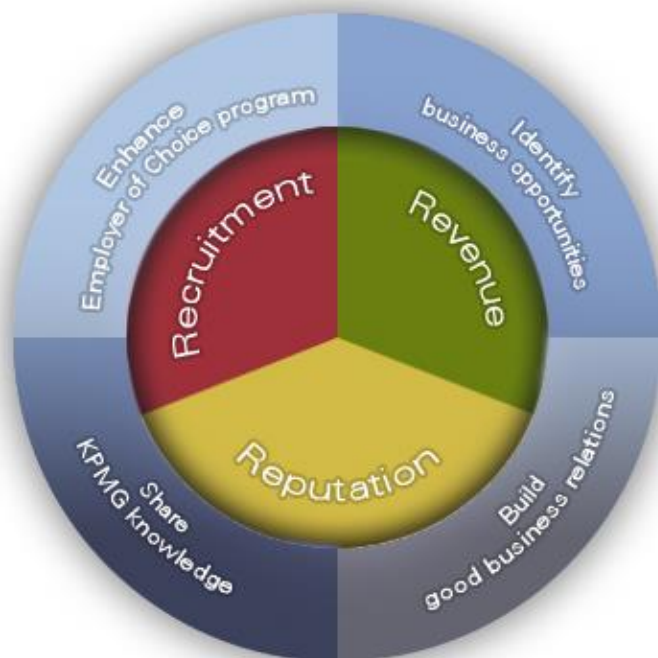
We are all aware that Alumni are an extremely important community for us and an incredibly powerful business network with which we should stay closely in touch. They are ambassadors of our firm, refer work and many return to KPMG with greater experience gained from working with other organisations. Business opportunity identification, product and business development are just two of the areas where our cooperation with them has proved to be fruitful. Furthermore, we can use their experience for recruitment referrals and analyse our Alumni community for targeted re-employment opportunities. We invest a great deal to ensure we attract and retain the best. Inevitably, some people will choose to leave KPMG, but that does not mean that they are lost to us forever.

KPMG has always regarded its former employees as a valuable and significant part of the community. Around the world, former KPMG people stay in touch with our organisation, reconnect with their former colleagues and make valuable business contacts through the KPMG Alumni Program. The KPMG Way has a segment dedicated to 'Developing and strengthening relationships' and

our Alumni program forms a key part of our relationship programs. People who leave KPMG to advance their careers, or for other reasons, are never truly 'lost' to our firm. Most value the time they spent with us: the friends they made; the things they learned and the opportunities it provided to them. For our part, we are proud of the achievements of our former colleagues. In so many

walks of life in so many places, KPMG alumni are filling important and influential roles and making a difference. Good communications are the essence of good relationships. That is what an alumni program is all about – keeping communication channels open so that relationships can be leveraged.

Objectives of Alumni program



„The wide variety of people who are KPMG alumni is a reminder to me of one of our greatest strengths as a firm - our diversity. We bring together people from different cultures - as well as Romanians, we have Chinese, British, Swedish, Israeli and Mexican nationals working in our Bucharest office. Our employees and Partners have very different skills, backgrounds and temperaments. But we all combine to form a great team.”

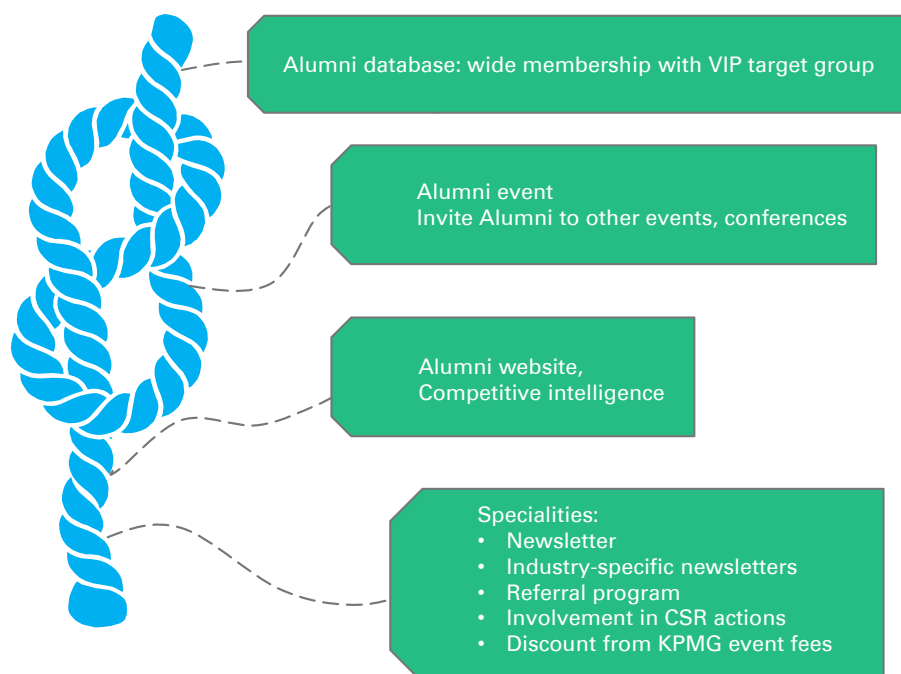
Șerban Toader

Senior Partner

KPMG in Romania

KPMG has been in Romania for 20 years and throughout this time the firm has attracted talented and interesting people, who developed both as professionals and individuals within the firm. We want to create a vibrant and diverse community of people who have one thing in common- they have worked with

us. So we place a lot of emphasis on keeping in touch with our alumni, some of whom now have leading positions in a wide range of organisations. The strategic priorities and the main activities conducted in order to keep in touch with this valuable stakeholder group are detailed in the figure below:



Our Alumni Program in Romania recognises the past and future contributions of former KPMG colleagues. These people tell us they value the opportunity to maintain contact with us.

For some it may be a chance to see some familiar faces and exchange professional news. Others access valuable industry intelligence, and discover how KPMG can help them overcome business problems, or gain entry to important professional or business networks.

KPMG is committed to developing strong relationships by offering the following benefits to our alumni:

- Regular alumni social functions to catch-up with former colleagues.
- Ready access to KPMG's technical and industry knowledge through our range of seminars, events and publications.
- An extensive network of business and industry contacts.

We aim to keep our people in close contact with former colleagues and friends. This provides a valuable network for both our people and our alumni members.

Client satisfaction

G4-DMA, G4-PR5

We are fully committed to the highest service quality and we constantly strive to exceed the expectations of our clients. The raw material of our work is knowledge, which we generate and process on a daily basis to understand the entire framework of business challenges and opportunities, so enabling us to support our clients in building long term value.

Our service commitment arises from:

Being results driven – we strive to “think big” and challenge convention.

Creating and delivering value

– we assign people based on the appropriateness of their skills and expertise for each engagement. So our clients feel the difference by getting more than generic advice and “one size fits all” solutions.

Being available – this is essential to us and we plan all our activities with foresight.

Credibility, integrity and objectivity

– we are brave in pointing out the real root of a problem, and we base that courage on our skills, experience and integrity.

We are also aware that the key to effective client relationship

management is to enable permanent two way communication which adds value and consistency to service quality. Consequently, we channel our efforts to support effective dialogue:

Ongoing feedback – through the teams involved in service delivery we routinely request feedback, so that we are constantly able to learn how we can improve.

The Client Satisfaction Survey –

which is a more formal programme that allows us to document and monitor the results, has been designed to be conducted every two years.

In addition, when closing an engagement, the partner in charge of service delivery initiates an open and honest dialogue with the client’s top management in relation to the overall quality of our work. This gives us a very good perspective on whether we have succeeded in meeting their expectations as well as offering insight into their future outlook. We have noticed that our clients value the relationship they have with us and we very often receive formal recommendation letters. In the same context, the consistent direct dialogue we have with our clients gives us the

opportunity to understand the particular needs of each one of them and to act accordingly. This is one of the reasons why we have decided it is far more important for us to focus on “as we go through” feedback which empowers us to learn in good time of new opportunities and innovative ideas to improve our services.

Consequently, we plan to conduct the next client satisfaction survey during 2015 and 2016. For 2015 we intend to conduct a series of meetings with our key clients focused on discussions about our strengths and opportunities to improve our service delivery, which will help us identify the most important issues to address with all our clients in the second phase of the survey, scheduled for 2016.

The results of our last survey indicated an overall satisfaction rate of 9.15 out of a maximum of 10, which was an excellent indication that we are highly appreciated by our clients.

Insights gained from Partners and Directors through direct discussions with clients’ representatives are analysed during the annual management meeting and potential areas for service quality improvement are identified.

Objective	Status	Comments
To integrate CSR issues into our future	●	Our Client Satisfaction assessment procedure and the associated questionnaire are currently undergoing thorough revision, which aims to align them with KPMG’s latest global strategic approach. The document will be approved in time for our next Client Satisfaction Survey, scheduled for 2016.
To enhance cooperation with our clients on CSR and engage them in the implementation of projects supporting community development	●	In 2014 we continued the joint CSR project in partnership with OMV Petrom, and have initiated an assessment process of our database of clients to identify a potential pool of companies that could be engaged in CSR activities.
To drive change by promoting CSR among our business partners and professional networks	●	We have explored various opportunities such as conferences, workshops, FIC taskforces and Amcham Committee meetings, to promote responsible conduct among the local business community, as well as to raise awareness on increasing transparency and the latest regulatory requirements on non-financial reporting.

● Achieved ● Partly achieved/In progress ● Not achieved



Appendix 1 - Glossary

ACCA	Association of Chartered Certified Accountants
ADIT	Advanced Diploma in International Taxation
AmCham Romania	American Chamber of Commerce in Romania
ANRE	Regulation Authority for Energy
ARC	Asociatia pentru Relatii Comunitare
ASE	Bucharest University of Economic Studies
BREEAM	Building Research Establishment Environmental Assessment Methodology
CAFR	Chamber of Financial Auditors of Romania
CCF	Romanian Chamber of Tax Consultants
CC&S	Climate Change and Sustainability
CECCAR	The Body of Expert and Licensed Accountants of Romania
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
COP	Conference of Parties
CSR	Corporate Social Responsibility
DEFRA	Department for Environment, Food & Rural Affairs
EMA	Europe, the Middle East and Africa
EU	European Union
ExCom	Executive Committee
FRM	Financial Risk Manager
FTE	Full Time Equivalent
GDI	Global Development Initiative
GGI	Global Green Initiative
GHG	Greenhouse gases
GPS	Global People Survey
GRI	Global Reporting Initiative
HR	Human Resources
HVAC	Heating, ventilating and air conditioning
ISO	International Organisation for Standardisation
LEED	Leadership in Energy and Environmental Design
KF	KPMG Foundation
KICC	KPMG International Case Competition
MDGs	Millennium Development Goals
NGO	Non-Governmental Organisation
NTMO	Nemoianu, Toncescu, Mihaila, Olteanu
OHS	Occupational Health & Safety
PPC	People, Performance and Culture
PhD	Doctor of Philosophy
UNGC	United Nations Global Compact
UNITER	Romanian Association of Theatre Artists
UW	United Way Romania
WBCSD	World Business Council for Sustainable Development
WED	World Environment Day
WEEE	Waste of Electric and Electronic Equipment
WEP	Women's Empowerment Principles

Appendix 2 - GRI Content Index

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Page Number (or Link) Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organisation. In these circumstances, the organisation may elect to add a specific reference to where the relevant information can be found.	External Assurance Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.
STRATEGY AND ANALYSIS		
G4-1	4-5	No
OrganisationAL PROFILE		
G4-3	8	No
G4-4	14-15	No
G4-5	8	No
G4-6	8	No
G4-7	8	No
G4-8	14-15	No
G4-9	16-17, 31	No
G4-10	16-17	No
G4-11	16-17	No
G4-12	32-34	No
G4-13	8, 32-34	No
G4-14	29	No
G4-15	18	No
G4-16	19	No
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	6	No
G4-18	22-24	No
G4-19	22-24	No
G4-20	24	No
G4-21	24	No
G4-22	6	No
G4-23	6	No
STAKEHOLDER ENGAGEMENT		
G4-24	22-24	No
G4-25	20	No
G4-26	20	No
G4-27	20	No

REPORT PROFILE					
G4-28		6			No
G4-29		6			No
G4-30		6			No
G4-31		6			No
G4-32		6			No
G4-33		6			No
GOVERNANCE					
G4-34		25			No
ETHICS AND INTEGRITY					
G4-56		10-13, 28			No
SPECIFIC STANDARD DISCLOSURES					
DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
	Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organisation. In these circumstances, the organisation may elect to add a specific reference to where the relevant information can be found.	In exceptional cases, if it is not possible to disclose certain required information, identify the information that has been omitted.	In exceptional cases, if it is not possible to disclose certain required information, provide the reason for omission.	In exceptional cases, if it is not possible to disclose certain required information, explain the reasons why the information has been omitted.	Indicate if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the report.
CATEGORY: ECONOMIC					
MATERIAL ASPECT: ECONOMIC PERFORMANCE					
G4-DMA	31				No
G4-EC1	31				No
MATERIAL ASPECT: PROCUREMENT PRACTICES					
G4-DMA	31-33				No
G4-EC9	34				No

SPECIFIC STANDARD DISCLOSURES					
DMA and Indicators	Page Number	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
CATEGORY: ENVIRONMENTAL					
MATERIAL ASPECT: ENERGY					
G4-DMA	50				No
G4-EN3	50				No
MATERIAL ASPECT: WATER					
G4-DMA	52				No
G4-EN8	52				No
MATERIAL ASPECT: EMISSIONS					
G4-DMA	48-49				No
G4-EN15	49				No
G4-EN16	49				No
G4-EN17	49				No
G4-EN19	49				No
MATERIAL ASPECT: EFFLUENTS AND WASTE					
G4-DMA	52				No
G4-EN22	52				No
G4-EN23	52				No
MATERIAL ASPECT: TRANSPORT					
G4-DMA	51				No
G4-EN30	51				No
CATEGORY: SOCIAL					
SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK					
MATERIAL ASPECT: EMPLOYMENT					
G4-DMA	55				No
G4-LA1	56				No
MATERIAL ASPECT: TRAINING AND EDUCATION					
G4-DMA	57				No
G4-LA9	57				No
MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN					
G4-DMA	58				No
G4-LA13	58				No
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: PRODUCT AND SERVICE LABELING					
G4-DMA	65				No
G4-PR5	65				No

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